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建業地產股份有限公司*

Central China Real Estate Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0832)

**CONNECTED TRANSACTION
ACQUISITION OF 100% EQUITY INTEREST
IN THE TARGET COMPANY**

EQUITY TRANSFER AGREEMENT

On 24 September 2018 (after trading hours), Joy Ascend Holdings, a wholly-owned subsidiary of the Company (as the purchaser), and Joy Bright Investments (as the vendor) entered into the Equity Transfer Agreement, pursuant to which Joy Ascend Holdings agreed to acquire the 100% equity interest in the Target Company at a consideration of RMB290,000,000 (equivalent to approximately HK\$330,228,000), which will be paid in cash with the Group's internal resources. Prior to completion of the acquisition of the Target Equity, the Group did not hold any equity interest in the Target Company. Upon completion of the acquisition of the Target Equity, the Group will hold 100% equity interest in the Target Company and the Target Company will become a wholly-owned subsidiary of the Company.

As at the date of this announcement, Mr. Wu directly holds 100% equity interest in Joy Bright Investments and is a controlling shareholder and connected person of the Company. Therefore, Joy Bright Investments is an associate of Mr. Wu and is thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules. Accordingly, the transaction under the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profit ratio) in respect of the transaction contemplated under the Equity Transfer Agreement exceed(s) 0.1% but is/are less than 5%, the transaction contemplated under the Equity Transfer Agreement is subject to the reporting, announcement and annual review requirements but exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

EQUITY TRANSFER AGREEMENT

The Board announces that, on 24 September 2018 (after trading hours), Joy Ascend Holdings, a wholly-owned subsidiary of the Company (as purchaser), and Joy Bright Investments (as vendor) entered into the Equity Transfer Agreement, pursuant to which Joy Ascend Holdings agreed to acquire the 100% equity interest in the Target Company at a consideration of RMB290,000,000 (equivalent to approximately HK\$330,228,000), which will be paid in cash with the Group's internal resources. Prior to completion of the acquisition of the Target Equity, the Group did not hold any equity interest in the Target Company. Upon completion of the acquisition of the Target Equity, the Group will hold 100% equity interest in the Target Company and the Target Company will become a wholly-owned subsidiary of the Company.

Principal terms of the Equity Transfer Agreement are set out as follows:

Date: 24 September 2018 (after trading hours)

Parties: Joy Ascend Holdings (as the purchaser); and

Joy Bright Investments (as the vendor)

Since Mr. Wu directly holds 100% equity interest in Joy Bright Investments and is a controlling Shareholder and connected person of the Company, Joy Bright Investments is an associate of Mr. Wu and is thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

Consideration and payment thereof	RMB290,000,000 (equivalent to approximately HK\$330,228,000), which shall be paid on or prior to the Completion Date
Completion of transaction	The transaction in respect of the Target Equity shall be completed on or prior to the Completion Date. Where the transaction is not completed on the Completion Date, both parties may enter into a written agreement in relation to extension of the Completion Date, termination of the Equity Transfer Agreement or other treatment for the transaction thereunder.
Target Equity	the 100% equity interest in the Target Company

Consideration

Since the major assets of the Target Company is the Target Property, the consideration for the Target Company is determined by Joy Ascend Holdings and Joy Bright Investments on arm's length negotiations with reference to the valuation of the Target Property as at 30 June 2018, being RMB290,000,000, which was determined by Savills Valuation and Professional Services Limited, a Hong Kong professional valuer registered in Hong Kong and independent of the Company and its connected persons, based on the market value of the Target Property as arrived at using the direct comparison approach. The consideration for the Target Company is proposed to be financed with the Group's internal resources.

INFORMATION OF TARGET COMPANY AND TARGET PROPERTY

The Target Company is a company incorporated in the British Virgin Islands with limited liability and indirectly wholly owns the Target Property.

The Target Property is the second to tenth floors of an office building with a gross floor area of 16,032.88 sq.m. situated in Zhengzhou Area of China (Henan) Pilot Free Trade Zone, and is currently held by Joy Bright Investments directly through its indirect wholly-owned subsidiaries incorporated in the PRC.

FINANCIAL INFORMATION OF THE TARGET COMPANY

The financial information of the Target Company is set out as follows:

	For the year ended 31 December		For the six months ended 30 June
	2016	2017	2018
	(Audited)	(Audited)	(Unaudited)
	(RMB)	(RMB)	(RMB)
Net (loss)/profit before taxation for the period	(11,460,390)	(44,050,318)	1,267,870
Net (loss)/profit after taxation for the period	(11,460,390)	(44,050,318)	1,267,870

As at 30 June 2018, the unaudited net assets and unaudited total assets of the Target Company amounted to approximately RMB221,746,000 and RMB222,205,000, respectively.

FINANCIAL INFLUENCE OF THE TRANSACTION ON THE GROUP

Immediately upon completion of the transaction under the Equity Transfer Agreement, the Target Company will become an indirect wholly-owned subsidiary of the Company. Therefore, the financial results, assets, liabilities and cash flows of the Target Company will be consolidated into the consolidated financial statements of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE EQUITY TRANSFER AGREEMENT

In light of the improving advantages of integrated transportation hub of Henan Province in recent years, the integrated urban and rural development driven by the Central City Conglomerate, which releasing huge market demand, plenty of real estate developers from other provinces have been competing to tap into Henan Province for development. Thus, there is a great demand for premium office buildings. The development strategy of the Group has always focused on Henan Province. Acquiring commercial buildings in Zhengzhou, Henan Province for its own use will enhance its own brand name, reduce operating cost, and earn rentals, thus consolidating the market position of the Group in Henan Province.

Upon completion of the transaction, part of the Target Property will be used by the Group and the remaining part of the Target Property will be leased out for collection of rental.

The Directors (including independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement and the transaction contemplated thereunder are on normal commercial terms or better to the Company and that the entering into of the Equity Transfer Agreement is in the interests of the Company and the Shareholders as a whole.

DIRECTOR'S INTEREST IN THE CONNECTED TRANSACTION

Joy Bright Investments is directly owned as to 100% by Mr. Wu. Mr. Wu is regarded as being interested in the transaction contemplated under the Equity Transfer Agreement due to his interest in Joy Bright Investments and therefore has abstained from voting on the Board resolution approving the Equity Transfer Agreement. Save and except for the aforesaid, none of the Directors has any material interest in any of the transaction contemplated under the Equity Transfer Agreement and was required to abstain from voting on the Board resolution to approve the same.

INFORMATION OF THE PARTIES

The Group is principally engaged in real estate development and sales in Henan Province, the PRC.

Joy Bright Investments is directly wholly-owned by Mr. Wu and is principally engaged in investment holding.

Joy Ascend Holdings is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

LISTING RULES IMPLICATION

As at the date of this announcement, Mr. Wu directly holds 100% equity interest in Joy Bright Investments and is a controlling shareholder and connected person of the Company. Therefore, Joy Bright Investments is an associate of Mr. Wu and is thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules. Accordingly, the transaction under the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profit ratio) in respect of the transaction contemplated under the Equity Transfer Agreement exceed(s) 0.1% but is/are less than 5%, the transaction contemplated under the Equity Transfer Agreement is subject to the reporting, announcement and annual review requirements but exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following terms shall have the following meanings unless the context otherwise requires:

“associate(s)”	has the meaning given to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Central China Real Estate Limited (建業地產股份有限公司*), an exempted company established under the laws of the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“Completion Date”	30 October 2018
“connected person(s)”	has the meaning given to it under the Listing Rules
“controlling shareholder(s)”	has the meaning given to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the agreement dated 24 September 2018 entered into between Joy Ascend Holdings and Joy Bright Investments in relation to acquisition of the Target Equity by Joy Ascend Holdings from Joy Bright Investments
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joy Bright Investments”	Joy Bright Investments Limited, a company incorporated in the British Virgin Islands with limited liability and held as to 100% by Mr. Wu directly, and the vendor under the Equity Transfer Agreement
“Joy Ascend Holdings”	Joy Ascend Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company and the purchaser under the Equity Transfer Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wu”	Mr. Wu Po Sum, the Chairman, an executive Director and a controlling shareholder of the Company and as at the date of this announcement owns 100% equity interest in Joy Bright Investments
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Shares
“Shares”	the shares of the Company
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Jujia Investment Co., Ltd.* (巨佳投資有限公司), a company incorporated in the British Virgin Islands with limited liability

“Target Equity”	the 100% equity interest in the Target Company
“Target Property”	the second to tenth floors of an office building situated in Zhengzhou Area of China (Henan) Pilot Free Trade Zone, as held by the Target Company indirectly through its subsidiaries
“%”	per cent

By order of the Board
Central China Real Estate Limited
Wu Po Sum
Chairman

Hong Kong, 24 September 2018

For the purpose of this announcement, translations of Renminbi into Hong Kong dollars or vice versa have been calculated by using an exchange rate of RMB1.00 equal to HK\$1.1387. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

As at the date of this announcement, the Board comprises nine Directors, of which Mr. Wu Po Sum, Mr. Liu Weixing and Mr. Wang Jun are executive Directors, Mr. Lucas Ignatius Loh Jen Yuh, Mr. Puah Tze Shyang and Ms. Wu Wallis (alias Li Hua) are non-executive Directors, Mr. Cheung Shek Lun, Mr. Xin Luo Lin and Dr. Sun Yuyang are independent non-executive Directors.

* *For identification purposes only*