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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**

### **ENTRUSTED LOAN AGREEMENT**

On 5 September 2011 (after trading hours), CCRE China (as lender), an indirect wholly-owned subsidiary of the Company, entered into the Entrusted Loan Agreement with SPD Bank, Zhengzhou Branch (as entrusted lender) and Tianjiu Property (as borrower). Pursuant to the Entrusted Loan Agreement, CCRE China will grant the Entrusted Loan in the principal amount of RMB50,000,000 (equivalent to approximately HK\$60,975,610) to Tianjiu Property through SPD Bank, Zhengzhou Branch.

In consideration of the Entrusted Loan, Tianming Real Estate, the holding company of Tianjiu Property, agreed to guarantee the repayment of the principal amount of the Entrusted Loan and its related interest and default interest (if any) and pledge its 50% equity interest in CCRE Tianming (a 50% owned subsidiary of the Company) as security.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Tianming Real Estate, the holding company of Tianjiu Property, owns 50% equity interest in CCRE Tianming, a 50% owned subsidiary of the Company. As such, Tianjiu Property is a connected person of the Company and the Entrusted Loan Agreement constitutes a connected transaction of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined in the Listing Rules) for the principal amount of the Entrusted Loan (together with its related interest) exceeds 1% but is less than 5%, the Entrusted Loan Agreement is only subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **BACKGROUND**

On 5 September 2011 (after trading hours), CCRE China, an indirect wholly-owned subsidiary of the Company, entered into the Entrusted Loan Agreement with SPD Bank, Zhengzhou Branch (as entrusted lender) and Tianjiu Property (as borrower). Pursuant to the Entrusted Loan Agreement, CCRE China will grant the Entrusted Loan in the principal amount of RMB50,000,000 (equivalent to approximately HK\$60,975,610) to Tianjiu Property through SPD Bank, Zhengzhou Branch.

## **ENTRUSTED LOAN AGREEMENT**

The principal terms of the Entrusted Loan Agreement are set out as follows:

**Date:** 5 September 2011

**Parties:** CCRE China (as the lender), an indirect wholly-owned subsidiary of the Company;  
Tianjiu Property (as the borrower); and  
SPD, Zhengzhou Branch (as the entrusted lender).

**Entrusted Loan Arrangement:**

Pursuant to the Entrusted Loan Agreement, SPD Bank, Zhengzhou Branch is designated by the Company to act as the entrusted lender to, inter alia, release the Entrusted Loan, which is funded by the Group, to Tianjiu Property and to monitor the use and repayment of the Entrusted Loan by Tianjiu Property.

**Principal Amount of the Entrusted Loan:**

RMB50,000,000 (equivalent to approximately HK\$60,975,610)

**Term:**

Between 6 September 2011 and 29 September 2011

**Interest and Default Interest:**

Fixed interest of 16% per annum. The interest for the Entrusted Loan will be payable on 29 September 2011 in full.

The interest rate is doubled if there is a payment default of the principal amount of the Entrusted Loan and/or the related interest.

**Repayment Schedule of the Principal Amount of the Entrusted Loan:**

The principal amount of the Entrusted Loan will be payable on 29 September 2011 in full.

**Handling Charge:**

SPD Bank, Zhengzhou Branch will receive 0.075% of the principal amount of the Entrusted Loan which is borne by Tianjiu Property as handling charge.

**Security for Repayment:**

In consideration of the Entrusted Loan, Tianming Real Estate, the holding company of Tianjiu Property, agreed to guarantee the repayment of the principal amount of the Entrusted Loan and its related interest and default interest (if any) and pledge its 50% equity interest in CCRE Tianming (a 50% owned subsidiary of the Company) as security.

**Effectiveness:** The Entrusted Loan Agreement became effective upon signing by the parties thereto.

## **INFORMATION ABOUT CCRE CHINA AND THE GROUP**

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

CCRE China is a limited liability company incorporated in the PRC. It is a wholly-owned subsidiary of the Company and is mainly engaged in real estate development and sales and real estate investment in Henan Province, the PRC.

## **INFORMATION ABOUT THE COUNTERPARTIES OF THE ENTRUSTED LOAN AGREEMENT**

Tianjiu Property is a limited liability company incorporated in the PRC. It is mainly engaged in property development and sales in Henan Province, the PRC.

Tianming Real Estate is a limited liability company incorporated in the PRC. It owns the entire registered capital of Tianjiu Property and is mainly engaged in property development and sales in Henan Province, the PRC.

Tianming Real Estate currently owns 50% equity interest of CCRE Tianming, a 50% owned subsidiary of the Company. CCRE Tianming acquired the land use right of a parcel of land (the “Zhengdong New District Land”) located at the Zhengdong New District (鄭東新區) of Zhengzhou City in January 2011 with the purchase price of approximately RMB2,000 million. The Group and Tianming Real Estate intend to jointly develop the Zhengdong New District Land and it is anticipated that the development project on the Zhengdong New District Land upon completion will make a substantial contribution to the Group’s revenue and profit.

SPD Bank, Zhengzhou Branch is a branch of Shanghai Pudong Development Bank Co. Ltd, a joint stock company incorporated in the PRC with limited liability engaging in the business of banking in the PRC.

## **REASONS FOR AND BENEFIT OF THE ENTRUSTED LOAN**

The terms of the Entrusted Loan Agreement (including the interest rate) were determined after arm's length negotiations among the relevant parties. Given that (i) the Entrusted Loan is guaranteed by Tianming Real Estate and secured by its 50% equity interest in CCRE Tianming; and (ii) the interest rate under the Entrusted Loan is higher than the prevailing benchmark interest rate for fixed deposits in Renminbi announced by the People's Bank of China, the Company considers that the Entrusted Loan provides a reasonable return to the Group and the capital risk associated therewith is minimal. In light of the above, the Directors consider that the terms of the Entrusted Loan are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Tianming Real Estate, the holding company of Tianjiu Property, owns 50% equity interest in CCRE Tianming, a 50% owned subsidiary of the Company. As such, Tianjiu Property is a connected person of the Company and the Entrusted Loan Agreement constitutes a connected transaction of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined in the Listing Rules) for the principal amount of the Entrusted Loan (together with the related interest) exceeds 1% but is less than 5%, the Entrusted Loan Agreement is only subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

- “Board” the board of Directors;
- “CCRE China” Central China Real Estate Group (China) Company Limited\* (建業住宅集團(中國)有限公司), a wholly foreign-owned enterprise with limited liability which was incorporated in the PRC and is an indirect wholly owned subsidiary of the Company;
- “CCRE Tianming” Zhengzhou Central China Tianming Property Company Limited\* (鄭州建業天明置業有限公司), a company with limited liability which was incorporated in the PRC and held by CCRE China and Tianming Real Estate as to 50% and 50% respectively;
- “Company” Central China Real Estate Limited (建業地產股份有限公司\*), an exempted company incorporated under the laws of the Cayman Islands with limited liability, whose Shares are listed on the main board of the Stock Exchange;
- “Director(s)” the director(s) of the Company;
- “Entrusted Loan” the entrusted loan of a principal amount of RMB50,000,000 contemplated under the Entrusted Loan Agreement;
- “Entrusted Loan Agreement” the entrusted loan agreement dated 5 September 2011 among CCRE China, SPB Bank, Zhengzhou Branch and Tianjiu Property (and supplemented by a supplemental agreement thereto of the same date among CCRE China, Tianjiu Property and Tianming Real Estate);
- “Group” the Company and its subsidiaries;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.10 each in the share capital of the Company;
“Shareholders”	holders of the Shares;
“SPD Bank, Zhengzhou Branch”	the Zhengzhou Branch of Shanghai Pudong Development Bank Co Ltd., a joint stock company incorporated in the PRC with limited liability engaging in the business of banking in the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Tianjiu Property”	Zhengzhou Tianjiu Property Limited* (鄭州市天久置業有限公司), a limited liability company incorporated in the PRC;
“Tianming Real Estate”	Tianming Real Estate Limited* (天明地產有限公司), a limited liability company incorporated in the PRC; and
“%”	per cent.

By Order of the Board  
**Central China Real Estate Limited**  
**Wang Tianye**

*Executive Director and Chief Executive Officer*

Hong Kong, 5 September 2011

*As at the date of this announcement, the Board comprised ten Directors, of which Mr. Wu Po Sum, Mr. Wang Tianye and Ms. Yan Yingchun are executive Directors, Mr. Lim Ming Yan (alternate director: Mr. Lucas Ignatius Loh Jen Yuh), Mr. Leow Juan Thong Jason, Mr. Hu Yongmin and Ms. Wallis Wu (alias Li Hua) are non-executive Directors, Mr. Cheung Shek Lun, Mr. Wang Shi and Mr. Xin Luo Lin are independent non-executive Directors.*

\* *For identification purposes only*