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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)

DISCLOSEABLE TRANSACTION
ACQUISITION OF 40% EQUITY INTEREST IN HENAN LONGYU

THE ACQUISITION

On 20 January 2014, CCRE China, an indirect wholly-owned subsidiary of the Company, entered into the Supplemental Agreement with Xuchang Hengda, pursuant to which CCRE China agreed to acquire from Xuchang Hengda the Equity Interest, being 40% equity interest in Henan Longyu, at the Consideration of RMB250,000,000.

As at the date of this announcement and prior to the Completion of the Acquisition, Henan Longyu is an indirect 60% owned subsidiary of the Company. Its principal asset is the investment in the property development project of the Zhengzhou Land. Upon Completion of the Acquisition, Henan Longyu will become an indirect wholly-owned subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the transactions as contemplated under the Supplemental Agreement as aggregated with the Previous Acquisition exceeds 5% but less than 25%, the Acquisition constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements thereunder.

Xuchang Hengda is a substantial shareholder and holds 40% equity interest in Henan Longyu prior to Completion of the Acquisition. Therefore, Xuchang Hengda is a connected person of the Company and the Acquisition constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. However, since Henan Longyu is qualified as an insignificant subsidiary under Rule 14A.31(9) of the Listing Rules, the Acquisition is exempt from any reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 3 April 2013. As disclosed in the said announcement, CCRE China and Xuchang Hengda entered into the Investment Cooperation Agreement pursuant to which CCRE China acquired from Xuchang Hengda 60% equity interest in Henan Longyu. Upon completion of the Previous Acquisition and as at the date of this announcement, Henan Longyu is an indirect 60% owned subsidiary of the Company.

On 20 January 2014, CCRE China and Xuchang Hengda entered into the Supplemental Agreement, the major terms of which are set out below:

Date: 20 January 2014

Parties: (1) CCRE China (as purchaser)
(2) Xuchang Hengda (as vendor)

Subject: Pursuant to the Supplemental Agreement, CCRE China agreed to acquire from Xuchang Hengda, and Xuchang Hengda agreed to sell to CCRE China, the Equity Interest, being 40% equity interest in Henan Longyu.

As at the date of this announcement and prior to the Completion of the Acquisition, Henan Longyu is owned by CCRE China and Xuchang Hengda as to 60% and 40% respectively. Upon Completion of the Acquisition, CCRE China will hold 100% equity interest in Henan Longyu and Henan Longyu will become an indirect wholly-owned subsidiary of the Company. As stated in the Supplemental Agreement, the Acquisition, namely the acquisition of the remaining 40% equity interest in Henan Longyu, reflected the original intention of the parties at the time of entering into of the Investment Cooperation Agreement.

Consideration:

CCRE China and Xuchang Hengda agreed that the initial Consideration for the Acquisition shall be RMB250,000,000 (the “**Initial Consideration**”), which is determined by the parties based on arm’s length negotiations with reference to 40% of the total asset value of Henan Longyu (prior to profit distribution for the year ended 31 December 2013) in the amount of RMB625,000,000. The Acquisition will be financed by internal resources of the Group.

CCRE China and Xuchang Hengda further agreed that the final Consideration for the Acquisition (the “**Final Consideration**”) shall be adjusted downwards by deducting the following items from the Initial Consideration:

- (i) any debt repayment made by Henan Longyu to Xuchang Hengda prior to the Completion;
- (ii) any profit distributed by Henan Longyu to Xuchang Hengda prior to the Completion; and
- (iii) any Deed Tax Delinquency Charge (as defined below) payable to Xuchang Hengda.

Payment terms and transfer of the Equity Interest:

Pursuant to the Supplemental Agreement, payment of the Consideration and transfer of the Equity Interest shall be made as follows:

- (a) within three (3) working days after signing of the Supplemental Agreement, Henan Longyu shall settle all the debts and accounts payable to Xuchang Hengda, whilst Xuchang Hengda shall pledge the Equity Interest in Henan Longyu in favour of CCRE China (the “**CCRE China Equity Pledge**”);
- (b) within three (3) working days after the issuance of the registration notice of the CCRE China Equity Pledge, subject to Xuchang Hengda having executed the registration of cancellation of the CCRE China Equity Pledge and furnished CCRE China with all necessary documents to be submitted to the administration for industry and commerce, CCRE China shall pay RMB140,000,000 to Xuchang Hengda as deposit payment for the Consideration (the “**First Instalment**”);
- (c) after Henan Longyu has completed its 2013 fiscal audit, paid its income tax and fulfilled the conditions for profit distributions, CCRE China shall provide fundings to Henan Longyu for distributing the profits payable to Xuchang Hengda (the “**Profit Distribution**”) for the year ended 31 December 2013. The Profit Distribution shall be completed no later than 31 March 2014;
- (d) within three (3) working days after the Profit Distribution, the parties shall cooperate and procure the release of the CCRE China Equity Pledge, the transfer of Equity Interest, the registration and filing of the change of business registration particulars of Henan Longyu and other related matters;

- (e) CCRE China shall be responsible for paying the Deed Tax Delinquency Charge (as defined below) of Henan Longyu. Upon CCRE China's payment and within five (5) working days after the Completion, the parties shall determine the amount of the Final Consideration with reference to the debt repayment made by Henan Longyu to Xuchang Hengda, profit distributed by Henan Longyu to Xuchang Hengda and any Deed Tax Delinquency Charge (as defined below) payable to Xuchang Hengda accrued before the Completion. The parties shall enter into a confirmation agreement on the amount of the Final Consideration, and settle the difference between the First Instalment and the Final Consideration within three (3) working days thereafter.

Completion:

The Completion of the Acquisition shall take place upon completion of the registration for the transfer of the Equity Interest.

Composition of board of directors and management of Henan Longyu:

Upon the Completion, all representatives of Xuchang Hengda shall withdraw from their respective positions as the directors, supervisor, deputy general manager, etc. in Henan Longyu.

Other major terms:

Pursuant to the Supplemental Agreement, the parties agreed, among other things, that:

- (a) if Henan Longyu receives earnings from any fees reduction or planning adjustments resulted from Xuchang Hengda's operation after the signing of the Supplemental Agreement, CCRE China shall reimburse Xuchang Hengda with the relevant expenses in the manner and amount to be further negotiated by the parties;
- (b) in the event that the government shall return any income tax paid by Henan Longyu in 2013 in connection with the governmental subsidies granted to Henan Longyu, any gain in revenue of Henan Longyu resulting therefrom (after reduction of the tax expenses) shall be retained by Xuchang Hengda in the manner to be further negotiated between the parties; and
- (c) any gain in revenue of Henan Longyu arising from the deed tax reduction of Zhengzhou Land should be retained by Xuchang Hengda. CCRE China shall pay such gain in revenue to Xuchang Hengda in the manner to be further negotiated between the parties. Nonetheless, the deed tax delinquency charge (the "**Deed Tax Delinquency Charge**") in relation to the Zhengzhou Land accrued before the signing of the Supplemental Agreement shall be solely borne by Xuchang Hengda.

INFORMATION ABOUT HENAN LONGYU

Henan Longyu is a limited liability company established in the PRC in May 2003 and has a registered capital of RMB77,000,000. As at the date of this announcement, Henan Longyu is owned by CCRE China and Xuchang Hengda as to 60% and 40% respectively. Henan

Longyu is principally engaged in the development of the real estate project in respect of the Zhengzhou Land, details of which are set out in the announcement of the Company dated 3 April 2013.

The following table sets out the audited financial information of Henan Longyu for the two years ended 31 December 2012:

	For the year ended 31 December 2011 (RMB)	For the year ended 31 December 2012 (RMB)
Net loss before tax and extraordinary items	1,795,458	1,890,322
Net loss after tax and extraordinary items	1,795,458	1,890,322

The audited net asset value of Henan Longyu as at 31 December 2012 was RMB58,935,331.

INFORMATION ABOUT THE GROUP, CCRE CHINA AND XUCHANG HENGDA

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

CCRE China is a limited liability company established in the PRC. It is an indirect 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.

Xuchang Hengda is a limited liability company established in the PRC and is principally engaged in the business of real estate development.

REASONS FOR AND BENEFIT OF THE ACQUISITION

As disclosed in the announcement of the Company dated 3 April 2013, Henan Longyu holds the land use right of the Zhengzhou Land which is located at Jinshui District, the political, commercial and financial centre of Zhengzhou City and is expected to be developed into commercial projects. The Company anticipates high profit returns upon completion of the said commercial projects and thus the acquisition of the remaining 40% equity interest in Henan Longyu will further enhance the Group's financial performance. In the meantime, the Acquisition will enable the Company to further expand its market share and enhance its market influence in Zhengzhou City, which is in line with the Company's strategy to increase its landbank in Henan Province with high development potential.

In light of the above, the Directors consider that the terms of the Supplemental Agreement 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 one or more of the applicable percentage ratios in respect of the transactions as contemplated under the Supplemental Agreement as aggregated with the Previous Acquisition exceeds 5% but less than 25%, the Acquisition constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements thereunder.

Xuchang Hengda is a substantial shareholder and holds 40% equity interest in Henan Longyu prior to Completion of the Acquisition. Therefore, Xuchang Hengda is a connected person of the Company and the Acquisition constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. However, since Henan Longyu is qualified as an insignificant subsidiary under Rule 14A.31(9) of the Listing Rules, the Acquisition is exempt from any reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“ Acquisition ”	the acquisition of 40% equity interest in Henan Longyu by CCRE China from Xuchang Hengda in accordance with the terms of the Supplemental Agreement;
“ 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;
“ 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;
“ Completion ”	completion of the Acquisition, which shall take place upon completion of the registration for the transfer of the Equity Interest in accordance with the terms of the Supplemental Agreement;
“ connected persons ”	having the meaning ascribed to it under the Listing Rules;
“ Consideration ”	the consideration in respect of the Acquisition;
“ Director(s) ”	the director(s) of the Company;
“ Equity Interest ”	the 40% equity interest in Henan Longyu currently owned by Xuchang Hengda;

“Group”	the Company and its subsidiaries;
“Henan Longyu”	Henan Longyu Real Estate Development Limited* (河南龍宇房地產開發有限公司), a limited liability company established in the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party”	a third party independent of the Company and its connected persons and are not connected persons of the Company;
“Investment Cooperation Agreement”	the agreement dated 3 April 2013 entered into between CCRE China as purchaser and Xuchang Hengda as vendor in relation to, among other things, the Previous Acquisition;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Previous Acquisition”	the acquisition of 60% equity interest in Henan Longyu by CCRE China from Xuchang Hengda in accordance with the terms of the Investment Cooperation Agreement;
“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;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Agreement”	the supplemental agreement dated 20 January 2014 to the Investment Cooperation Agreement entered into between CCRE China and Xuchang Hengda in relation to, among other things, the Acquisition;
“Xuchang Hengda”	Xuchang Hengda Real Estate Group Limited* (許昌恒達房地產集團有限公司), a limited liability company established in the PRC;
“Zhengzhou Land”	the land which is located at Jinshui District of Zhengzhou City and owned by Henan Longyu, details of which are set out in the paragraph headed “Information about Henan Longyu” hereinabove and the announcement of the Company dated 3 April 2013; and

“%”

per cent.

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

Hong Kong, 20 January 2014

As at the date of this announcement, the Board comprises nine Directors, of which Mr. Wu Po Sum 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. Wu Wallis (alias Li Hua) are non-executive Directors, Mr. Cheung Shek Lun, Mr. Muk Kin Yau and Mr. Xin Luo Lin are independent non-executive Directors.

* *For identification purposes only*