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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 ESTABLISHMENT OF JOINT VENTURE

On 26 December 2016, the Group entered into the Investment Agreement through an indirect wholly-owned subsidiary of the Company with Other Founders in relation to the establishment of the Joint Venture. Pursuant to the Investment Agreement, the Joint Venture will be engaged in insurance, reinsurance, fund application businesses and other businesses as approved by the insurance regulatory authorities.

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Investment Agreement exceed(s) 5% but less than 25%, the establishment of the Joint Venture constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements thereunder.

INTRODUCTION

On 26 December 2016, the Group entered into the Investment Agreement through an indirect wholly-owned subsidiary of the Company with Other Founders in relation to the establishment of the Joint Venture. Pursuant to the Investment Agreement, the Joint Venture will be engaged in insurance, reinsurance, fund application businesses and other businesses as approved by the insurance regulatory authorities, subject to the final approval by the insurance regulatory authorities and registration at the company registry. The key terms of the Investment Agreement are as follows:

INVESTMENT AGREEMENT

Date: 26 December 2016

Parties: (i) CCRE China; and
(ii) Other Founders.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Other Founders and their ultimate beneficial owners are all Independent Third Parties.

Registered Capital

The registered capital of the Joint Venture will be RMB3,000,000,000, divided into a total of 3,000,000,000 shares at the nominal value of RMB1 each, all being RMB ordinary shares. Details on the Promoters, their amounts of capital contribution, number of shares subscribed for and percentage of shareholding at the establishment of the Joint Venture are listed below:

Name of Promoters	Amount of capital contribution (RMB)	Number of shares subscribed for	As a Percentage of the total share capital of the Joint Venture
Central China Securities	360,000,000	360,000,000	12%
CCRE China	360,000,000	360,000,000	12%
	(equivalent to approximately HK\$406,800,000)		
Zhengzhou Yutong	360,000,000	360,000,000	12%
Henan Shuanghui	360,000,000	360,000,000	12%
Chengdu Baicheng	360,000,000	360,000,000	12%
Henan Senyuan	300,000,000	300,000,000	10%
Henan Jiyuan	300,000,000	300,000,000	10%
Henan Investment	240,000,000	240,000,000	8%
The Beautiful Year Investment	180,000,000	180,000,000	6%
Tianjin Fengqi	180,000,000	180,000,000	6%
Total	<u>3,000,000,000</u>	<u>3,000,000,000</u>	<u>100%</u>

The registered capital of the Joint Venture is fully paid up in cash. Subject to the approval by CIRC for the establishment of the Joint Venture, each Founder is required to make payment in cash at the full amount of the capital contribution they subscribed for to the bank account to be designated by the preparatory committee within the period fixed on the payment notice to be issued by the preparatory committee.

Preparatory Committee of the Joint Venture and the Preparation Fees

Each Founder has agreed to establish a preparatory committee, which is authorised to take specific responsibility for such matters which are relevant to the establishment of the Joint Venture. The roles and responsibilities of the preparatory committee include but are not limited to:

- (1) arrange for the drafting of the agreements, articles of association, application papers and other relevant documents necessary for the establishment of the Joint Venture, and mediate between each Founder for the application, registration and preparation for establishment of the Joint Venture;
- (2) open a bank account for the Joint Venture and manage the capital contributed by each party;
- (3) engage and communicate with agencies on behalf of each party;
- (4) communicate with shareholders, address the advice of shareholders on the composition of the board of directors and the supervisory board and on the candidates for the senior management and make recommendations accordingly at the first general meeting of the Joint Venture in order to ensure fair and reasonable appointments of the relevant personnel for such Joint Venture;
- (5) process such issues which are relevant to the establishment of the Joint Venture and obtain all necessary approvals, licenses and consents from the relevant competent authorities or organisations in accordance with the law;
- (6) coordinate the settlement of preparation fees, refund of monies already paid for and other relevant matters in the event of the failure to establish the Joint Venture; and
- (7) perform any other matters related to the establishment of the Joint Venture.

Pursuant to the Investment Agreement, the preparation fees incurred during the application phase for establishing the Joint Venture shall be advanced by Central China Securities at an interest calculated based on the prevailing interest rate for bank borrowings, which shall be charged as the preliminary expenses to be repaid after the establishment of the Joint Venture. If, for any reason, the establishment of the Joint Venture fails to proceed following the failure to obtain approval from the CIRC for its establishment, the fees incurred in relation to its establishment during the application phase shall be borne by Central China Securities.

The preparation fees incurred during the preparation phase for establishing the Joint Venture shall be advanced by each Founder as to 10% of their respective amount of capital contribution at an interest calculated based on the prevailing interest rate for bank borrowings, which shall be charged as the preliminary expenses to be repaid after the establishment of the Joint Venture. Each Founder shall deposit their respective share of the preparation fees to the bank account designated by the preparatory committee within 15 business days after the approval of CIRC is received by the preparatory committee. If, after obtaining the approval from CIRC, the Joint Venture fails to be established or to commence

operation for any reason, each Founder shall be jointly responsible for the fees and relevant liabilities practically arising from the establishment, and such fees arising from the act of establishment shall be shared according to their respective proportion of capital contribution.

Composition of the Joint Venture

The board of directors of the Joint Venture shall be composed of 11 directors, with one chairperson to be nominated by Central China Securities and elected by all directors in a majority vote. The chairperson shall also be the legal representative of the Joint Venture.

The supervisory board of the Joint Venture shall consist of 5 supervisors, 3 of which will be appointed among the shareholders and 2 of which will be appointed among employees. The employees' supervisors shall be appointed by election at a general meeting of staff or other forms of democratic election. A supervisory chairperson will be appointed by election by all supervisors in a majority vote.

A general manager of the Joint Venture will be appointed. All senior management staff will be appointed by the board of directors.

Reasons for and benefits of the establishment of the Joint Venture

The Group's involvement in the establishment of the Joint Venture can effectively grant the Group access to the quality financial resources in Henan Province and in-depth cooperation with them, and expand the customer services provided by the Group, providing impetus to the Group's growth and strategic implementation.

The Directors consider that the terms of the Investment are on normal commercial terms, are fair and reasonable, and are in the interest of the Company and the shareholders of the Company as a whole.

INFORMATION ON THE GROUP AND CCRE CHINA

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.

INFORMATION ON OTHER FOUNDERS

Central China Securities is a joint stock company incorporated in the PRC with limited liability and its H shares are listed on the main board of the Stock Exchange. It is principally engaged in brokerage, investment banking, investment management and proprietary trading business.

Zhengzhou Yutong is a joint stock company incorporated in the PRC with limited liability, which is principally engaged in manufacturing of buses and coaches.

Henan Shuanghui is a limited liability company incorporated in the PRC, which is principally engaged in manufacturing of meat products.

Chengdu Baicheng is a limited liability company incorporated in the PRC, which is principally engaged in real estate development.

Henan Senyuan is a limited liability company incorporated in the PRC, which is principally engaged in heavy industry.

Henan Jiyuan is a limited liability company incorporated in the PRC, which is principally engaged in manufacturing of steel products.

Henan Investment is a limited liability company incorporated in the PRC, which is principally engaged in investment holding. As at the date of this announcement, Henan Investment is the largest shareholder of Central China Securities.

The Beautiful Year Investment is a limited liability company incorporated in the PRC, which is principally engaged in investment holding.

Tianjin Fengqi is a limited liability company incorporated in the PRC, which is principally engaged in business services.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Investment Agreement exceed(s) 5% but less than 25%, the establishment of the Joint Venture constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under thereunder.

DEFINITIONS

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

“percentage ratios”	the percentage ratios set out in Rule 14.07 of the Listing Rules;
“The Beautiful Year Investment”	The Beautiful Year Investment Group Limited* (百悦投資集團有限公司), a company incorporated in the PRC with limited liability;
“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;
“Group”	the Company and its subsidiaries;
“Promoters”	the promoters of the Joint Venture, being the Company and Other Founders;
“Independent Third Parties”	an individual independent of the Group and the connected persons of the Company;

“Director(s)”	the director(s) of the Company;
“Board”	the board of Directors;
“Investment Agreement”	the investment agreement dated 26 December 2016 entered into by the Company and Other Founders in relation to the establishment of the Joint Venture
“Tianjin Fengqi”	Tianjin Fengqi Investment Management Limited* (天津豐琪投資管理有限公司), a company incorporated in the PRC with limited liability;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Joint Venture”	a joint stock company incorporated in the PRC with limited liability with the proposed name as 中原人壽保險股份有限公司, subject to the approval from China Insurance Regulatory Commission and State Administration for Industry and Commerce with the pre-approved name as the actual name of the company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“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 Share(s);
“connected person(s)”	having the meaning ascribed to it under the Listing Rules;
“Henan Investment”	Henan Investment Group Co., Ltd.* (河南投資集團有限公司), a company incorporated in the PRC with limited liability;
“Henan Jiyuan”	Henan Jiyuan Iron and Steel (Group) Co.,Ltd.* (河南濟源鋼鐵(集團)有限公司), a company incorporated in the PRC with limited liability;
“Henan Shuanghui”	Henan Luohe Shuanghui Industry Group Co., Ltd.* (河南省漯河市雙匯實業集團有限責任公司), a company incorporated in the PRC with limited liability;
“Henan Senyuan”	Henan Senyuan Group Co., Ltd.* (河南森源集團有限公司), a company incorporated in the PRC with limited liability;
“Other Founders”	Central China Securities, Zhengzhou Yutong, Henan Shuanghui, Chengdu Baicheng, Henan Senyuan, Henan Jiyuan, Henan Investment, The Beautiful Year Investment and Tianjin Fengqi;

“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;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Zhengzhou Yutong”	Zhengzhou Yutong Bus Co., Ltd.* (鄭州宇通客車股份有限公司), a joint stock company incorporated in the PRC with limited liability;
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Central China Securities”	Central China Securities Co., Ltd. (carrying on business in Hong Kong as “中州證券”), a joint stock company incorporated in the PRC with limited liability and its H shares being listed on the main board of the Stock Exchange (stock code: 01375);
“Chengdu Baicheng”	Chengdu Baicheng Investment Limited* (成都百城投資有限責任公司), a company incorporated in the PRC with limited liability,
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“RMB”	Renminbi, the lawful currency of the PRC; and
“%”	per cent.

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

Hong Kong, 28 December 2016

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\$1.13. 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 eight Directors, of which Mr. Wu Po Sum and Ms. Yan Yingchun 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. Muk Kin Yau and Mr. Xin Luo Lin are independent non-executive Directors.

** For identification purposes only*