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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 AND  
CONNECTED TRANSACTION  
ACQUISITION OF 10% EQUITY INTERESTS  
IN THE TARGET COMPANY**

**EQUITY TRANSFER AGREEMENT**

The Board is pleased to announce that on 12 April 2021 (after trading hours), Shanghai Yujin (as the buyer) entered into the Equity Transfer Agreement with Shanghai Hengfen (as the seller) and the Target Company in relation to the Acquisition, pursuant to which Shanghai Yujin has agreed to acquire the Sale Equity from Shanghai Hengfen at the total consideration of RMB848,360,000.

As at the date of this announcement, Shanghai Yujin, Guangzhou R&F and Shanghai Hengfen own 55%, 35% and 10% of the equity interest in the Target Company, respectively. Upon completion of the Acquisition, Shanghai Yujin and Guangzhou R&F will own 65% and 35% of the equity interest in the Target Company, respectively, and the Target Company will continue being an indirect non-wholly owned subsidiary of the Company.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more applicable percentage ratios in respect of the transactions contemplated under the Equity Transfer Agreement are more than 5% but less than 25%, the entering into of the Equity Transfer Agreement therefore constitutes a disclosable transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements.

As Shanghai Hengfen is a substantial shareholder of the Target Company (an indirect non-wholly owned subsidiary of the Company as at the date of this announcement), Shanghai Hengfen is a connected person of the Company at the subsidiary level. As such, the Proposed Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, as (i) the Board has approved the Acquisition; and (ii) the Directors (including the independent non-executive Directors) have confirmed that the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements.

## **INTRODUCTION**

The Board is pleased to announce that on 12 April 2021 (after trading hours), Shanghai Yujin (as the buyer) entered into the Equity Transfer Agreement with Shanghai Hengfen (as the seller) and the Target Company in relation to the Acquisition, pursuant to which Shanghai Yujin has agreed to acquire the Sale Equity from Shanghai Hengfen at the total consideration of RMB848,360,000.

As at the date of this announcement, Shanghai Yujin, Guangzhou R&F and Shanghai Hengfen own 55%, 35% and 10% of the equity interest in the Target Company, respectively. Upon completion of the Acquisition, Shanghai Yujin and Guangzhou R&F will own 65% and 35% of the equity interest in the Target Company, respectively, and the Target Company will continue being an indirect non-wholly owned subsidiary of the Company.

The principal terms of the Equity Transfer Agreement are summarised as follows:

## **EQUITY TRANSFER AGREEMENT**

Date : 12 April 2021 (after trading hours)

Parties : (1) Shanghai Yujin (as the buyer)

(2) Shanghai Hengfen (as the seller); and

(3) Target Company

### **Consideration**

The Group shall pay the total consideration of RMB848,360,000 in respect of the Sale Equity to Shanghai Hengfen.

The consideration was determined after arm's length negotiations between Shanghai Yujin and Shanghai Hengfen on normal commercial terms by taking into account, among other things, (i) the Target Company's net asset value and total assets; (ii) the Target Company's historical financial performance; (iii) the development and prospect of the Target Land Parcels; (iv) the historical consideration for the relevant equity interest in the Target Company payable by Shanghai Yujin in the 2020 Acquisition; and (v) the other factors set out in the section headed "– Reasons for and Benefits of the Acquisition" in this announcement.

The Group intends to pay for the consideration of the Acquisition through internal resources.

### **Completion and Payment**

In respect of the payment terms of the Acquisition, Shanghai Yujin shall pay the initial portion of the total consideration in the amount of RMB424,180,000 before 14 May 2021 and the remaining RMB424,180,000 before 14 September 2021 to Shanghai Hengfen.

In respect of the completion of the Acquisition, both parties to the Equity Transfer Agreement agree that Shanghai Hengfen shall cooperate with Shanghai Yujin and the Target Company apply to the original industry and commerce registration authority governing the Target Company for industrial and commercial registration of the change in shareholders and complete the registration on time within 7 business days from the date when Shanghai Yujin paid the initial portion of the total consideration in accordance with the Equity Transfer Agreement in full.

Both parties to the Equity Transfer Agreement agree that from the date when the initial portion of the total consideration is paid in full, even if the industrial and commercial registration of the change in shareholders has not yet been completed, Shanghai Yujin will share the profits, risks and losses of the Target Company in accordance with the proportion of equity interest in the Target Company after acquiring the Sale Equity and the requirements of the articles of association. Other rights attached to the Sale Equity are transferred upon the transfer of the Sale Equity.

## **INFORMATION OF THE TARGET COMPANY**

The Target Company is a company incorporated in the PRC with limited liability on 16 October 2014, whose registered capital is RMB100 million as at the date of this announcement, and is principally engaging in the investment, development and sales of real estate in Zhengzhou City of Henan Province.

Currently, the Target Group principally engages in the development of the Urban Renovation Project of Wulongkou (五龍口城中改造項目) (“**Wulongkou Project**”) and the Integrating-villages-into-city Project of Huayuankou (花園口合村並城項目) (“**Huayuankou Project**”) in Zhengzhou. The whole site area of the Wulongkou Project is 775 mu, including 498 mu of development area and 277 mu of resettlement area; the whole site area of the Huayuankou Project is 3,329 mu, including 2,222 mu of development area and 1,107 mu of resettlement area. The Wulongkou Project and the Huayuankou Project will be developed in phases, and partial of the phased projects is being developed for sales.

The audited net assets and total assets of the Target Company as at 31 December 2019 and 2020 are set out as follows, respectively:

	<b>As at 31 December</b>	
	<b>2019</b>	<b>2020</b>
	<i>RMB</i>	<i>RMB</i>
Net assets	695,388,000	91,879,000
Total assets	10,615,607,000	13,997,217,000

The audited net profit before and after tax for the year ended 31 December 2019 and 2020 are set out as follows, respectively:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2019</b>	<b>2020</b>
	<i>RMB</i>	<i>RMB</i>
Net profit(before tax)	331,434,000	110,327,000
Net profit(after tax)	331,434,000	47,217,000

The details of the Target Land Parcels owned by the Target Company as at the date of this announcement are set out as follows:

Category of land parcel	Name of land parcel	State-owned Land Use Right Certificate No.	Location	Usage	Expiry date of the land use right	Area involved in the land use right (sq. m.)	Interests held by the Company upon the completion of the Acquisition
Development Zone	N-10-01	Zheng Guo Yong (2015) No. 0126	South of Xiwang Road and East of Yulin Road	Urban Residential, Wholesale and Retail, Accommodation and Catering	1 June 2085 1 June 2055	19386.0	65%
Development Zone	N-08-01	Zheng Guo Yong (2015) No. 0125	East of Huafei Road East and South of Xiwang Road	Street Land (Public Car Park)	1 June 2065	5083.96	65%
Development Zone	N-08-02	Zheng Guo Yong (2015) No. 0127	East of Huafei Road East and South of Xiwang Road	Urban Residential, Wholesale and Retail, Accommodation and Catering	1 June 2085 1 June 2055	13968.28	65%
Development Zone	N-04-01	Zheng Guo Yong (2015) No. 0128	North of Xiwang Road and East of Yulin Road	Urban Residential	1 June 2085	55719.64	65%
Development Zone	N-12-01	Yu (2017) Zhengzhou Shi Bu Dong Chan Quan No. 0155829	North of Dongfeng Road and East of Rantun Road East	Urban Residential	25 September 2087	34700.20	65%
Development Zone	S-10-01	Yu (2018) Zhengzhou Shi Bu Dong Chan Quan No. 0238157	South of Wulongkou Road South and East of Huafei Road West	Urban Residential	13 August 2088	34996.29	65%
Resettlement Zone	S-01-03	Yu (2018) Zhengzhou Shi Bu Dong Chan Quan No. 0242112	North of Huanbao Road North and West of Huafei Road West	Urban Residential	19 August 2088	15608.55	65%
Resettlement Zone	N-01-02	Yu (2018) Zhengzhou Shi Bu Dong Chan Quan No. 0242118	North of Liming Road and East of Dianchang Road	Urban Residential	13 August 2088	42402.74	65%
Development Zone	28-070-K01-02	Zheng Guo Yong (2016) No. 0188	West of Zhongzhou Avenue and South of Jinda Road	Commercial Services	15 January 2056	49833.76	65%
Development Zone	28-073-K01-02	Zheng Guo Yong (2016) No. 0189	West of Zhongzhou Avenue and North of Binhe Road	Urban Residential	10 January 2086	44876.27	65%

Category of land parcel	Name of land parcel	State-owned Land Use Right Certificate No.	Location	Usage	Expiry date of the land use right	Area involved in the land use right (sq. m.)	Interests held by the Company upon the completion of the Acquisition
Resettlement Zone	H04-02-02	Yu (2018) Zhengzhou Shi Bu Dong Chan Quan No. 0318173	East of Jingshui Road and North of Xiangyun Avenue	Urban Residential	12 June 2088	62203.51	65%
Resettlement Zone	H03-07-04	Yu (2018) Zhengzhou Shi Bu Dong Chan Quan No. 0318201	East of Jinjing Ring West and North of Xiangyun Avenue	Urban Residential	12 June 2088	69526.85	65%
Development Zone	H06-14-01	Yu (2020) Zhengzhou Shi Bu Dong Chan Quan No. 0075160	East of Jingshui Road and North of Binhe Road	Urban residential land	29 March 2090	120,278.23	65%
Resettlement Zone	H03-08-01	Yu (2020) Zhengzhou Shi Bu Dong Chan Quan No. 0075115	East of Jingshui Road West and North of Xiangyun Avenue	Urban residential land	29 March 2090	58,976.84	65%

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Company is the legal and beneficial owner of the Target Land Parcels, which are going to be developed into residential and commercial projects. The total planned construction area is approximately 7,970,000 square meters and the total site area is approximately 4,104 mu. The Group principally focuses on developing residential properties, while developing residential and commercial projects also constitutes a part of the Group's strategy. As at 31 December 2020, 68.48% and 8.20% of the Group's land reserves are allocated to residential and commercial development projects, respectively. The Acquisition and its subsequent development will develop Target Land Parcels into residential and commercial development projects, so as to enhance the Group's investment portfolio and increase its participation in the commercial property market of Henan Province. Meanwhile, as the Target Land Parcels are located in one of the main areas of Zhengzhou City, the capital of Henan Province, and the Directors consider that the potential return outlook in the Henan Province property market is promising, the Acquisition will increase the share of the Group's interest in the Target Land Parcels through the Target Company, thereby maintaining the Group's competitiveness in the residential and commercial property sector in Henan Province, which is positive for the Group's future development and strategic planning.

In recent years, the financial performance of the Target Company has been improving continuously, with a profit recorded since the year ended 31 December 2018. The Directors are of the view that as the Target Company's financial performance has the potential to further improve with the gradual completions of the Target Group's residential and commercial projects, the increase in the equity interest held in the Target Company through the Acquisition will enable the Group to share more economic benefits from the Target Company's future business development.

After taking into account the above, the Directors consider that the terms and conditions of the Equity Transfer Agreement are fair and reasonable and on normal commercial terms and the Acquisition is in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE PARTIES OF THE EQUITY TRANSFER AGREEMENT**

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

Shanghai Yujin is principally engaged in the investment of real estate in Henan Province, the PRC and is a wholly-owned subsidiary of the Group.



Shanghai Hengfen is principally engaged in industrial investment, asset management, investment advisory and investment management, and its executive partner is Shanghai Dejian Zhaodi Investment Management Centre (Limited Partnership) (上海德見昭地投資管理中心(有限合夥)), which is controlled by its executive partner Fuzhou Wanxiang Jingrun Investment Co. Ltd. (福州萬象晶潤投資有限公司), which holds approximately 0.20% of its share, and a limited partner Ms. Gu Yingying (顧瑛瑛), who holds approximately 99.80% of its share. 100% equity interest of Fuzhou Wanxiang Jingrun Investment Co. Ltd. is directly and indirectly held by Mr. Zhang Bingquan (張炳銓). Among the limited partners of Shanghai Hengfen, Shanghai Wuling Investment Centre (Limited Partnership) (上海伍翎投資中心(有限合夥)) holds approximately 67.39% of its share and Hangzhou Wanminheng Investment Partnership (Limited Partnership) (杭州萬璿恒投資合夥企業(有限合夥)) holds approximately 25.36% of its share. The executive partner of Shanghai Wuling Investment Centre (Limited Partnership) is Shanghai Yidezhen Investment Management Centre (Limited Partnership) (上海易德臻投資管理中心(有限合夥)). The executive partner of Shanghai Yidezhen Investment Management Centre (Limited Partnership) is Shanghai Yubo Investment Management Co. Ltd. (上海譽鉅投資管理有限公司), which is held as to 100% by Jupai Holdings Limited (上海鉅派投資集團有限公司), which is a company listed on the New York Stock Exchange (NYSE: JP). Hangzhou Wanminheng Investment Partnership (Limited Partnership) is controlled by its executive partner Shanghai Dejian Zhaodi Investment Management Centre (Limited Partnership), which holds approximately 10% of its share, and its limited partner Shanghai Zhaoyu Enterprise Management Centre (Limited Partnership) (上海昭禹企業管理中心(有限合夥)), which holds approximately 90% of its share. Shanghai Zhaoyu Enterprise Management Centre (Limited Partnership) is controlled by its executive partner Shanghai Dejian Zhaodi Investment Management Centre (Limited Partnership), which holds approximately 90% of the shares, and its limited partner Shanghai Huadi Culture Development Company Limited (上海花地文化發展有限公司), which holds approximately 10% of the shares. Shanghai Huadi Culture Development Company Limited is directly and indirectly held as to 100% by Ms. Lai Yan (來豔). Please refer to the above for information on the interest of Shanghai Dejian Zhaodi Investment Management Centre (Limited Partnership). Based on the information publicly available as at the date of this announcement, apart from Shanghai Wuling Investment Centre (Limited Partnership) and Hangzhou Wanminheng Investment Partnership (Limited Partnership), no other limited partners hold 10% or more interest in Shanghai Hengfen.

As Shanghai Hengfen is a substantial shareholder of the Target Company (an indirect non-wholly owned subsidiary of the Company as at the date of this announcement), Shanghai Hengfen is a connected person of the Company at the subsidiary level. Except the above, the Board, having made all reasonable enquiries and to the best of its knowledge, information and belief, Shanghai Hengfen's ultimate beneficial owner is an Independent Third Party. To the best knowledge of the Company, Shanghai Hengfen has been the Shareholder of the Target Company since the incorporation of the Target Company and contributed RMB10 million as registered capital for the Sale Equity.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more applicable percentage ratios in respect of the transactions contemplated under the Equity Transfer Agreement are more than 5% but less than 25%, the entering into of the Equity Transfer Agreement therefore constitutes a disclosable transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements.

As Shanghai Hengfen is a substantial shareholder of the Target Company (an indirect non-wholly owned subsidiary of the Company as at the date of this announcement), Shanghai Hengfen is a connected person of the Company at the subsidiary level. As such, the Proposed Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, as (i) the Board has approved the Acquisition; and (ii) the Directors (including the independent non-executive Directors) have confirmed that the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements.

None of the Directors had any material interest in the Acquisition. None of the Directors was required to abstain from voting on the resolution of the Board of the Company approving the Acquisition.

## DEFINITIONS

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

“2020 Acquisition”	the acquisition by Shanghai Yujin from Guangzhou R&F of 10% of the equity interest in the Target Company owned by Guangzhou R&F and RMB262,326,648.32 of debts of the Target Company owned by Guangzhou R&F, details of which are set out in the announcement of the Company dated 17 January 2020
“Acquisition”	Acquisition of Sale Equity from Shanghai Hengfen by Shanghai Yujin pursuant to the terms and conditions of the Equity Transfer Agreement
“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 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
“Equity Transfer Agreement”	the equity transfer agreement dated 12 April 2021 entered into among Shanghai Yujin (as the buyer), Shanghai Hengfen (as the seller) and the Target Company in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Target Group”	the Target Company and its subsidiaries

“Independent Third Parties”	persons independent of the Group and the connected persons (has the meaning ascribed to it under the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Guangzhou R&F”	Guangzhou R&F Properties Co., Ltd. (廣州富力地產股份有限公司), a company incorporated in the PRC with limited liability, whose H Shares are listed on the main board of the Stock Exchange (Stock code: 2777)
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary shares 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
“Target Company”	Henan Central China Fujin Investment Company Limited (河南建業富居投資有限公司), a company incorporated in the PRC with limited liability, and, as at the date of this announcement, held as to 55%, 35% and 10% by Shanghai Yujin, Guangzhou R&F and Shanghai Hengfen, respectively, and an indirect non-wholly owned subsidiary of the Company
“Target Land Parcels”	land parcels located in Zhengzhou City, Henan Province, details of which are set out in the paragraph headed “Information of the Target Company” of this announcement

“Sale Equity”	10% of the equity interest in the Target Company owned by Shanghai Hengfen as at the date of this announcement
“Shanghai Yujin”	Shanghai Yujin Investments Consultancy Company Limited (上海豫進投資諮詢有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Shanghai Hengfen”	Shanghai Hengfen Investment Center (Limited Partnership) (上海恒玢投資中心(有限合夥)), a limited liability partnership incorporated under the laws of the PRC
“%”	per cent

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

Hong Kong, 12 April 2021

*As at the date of this announcement, the Board comprises nine Directors, of which Mr. Wu Po Sum, Mr. Wang Jun and Mr. Yuan Xujun are executive Directors, Mr. Lim Ming Yan, Ms. Wu Wallis (alias Li Hua) and Ms. Chen Ying 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*