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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 AND CONNECTED TRANSACTION

EQUITY RESTRUCTURING AGREEMENT

On 27 August 2014, CCRE China, CCRE Henan, Tianming City, Tianheng Real Estate and Xinyang Tianming entered into the Equity Restructuring Agreement, pursuant to which the parties agreed that:

- (i) Tianming City shall sell 50% equity interest in Tianheng Real Estate to CCRE China at a consideration of RMB44,490,000 (equivalent to approximately HK\$55,612,500); and
- (ii) Tianming City shall sell 50% equity interest in Xinyang Tianming to CCRE Henan at a consideration of RMB120,390,000 (equivalent to approximately HK\$150,487,500).

As at the date of this announcement, Tianheng Real Estate and Xinyang Tianming are indirect non wholly-owned subsidiaries of the Company and each of which is owned as to 50% and 50% by the Group and Tianming City, respectively. Upon completion of the Equity Restructuring Agreement, Tianming City will cease to have any interest in each of Tianheng Real Estate and Xinyang Tianming and they will become indirect wholly-owned subsidiaries of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Equity Restructuring Agreement is/are more than 5% but less than 25%, the Equity Restructuring Agreement constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

In addition, as Tianming City owns 50% equity interest in each of Tianheng Real Estate and Xinyang Tianming, the Vendor is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules and the Equity Restructuring Agreement also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Board has approved the Equity Restructuring Agreement and the transactions contemplated thereunder and the independent non-executive Directors have confirmed that the terms of the transactions are fair and reasonable, the transactions are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. Therefore, the Equity Restructuring Agreement is exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

THE EQUITY RESTRUCTURING AGREEMENT

The Board announces that on 27 August 2014, CCRE China, CCRE Henan, Tianming City, Tianheng Real Estate and Xinyang Tianming entered into the Equity Restructuring Agreement.

The principal terms of the Equity Restructuring Agreement are set out as follows:

- Date:** 27 August 2014
- Parties:**
- (1) CCRE China;
 - (2) CCRE Henan;
 - (3) Tianming City;
 - (4) Tianheng Real Estate; and
 - (5) Xinyang Tianming

Subject matter and Consideration

Pursuant to the Equity Restructuring Agreement, the parties agreed that:

- (i) Tianming City shall sell 50% equity interest in Tianheng Real Estate to CCRE China at a consideration of RMB44,490,000 (equivalent to approximately HK\$55,612,500); and

- (ii) Tianming City shall sell 50% equity interest in Xinyang Tianming to CCRE Henan at a consideration of RMB120,390,000 (equivalent to approximately HK\$150,487,500), which includes the Land Investments and Compensations (as defined below).

Settlement of the Outstanding Balance

Pursuant to the Equity Restructuring Agreement, the parties agreed that Tianheng Real Estate and Xinyang Tianming shall settle the following items prior to the Completion:

(i) *Shareholder's Loans owed to Tianming City*

Tianheng Real Estate and Xinyang Tianming shall repay the loans owed to Tianming City in the amounts of RMB100,000,000 and RMB26,270,000 (equivalent to approximately HK\$125,000,000 and HK\$32,837,500), respectively.

(ii) *Profit attributable to Tianming City*

Xinyang Tianming shall distribute the amount of RMB6,600,000 (equivalent to approximately HK\$8,250,000), being the profit attributable to Tianming City as of 31 July 2014. Tianheng Real Estate will not distribute any profit to Tianming City since it suffered a loss as at 31 July 2014.

(iii) *Land Investments and Compensations*

In respect of certain parcels of land owned by Tianheng Real Estate and Xinyang Tianming which cannot be developed under the plans of the relevant projects, the parties agreed to settle the investment contributed by or government compensation entitled to Tianming City in the amount of RMB95,250,000 (equivalent to approximately HK\$119,062,500) (the “**Land Investments and Compensations**”) prior to the Completion. The breakdown of the Land Investments and Compensations is as follows:

- (1) Regarding Project South Lake No. 1 owned by Xinyang Tianming, a parcel of land of 40.56 mu acquired at the cost of RMB10,140,000 (equivalent to approximately HK\$12,675,000) cannot be developed for commercial and residential use as originally granted. Tianming City shall be responsible for negotiation with the government in changing the land use for the original purpose for development. It is agreed that 50% of the acquisition cost should be repaid to Tianming City after the aforesaid issue is solved.
- (2) Regarding Project Yanwei Island owned by Xinyang Tianming, a parcel of land of 41.2 mu is under the course of resumption by the government. It is agreed that an amount equivalent to 50% of the outstanding government compensation of RMB4,410,000 (equivalent to approximately HK\$5,512,500) should be paid to Tianming City after the said compensation has been received.
- (3) Regarding Project Industrial City owned by Xinyang Tianming, a parcel of land of 1,000 mu has not been granted by the government after acquisition. It is agreed that an amount equivalent to 50% of the outstanding refundable consideration of RMB80,700,000 (equivalent to approximately HK\$100,875,000) should be paid to Tianming City after the said compensation has been received.

The respective considerations in respect of the acquisition of the 50% equity interest in each of Tianheng Real Estate and Xinyang Tianming were arrived at after arm's length negotiations between the parties after considering, among other things, the aggregate market value of all the projects owned by Tianheng Real Estate and Xinyang Tianming as at 30 June 2014 pursuant to the respective valuation reports prepared by an independent qualified asset valuation institution and the aggregate premium of the land parcels under Project South Lake No. 1, Project Code One City and Project North Lake. The said considerations under the Equity Restructuring Agreement will be financed by internal resources of the Group.

Restructuring Arrangement and Terms of Payment

The equity restructuring and the settlement of the payments shall be carried out in accordance with the following manner and are subject to the condition precedent under the Equity Restructuring Agreement:

- (i) Tianheng Real Estate shall repay the shareholder loan of RMB100,000,000 to Tianming City before 28 August 2014, and Tianming City shall, within 5 working days from the date of the repayment, pledge its 50% equity interest in each of Tianheng Real Estate and Xinyang Tianming to the Group (the “**Pledges**”) and complete the relevant registration procedures.
- (ii) Xinyang Tianming shall repay the shareholder loan of RMB26,270,000 to Tianming City before 31 December 2014.
- (iii) Xinyang Tianming shall distribute the amount of RMB6,600,000, being the profit attributable to Tianming City as of 31 July 2014 before 31 January 2015.
- (iv) Tianheng City shall transfer 50% equity interest in Tianheng Real Estate and Xinyang Tianming to CCRE China and CCRE Henan respectively, complete the relevant business registration and release the Pledges within 5 business days after completion of the profit distribution as mentioned in clause (iii) above.
- (v) After completion of the business registration as mentioned in clause (iv) above and before 28 February 2015, CCRE China shall pay the consideration of RMB44,490,000 to Tianming City for the transfer of 50% equity interest in Tianheng Real Estate.
- (vi) CCRE Henan shall pay the consideration of RMB120,390,000 to Tianming City for the transfer of the 50% equity interest in Xinyang Tianming in the following manner:
 - (1) the first installment of RMB48,400,000 shall be paid on or before 31 January 2015;
 - (2) the second installment of RMB9,365,000 shall be paid after completion of the business registration of Xinyang Tianming as mentioned in clause (iv) above and before 28 February 2015;
 - (3) regarding Project South Lake No. 1 owned by Xinyang Tianming, a parcel of land of 40.56 mu cannot be developed for commercial and residential use as originally granted. Tianming City shall be responsible for negotiating with the government in changing the land use for the original purposes, and the third installment of

RMB15,000,000 shall be paid to Tianming City within 5 business days after the government has granted the relevant documents in respect of the change of land use; and

- (4) CCRE Henan shall pay the relevant portion of the Land Investments and Compensations to Tianming City within 5 business days after the government has changed the land use of the land under Project South Lake No.1 or granted the relevant compensations for Project Yanwei Island and Project Industrial City, respectively.

Completion

As at the date of this announcement, Tianheng Real Estate and Xinyang Tianming are indirect non wholly-owned subsidiaries of the Company and each of which is owned as to 50% and 50% by the Group and Tianming City, respectively. Upon completion of the Equity Restructuring Agreement, Tianming City will cease to have any interest in each of Tianheng Real Estate and Xinyang Tianming and they will become indirect wholly-owned subsidiaries of the Company.

INFORMATION ABOUT TIANHENG REAL ESTATE AND XINYANG TIANMING

Tianheng Real Estate

Tianheng Real Estate is a limited liability company established in the PRC. As at the date of this announcement, it is an indirect non wholly-owned subsidiary of the Company which is owned as to 50% and 50% by CCRE China and Tianming City, respectively. It mainly engaged in the development of Project North Lake in Xinyang City, Henan Province.

The following table sets out the audited financial information of Tianheng Real Estate for the period from its date of establishment, 26 June 2013, to 31 December 2013:

**For the period from
26 June 2013 to 31 December 2013**
(RMB)

Net (loss) before tax and extraordinary items	(127,760)
Net (loss) after tax and extraordinary items	(127,760)

The audited net asset value of Tianheng Real Estate as at 31 December 2013 was RMB19,872,240.

Xinyang Tianming

Xinyang Tianming is a limited liability company incorporated in the PRC. As at the date of this announcement, it is an indirect non wholly-owned subsidiary of the Company which is owned as to 50% and 50% by CCRE Henan and Tianming City, respectively. It mainly engaged in the development of Project South Lake No. 1, Project Code One City, Project Yanwei Island and Project Industrial City in Xinyang City, Henan Province.

The following table sets out the audited financial information of Xinyang Tianming for the two years ended 31 December 2013:

	For the year ended 31 December 2013 (RMB)	For the year ended 31 December 2012 (RMB)
Net profit before tax and extraordinary items	77,658,972	12,272,525
Net profit after tax and extraordinary items	58,185,014	9,184,853

The audited net asset value of Xinyang Tianming as at 31 December 2013 was RMB119,212,671.

INFORMATION ABOUT THE GROUP, CCRE CHINA, CCRE HENAN AND TIANMING CITY

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.

CCRE Henan 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.

Tianming City is a limited liability company established in the PRC. It mainly engages in the business of real estate development.

REASONS FOR AND BENEFIT OF ENTERING INTO THE EQUITY RESTRUCTURING AGREEMENT

Despite Tianheng Real Estate is currently running a loss due to the government's adjustment on the land planning policy in relation to the land acquired under project North Lake as mentioned above, the Company anticipates that, in the long run, project North Lake and the other on-going projects such as Project South Lake No. 1, Project Code One City, Project Yanwei Island and Project Industrial City, will yield high profit returns upon completion. Accordingly, the acquisition of the equity interest in each of Tianheng Real Estate and Xinyang Tianming will further enhance the Group's financial performance. In the meantime, the acquisition of the aforesaid equity interest will enable the Company to further expand its market share and enhance its market influence in Henan Province, which is in line with the Company's strategy to increase its landbank in Henan Province with high development potential.

The Directors are of the view that the terms of the Equity Restructuring 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 contemplated under the Equity Restructuring Agreement is/are more than 5% but less than 25%, the Equity Restructuring Agreement constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

In addition, as Tianming City owns 50% equity interest in each of Tianheng Real Estate and Xinyang Tianming, the Vendor is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules and the Equity Restructuring Agreement also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Board has approved the Equity Restructuring Agreement and the transactions contemplated thereunder and the independent non-executive Directors have confirmed that the terms of the transactions are fair and reasonable, the transactions are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. Therefore, the Equity Restructuring Agreement is exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.101 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 established in the PRC and an indirect wholly-owned subsidiary of the Company;
“ CCRE Henan ”	Henan Central China Real Estate Company Limited* (河南建業住宅建設有限公司), a limited liability company established in the PRC and 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 Equity Restructuring Agreement;
“ Director(s) ”	the director(s) of the Company;

“Equity Restructuring Agreement”	the equity restructuring agreement dated 27 August 2014 entered into among CCRE China, CCRE Henan, Tianming City, Tianheng Real Estate and Xinyang Tianming;
“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;
“mu”	1 mu equals to 666.67 square metres or 7,176.04 square feet;
“PRC”	the People’s Republic of China;
“Project Code One City”	the project which is located at the East of New Twenty Two Street and the North of New Five Road, Yangshan New District, Xinyang City (信陽市羊山新區新二十大街以東、新五路北側), Henan Province, the PRC with a total site area of 92.2 mu and owned by Xinyang Tianming;
“Project Industrial City”	the project which is located at Industrial City, Xinyang City (信陽市工業城), Henan Province, the PRC with a total site area of 1,000 mu and owned by Xinyang Tianming;
“Project North Lake”	the project with is located at the East of the North Extension of New Six Street, Yangshan New District, Xinyang City (信陽市羊山新區新六大街北延段東側), Henan Province, the PRC with a total site area of 298 mu and owned by Tianheng Real Estate;
“Project South Lake No. 1”	the project which is located at Shangba Road, Administrative District, Nan Wan, Xinyang (信陽南灣管理區上壩路), Henan Province, the PRC with a total site area of 133 mu and owned by Xinyang Tianming;
“Project Yanwei Island”	the project which is located at Xianshan Village, Administrative District, Nan Wan, Xinyang City (信陽南灣管理區閒山村), Henan Province, the PRC with a total site area of 41.2 mu and owned by Xinyang Tianming;
“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;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tianheng Real Estate”	Xinyang Tianheng Real Estate Company Limited* (信陽天恒置業有限公司), a limited liability company which was established in the PRC and owned as to 50% by CCRE China and 50% by Tianming City as at the date of this announcement;
“Tianming City”	Tianming City Construction and Development Company Limited* (天明城鄉建設開發集團有限公司), a limited liability company established in the PRC;
“Xinyang Tianming”	Xinyang Central China Tianming Real Estate Company Limited* (信陽建業天明住宅建設有限公司), a limited liability company established in the PRC and owned as to 50% by CCRE Henan and 50% by Tianming City as at the date of this announcement; and
“%”	per cent.

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

Hong Kong, 27 August 2014

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\$1.25. 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 comprised 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*