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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
DEEMED DISPOSAL OF EQUITY INTEREST IN CCRE KAIFENG**

The Board is pleased to announce that on 27 June 2016, (i) Pingan Trust; (ii) CCRE Kaifeng; and (iii) CCRE China, entered into the Capital Increase Agreement.

IMPLICATIONS UNDER THE LISTING RULES

Following the completion of the Capital Increase, the Group's interest in CCRE Kaifeng will be diluted from 100% to 60%, which gives rise to the Deemed Disposal pursuant to Rule 14.29 of the Listing Rules. As one of more of the applicable percentage ratios in respect of the Capital Increase are more than 5% but less than 25%, the Capital Increase constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

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THE CAPITAL INCREASE AGREEMENT

On 27 June 2016, (i) Pingan Trust; (ii) CCRE Kaifeng; and (iii) CCRE China, entered into the Capital Increase Agreement on the following principal terms:

Date: 27 June 2016 (after trading hours)

Parties:

- (1) Pingan Trust
- (2) CCRE Kaifeng
- (3) CCRE China

Subject Matter: Pursuant to the Capital Increase Agreement, Pingan Trust agreed to establish a trust fund (“**Trust Fund**”), and it agreed, through the Trust Fund, to contribute an aggregate amount of RMB500,000,000 to CCRE Kaifeng, of which (i) RMB60,000,000 will be contributed to the registered capital of CCRE Kaifeng; and (ii) the remaining RMB440,000,000 will be contributed to the capital reserve of CCRE Kaifeng.

As at the date of this announcement, CCRE Kaifeng is a wholly-owned subsidiary of CCRE China and an indirect wholly-owned subsidiary of the Company.

Upon completion of the Capital Increase, CCRE Kaifeng will have an enlarged registered capital of RMB100,000,000, and will be held as to 60% and 40% by CCRE China and Pingan Trust respectively. CCRE Kaifeng will cease to be a subsidiary of the Company upon completion of the Capital Increase and will be accounted for as a jointly-controlled entity of the Company as none of CCRE China and Pingan Trust has unilateral control over the economic activity of CCRE Kaifeng based on the decision-making process of the board of directors of CCRE Kaifeng (see below section headed “Nomination of directors to the board of CCRE Kaifeng” for details). The articles of association of CCRE Kaifeng will be further amended after receipt of the capital contribution.

Further information on CCRE Kaifeng is set out in the paragraph headed “Information on the Group, CCRE China, Pingan Trust and CCRE Kaifeng” below.

Amount of capital contribution made by Pingan Trust: RMB500,000,000

Conditions of Capital Increase:

Pingan Trust, through the Trust Fund, shall make the requisite capital contribution of RMB500,000,000 to the designated capital verification account of CCRE Kaifeng on the date (i) when the Trust Fund is established; and (ii) when all the conditions precedent as set out herein below are fulfilled:

- (1) the Capital Increase Agreement has been duly executed by the parties to the Capital Increase Agreement and no events of default has occurred, or any such events of default has been settled to the satisfaction of Pingan Trust or waived by Pingan Trust;
- (2) all necessary internal approvals of CCRE China regarding the Capital Increase has been obtained, and CCRE China shall also waive any rights of first refusal that it may have;
- (3) CCRE Kaifeng has obtained the approval of relevant local development authorities regarding the Capital Increase (where necessary);
- (4) CCRE Kaifeng has obtained the approval of relevant foreign investment authorities regarding the Capital Increase (where necessary);
- (5) the Trust Fund has been established, become effective and the necessary reporting procedures to the China Banking Regulatory Commission has been completed;
- (6) the Escrow Account Agreement numbered T160350729100001-5 has been duly executed and become effective;
- (7) CCRE Kaifeng has duly subscribed for the China Trust Protection Fund on time pursuant to the Capital Increase Agreement and the Entrusted Subscription Agreement dated 27 June 2016 and entered into between CCRE Kaifeng and Pingan Trust; and
- (8) other conditions as required by Pingan Trust.

Completion: Within 3 business days of receipt of capital contribution made by Pingan Trust, CCRE China and/or CCRE Kaifeng will issue or engage statutory authority to issue proof of capital verification.

Within 5 business days of the receipt of capital contribution made by Pingan Trust, CCRE China and/or CCRE Kaifeng will, among others, apply for the necessary registration of change of shareholders, industrial and commercial registrations of registered capital and accordingly amend the articles of association of CCRE Kaifeng. Completion of the Capital Increase will take place upon completion of the above.

Nomination of directors to the board of CCRE Kaifeng: After the completion of the Capital Increase, Pingan Trust will, in accordance with the instructions of the settlor of the Trust Fund, have the right to nominate one (1) director to the board of directors of CCRE Kaifeng, whereas CCRE China will have the right to nominate three (3) directors to the board of directors of CCRE Kaifeng. All board resolutions of CCRE Kaifeng will have to be passed unanimously by all the directors of CCRE Kaifeng.

The amount of capital contribution to be made by Pingan Trust was arrived at after arm's length negotiations between the Company and Pingan Trust and was determined with reference to, among other things, the proportion in the equity interest held by CCRE China and Pingan Trust in CCRE Kaifeng upon completion of the Capital Increase.

Financial Effect of the Deemed Disposal on the Group

After taking into account the unaudited consolidated net assets value of CCRE Kaifeng as at the date of the Capital Increase Agreement, an estimated loss of approximately RMB10 million of the Deemed Disposal will be recorded. The actual amount of the gain or loss on the Deemed Disposal to be recognized in the consolidated financial statements of the Group will be based on the net assets/liabilities of CCRE Kaifeng as at the date of completion of the Capital Increase and therefore may vary from the amount mentioned above.

Application of the Fund From the Capital Increase

CCRE Kaifeng intends to utilize the fund from Capital Increase for financing property development projects of CCRE Kaifeng.

Financial Information on CCRE Kaifeng

The following are the financial information on CCRE Kaifeng for the two years ended 31 December 2014 and 2015:

	For the year ended 31 December	
	2014 (unaudited) RMB'000	2015 (unaudited) RMB'000
Revenue	101,640	77,985
Profit before income tax	16,144	12,590
Profit after income tax	11,675	8,942

The unaudited net asset value of the CCRE Kaifeng as at 31 December 2015 was RMB49,068,000.

INFORMATION ON THE GROUP, CCRE CHINA, PINGAN TRUST AND CCRE KAIFENG

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.

Pingan Trust is a non-bank financial institute and holds a licence issued by China Banking Regulatory Commission (中國銀行業監督管理委員會) (“CBRC”). It is principally engaged in providing trust related products and services to customers, enterprise assets restructuring, merger and acquisition, project financing, corporate wealth management, financial consulting and other business activities approved by CBRC. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, Pingan Trust and its ultimate beneficial owners are Independent Third Parties of the Company and connected persons of the Company. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Pingan Trust and its ultimate beneficial owners are Independent Third Parties.

CCRE Kaifeng is a limited liability company established in the PRC. It is wholly owned by CCRE China as at the date of this announcement and an indirect wholly-owned subsidiary of the Company and is mainly engaged in property development and operates the Dongjingmenghua.

REASONS FOR AND BENEFIT OF ENTERING INTO THE CAPITAL INCREASE AGREEMENT

The capital contribution to be made by Pingan Trust under the Capital Increase Agreement will be used for financing property development projects of CCRE Kaifeng. As the Capital Increase can provide a stable funding source and increase the liquidity of CCRE Kaifeng, the Company believes that the transactions contemplated under the Capital Increase Agreement are beneficial to the Group.

The Directors are of the view that the terms of the Capital Increase 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

Following the completion of the Capital Increase, the Group's interest in CCRE Kaifeng will be diluted from 100% to 60%, which gives rise to the Deemed Disposal pursuant to Rule 14.29 of the Listing Rules. As one of more of the applicable percentage ratios in respect of the Capital Increase are more than 5% but less than 25%, the Capital Increase constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 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;
“Capital Increase”	the capital contribution made by Pingan Trust into CCRE Kaifeng under the Capital Increase Agreement;
“Capital Increase Agreement”	the capital increase agreement dated 27 June 2016 entered into between (i) Pingan Trust; (ii) CCRE China and (iii) CCRE Kaifeng in relation to the Capital Increase;
“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 established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“CCRE Kaifeng”	Kaifeng Central China Real Estate Company Limited** (開封建業地產有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of CCRE China as at the date of this announcement;

“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;
“connected persons”	having the meaning ascribed to it under the Listing Rules;
“Deemed Disposal”	the reduction of the Group’s equity interests in CCRE Kaifeng from 100% to 60% following the completion of Capital Increase pursuant to Rule 14.29 of the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Dongjingmenghua”	the Dongjingmenghua Project** (東京夢華項目) to be jointly undertaken by Pingan Trust and the Group;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, 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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Pingan Trust”	Ping An Trust Company Limited** (平安信託有限責任公司), a company incorporated under the laws of the PRC with limited liability;
“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;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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

Hong Kong, 27 June 2016

For the purpose of this announcement, translations of Renminbi into Hong Kong dollar or vice versa have been calculated by using an exchange rate of RMB1.00 equal to HK\$1.18. 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*

*** The English name is a translation of its Chinese name and is included for identification purposes only*