



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)

INSIDE INFORMATION

This announcement is made by Central China Real Estate Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

CONTINUING DETERIORATION OF MARKET CONDITIONS; COMPLETE SUSPENSION OF OFFSHORE DEBT PAYMENTS

Since the second half of 2021, there have been dramatic changes to the macro environment in the property sector in China. The Group has explored various liability management exercises in order to bolster liquidity, including extending its debt maturity profile and improving cashflow management. Meanwhile, the Group has been using its best efforts to fulfill its payment obligations for all its offshore debts. Facing the severe challenges of the industry, the Group has been continuing to make every effort to fulfill its obligations. Since 1 July 2021, the Group has paid principal and interest of approximately US\$1,260 million to offshore creditors, including principal payment of approximately US\$930 million and interest payment of approximately US\$330 million.

Since the second quarter of 2023, the sales of China's real estate market have remained weak, the monthly sales have gradually deteriorated, the liquidity constraints of the Group have been exacerbating, and the pressure on overseas payment has continued to increase. Despite the best efforts taken, the Group may continuously experience constraints on its funds and lack necessary funds to fulfill its current and future obligations. As such, the Company has not been able to make the payment of interest on 7.75% Senior Notes due 2024 (ISIN: XS2262030369/Common Code: 226203036) prior to the end of the grace period on 23 June 2023.

After careful consideration, the Company will suspend payments to all offshore creditors to ensure fair treatment among all offshore creditors. Such non-payment may lead to the Group's creditors demanding acceleration of repayment of their debts and/or take actions pursuant to the respective terms of the relevant financing arrangements. As of the date of this announcement, the Group has not received any notice regarding acceleration of offshore repayment. In light of the challenges that the Group is facing, the Group has concluded that it should immediately explore a holistic solution to the current situation to secure the future development of the Group for the interests of all of its stakeholders.

ENSURING DELIVERIES AND NORMAL OPERATIONS

At this stage, the Group will work relentlessly to ensure delivery of completed properties pursuant to pre-sale arrangements entered into by the Group and the continuation of its business operations. The Group will concentrate all resources to ensure delivery of current projects, to accelerate the sale of properties under development and completed properties and to stabilize its business operations to protect the interests of the home buyers, the Group's partners and all stakeholders. In addition, the Group is implementing stringent cost saving and efficiency increasing measures and reducing its non-core and unessential operations and expenses, so long as such measures do not affect the Group's delivery efforts and normal operations.

As of the date of this announcement, the business operations of the Group remain normal.

ENGAGEMENT OF ADVISORS

The Group expects to engage intermediary institutions and aims to promote a holistic solution of its offshore debts and offers a fair and equitable treatment to all its offshore creditors. Meanwhile, the Group will continuously communicate with offshore debt creditors to provide the holistic solution and to ease the current liquidity issue.

SUMMARY

The Company reiterates its determination to achieve a holistic solution that will ensure the long-term development of the Group, safeguard the interests of all stakeholders and ensure fair treatment of all offshore creditors. At the same time, the Group will unremittably ensure delivery of completed properties pursuant to pre-sale arrangements entered into by the Group and the continuation of its business operations. The Company looks forward to communicating and cooperating with offshore creditors, and encourages offshore creditors to give patience, understanding and support, and to work together with the Company to establish a holistic solution to overcome predicament of the industry.

The Company will closely monitor the development of the aforesaid issues, constantly assess the potential impact of these events on the business development and financial condition of the Group, and make further announcement in due course in respect of any material update.

Shareholders and other investors of the Company should consider the relevant risks and exercise caution when dealing in the securities of the Company and, if in doubt, seek professional advice from their professional or financial advisers.

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

Hong Kong, 23 June 2023

As of the date of this announcement, the Board comprises seven Directors, of which Mr. Wu Po Sum is executive Director, Ms. Wu Wallis (alias Li Hua), Mr. Deng Gaoqiang and Mr. Shi Song 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*