

**CHINA REAL ESTATE GRP LTD.**  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 200609901H)

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**PROPOSED ACQUISITION OF THE REMAINING 28% ISSUED EQUITY INTEREST OF 中房联合大运河文化旅游集团有限公司 (formerly known as 湖州苕溪渔隐文化产业有限公司)**

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**1. INTRODUCTION**

The Board of Directors (the “**Board**” or the “**Directors**”) of China Real Estate Grp Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had, on 7 October 2019, entered into a conditional sale and purchase agreement (the “**S&P Agreement**”) with 中房联合置业集团有限公司 (the “**Vendor**”) whereby the Company will acquire the remaining 28% issued equity interest (the “**Sale Interests**”) in Zhongfang Lianhe Grand Canal Cultural Tourism Group Co., Ltd (中房联合大运河文化旅游集团有限公司) (formerly known as Huzhou Shaoxi Yuyin Culture Industry Co., Ltd (湖州苕溪渔隐文化产业有限公司)) (the “**Target Company**”) from the Vendor for a consideration of RMB9,800,000 (approximately S\$1,892,380) on the terms and conditions contained in the S&P Agreement (the “**Proposed Acquisition**”).

Following the completion of the Proposed Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

All profit and loss figures and balance sheet figures which are stated to be extracted from or based on the unaudited consolidated financial results of the Group for the financial year ended 30 June 2019 have been converted from RMB to S\$ at an exchange rate of RMB1.00 to S\$0.1997 and RMB1.00 to S\$0.1969 respectively, in each case for the period ended 30 June 2019. All other figures in this announcement converted from RMB to S\$ in this announcement are based on an exchange rate of RMB1.00 to S\$0.1931 as at 7 October 2019 as extracted from Bloomberg.

**2. INFORMATION ON THE VENDOR AND THE TARGET COMPANY**

**2.1. Information on the Vendor**

*The information on the Vendor in this paragraph 2 was provided by the Vendor. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of the same and the Company’s responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.*

The Vendor is a company incorporated in the People’s Republic of China (“**PRC**”) and is a well-established real estate developer in the PRC. The ultimate shareholder of the Vendor is China Real Estate Group Union Investment Co., Ltd (中房集团联合投资股份有限公司) whose principal business is that of investments advisory and portfolio management.

The Vendor is not related to the Company, the Directors or controlling shareholders of the Company, and their respective associates. As of the date of this announcement, the Vendor does not hold any shares in the share capital of the Company.

## 2.2. Information on the Target Company

The Target Company is a company incorporated in the PRC on 1 August 2013 with a registered and fully paid-up capital of RMB50,000,000 as of the date of this announcement. The Company holds 72% of the issued equity interest of the Target Company, with the Vendor holding the remaining 28% of the issued equity interest of the Target Company.

The Target Company is a real estate developer and has 5 wholly-owned subsidiaries as described below:

Name of Company	Date of Incorporation	Place of Incorporation	Issued and Paid-up Capital	Principal Business	Director(s)
浙江中房芦荻洲房地产开发有限公司	3 May 2018	PRC	RMB100,000	Real estate developer	Lee Keng Mun (李竞文)
湖州芦荻湿地旅游发展有限公司	10 June 2014	PRC	RMB100,000	Provision of tourism services	Lee Keng Mun (李竞文)
浙江中房雅舍酒店管理有限公司	16 January 2018	PRC	RMB3,600,000	Provision of hotel management & hospitality services	Lee Keng Mun (李竞文)
浙江中房芦荻洲物业管理有限公司	3 May 2018	PRC	RMB100,000	Provision of property management services	Lee Keng Mun (李竞文)
浙江中房芦荻洲房地产经纪有限公司	3 May 2018	PRC	RMB100,000	Real estate agency	Lee Keng Mun (李竞文)

## 3. KEY TERMS OF THE PROPOSED ACQUISITION

### 3.1. Sale and Purchase

Pursuant to the S&P Agreement, the Company shall acquire the Sale Interests, together with all rights, benefits and entitlements attaching thereto as at the date of completion (the “**Completion Date**”) and thereafter. Following the completion of the Proposed Acquisition (“**Completion**”), the Target Company will become a wholly-owned subsidiary of the Company.

### 3.2. Consideration

The aggregate consideration for the purchase of the Sale Interests is RMB9,800,000 (approximately S\$1,892,380) (the “**Consideration**”) which shall be payable in full in cash on the Completion Date.

The Consideration was arrived at following arm’s length negotiations on a willing buyer willing seller basis, and taking into account the net tangible asset value of the Sale Interests, being RMB18,435,000 (approximately S\$3,630,000), based on the unaudited consolidated financial results of the Group for the financial year ended 30 June 2019 (“**FY2019**”).

The Consideration will be funded using the proceeds from the rights cum warrants issue completed by the Company in July 2018, which is aligned with the planned use of proceeds.

### **3.3. Conditions Precedent**

Completion is conditional upon, *inter alia*, the conditions precedent specified in Appendix A to this Announcement (the “**Conditions Precedent**”) being fulfilled or waived in accordance with the terms of the S&P Agreement.

If the Conditions Precedent are not fulfilled or waived by the Company or the Vendor (as the case may be) by the date falling three (3) months after the date of the S&P Agreement or such other date as may be agreed in writing between the parties, the S&P Agreement shall terminate.

### **3.4. Other Material Terms**

Following Completion, the Vendor shall assist the Company to complete registration procedures with the State Administration of Industry and Commerce relating to the Proposed Acquisition within ten (10) working days after the Company has paid the Consideration on the Completion Date.

## **4. VALUE OF THE SALE INTERESTS**

### **4.1. Book Value/Net Tangible Asset Value**

Based on the unaudited consolidated financial results of the Group for FY2019, the Sale Interests have a book value and net tangible asset (“**NTA**”) value of approximately RMB18,435,000 (approximately S\$3,630,000). The open market value of the Sale Interests is not available as the securities of the Target Company are not publicly traded.

### **4.2. Net Loss**

Based on the unaudited consolidated financial results of the Group for FY2019, the loss before income tax, minority interests and extraordinary items attributable to the Sale Interests is approximately RMB157,000 (approximately S\$31,000).

### **4.3. Valuation**

No independent valuation was performed in respect of the Sale Interests.

## **5. RATIONALE FOR THE PROPOSED ACQUISITION**

The Company already owns 72% of the issued equity interest of the Target Company and has decided to acquire the Sale Interests in order to make the Target Company a wholly-owned subsidiary. The Company is of the view that the Proposed Acquisition will allow the Company to consolidate control and ownership of the Target Company and its business strategies and to manage the operations of the Target Company more effectively.

In addition, the real estate development projects of the Target Company are currently in their growth phase and are capital intensive. Securing full ownership of the Target Company will facilitate the Company’s ability to procure third party financing and/or provide internal funding to the Target Company to fund its growth.

## 6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

### 6.1. Bases and Assumptions

The pro forma financial effects of the Proposed Acquisition on the Group have been prepared based on the figures derived from the Group's unaudited consolidated financial statements for FY2019 and the following assumptions, and are purely for illustration purposes only and do not reflect the actual future results and financial position of the Group following the completion of the Proposed Acquisition:

- (a) the financial effects on the Group's net tangible assets ("**NTA**") attributable to the shareholders of the Company (the "**Shareholders**") and the NTA per ordinary share in the capital of the Company ("**Share**") have been computed assuming that Completion took place on 30 June 2019; and
- (b) the financial effects on the Group's earnings attributable to the Shareholders and the earnings per Share ("**EPS**") have been computed assuming that Completion took place on 1 July 2018.

### 6.2. NTA

	Before the Proposed Acquisition	After the Proposed Acquisition
Consolidated NTA attributable to the Shareholders (S\$'000)	50,679	52,417
Number of Shares (excluding treasury shares) ('000)	17,824,184	17,824,184
Consolidated NTA per Share attributable to the Shareholders (S\$ cents)	0.3	0.3

### 6.3. EPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Loss attributable to the Shareholders (S\$'000)	(6,032)	(6,063)
Weighted average number of Shares (excluding treasury shares) ('000)	17,368,950	17,368,950
Consolidated EPS (S\$ cents)	0.3	0.3

### 6.4. Share Capital

The Proposed Acquisition will not have any effect on the share capital and shareholding structure of the Company as the Proposed Acquisition does not involve the allotment and issuance of any new Shares in the Company and the Consideration will be wholly satisfied in cash.

## 7. RELATIVE FIGURES CALCULATED UNDER RULE 1006

Based on the latest announced unaudited consolidated financial statements of the Group for FY2019, the relative figures of the Proposed Acquisition as computed on the bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited's Listing Manual Section B: Rules of Catalyst (the "**Catalist Rules**") are set out below.

<b>Rule 1006(a)</b>	
Net asset value of the assets to be disposed of	Not applicable
Net asset value of the Group	Not applicable
Size of relative figure	Not applicable

<b>Rule 1006(b)</b>	
Net loss attributable to the acquisition of the Sale Interests <sup>(1)</sup>	(31,000)
Net loss of the Group for FY2019 <sup>(1)</sup>	(6,417,000)
Size of relative figure	0.49%

<b>Rule 1006(c)</b>	
Aggregate value of Consideration to be given	1,892,380
Company's market capitalization as at 7 October 2019, being the last traded market day immediately preceding the date of the S&P Agreement <sup>(2)</sup>	17,824,184
Size of relative figure	10.62%

<b>Rule 1006(d)</b>	
Number of equity securities to be issued by the Company as consideration for an acquisition	Not applicable
Number of equity securities previously in issue	Not applicable
Size of relative figure	Not applicable

<b>Rule 1006(e)</b>	
Aggregate volume or amount of proven and probable reserves to be disposed of	Not applicable
Aggregate of the Group's proven and probable reserves	Not applicable
Size of relative figure	Not applicable

**Notes:**

- (1) Under Rule 1002(3)(b) of the Catalyst Rules, net profits is defined as profit or loss before income tax, minority interests and extraordinary items. The net loss figures are extracted from the unaudited consolidated financial statements of the Group for FY2019.
- (2) The market capitalisation of S\$17,824,184 is derived from the volume weighted average market price of S\$0.001 per Share as at 7 October 2019, being the last traded market day immediately preceding the date of the S&P Agreement (Source: Bloomberg) and based on the issued share capital of the Company of 17,824,183,658 as at 7 October 2019.

As the relative figure computed under Rule 1006(c) of the Catalyst Rules exceeds 5% but does not exceed 75%, the Proposed Acquisition constitutes a discloseable transaction as defined in Chapter 10 of the Catalyst Rules.

**8. SERVICE CONTRACTS**

There are no directors proposed to be appointed to the Company in connection with the Proposed Acquisition and no service contract is proposed to be entered into by the Company in connection with the Proposed Acquisition.

**9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors and controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition (other than through their respective shareholdings in the Company).

**10. DOCUMENT FOR INSPECTION**

A copy of the S&P Agreement will be made available for inspection during normal business hours at the registered office of the Company for three (3) months from the date of this announcement

**11. RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement (other than the information relating to the Vendor) and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the S&P Agreement, the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

**12. CAUTION IN TRADING**

Shareholders are advised to exercise caution in trading their shares of the Company. The Proposed Acquisition is subject to numerous conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed, or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

**BY ORDER OF THE BOARD**

Dato' Dr. Choo Yeow Ming  
Chairman and Chief Executive Officer

7 October 2019

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*This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Mr Ng Joo Khin.  
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## **Appendix A**

### **Conditions Precedent**

1. The resolutions of the board of directors of the Company having been obtained for the entry into, implementation and completion of, the transactions contemplated in the S&P Agreement, including in particular, the Proposed Acquisition.
2. The resolutions of the board of directors of the Vendor having been obtained for the entry into, implementation and completion of, the transactions contemplated to be entered into in the S&P Agreement.
3. Under the bylaws of the Target Company ("**Bylaws**"), the sale and purchase of the Sale Interests and the revision of the Bylaws have received the necessary approvals of the Target Company (including but not limited to the approval of the board of directors and/or the general meeting of the owners of the equity interests).
4. All necessary approvals, consents and waivers of any government bodies, stock exchange and other regulatory authority having jurisdiction over the transactions contemplated in the S&P Agreement (whether in Singapore, PRC and any other applicable jurisdiction) and all other transactions in connection therewith and incidental thereto, having been obtained by the Vendor or the Company, as relevant, including without limitation, (i) the approval of the Ministry of Commerce People's Republic of China in Zhejiang Province being obtained by the Vendor in relation to the sale and purchase of the Sale Interests, and (ii) the approval certificate being obtained from the relevant PRC authorities in respect of the sale and purchase of the Sale Interests, the S&P Agreement and the Bylaws, such consents, approvals and waivers not having been amended, withdrawn or revoked before the Completion Date, and to the extent that such consent, approvals and waivers are subject to any conditions required to be fulfilled before the Completion Date, all such conditions having been duly fulfilled.
5. No governmental authority taking, instituting, implementing or threatening to take, institute or implement any action, proceeding, suit, investigation, inquiry or reference, or having made, proposed or enacted any statute, regulation, decision, ruling, statement or order or taken any steps, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order which would or might:
  - (a) make the transactions contemplated in the S&P Agreement and all other transactions in connection therewith and incidental thereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same;
  - (b) render the Company unable to purchase all or any of the Sale Interests in the manner set out in the S&P Agreement; and/or
  - (c) render the Vendor unable to dispose of all or any of their Sale Interests in the manner set out in the S&P Agreement.
6. Each of the Vendor's warranties being complied with, true, complete, accurate and correct in all material respects to the best knowledge and belief of the Vendor and the Company as at the date of the S&P Agreement and until the Completion Date.