

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**CONTINUING CONNECTED TRANSACTION
RENEWAL OF HOTEL MANAGEMENT SERVICES
FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company in relation to the 2018 Hotel Management Services Framework Agreement dated 30 November 2018. As the 2018 Hotel Management Services Framework Agreement has expired, the Company entered into the 2019 Hotel Management Services Framework Agreement with Central China New Life on 30 January 2019 to renew the 2018 Hotel Management Services Framework Agreement.

Listing Rules Implication

As at the date of this announcement, Central China New Life is directly owned as to more than 30% by Mr. Wu. Mr. Wu is the controlling Shareholder and a connected person of the Company. Accordingly, Central China New Life is an associate of Mr. Wu and thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules. The transactions contemplated under the 2019 Hotel Management Services Framework Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (other than the profit ratio) in respect of the transactions contemplated under the 2019 Hotel Management Services Framework Agreement are over 0.1% but less than 5%, the transactions contemplated under the 2019 Hotel Management Services Framework Agreement are subject to the reporting, announcement and annual review requirements but exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company in relation to the 2018 Hotel Management Services Framework Agreement dated 30 November 2018. As the 2018 Hotel Management Services Framework Agreement has expired, the Company entered into the 2019 Hotel Management Services Framework Agreement with Central China New Life on 30 January 2019 to renew the 2018 Hotel Management Services Framework Agreement.

The 2019 Hotel Management Services Framework Agreement

The principal terms of the 2019 Hotel Management Services Framework Agreement are as follows:

Date	30 January 2019
Parties	the Company (as service user); and Central China New Life (as service provider)
Term	1 January 2019 to 31 December 2021
Nature of transaction	Central China New Life shall provide the Hotel Management Services to the Group at the Group's hotels. The parties shall enter into separate agreements for each of the Group's hotel to set out the detailed service scope as and when necessary.
Management Service Fee	The fees payable by the Group to Central China New Life in respect of the Hotel Management Services are comprised of (i) the basic fees; (ii) the Incentive; and (iii) the project-based consultation fees:

- (i) Basic fees: Depends on the nature of the hotel projects (self-run hotel projects/entrusted hotel projects), basic fees will be determined with reference to the total operation income of such hotel projects or charged at a fixed rate per each hotel room.
- (ii) Incentive: Incentive to be shared by Central China New Life will be determined with reference to the surplus/deficit between the NOP and the Target. The Target was agreed or will be agreed between the Company and Central China New Life with reference to the price offered by independent hotel management service providers.

Spa operation: Central China New Life shall receive 4%-6% of the monthly revenue depending on the amount of revenue.

- (iii) Consultation fees on hotel management: Consultation fees will be determined with reference to the nature and scope of the consultation services requested by the Group.

Pricing basis

The management service fees were determined by the parties on arm's length basis and on normal commercial terms or better to the Company having regard to (i) the nature and scope of the services; and (ii) comparable market prices as quoted from independent service providers.

Historical transaction amount, annual caps and basis for determining the annual caps

The transaction amount of the Hotel Management Services provided by Central China New Life to the Company for the year ended 31 December 2018 was approximately RMB11,700,000 (unaudited), while the annual cap of the 2018 Hotel Management Services Framework Agreement was RMB12,000,000.

The annual caps for the 2019 Hotel Management Services Framework Agreement for the year ending 31 December 2019, 2020 and 2021 are RMB17,000,000, RMB21,000,000 and RMB21,000,000, respectively.

In considering the annual caps for the 2019 Hotel Management Services Framework Agreement, the Directors have considered a number of factors including the transaction amount and volume of the Hotel Management Services used by the Company and the expected demand for the Hotel Management Services based on the scheduled entrusted projects to be taken place and the best estimated NOP as well as the Incentive. It is currently expected that the Group will procure more Hotel Management Services from Central China New Life in the coming three years given that the Group intends to gradually switch from its existing hotel management services providers to Central China New Life for its existing hotels.

Reasons for and benefits of the 2019 Hotel Management Services Framework Agreement

Central China New Life is a leading property management services providers in Henan, the PRC and specialized in providing all-rounded property management services while the Group with hotel operation as one of its business in Henan, requires expertise in property related management services. The entering into of the 2019 Hotel Management Services Framework Agreement was in the ordinary and usual course of business of the Group.

The Directors (including independent non-executive Directors) are of the view that the terms of the 2019 Hotel Management Services Framework Agreement and the annual caps are fair and reasonable and the transaction contemplated thereunder are on normal commercial terms or better to the Company and that the entering into of the 2019 Hotel Management Services Framework Agreement is in the interests of the Company and the Shareholders as a whole.

DIRECTOR'S INTEREST IN THE CONTINUING CONNECTED TRANSACTION

Central China New Life is directly owned as to more than 30% by Mr. Wu. Mr. Wu is regarded as being interested in the transactions contemplated under the 2019 Hotel Management Services Framework Agreement due to his interest in Central China New Life and therefore has abstained from voting on the Board resolution approving the said agreement and the annual caps. Save and except for the aforesaid, none of the Directors has any material interest in any of the transactions contemplated under the 2019 Hotel Management Services Framework Agreement and was required to abstain from voting on the Board resolutions to approve the same.

INFORMATION OF THE PARTIES

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

Central China New Life is principally engaged in providing all-rounded property management service for buildings and communities nearby in Henan Province, the PRC.

LISTING RULES IMPLICATION

As at the date of this announcement, Central China New Life is directly owned as to more than 30% by Mr. Wu. Mr. Wu is the controlling Shareholder and a connected person of the Company. Accordingly, Central China New Life is an associate of Mr. Wu and thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules. The transactions contemplated under the 2019 Hotel Management Services Framework Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (other than the profit ratio) in respect of the transactions contemplated under the 2019 Hotel Management Services Framework Agreement are over 0.1% but less than 5%, the transactions contemplated under the 2019 Hotel Management Services Framework Agreement are subject to the reporting, announcement and annual review requirements but exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“2018 Hotel Management Services Framework Agreement”	the framework agreement entered into between the Company and Central China New Life on 30 November 2018 as detailed in the announcement of the Company of even date
“2019 Hotel Management Services Framework Agreement”	the framework agreement entered into between the Company and Central China New Life on 30 January 2019 for the provision of the Hotel Management Services by Central China New Life to the Group and to renew the 2018 Hotel Management Services Framework Agreement
“associate(s)”	has the meaning given to it under the Listing Rules
“Board”	the board of Directors
“Central China New Life”	Central China New Life Service Company Limited* (河南建業新生活服務有限公司), a company incorporated in the PRC with limited liability and a connected person of the Company
“Company”	Central China Real Estate Limited (建業地產股份有限公司*), an exempted company established under the laws of the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning given to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Hotel Management Services”	the hotel management services provided or to be provided by Central China New Life to the Group, including (i) the basic management and supervision of the daily operation of the Group’s hotels; (ii) management and supervision of the daily operation of the Group’s hotels; and (iii) consultation services on the interior design, setting-up and operational management of the Group’s new hotels, as set out under the 2019 Hotel Management Services Framework Agreement
“Incentive”	the difference between the NOP and the Target to be entitled by the Company or Central China New Life pursuant to the 2019 Hotel Management Services Framework Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wu”	Mr. Wu Po Sum, the chairman of Company, an executive Director and a controlling shareholder of the Company and as at the date of this announcement owns 100% equity interest of Central China New Life
“NOP”	net operating profit of each of the Group’s hotel
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Shares
“Shares”	the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target” the annual performance target in respect of each of the Group’s hotel agreed or to be agreed between the Company and Central China New Life

“%” per cent

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

Hong Kong, 30 January 2019

As at the date of this announcement, the Board comprises nine Directors, of which Mr. Wu Po Sum, Mr. Liu Weixing and Mr. Wang Jun 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. Xin Luo Lin and Dr. Sun Yuyang are independent non-executive Directors.

* For identification purposes only