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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)

**CONTINUING CONNECTED TRANSACTIONS
FRAMEWORK AGREEMENT IN RESPECT OF
CONSULTATION AND MANAGEMENT SERVICES**

Reference is made to the announcements of the Company in relation to the 2018 Consultation Services Framework Agreement dated 31 August 2018, the 2018 Marketing Centre Management Services Framework Agreement dated 30 November 2018 and the 2018 Vacant Properties Patrolling Services Framework Agreement dated 30 November 2018. As the 2018 Agreements have been expired, the Company entered into the 2019 Agreement with Central China New Life on 31 January 2019 to renew the 2018 Agreement. Pursuant to the 2019 Agreement, the Company also procures the Self-Owned Properties Management Services and Properties Pre-delivery Inspection Services from Central China New Life.

* For identification purposes only

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 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 Agreement on annual basis are over 0.1% but less than 5%, the transactions contemplated under the 2019 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.

FRAMEWORK AGREEMENT

Background

Reference is made to the announcements of the Company in relation to the 2018 Consultation Services Framework Agreement dated 31 August 2018, the 2018 Marketing Centre Management Services Framework Agreement dated 30 November 2018 and the 2018 Vacant Properties Patrolling Services Framework Agreement dated 30 November 2018. As the 2018 Agreements have been expired, the Company entered into the 2019 Agreement with Central China New Life on 31 January 2019 to renew the 2018 Agreement. Pursuant to the 2019 Agreement, the Company also procures the Self-Owned Properties Management Services and Properties Pre-delivery Inspection Services from Central China New Life.

The principal terms of the 2019 Agreement are as follows:

Date	31 January 2019
Parties	(1) the Company (as service user); and (2) 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 Consultation and Management Services to the Group. The parties shall enter into separate agreements to set out the detailed service scope as and when necessary.

The Consultation Services

Scope of services	Central China New Life shall provide the Consultation Services to the Group based on the needs of the Group's residential and commercial property projects in Henan Province, the PRC, which shall include the following services: a. pre-delivery consultancy services, including but not limited to provide constructive advices throughout the process of project development (from both property development and end-user perspectives) at the planning and design stage, the engineering construction stage, the marketing stage, the inspection stage and the delivery stage; and b. early stage initiation services, including but not limited to providing staff trainings before the delivery of the properties and the initiation service before the completion of property projects.
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Fees and pricing basis	The Consultation Service fees were determined by the parties on an arm's length basis and on normal commercial terms or better to the Company, depending on the nature of the properties (residential/commercial) and type of services (pre-delivery consultancy services/early stage initiation services), having regard to (i) the nature of the properties; (ii) the area of the properties; (iii) the rate generally offered by Central China New Life to independent third parties in respect of comparable services; and (iv) comparable market prices quoted from at least two independent service providers.
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The Marketing Centre Management Services

Scope of services	Central China New Life shall provide the Marketing Centre Management Services to the Group for the Group's Marketing Centres.
Fees and pricing basis	The Marketing Centres Management Service fees were determined by the parties on an arm's length basis and on normal commercial terms or better to the Company having regard to (i) the nature, category and location of the Group's property projects; (ii) Central China New Life's operation costs including staff salary, staff benefits, administration and management costs, the applicable taxes (approximately 6.72% as at the date of this announcement) in relation to the Marketing Centres Management Services in respect of each Marketing Centre, plus a mark up as agreed between the parties after taking into account various factors including the location and scale of the Market Centres, the nature, schedule and complexity of marketing events; and (iii) comparable market prices of the respective regions quoted from at least two independent service providers.

The Vacant Properties Management Services

Scope of services	Central China New Life shall provide the Vacant Properties Management Services to the Group for the Group's Vacant Properties.
Fees and pricing basis	Central China New Life shall charge the Group for the service fee of the Vacant Properties Management Services in respect of the Vacant Properties according to the fee schedules of their respective regions. The services fees were determined by the rate offered by Central China New Life to independent property owners in respect of comparable services within the same estate.

The Self-Owned Properties Management Services

Scope of services	Central China New Life shall provide the Self-Owned Properties Management Services to the Group for the Group's Self-Owned Properties.
Fees and pricing basis	The services fees were determined by (i) the rate offered by Central China New Life to independent property owners in respect of comparable services within the same area; and (ii) the market rate of the management fee being charged to the office buildings within the same area. The prices are set according to the nature, size and location of the Self-Owned Properties.

The Properties Pre-delivery Inspection Services

Scope of services	Central China New Life shall provide the Properties Pre-delivery Inspection Services to the Group for the Group's newly completed properties.
Fees and pricing basis	The services fees were determined after arm's length negotiations taking into account the GFA involved, the anticipated service costs and the prevailing market price for similar services in the open market.

Historical transaction amount and Annual caps

The historical transaction amounts in respect of the (i) Consultation Services, (ii) Marketing Centre Management Services and (iii) Vacant Properties Management Services and the annual caps under the 2018 Agreements are as follows:

	Consultation Services	Marketing Centre Management Services	Vacant Properties Management Services
Transaction amount for the year ended			
31 December 2018 (Unaudited) (<i>RMB</i>)	38,000,000	10,900,000	10,800,000
Annual cap for the year ended			
31 December 2018 (<i>RMB</i>)	40,000,000	11,000,000	11,000,000

The annual caps for the Consultation and Management Services for the year ending 31 December 2019, 2020 and 2021 are RMB100,000,000, RMB130,000,000 and RMB222,000,000, respectively.

Basis for determining the annual caps under the 2019 Agreement

During the year ended 31 December 2017, the Company commenced the construction of 54 projects in total with newly commenced GFA of 5,869,335 sq. m., representing an increase of 7.5% compared with the target of projects commencement at the beginning of the year. As of 31 December 2017, the Company had 65 projects under development with a total GFA of approximately 8,417,000 sq. m., including 10 projects under development in Zhengzhou and 55 projects under development in other cities of Henan Province, and on the other hand the Company had 46 projects completed in total with a total completed GFA of 3,519,000 sq. m.. The Group has also added land reserves continuously through public land auctions and equity acquisitions for future development.

In considering the annual caps for the Consultation and Management Services under the 2019 Agreement, the Directors have considered a number of factors including (i) the historical transaction amount and volume of the Consultation Services, the Marketing Centre Management Services and the Vacant Properties Management Services, (ii) the number of the Marketing Centres operated or to be set up for pushing up the property contracted sales in the coming three years, their locations, the tentative schedule of property sales and the corresponding marketing event to be organised, (iii) the number, total area and locations of Vacant Properties, the Group's future property projects and newly completed properties and their respective natures, as well as the tentative schedule of property sale, (iv) the number and total area of the Self-Owned Properties and (v) the expected demand for the Consultation and Management Services in the coming three years.

Reasons for and benefits of entering into the 2019 Agreement

Central China New Life is one of the leading property management service providers in Henan, the PRC and specialized in providing all-rounded property management services while the Group, as a real estate developer based in Henan, also from time to time requires various management, consultation, examination and other services for its property projects, Marketing Centres, Self-Owned Properties, Vacant Properties and newly completed properties. The entering into the 2019 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 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 Agreement is in the interests of the Company and the Shareholders as a whole.

DIRECTOR'S INTEREST IN THE CONTINUING CONNECTED TRANSACTIONS

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 Agreement due to his respective interest in Central China New Life and therefore has abstained from voting on the Board resolution approving the 2019 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 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 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 Agreement on annual basis are over 0.1% but less than 5%, the transactions contemplated under the 2019 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 Agreements”	the 2018 Consultation Services Framework Agreement, the 2018 Marketing Centre Management Services Framework Agreement and the 2018 Vacant Properties Patrolling Services Framework Agreement
“2018 Consultation Services Framework Agreement”	the framework agreement entered into between the Company and Central China New Life on 31 August 2018 for the provision of the Consultation Services by Central China New Life to the Group as detailed in the announcement of the Company of even date
“2018 Marketing Centre Management Services Framework Agreement”	the framework agreement entered into between the Company and Central China New Life on 30 November 2018 for the provision of the Marketing Centre Management Services by Central China New Life to the Group as detailed in the announcement of the Company of even date
“2018 Vacant Properties Patrolling Services Framework Agreement”	the framework agreement entered into between the Company and Central China New Life on 30 November 2018 for the provision of the Vacant Properties Patrolling Services by Central China New Life to the Group as detailed in the announcement of the Company of even date
“2019 Agreement”	framework agreement entered into between the Company and Central China New Life on 31 January 2019 for the provision of the Consultation and Management Services by Central China New Life to the Group and to renew the 2018 Agreements
“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
“Chairman”	chairman 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
“Consultation and Management Services”	the Consultation Services, the Marketing Centre Management Services, the Vacant Properties Management Services, the Self-Owned Properties Management Services and the Properties Pre-delivery Inspection Services
“Consultation Services”	the consultancy services, including pre-delivery consultancy services and early stage initiation services, provided or to be provided by Central China New Life to the Group, as set out under the 2018 Consultation Services Framework Agreement and the 2019 Agreement
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Marketing Centres”	marketing centres of the Group for the sales and promotion of the property projects of the Group
“Marketing Centre Management Services”	the overall management services, including operation, administration and management, security and maintenance, concierge, cleaning, gardening and other ancillary services in respect of the various Marketing Centres provided or to be provided by Central China New Life to the Group, as set out under the 2018 Marketing Centre Management Services Framework Agreement and the 2019 Agreement
“Mr. Wu”	Mr. Wu Po Sum, the Chairman, 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
“PRC”	the People’s Republic of China
“Properties Pre-delivery Inspection Services”	the property examination and post-completion checking services provided or to be provided by Central China New Life to the Group for its newly completed properties as set out under the 2019 Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Self-Owned Properties”	the office buildings and other properties owned by the Group and being used by the Group for its business operations
“Self-Owned Properties Management Services”	the property management services provided or to be provided by Central China New Life to the Group for the management of the Group’s Self-Owned Properties as set out under the 2019 Agreement

“Shareholder(s)”	holder(s) of the Shares
“Shares”	the shares of the Company
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vacant Properties”	vacant properties of the Group which are available for sale, include residential units and parking lots
“Vacant Properties Management Services”	the management services (including patrolling) of Vacant Properties designated by the Company provided or to be provided by Central China New Life to the Group, as set out under the 2018 Vacant Properties Patrolling Services Framework Agreement and the 2019 Agreement
“%”	per cent

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

Hong Kong, 31 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.

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