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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 TRANSACTION
COMMERCIAL PROPERTIES MANAGEMENT SERVICES
FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company in relation to entering into the 2019 Hotel Management Services Framework Agreement dated 30 January 2019. The Company entered into the Commercial Properties Management Services Framework Agreement with Central China New Life on 26 June 2019 to replace and terminate the 2019 Hotel Management Services Framework Agreement, while the Hotel Management Services under the 2019 Hotel Management Services Framework Agreement have been covered in the Commercial Properties Management Services and Advisory Consultation Services under the Commercial Properties Management Services Framework Agreement. Pursuant to the Commercial Properties Management Services Framework Agreement, the Company has agreed to procure, and Central China New Life agreed to provide the Commercial Properties Operation Management and Advisory Consultation Services.

LISTING RULES IMPLICATION

As at the date of this announcement, Central China New Life is directly owned as to 94.16% 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 Commercial Properties 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 Commercial Properties Management Services Framework Agreement are over 0.1% but less than 5%, the transactions contemplated under the Commercial Properties 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.

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COMMERCIAL PROPERTIES MANAGEMENT SERVICES FRAMEWORK AGREEMENT

The principal terms of the Commercial Properties Management Services Framework Agreement are as follows:

Date	26 June 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 New Life Group will provide the Commercial Properties Management Services and Advisory Consultation Services for the Group's Commercial Properties, including but not limited to hotels, office buildings, commercial complex, culture and tourism and other commercial projects. The parties shall enter into separate agreements for the Group's Commercial Properties to set out the detailed service scope as and when necessary.

Management service fee A. The fees payable by the Group to Central China New Life in respect of the hotel part are comprised of (i) the basic fees; (ii) service fees; (iii) booking fees; (iv) the Incentive; and (v) 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. The charge standard for self-run hotel projects is 2% of the total operation income, while the charge standard for entrusted hotel projects is charged based on the number of rooms and service time.

(ii) Service fees: 1% of the total operation income for self-run hotel projects.

(iii) Booking fees: 1% of revenue per available room for self-run hotel projects.

(iv) Incentive: Hotel management operation: Incentive to be shared by Central China New Life will be determined with reference to the surplus/deficit between the NOP and the Target.

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

(v) Consultation fees: Consultation fees will be determined with reference to the nature and scope of the consultation services requested by the Group.

B. The fees payable by the Group to Central China New Life in respect of Commercial Properties (excluding hotels) are comprised of (i) basic management service fee, (ii) investment commission service fee, (iii) incentive management service fee and (iv) opening incentive:

(i) Basic management service fee: The service fee will be determined by with reference to the project location, expected operation and management cost, market price and other factors. It will be based on the operational commercial building area and charged monthly at a fixed basic management service fee. Depending on the project progress (preparation stage or operation period), the price ranges from RMB90,000 to RMB500,000 per month.

(ii) Business Solicitation commission: 1.5 times of the monthly standard rent applicable to the associated brand.

(iii) Incentive management service fee: During the operation period, the project will be determined by the 40% of increase/decrease of NOP over the budget range; or 5% to 10% of project operating income plus 10% of profit.

(iv) Opening incentive: Approximately RMB13.1 per square meter in municipal (county-level) cities, and approximately RMB19.65 per square meter in provincial capitals.

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 CAP AND BASIS FOR DETERMINING THE ANNUAL CAP

The transaction amount of the Hotel Management Services provided by Central China New Life to the Company for the year ended 31 December 2018 and for the five months ended 31 May 2019 were approximately RMB11,700,000 (audited) and RMB4,970,000 (unaudited), respectively, while the annual caps of the 2018 Hotel Management Services Framework Agreement and the 2019 Hotel Management Services Framework Agreement were RMB12,000,000 and RMB17,000,000, respectively.

The transaction amount of the Commercial Properties Operation Management and Consultation Services (excluding the Hotel Management Services) provided by Central China New Life to the Company for the five months ended 31 May 2019 was approximately RMB4,500,000 (unaudited).

The annual caps for the Commercial Properties Management Services Framework Agreement for the years ending 31 December 2019, 2020 and 2021 are RMB35,000,000, RMB54,000,000 and RMB56,000,000, respectively.

In considering the annual caps for the Commercial Properties Management Services Framework Agreement, the Directors have considered a number of factors including the transaction amount and volume of the Commercial Properties Operation Management and Advisory Consultation Services used by the Group, the historical amount of the Hotel Management Services and the expected demand for the Group's Commercial Properties Operation Management and Advisory Consultation Services based on the relevant 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 Commercial Properties Operation Management and Advisory Consultation Services from Central China New Life in the coming three years given that the Group intends to gradually switch its Commercial Properties Operation Management and Advisory Consultation Services providers for existing Commercial Properties to Central China New Life.

REASONS FOR AND BENEFITS OF THE COMMERCIAL PROPERTIES MANAGEMENT SERVICES FRAMEWORK AGREEMENT

Central China New Life is a leading property management service and asset management service company and specialized in providing all-rounded property management and asset management services (commercial properties management is one of its business in Henan), while the Group requires expertise in terms of relevant Commercial Properties Operation Management and Advisory Consultation Services related to Commercial Properties. The entering into of the Commercial Properties 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 Commercial Properties Management Services Framework Agreement and the annual cap 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 Commercial Properties 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 94.16% by Mr. Wu. Mr. Wu is regarded as being interested in the transactions contemplated under the Commercial Properties 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 Commercial Properties 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.

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As one or more applicable percentage ratios (other than the profit ratio) in respect of the transactions contemplated under the Commercial Properties Management Services Framework Agreement are over 0.1% but less than 5%, the transactions contemplated under the Commercial Properties 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 dated 30 November 2018
“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 as detailed in the announcement of the Company dated 30 January 2019
“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
“Commercial Properties”	the Group’s commercial properties, including but not limited to hotels, office buildings, commercial complex, culture and tourism and other commercial properties project
“Commercial Properties Management Services Framework Agreement”	the framework agreement entered into between the Company and Central China New Life on 26 June 2019 for the provision of the Commercial Properties Operation Management and Advisory Consultation Services by Central China New Life to the Group

“Commercial Properties Management Services and Advisory Consultation Services”	the management services and advisory consultation services, including but not limited to hotels, office buildings, commercial complex, culture and tourism and other commercial projects, provided or to be provided by Central China New Life to the Group’s Commercial Properties, as set out in the Commercial Properties Management Services Framework Agreement
“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 2018 Hotel Management Services Framework Agreement and the 2019 Hotel Management Services Framework Agreement
“Incentive”	the difference between the NOP and the Target from each hotel to be entitled by the Company or Central China New Life pursuant to the Commercial Properties 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 the Company, an executive Director and a controlling shareholder of the Company and as at the date of this announcement owns 94.16% equity interest of Central China New Life
“New Life Group”	Central China New Life and its subsidiaries
“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, 26 June 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*