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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
RESET OF ANNUAL CAPS
AND
EXPANSION OF SERVICE SCOPE OF THE GREEN HOUSE
MANAGEMENT SERVICES FRAMEWORK AGREEMENT**

Reference is made to the announcements of the Company in relation to, among others, (i) the Consultation and Management Services Framework Agreement dated 31 January 2019; (ii) the Green House Management Services Framework Agreement dated 29 March 2019; and (iii) the Intelligent Technology Services Framework Agreement dated 29 March 2019, all of which relate to services performed in the ordinary and usual course of business and entered into for the Group's regular and daily transaction purposes, and each for a period of three years until 31 December 2021.

On 28 October 2019, the Board proposed to reset certain annual caps of the transactions contemplated under the Consultation and Management Services Framework Agreement, the Green House Management Services Framework Agreement and the Intelligent Technology Services Framework Agreement for the three years ending 31 December 2019, 31 December 2020 and 31 December 2021 and expand the service scope under the Green House Management Services Framework Agreement.

On 28 October 2019, the Company entered into the Relevant Agreements with Central China New Life on the reset of the annual caps for the three years ending 31 December 2021 under the Consultation and Management Services Framework Agreement, the Green House Management Services Framework Agreement and the Intelligent Technology Services Framework Agreement and expansion of the service scope under the Green House Management Services Framework Agreement, pursuant to which the existing annual caps under the Consultation and Management Services Framework Agreement, the Green House Management Services Framework Agreement and the Intelligent Technology Services Framework Agreement were reset. The previous Consultation and Management Services Framework Agreement, Green House Management Services Framework Agreement and Intelligent Technology Services Framework Agreement have been terminated on the same day.

As at the date of this announcement, Central China New Life is indirectly 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 Directors (including all independent non-executive Directors) approved the Reset Annual Caps and expansion of the service scope under the Green House Management Services Framework Agreement.

As the highest of the applicable percentage ratios in respect of the Reset Annual Caps for the respective transactions contemplated under the October 2019 Consultation and Management Services Framework Agreement, the October 2019 Green House Management Services Framework Agreement and the October 2019 Intelligent Technology Services Framework Agreement is more than 0.1% but less than 5%, these transactions are only subject to the reporting, announcement and annual review requirements but exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Background

Reference is made to the announcements of the Company in relation to (i) the Consultation and Management Services Framework Agreement dated 31 January 2019; (ii) the Green House Management Services Framework Agreement dated 29 March 2019; and (iii) the Intelligent Technology Services Framework Agreement dated 29 March 2019, all of which relate to services performed in the ordinary and usual course of business and entered into for the Group's regular and daily transaction purposes, and each for a period of three years until 31 December 2021. Unless the context otherwise requires, the terms used in this announcement shall have the same meanings as those defined in the above-mentioned announcements.

Entering into of Relevant Agreements

On 28 October 2019, the Company entered into the Relevant Agreements with Central China New Life on the reset of the annual caps for the three years ending 31 December 2021 under the Consultation and Management Services Framework Agreement, the Green House Management Services Framework Agreement and the Intelligent Technology Services Framework Agreement and expansion of the service scope under the Green House Management Services Framework Agreement.

The Relevant Agreements shall be effective from 28 October 2019. The Consultation and Management Services Framework Agreement, Green House Management Services Framework Agreement and Intelligent Technology Services Framework Agreement have been terminated on the same day. Except for the Reset Annual Caps, all the terms and conditions of the October 2019 Consultation and Management Services Framework Agreement and the October 2019 Intelligent Technology Services Framework Agreement remain the same as those in the Consultation and Management Services Framework Agreement and the Intelligent Technology Services Framework Agreement. Except for the Reset Annual Caps and expansion of service scope, all the terms and conditions of the October 2019 Green House Management Services Framework Agreement remain the same as those in the Green House Management Services Framework Agreement.

Reset Annual Caps

The annual caps of the transactions contemplated under the Relevant Agreements for the three years ending 31 December 2019, 31 December 2020 and 31 December 2021 were reset as follows (reset marked by underlines):

October 2019 Consultation and Management Services Framework Agreement

Annual cap under the Consultation and Management Services Framework Agreement as at 31 December 2019	Annual cap under the October 2019 Consultation and Management Services Framework Agreement as at 31 December 2019	Annual cap under the Consultation and Management Services Framework Agreement as at 31 December 2020	Annual cap under the October 2019 Consultation and Management Services Framework Agreement as at 31 December 2020	Annual cap under the Consultation and Management Services Framework Agreement as at 31 December 2021	Annual cap under the October 2019 Consultation and Management Services Framework Agreement as at 31 December 2021
RMB100,000,000 (expense payable by the Group)	<u>RMB155,000,000</u> (expense payable by the Group)	RMB130,000,000 (expense payable by the Group)	<u>RMB195,000,000</u> (expense payable by the Group)	RMB222,000,000 (expense payable by the Group)	<u>RMB240,000,000</u> (expense payable by the Group)

October 2019 Green House Management Services Framework Agreement

Annual cap under the Green House Management Services Framework Agreement as at 31 December 2019	Annual cap under the October 2019 Green House Management Services Framework Agreement as at 31 December 2019	Annual cap under the Green House Management Services Framework Agreement as at 31 December 2020	Annual cap under the October 2019 Green House Management Services Framework Agreement as at 31 December 2020	Annual cap under the Green House Management Services Framework Agreement as at 31 December 2021	Annual cap under the October 2019 Green House Management Services Framework Agreement as at 31 December 2021
RMB32,000,000 (expense payable by the Group)	<u>RMB27,000,000</u> (expense payable by the Group)	RMB44,000,000 (expense payable by the Group)	<u>RMB48,000,000</u> (expense payable by the Group)	RMB64,000,000 (expense payable by the Group)	<u>RMB60,000,000</u> (expense payable by the Group)

October 2019 Intelligent Technology Services Framework Agreement

	Annual cap under the October 2019 Intelligent Technology Services Framework Agreement as at 31 December 2019	Annual cap under the Intelligent Technology Services Framework Agreement as at 31 December 2020	Annual cap under the October 2019 Intelligent Technology Services Framework Agreement as at 31 December 2020	Annual cap under the Intelligent Technology Services Framework Agreement as at 31 December 2021	Annual cap under the October 2019 Intelligent Technology Services Framework Agreement as at 31 December 2021
	RMB95,500,000	RMB162,000,000	RMB180,000,000	RMB235,000,000	RMB235,000,000
	(expense payable by the Group)	(expense payable by the Group)	(expense payable by the Group)	(expense payable by the Group)	(expense payable by the Group)

The actual accumulated expenses (unaudited) payable by the Group for the nine months ended 30 September 2019 under the Consultation and Management Services Framework Agreement, the Green House Management Services Framework Agreement and the Intelligent Technology Services Framework Agreement are approximately RMB95.4 million, RMB16.8 million and RMB86.7 million respectively. As at the date of this announcement, each of the annual caps for the transactions contemplated under the Consultation and Management Services Framework Agreement, the Green House Management Services Framework Agreement and the Intelligent Technology Services Framework Agreement as of 31 December 2019 has not been exceeded.

The Reset Annual Caps are arrived by taking into account the following specific factors:

- (a) For the October 2019 Consultation and Management Services Framework Agreement and the October 2019 Intelligent Technology Services Framework Agreement:

During the nine months ended 30 September 2019, the number of the completed projects of the Company is 46, representing an increase of approximately 226% over the same period last year. It is expected that the number of projects to be completed in the second half of 2019 will be higher than that of the first half of 2019. The Group has also added land reserves continuously through public land auctions and equity acquisitions for future development in 2019. Therefore, the Company expects that the demand for the Consultation and Management Services and the Intelligent Technology Services will increase accordingly in the year ending 31 December 2019 and the next two years, while the existing annual caps are also expected to be exceeded.

In considering the Reset Annual Caps for the October 2019 Consultation and Management Services Framework Agreement and the October 2019 Intelligent Technology Services Framework Agreement, the Directors have considered a number of factors including (i) the historical transaction amount and volume, (ii) the number of the Marketing Centres operated or to be set up for pushing up the property contracted sales in the coming 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 (including the real estate projects which propose to procure Intelligent Technology Services and related products), their size, design, configuration, positioning and overall planning and (iv) the expected demand for the Consultation and Management Services and the Intelligent Technology Services in the coming years.

(b) For the October 2019 Green House Management Services Framework Agreement:

As at the date of this announcement, the Company has a total of 5 green house projects in operation or under construction. The main reason for the Company to enter into the Green House Management Services Framework Agreement on March 2019 is that the Group decided to partially outsource the management of the Group's green house projects to help integrate resources to develop the principal business. The Company proposes to reset the annual caps of the Green House Management Services for the years ending 31 December 2019 and 2021, as part of these green house projects are not expected to complete the management handover as originally scheduled and their handover will be extended to 2020.

EXPANSION OF THE SERVICE SCOPE UNDER THE GREEN HOUSE MANAGEMENT SERVICES FRAMEWORK AGREEMENT

The Company entered into the October 2019 Green House Management Services Framework Agreement with Central China New Life on the expansion of the service scope under the Green House Management Services Framework Agreement. The newly-added services include:

Foodcourt operation and management services	Provision of operation and management services for Jianye Foodcourt, including the business solicitation, daily operation, marketing planning and other services for some stores operated by Jianye Foodcourt. The service fees comprise of fixed fees and variable fees. Fixed fees represent the fixed charges calculated based on the floor area of Jianye Foodcourt, while the variable fees represent a certain percentage of the operation revenue per month for operation and management expenditure.
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These fees were arrived through negotiation with Central China New Life on an arm's length basis and with reference to the comparable market rate charged by other suppliers in the market or the cost-effectiveness of the Company's self-operated projects and the professional requirements.

VIEWS OF THE BOARD

The Board (including the independent non-executive Directors) considered that the transactions under the October 2019 Consultation and Management Services Framework Agreement, the October 2019 Green House Management Services Framework Agreement and the October 2019 Intelligent Technology Services Framework Agreement are and will continue to be conducted in the ordinary and usual course of business of the Group on an arm's length basis, and the terms of the Relevant Agreements were negotiated on an arm's length basis and on normal commercial terms, and the terms of the Relevant Agreements, the Reset Annual Caps and expansion of the service scope under the Green House Management Services Framework Agreement are fair and reasonable and are in the interests of the Group and the shareholders of the Company as a whole. The Directors (including all independent non-executive Directors) approved the terms of the Relevant Agreements, the Reset Annual Caps and expansion of the service scope under the Green House Management Services Framework Agreement.

DIRECTOR'S INTEREST IN THE CONTINUING CONNECTED TRANSACTIONS

Central China New Life is indirectly owned as to more than 30% by Mr. Wu. Mr. Wu is regarded as being interested in the transactions contemplated under the Relevant Agreements due to his interest in Central China New Life and therefore has abstained from voting on the Board resolution approving the Relevant Agreements. Mr. Wang Jun, an executive Director of the Company and a director of Central China New Life, has also abstained from voting on such resolution. Save and except for the aforesaid, none of the Directors has any material interest in any of the transactions contemplated under the Relevant Agreements and was required to abstain from voting on the Board resolutions to approve the same.

LISTING RULES IMPLICATION

As at the date of this announcement, Central China New Life is indirectly 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.

As the highest of the applicable percentage ratios in respect of the Reset Annual Caps for the respective transactions contemplated under the Relevant Agreements (the Reset Annual Caps) is more than 0.1% but less than 5%, these transactions are only subject to the reporting, announcement and annual review requirements but exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

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 services (including but not limited to the Green House Management) for buildings and communities nearby in Henan Province, the PRC.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“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, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consultation and Management Services Framework Agreement”	the 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, the details of which are set out in the announcement of the Company dated 31 January 2019
“October 2019 Consultation and Management Services Framework Agreement”	the agreement entered into between the Company and Central China New Life on 28 October 2019 for the reset of the annual caps of the Consultation and Management Services Framework Agreement for 2019 to 2021
“Director(s)”	the director(s) of the Company
“Green House Management Services Framework Agreement”	the framework agreement entered into between the Company and Central China New Life on 29 March 2019 for the provision of the green house management services by Central China New Life to the Group, the details of which are set out in the announcement of the Company dated 29 March 2019

“October 2019 Green House Management Services Framework Agreement”	the agreement entered into between the Company and Central China New Life on 28 October 2019 for the reset of the annual caps of the Green House Management Services Framework Agreement for 2019 to 2021 and the expansion of the service scope under the Green House Management Services Framework Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Intelligent Technology Services Framework Agreement”	the framework agreement entered into between the Company and Central China New Life on 29 March 2019 for the provision of the intelligent technology services by Central China New Life to the Group, the details of which are set out in the announcement of the Company dated 29 March 2019
“October 2019 Intelligent Technology Services Framework Agreement”	the agreement entered into between the Company and Central China New Life on 28 October 2019 for the reset of the annual caps of the Intelligent Technology Services Framework Agreement for 2019 to 2021
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wu”	Mr. Wu Po Sum, who is the chairman, an executive Director and a controlling shareholder of the Company and owns more than 30% equity interest in Central China New Life as at the date of this announcement
“PRC”	the People’s Republic of China

“Relevant Agreements”	the October 2019 Consultation and Management Services Framework Agreement, the October 2019 Intelligent Technology Services Framework Agreement and the October 2019 Green House Management Services Framework Agreement
“Reset Annual Caps”	as disclosed in this announcement, the maximum annual monetary caps for the respective transactions contemplated under the October 2019 Consultation and Management Services Framework Agreement, the October 2019 Green House Management Services Framework Agreement and the October 2019 Intelligent Technology Services Framework Agreement (the Reset Annual Caps) for the three years ending 31 December 2019, 31 December 2020 and 31 December 2021
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	share(s) in the share capital of the Company with a nominal value of HK\$0.1 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 28 October 2019

As at the date of this announcement, the Board comprises nine Directors, of which Mr. Wu Po Sum, Mr. Liu Weixing, Mr. Wang Jun and Mr. Yuan Xujun are executive Directors, Mr. Lim Ming Yan 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