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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 CONSULTATION SERVICES FRAMEWORK AGREEMENT**

On 31 August 2018, the Company entered into the Consultation Services Framework Agreement with Central China New Life, pursuant to which the Company has agreed to acquire, and Central China New Life agreed to provide, the Consultation Services based on the Group's business needs.

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 Consultation 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 Consultation Services Framework Agreement are over 0.1% but less than 5%, the transactions contemplated under the Consultation 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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### **Consultation Services Framework Agreement**

The principal terms of the Consultation Services Framework Agreement are as follows:

Date	31 August 2018
Parties	(1) the Company (as service user); and  (2) Central China New Life (as service provider)
Term	1 January 2018 to 31 December 2018
Nature of transaction	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 projects.

The parties shall enter into separate agreements for detailed service scope in respect of various property projects as and when necessary.

## Pricing basis

The consultancy 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 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.

Depends on the nature of the properties (residential/commercial), the fees in respect of pre-delivery consultancy services and early stage initiation services are around RMB4 per sq.m. and are around RMB6 per sq.m. respectively.

## **Annual cap and basis for determining the annual cap**

The annual cap for the Consultation Services Framework Agreement for the year ending 31 December 2018 is RMB40 million.

In considering the annual cap for Consultation Services Framework Agreement, the Directors have considered a number of factors including the transaction amount and volume of the Consultation Services used by the Company and the expected demand for the Consultation Services based on the area and nature of the Group's future property projects.

The transaction amount of the Consultation Services provided by Central China New Life to the Company for the seven months ended 31 July 2018 was approximately RMB7.58 million (unaudited). For the seven months ended 31 July 2018, Central China New Life provided Consultation Services to the Group on numerous ongoing and completed property projects with a total gross floor area of more than 1.50 million sq.m.. It is currently expected that the Group will complete more property projects in the second half of 2018, and more Consultation Services will be acquired from Central China New Life involving an estimated total gross floor area of no less than 7.80 million sq.m. for the year ending 31 December 2018.

As disclosed in the Company's announcement of interim results for the six months ended 30 June 2018 dated 22 August 2018, during the first half of 2018, the Group had 14 projects or phases completed in total with a total completed gross floor area of 0.73 million sq.m., while the Group expects to complete 42 projects or phases with a completed gross floor area of 4.51 million sq.m. for delivery in the second half of 2018.

## **Reasons for and benefits of the Consultation Services Framework 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 property management related consultancy services for its property projects. The entering into of the Consultation Services Framework Agreement was in the ordinary and usual course of business of the Group.

For the seven months ended 31 July 2018, fees in respect of the Consultation Services provided by Central China New Life to the Company of approximately RMB7.58 million (unaudited) has been incurred. In the anticipation that one or more applicable percentage ratios (other than the profit ratio) in respect of the aggregate fees of the Consultation Services to be paid by the Company will be over 0.1% on an annual basis, the Company and Central China New Life has entered into the Consultation Services Framework Agreement to set the annual cap.

The Directors (including independent non-executive Directors) are of the view that the terms of the Consultation 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 Consultation 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 Consultation 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 cap. Save and except for the aforesaid, none of the Directors has any material interest in any of the transactions contemplated under the Consultation 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 Consultation 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 Consultation Services Framework Agreement are over 0.1% but less than 5%, the transactions contemplated under the Consultation 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:

“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 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 Consultation Services Framework Agreement
“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
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“RMB”	Renminbi, the lawful currency of the PRC
“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

“%”

per cent

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

Hong Kong, 31 August 2018

*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*