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Central China New Life Limited

建業新生活有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9983)

CONNECTED TRANSACTION SUBSCRIPTION OF NOTES

Reference is made to the announcement of CCRE dated 18 November 2020 in relation to issuance of Notes by CCRE. The Board announces that, on 17 November 2020, the Company subscribed Notes issued by CCRE amounting to US\$12.5 million utilising internal funds generated from its operations, which will mature on 24 May 2024, unless earlier redeemed pursuant to the terms thereof. The offering price of the Notes will be 99.624% of the principal amount of the Notes. The Notes will bear interest from and including 24 November 2020 at the rate of 7.75% per annum, payable semi-annually in arrears on 24 May and 24 November of each year, commencing on 24 May 2021.

As at the date of this announcement, CCRE is indirectly owned as to more than 30% by Mr. Wu. Mr. Wu is a controlling Shareholder and a connected person of the Company. Accordingly, CCRE is an associate of Mr. Wu and thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules. The subscription of Notes therefore constitutes connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the subscription of Notes is more than 0.1% but less than 5%, such transaction is subject to the reporting and announcement requirements but exempted from the circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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BASIS FOR PRICING AND METHOD OF PAYMENT

The subscription of Notes by the Company was conducted according to the market price and the subscription price paid by the Company was the same as those paid by other subscribers of the Notes which are Independent Third Parties. The subscription price will be settled on or before 24 November 2020 through payment transfer by the Company to the joint bookrunners and joint lead managers in respect of the offer and sale of the Notes.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION OF NOTES

As at 30 June 2020, the Group had cash and cash equivalents of approximately RMB2,732.0 million. The Group has adopted investment and treasury policies and internal control measures to review and monitor our investment risks. The Group considers investing in wealth management products only when it has surplus cash that is not required for its short-term working capital purposes. The Group considers the profits it expects to generate and the risks expected to be involved before it makes any investment decision. To achieve reasonably higher return on its excess cash than regular bank deposits, the Group may continue to take a prudent approach to make selective investment in similar wealth management products with low risk.

The Directors consider it prudent and in the interests of the Company and the Shareholders as a whole to invest in debt securities issued by CCRE given that (i) it is expected the Notes will generate interest income of approximately US\$3.4 million to the Company on the basis that the Company holds the Notes until maturity; (ii) the Directors are more familiar with the business, management and credit standing of the CCRE Group than they would normally be for other companies and therefore of the view that risk of investment in debt securities issued by CCRE is relatively low; (iii) the subscription of Notes is in line with the Company's strategy to maintain an appropriately balanced portfolio of financial investments and the Company's conservative treasury policies in its cash and financial management; and (iv) there is liquidity for the Notes in

the event that the Company does not wish to hold the Notes until maturity as application has been made to the SGX-ST for the listing and quotation of the Notes on the Official List of the SGX-ST.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that, in relation to the connected transaction regarding subscription of Notes, (i) its terms are fair and reasonable; (ii) it is conducted on normal commercial terms or better; and (iii) it is in the interests of the Company and the Shareholders as a whole.

DIRECTORS' INTEREST IN THE CONNECTED TRANSACTION

CCRE is indirectly owned as to more than 30% by Mr. Wu. As (i) Ms. Wu Lam Li is the wife of Mr. Wu; and (ii) Mr. Wang Jun is an executive director of CCRE, as Directors, they have abstained from voting on the Board resolution approving the connected transaction regarding the subscription of Notes to avoid any conflict of interest. Save for the above, none of the Directors has any material interest in the connected transaction regarding the subscription of Notes and is required to abstain from voting on the Board resolutions to approve the same.

INFORMATION OF THE PARTIES

The Group is principally engaged in (i) provision of property management services and related value-added services; (ii) provision of lifestyle services; and (iii) provision of commercial property management and consultation services in the PRC.

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

LISTING RULES IMPLICATION

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DEFINITIONS

In this announcement, the following terms 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
“CCRE”	Central China Real Estate Limited, a company incorporated under the laws of the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 832), and a connected person of the Company
“CCRE Group”	CCRE and its subsidiaries
“Company”	Central China New Life Limited, a company incorporated 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
“Independent Third Parties”	entities which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
“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 CCRE, and a controlling Shareholder of the Company
“Notes”	US\$300 million 7.75% senior notes due 2024 to be issued by CCRE, out of which the Company would subscribe for US\$12.5 million
“PRC”	the People’s Republic of China

“RMB”	Renminbi, the lawful currency of the PRC
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shareholder(s)”	holder(s) of the Shares
“Shares”	the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent

By Order of the Board
Central China New Life Limited
Wang Jun
Chairman

Hong Kong, 18 November 2020

As at the date of this announcement, the Board comprises: (i) Mr. Wang Jun (Chairman) and Mr. Cai Bin as executive Directors; (ii) Ms. Wu Lam Li and Ms. Min Huidong as non-executive Directors; and (iii) Mr. Leong Chong, Ms. Luo Laura Ying and Ms. Xin Zhu as independent non-executive Directors. This announcement is available for viewing on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at www.ccnewlife.com.cn.