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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)

CONTINUING CONNECTED TRANSACTION IN RELATION TO THE PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcements of CCRE dated 10 November 2020, 7 April 2021, 30 April 2021, 3 May 2021, 4 May 2021 and 12 May 2021 in relation to the Proposed Spin-off of CCMGT and separate listing of CCMGT Shares on the Main Board of the Stock Exchange and the Company's prospectus dated 5 May 2020.

PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENT

The Group has been providing property management services to the CCRE Group (including the CCMGT Group) pursuant to the Property Consultation and Management Services Framework Agreement. The provision of the property management services to the CCMGT Group will no longer be covered under the Property Consultation and Management Services Framework Agreement after the Proposed Spin-off as CCMGT will by then cease to be part of the CCRE Group. As it is intended that the Group will continue to provide property management services to the CCMGT Group after the Proposed Spin-off, the Company and CCMGT have entered into the Property Management Services Framework Agreement on 13 May 2021, pursuant to which, among other things, the Group shall provide property management services to the CCMGT Group, namely at CCMGT's place of business and headquarter in Zhengzhou, PRC and other branch offices of the CCMGT Group for the period from the CCMGT Listing until 31 December 2023.

As at the date of the announcement, CCMGT is a wholly-owned subsidiary of CCRE, which in turn is indirectly held as to more than 30% by Mr. Wu (a controlling shareholder of the Company). Following completion of the Proposed Spin-off and upon the CCMGT Listing, CCRE will cease to have any shareholdings in CCMGT, and CCMGT will cease to be a subsidiary of CCRE but will continue to be indirectly held as to more than 30% by Mr. Wu (a controlling shareholder of the Company). As such, CCMGT is Mr. Wu's associate and a connected person of the Company, and the transactions contemplated under the Property Management Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Property Management Services Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Property Management Services Framework Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Shareholders and potential investors of the Company should note that the Proposed Spin-off is subject to, among other things, the approval by the Listing Committee of the Stock Exchange, the final decisions of the respective boards of directors of CCRE and CCMGT, market conditions and other considerations. Accordingly, Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off will take place or as to when it may take place and therefore there is no assurance that the Property Management Services Framework Agreement will take effect or as to when it may take effect. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the shares of the Company. Any person who is in doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

Reference is made to the announcements of CCRE dated 10 November 2020, 7 April 2021, 30 April 2021, 3 May 2021, 4 May 2021 and 12 May 2021 in relation to the Proposed Spin-off of CCMGT and separate listing of CCMGT Shares on the Main Board of the Stock Exchange and the Company's prospectus dated 5 May 2020.

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continue to provide property management services to the CCMGT Group after the Proposed Spin-off, the Company and CCMGT have entered into the Property Management Services Framework Agreement on 13 May 2021, pursuant to which, among other things, the Group shall provide property management services to the CCMGT Group, namely at CCMGT's place of business and headquarter in Zhengzhou, PRC and other branch offices of the CCMGT Group for the period from the CCMGT Listing until 31 December 2023.

The principal terms of the Property Management Services Framework Agreement are set out as follows:

Date

13 May 2021

Parties

1. The Company; and
2. CCMGT

Term

From the CCMGT Listing until 31 December 2023

Services

The Group shall provide the following services to the CCMGT Group:

Property management services at CCMGT's place of business and headquarter in Zhengzhou, PRC and other branch offices of the CCMGT Group.

Historical transaction amounts

The historical transaction amounts of service fees paid to the Group by the CCMGT Group for each of the three years ended 31 December 2020 are as follows:

	For the year ended 31 December		
	2018	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Service fees paid to the Group:			
Property management services	<u>100</u>	<u>1,100</u>	<u>2,400</u>

Proposed Annual Caps

The proposed annual caps of the service fees payable to the Group by the CCMGT Group under the Property Management Services Framework Agreement for each of the three years ending 31 December 2023 are RMB3.0 million, RMB3.5 million and RMB4.0 million, respectively.

In determining the proposed annual caps under the Property Management Services Framework Agreement, the following factors have been taken into consideration:

- (i) the historical transaction amounts paid to the Group for provision of such property management services by the CCMGT Group during the three years ended 31 December 2020;
- (ii) the anticipated gradual increases in operation costs of the Group for the provision of property management services to CCMGT's premises (primarily staff costs and administration costs), with such increase being approximately RMB300,000 for each of the years ending 31 December 2021, 2022 and 2023; and
- (iii) the expected expansion and opening of branch offices by CCMGT which will require additional property management services in the amount of approximately RMB200,000 for each of the years ending 31 December 2021, 2022 and 2023.

Pricing policy

The Property Management Services Framework Agreement was agreed upon on normal commercial terms after arm's length negotiations, and the property management fees were determined based on the (i) number, nature, category and location of the properties; (ii) GFA of the properties; (iii) rate generally offered by the Group to independent third parties in respect of comparable services; and (iv) anticipated staff costs of the Group. To the Directors' best knowledge and belief, the fees for such property management services are no less favorable to the Group than those available from independent third parties for comparable services. With respect to each property, the relevant members of the Group and the CCMGT Group will further enter into an individual separate agreement that prescribes the specific terms and conditions of each property.

INFORMATION ABOUT PARTIES TO THE PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENT

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 CCMGT Group is principally engaged in the provision of project management services throughout all phases of property development projects in the PRC.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS CONTEMPLATED UNDER THE PROPERTY MANAGEMENT SERVICES FRAMEWORK AGREEMENT

The transactions contemplated under the Property Management Services Framework Agreement have been provided to the CCMGT Group since 2016. Such transactions, which are in the ordinary and usual course of business of the Company, are expected to continue after the CCMGT Listing. The Property Management Services Framework Agreement regulates such transactions, provides flexibility for entering into individual separate agreements that prescribe the specific terms and conditions of each property for such continuing transactions, and is of administrative convenience for the purpose of compliance with Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the terms of the Property Management Services Framework Agreement are on normal commercial terms, fair and reasonable, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

DIRECTORS' INTEREST IN THE ABOVE TRANSACTIONS

Following completion of the Proposed Spin-off and upon the CCMGT Listing, CCMGT will be indirectly owned as to more than 30% by Mr. Wu. As Ms. Wu Lam Li is the wife of Mr. Wu, as a Director, she has abstained from voting on the Board resolution approving regarding the Property Management Services Framework Agreement to avoid any conflict of interest. Save for the above, none of the Directors has any material interest in any of the transactions contemplated under the Property Management Services Framework Agreement and is required to abstain from voting on the Board resolutions to approve the same.

INTERNAL CONTROL MEASURES

In order to ensure the transactions will be conducted in accordance with the principal terms of the Property Management Services Framework Agreement and on normal commercial terms, the Group has adopted the following measures:

- (1) the finance department of the Group, will be responsible for regular monitoring of the continuing connected transactions contemplated under the Property Management Services Framework Agreement to ensure that the proposed annual cap will not be exceeded, in particular, the Group will cease to enter into any new individual agreement if such will cause the total contractual income to exceed the proposed annual cap for that financial year;

- (2) the auditors of the Company shall conduct annual reviews on pricing and the proposed annual cap to ensure that the transaction amounts are within the proposed annual cap and that the transactions are conducted on the principal terms of the Property Management Services Framework Agreement; and
- (3) the independent non-executive Directors of the Company would continue to conduct regular review and assessment on the transactions contemplated under the Property Management Services Framework Agreement on a half-yearly basis to ensure that such transactions are conducted on normal commercial terms and are in the ordinary and usual course of business of the Group, and the terms and conditions thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

In view of the pricing policy and internal control measures above, the Directors are of the view that appropriate measures are in place to ensure that the transactions contemplated under the Property Management Services Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company and its minority shareholders.

LISTING RULES IMPLICATIONS

As at the date of the announcement, CCMGT is a wholly-owned subsidiary of CCRE, which in turn is indirectly held as to more than 30% by Mr. Wu (a controlling shareholder of the Company). Following completion of the Proposed Spin-off and upon the CCMGT Listing, CCRE will cease to have any shareholdings in CCMGT, and CCMGT will cease to be a subsidiary of CCRE but will continue to be indirectly held as to more than 30% by Mr. Wu (a controlling shareholder of the Company). As such, CCMGT is Mr. Wu's associate and a connected person of the Company, and the transactions contemplated under the Property Management Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Property Management Services Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Property Management Services Framework Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

General

Details in respect of the Proposed Spin-off have not been finalized. Further announcement(s) will be made by the Company as and when appropriate.

Shareholders and potential investors of the Company should note that the Proposed Spin-off is subject to, among other things, the approval by the Listing Committee of the Stock Exchange, the final decisions of the respective boards of directors of CCRE and CCMGT, market conditions and other considerations. Accordingly, Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off will take place or as to when it may take place and therefore there is no assurance that the Property Management Services Framework Agreement will take effect or as to when it may take effect. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the shares of the Company. Any person who is in doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CCMGT”	CENTRAL CHINA MANAGEMENT COMPANY LIMITED, a company incorporated under the laws of the Cayman Islands with limited liability and, prior to completion of the Proposed Spin-off, a wholly-owned subsidiary of CCRE, and a connected person of the Company
“CCMGT Group”	CCMGT and its subsidiaries
“CCMGT Listing”	the date on which the CCMGT Shares are first listed and from which dealings in the CCMGT Shares first commence on the Main Board of the Stock Exchange
“CCMGT Shares”	shares of CCMGT
“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 (stock code: 9983)

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wu”	Mr. Wu Po Sum (胡葆森先生), (1) the chairman, an executive Director and a controlling Shareholder of CCRE, (2) the chairman, a non-executive director and a controlling shareholder of CCMGT, and (3) a controlling shareholder of the Company
“PRC”	the People’s Republic of China
“Property Consultation and Management Services Framework Agreement”	the property consultation and management services framework agreement entered into between the Company and CCRE on 31 January 2019 and subsequently a supplemental Property Consultation and Management Services Framework Agreement on 28 October 2019, pursuant to which, among other things, the Group shall provide property management services to the CCRE Group
“Property Management Services Framework Agreement”	the property management services framework agreement entered into between the Company and CCMGT on 13 May 2021, pursuant to which, among other things, the Group shall provide property management services to the CCMGT Group
“Proposed Spin-off”	the proposed spin-off and separate listing of the CCMGT Shares on the Main Board of the Stock Exchange
“Share(s)”	the shares of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

“%”

per cent.

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

Hong Kong, 13 May 2021

As at the date of this announcement, the Board comprises: (i) Mr. Wang Jun (Chairman) and Mr. Wang Qian 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 at the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.ccnewlife.com.cn.