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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
IN RELATION TO
ENTERING INTO THE SUBLEASE AGREEMENTS**

THE SUBLEASE AGREEMENT

The Board hereby announces that on 31 March 2023, Central China Properties (as sublessor) and each of CCNL Group, CCMGT Group and DIT Group (each as a sublessee) entered into the CCNL Sublease Agreement, CCMGT Sublease Agreement and DIT Sublease Agreement, respectively, pursuant to which, Central China Properties agreed to sublet the Subleased Portion to each of them for a term of three years commencing from 1 April 2023 to 30 March 2026 (both days inclusive).

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, each of CCNL Group, CCMGT Group and DIT Group is indirectly owned as to more than 30% by Mr. Wu, and Mr. Wu is also a controlling Shareholder and a connected person of the Company. Accordingly, each of them are associates 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 Sublease Agreements therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of all of the applicable percentage ratios in respect of the Sublease Agreements are more than 0.1% but less than 5%, the transactions contemplated under the Sublease Agreements are only subject to reporting and announcement requirements but exempt from the independent Shareholders' approval under Chapter 14A of the Listing Rules.

THE SUBLEASE AGREEMENTS

The principal terms of the CCNL Sublease Agreement are set out as follows:

Date	:	31 March 2023
Parties	:	Central China Properties (as sublessor); and CCNL Group (as sublessee)
Subleased Portion	:	Unit No. 7708B on Level 77 of International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Use	:	Office premises
Term	:	The period commencing from 1 April 2023 to 30 March 2026 (both days inclusive)

Rent	:	HK\$206,392.90 per calendar month (exclusive of air-conditioning and management charges, Government rates and other outgoings, all of which are payable by Central China Properties)
Air-conditioning and management charges	:	HK\$28,131.64 per calendar month
Deposit	:	HK\$731,339.43, which is equivalent to the aggregate of three (3) months' rent, three (3) months' air-conditioning and management charges and three (3) months' Government rates
Annual caps	:	The annual cap of CCNL Sublease Agreement during its terms will be the sum representing the annual rent, air-conditioning and management charges and government rates payable by CCNL Group:
		From 1 April 2023 to 31 March 2024 HK\$2,938,000
		From 1 April 2024 to 31 March 2025 HK\$2,961,000
		From 1 April 2025 to 30 March 2026 HK\$2,985,000

The principal terms of the CCMGT Sublease Agreement are set out as follows:

Date	:	31 March 2023
Parties	:	Central China Properties (as sublessor); and CCMGT Group (as sublessee)
Subleased Portion	:	Unit No. 7701A on Level 77 of International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Use	:	Office premises
Term	:	The period commencing from 1 April 2023 to 30 March 2026 (both days inclusive)

Rent	:	HK\$206,392.90 per calendar month (exclusive of air-conditioning and management charges, Government rates and other outgoings, all of which are payable by Central China Properties)	
Air-conditioning and management charges	:	HK\$28,131.64 per calendar month	
Deposit	:	HK\$731,339.43, which is equivalent to the aggregate of three (3) months' rent, three (3) months' air-conditioning and management charges and three (3) months' Government rates	
Annual caps	:	The annual cap of CCMGT Sublease Agreement during its terms will be the sum representing the annual rent, air-conditioning and management charges and government rates payable by CCMGT Group:	
		From 1 April 2023 to 31 March 2024	HK\$2,938,000
		From 1 April 2024 to 31 March 2025	HK\$2,961,000
		From 1 April 2025 to 30 March 2026	HK\$2,985,000

The principal terms of the DIT Sublease Agreement are set out as follows:

Date	:	31 March 2023
Parties	:	Central China Properties (as sublessor); and DIT Group (as sublessee)
Subleased Portion	:	Unit No. 7708A on Level 77 of International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Use	:	Office premises
Term	:	The period commencing from 1 April 2023 to 30 March 2026 (both days inclusive)

Rent	:	HK\$117,938.80 per calendar month (exclusive of air-conditioning and management charges, Government rates and other outgoings, all of which are payable by Central China Properties)
Air-conditioning and management charges	:	HK\$16,075.22 per calendar month
Deposit	:	HK\$417,908.25, which is equivalent to the aggregate of three (3) months' rent, three (3) months' air-conditioning and management charges and three (3) months' Government rates
Annual caps	:	The annual cap of DIT Sublease Agreement during its terms will be the sum representing the annual rent, air-conditioning and management charges and government rates payable by DIT Group:
		From 1 April 2023 to 31 March 2024 HK\$1,679,000
		From 1 April 2024 to 31 March 2025 HK\$1,692,000
		From 1 April 2025 to 30 March 2026 HK\$1,706,000

In considering the proposed annual caps of the Sublease Agreements, the Directors have taken into account the fixed rental payment by Central China Properties during the term of the Sublease Agreements, as well as the expected air-conditioning and management charges (which may be adjusted by the head landlord under the Head Lease by serving notice to Central China Properties) and government rates payable under each of the Sublease Agreements.

REASONS FOR AND BENEFITS OF ENTERING THE SUBLEASE AGREEMENTS

Central China Properties intends to sublease the Subleased Portion to CCNL Group, CCMGT Group and DIT Group for use as its office in Hong Kong, which would enable Central China Properties to secure more favourable terms with the head landlord when negotiating the Head Lease by leasing a larger square footage for the Head-lease Premises and subleasing the Sublease Portion to CCNL Group, CCMGT Group and DIT Group who are also in need of office space.

The terms of the Sublease Agreements (including the rent) were determined after arm's length negotiations between the parties, with reference to the actual rental, air-conditioning and management charges and other fees and charges charged by the head landlord of the Head Lease pursuant to the terms of the Head Lease without any mark-up. The rental being charged by the landlord of the Head Lease to Central China Properties was determined by reference to the prevailing market rental of comparable office premises in the vicinity of the Head-lease Premises.

The Directors (including the independent non-executive Directors) consider that each of the Sublease Agreements has been entered into on normal commercial terms and in the ordinary and usual course of business of the Company, and that the terms of each of the Sublease Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

DIRECTORS' INTERESTS IN THE CONTINUING CONNECTED TRANSACTIONS

Each of CCNL Group, CCMGT Group and DIT Group are indirectly owned as to more than 30% by Mr. Wu. Ms. Wu Wallis (alias Li Hua), a non-executive Director, is a non-executive directors of CCMGT Group and DIT Group. Mr. Wu (due to his interests in CCNL Group, CCMGT Group and DIT Group), Ms. Wu Wallis (alias Li Hua) (for her non-executive directorship in CCMGT Group and DIT Group) are regarded as being interested in the transactions contemplated under the Sublease Agreements.

Therefore, Mr. Wu and Ms. Wu Wallis (alias Li Hua) have abstained from voting on the Board resolution approving the Sublease Agreement and proposed annual caps. Save for the aforesaid, none of the Directors has any material interest in any of the transactions contemplated under the Sublease Agreements 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 real estate development and sales in Henan Province, the PRC.

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

CCNL 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.

DIT Group is a service provider specializing in providing integrated solutions for intelligent buildings and an innovative high-tech enterprise engaging in the ecological chain construction of intelligent buildings. It is mainly engaged in the business of modernization of construction industry and prefabricated construction business encompassing a wide coverage ranging from the research and development as well as operation of prefabricated construction technology, the expansion and operation of intelligent prefabricated construction plants to the manufacture of prefabricated components.

LISTING RULES IMPLICATIONS

As at the date of this announcement, each of CCNL Group, CCMGT Group and DIT Group is indirectly owned as to more than 30% by Mr. Wu, and Mr. Wu is also a controlling Shareholder and a connected person of the Company. Accordingly, each of them are is an associates 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 Sublease Agreements therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of all of the applicable percentage ratios in respect of the Sublease Agreements are more than 0.1% but less than 5%, the transactions contemplated under the Sublease Agreement are only subject to reporting and announcement requirements but exempt from the independent Shareholders' approval under Chapter 14A of the Listing Rules.

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 of the Company;
“CCMGT Group”	Central China Management Company Limited, a company incorporated under the laws of the Cayman Islands with limited liability are listed on the Main Board of the Stock Exchange (stock code: 9982), and a connected person of the Company;
“CCMGT Sublease Agreement”	the sublease agreement dated 31 March 2023 entered into between Central China Properties and CCMGT Group in relation to the subleasing of the Subleased Portion (in relation to CCMGT Group);
“CCNL Group”	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), and a connected person of the Company;
“CCNL Sublease Agreement”	the sublease agreement dated 31 March 2023 entered into between Central China Properties and CCNL Group in relation to the subleasing of the Subleased Portion (in relation to CCNL Group);
"Central China Properties"	Central China Properties Development Limited (建業物業發展有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;

“Company”	Central China Real Estate Limited, 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 (stock code: 832);
“connected person(s)”	has the meaning given to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“DIT Group”	DIT Group Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 726), and a connected person of the Company;
“DIT Sublease Agreement”	the sublease agreement dated 31 March 2023 entered into between Central China Properties and DIT Group in relation to the subleasing of the Subleased Portion (in relation to DIT Group);
“Group”	the Company and its subsidiaries;
“Head Lease”	the lease agreement dated 29 March 2023 entered into between the landlord of the Head-lease Premises (being an Independent Third Party) and Central China Properties in relation to the leasing of the Head-lease Premises;
“Head-lease Premises”	Unit Nos. 7701B-7702A and 7708A on Level 77 of International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, entities other than the connected persons of the Company as defined under 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 the Company, who is also the owner of more than 30% equity interest in CCNL Group, CCMGT Group and DIT Group as at the date of this announcement;
“party(ies)”	the Company, CCNL Group and CCMGT Group and DIT Group (as the case might be);
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Shareholder(s)”	holder(s) of the Shares;
“Shares”	ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Sublease Agreements”	the CCNL Sublease Agreement, the CCMGT Sublease Agreement and the DIT Sublease Agreement;
“Subleased Portion”	Unit No. 7708B on Level 77 of International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong (in relation to CCNL Group), Unit No. 7701A on Level 77 of International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong (in relation to CCMGT Group), Unit No. 7708A on Level 77 of International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong (in relation to DIT Group); and

“%”

per cent

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

Hong Kong, 31 March 2023

As at the date of this announcement, the Board comprises seven Directors, of which Mr. Wu Po Sum is executive Director, Ms. Wu Wallis (alias Li Hua), Mr. Deng Gaoqiang and Mr. Shi Song 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*