

CONNECTED TRANSACTIONS

OVERVIEW

We have entered into a number of agreements with our connected persons and the details of which are set out below. The transactions disclosed in this section are expected to continue and will constitute continuing connected transactions of our Group under Chapter 14A of the Listing Rules upon Listing. CCRE is indirectly held as to 74.35% by Mr. Wu, one of our Controlling Shareholders, and therefore is an associate of our Company under the Listing Rules. Accordingly, the transactions between our Group and members of the CCRE Group will constitute connected transactions of our Group upon Listing.

We set out below a summary of transactions which will constitute continuing connected transactions upon listing:

Transaction	Waiver sought	Maximum annual fee for the year ending December 31,	
		2020	2021
RMB'000			
Fully Exempt Continuing Connected Transactions			
1. Trademark Licensing Agreement	N/A	N/A	N/A
2. Online Payment Platform Services Agreement	N/A	N/A	N/A
Non-exempt Continuing Connected Transactions			
1. Property Consultation and Management Services Framework Agreement ^(Note 1)	Requirements as to announcement and independent Shareholders' approval under Chapter 14A of the Listing Rules	195,000	240,000
2. Real Estate Agency Services Framework Agreement ^(Note 2)	Requirements as to announcement and independent Shareholders' approval under Chapter 14A of the Listing Rules	285,000	330,000
3. Intelligent Technology Services Framework Agreement ^(Note 3)	Requirements as to announcement and independent Shareholders' approval under Chapter 14A of the Listing Rules	180,000	235,000
4. Commercial Property Management Services Framework Agreement ^(Note 4)	Requirements as to announcement and independent Shareholders' approval under Chapter 14A of the Listing Rules	54,000	56,000
5. Green House Management Services Framework Agreement ^(Note 5)	Requirements as to announcement and independent Shareholders' approval under Chapter 14A of the Listing Rules	48,000	60,000
6. Membership Maintenance and Management Services Framework Agreement ^(Note 6)	Requirements as to announcement and independent Shareholders' approval under Chapter 14A of the Listing Rules	60,000	70,000

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Transaction	Waiver sought	Maximum annual fee for the year ending December 31,	
		2020	2021
		RMB'000	
7. Tourism Services Framework Agreement ^(Note 7)	Requirements as to announcement and independent Shareholder's approval under Chapter 14A of the Listing Rules	48,000	67,500

Note 1: This connected transaction is also announced in the announcements of CCRE dated January 31, 2019 and October 28, 2019.

Note 2: This connected transaction is also announced in the announcement of CCRE dated June 24, 2019.

Note 3: This connected transaction is also announced in the announcements of CCRE dated March 29, 2019 and October 28, 2019.

Note 4: This connected transaction is also announced in the announcement of CCRE dated June 26, 2019.

Note 5: This connected transaction is also announced in the announcements of CCRE dated March 29, 2019 and October 28, 2019.

Note 6: This connected transaction is also announced in the announcement of CCRE dated March 29, 2019.

Note 7: This connected transaction is also announced in the announcement of CCRE dated January 30, 2019.

(A) FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Trademark Licensing

We have historically used the Licensed Trademarks (as defined below) registered in the name of various subsidiaries of CCRE. In anticipation of the Global Offering and to ensure that our Group will continue to be able to use the Licensed Trademarks, on October 28, 2019, a trademark licensing agreement (the “**Trademark Licensing Agreement**”) was entered into between CCRE and our Company, pursuant to which CCRE agreed to unconditionally grant to our Group the right to use certain trademarks of the CCRE Group registered in the PRC (including certain trademarks under application in the PRC (in the event that such applications are successful and duly registered)) and Hong Kong (the “**Licensed Trademarks**”) for our business operations and investment activities, as well as the right to sub-lease the Licensed Trademarks to third parties solely for the purpose of business operation of our Group, subject to consent of the CCRE Group. The Trademark Licensing Agreement is perpetual commencing from the date thereof on a non-exclusive and royalty-free basis, unless otherwise terminated at the request of CCRE with a one-month notice period. Details of the Licensed Trademarks are set forth in the section entitled “Appendix IV—Statutory and General Information—B. Further Information about our Business—2. Intellectual Property Rights of our Group” to this prospectus.

We have been using the Licensed Trademarks in the business of our Group over the years in relation to the services which are marketed and provided by our Group. We intend to continue to use, after the Listing, the Licensed Trademarks in such connection. Our Directors consider that entering into a trademark licensing agreement for a duration longer than three years is reasonable and justifiable to ensure the stability of our operations. The Licensed Trademarks are generally known and recognized by the public as they have been widely used in various marketing activities and promotional materials by businesses managed and operated by our Group. Our Directors consider that the “Central China (建業)” brand is a highly recognizable brand in central China for high quality residential development and represents our consistent aspiration to help our customers achieve high quality standard, and that such existing brand image allows us to resonate with our customers and facilitate our market and business expansion. The indefinite term of the Trademark Licensing Agreement ensures our ongoing operations are not interrupted and is a usual business practice. Our Directors consider the Trademark Licensing Agreement to be beneficial to the interests of our Company and our Shareholders as a whole. The Sole

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Sponsor is of the view that the duration of longer than three years is in line with normal business practice for agreements of this type.

As the right to use the Licensed Trademarks is granted to our Group on a royalty-free basis, the transactions under the Trademark Licensing Agreement will be within the de minimis threshold under Rule 14A.76 of the Listing Rules upon Listing, and will be exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Online Payment Platform Services

The CCRE Group has developed and operated a well-established online payment platform operated through prepayment cards called Jianye Tongbao (建業通寶). The CCRE Group sells these prepayment cards to its property owners typically when the property owners purchase residential property units from the CCRE Group. The property owners could use these prepayment cards to purchase goods and services within their residential communities including on the Jianye + (建業+) platform. The property owners could recharge their prepayment cards with the CCRE Group from time to time.

We have historically used this online payment platform services (the “**Online Payment Platform Services**”) operated by the CCRE Group in relation to the sales of goods and services to the customers of our Jianye + (建業+) platform. We intend to continue to use, after the Listing, the Online Payment Platform Services in such connection. In anticipation of the Global Offering and to ensure that our Group will continue to be able to use the Online Payment Platform Services, on April 29, 2020, CCRE and our Company entered into the Online Payment Platform Services Agreement (the “**Online Payment Platform Services Agreement**”), pursuant to which CCRE agreed to provide the Online Payment Platform Services to our Group at nil consideration for a term of three years commencing from April 29, 2020. Given the CCRE Group considers this arrangement would provide convenience and encourage users to continue to use the Jianye + (建業+) platform and would ultimately enhance the Jianye brand awareness and create customer's loyalty the Jianye brand, the CCRE Group does not charge any service fee in relation to the provision of Online Payment Platform Services to our Group. Our Directors also believe that the use of such Online Payment Platform Services would be beneficial to the long-term growth and development of our Jianye + (建業+) platform taking into account the large volume of existing registered users of the online payment platform operated through Jianye Tongbao (建業通寶) by the CCRE Group.

As the right to use the Online Payment Platform Services are provided at nil consideration, the transactions under the Online Payment Platform Services Agreement will be within the de minimis threshold under Rule 14A.76 of the Listing Rules upon Listing, and will be exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(B) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Property Consultation and Management Services

On January 31, 2019, Central China New Life (our subsidiary) entered into a property consultation and management services framework agreement with CCRE (the “**Property Consultation and Management Services Framework Agreement**”) for a term commencing from January 1, 2019 to December 31, 2021, the annual caps of which were amended by a supplemental agreement dated October 28, 2019. Pursuant to the Property Consultation and Management Services Framework

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Agreement, we shall provide the following services (the “**Property Consultation and Management Services**”) to the CCRE Group and its associates:

- (a) **Consultation services**: including (i) pre-delivery consultancy services, including but not limited to provide 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 (ii) 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 property projects;
- (b) **Marketing centre management services**: overall management services in respect of the various marketing centres of the CCRE Group and its associates set up for the sales and promotion of the property projects, including operation, administration and management, security and maintenance, concierge, cleaning, gardening and other ancillary services;
- (c) **Vacant properties management services**: management services (including patrolling) of vacant properties of the CCRE Group and its associates which are available for sale, including residential units and parking lots;
- (d) **Self-owned properties management services**: property management services provided for the office buildings and other properties owned by the CCRE Group and its associates which are used for their business operations; and
- (e) **Properties pre-delivery inspection services**: post-completion and pre-delivery property examination and checking services provided for newly completed properties of the CCRE Group and its associates.

The fees to be charged by us for provision of the Property Consultation and Management Services are determined on arm’s length basis with reference to the (i) nature, category and location of the properties; (ii) GFA of the properties; (iii) anticipated operation costs, including primarily staff costs and administration costs; and (iv) prevailing market prices for comparable services.

With respect to each project, the relevant members and associates of CCRE and our Group will further enter into individual separate agreement that prescribes the specific terms and conditions of each project.

The revenue generated from the provision of Property Consultation and Management Services amounted to RMB51.2 million, RMB54.9 million and RMB159.8 million for the years ended December 31, 2017, 2018 and 2019, respectively.

Our Directors estimate that the maximum annual fee to be received by our Group under the Property Consultation and Management Services Framework Agreement for the years ending December 31, 2020 and 2021 will not exceed RMB195,000,000 and RMB240,000,000, respectively.

In arriving at the above annual caps, our Directors have considered the following factors:

- the historical transaction amounts and volume of Property Consultation and Management Services we provided during the Track Record Period;
- the total contracted GFA of approximately 69.5 million sq.m. and around 200 contracted projects for properties developed by the CCRE Group and its associates or joint ventures as of December 31, 2019;

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- the anticipated substantial growth in the estimated transaction amounts for Property Consultation and Management Services for the three years ending December 31, 2021, taking into account the expected increase in number of property projects to be released in various cities;
- in relation to consultation services, properties pre-delivery inspection services and self-owned properties management services, our estimation of the aggregate GFA of the upcoming property projects or self-owned properties that would require such services, which will be charged at specified fees per sq.m.;
- in relation to marketing centre management services, the expected number of marketing centre expected to be launched to facilitate the sales of the upcoming properties, which will be charged at specified fees per marketing centre;
- in relation to vacant properties management services, the expected aggregate GFA of the vacant properties that would require such services, which will be charged at specified monthly fees per sq.m. throughout the estimated duration of vacancy; and
- the number of separate agreements entered into and expected to be entered into pursuant to the Property Consultation and Management Services Framework Agreement.

As one/each of the applicable percentage ratios under the Listing Rules in respect of the annual caps of the Property Consultation and Management Services is expected to be more than 5%, the transactions under the Property Consultation and Management Services Framework Agreement constitute continuing connected transactions of our Company which are subject to the written agreement, announcement, Shareholders' approval, circular (including independent financial advice), annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements under Chapter 14A of the Listing Rules.

2. Real Estate Agency Services

On June 24, 2019, Central China New Life (our subsidiary) entered into a real estate agency services framework agreement (the "**Real Estate Agency Services Framework Agreement**") with CCRE for a term commencing from January 1, 2019 to December 31, 2021. Pursuant to the Real Estate Agency Services Framework Agreement, we shall provide real estate agency services in respect of the first-hand property sales as well as preparation services (including but not limited to consultation services and event organization services) (the "**Real Estate Agency Services**") to the CCRE Group and its associates.

The service fees to be charged for the Real Estate Agency Services are determined after arm's length negotiations with reference to the (i) the agency fees charged as commission and incentives based on contracted sales amount of CCRE Group's properties, depending on the overall property market environment, project location, difficulties of marketing, scope of services and other factors; and (ii) the rate generally offered by our Group to Independent Third Parties in respect of comparable agency services. With respect to each project, the relevant members and associates of CCRE and our Group will further enter into individual separate agreement that prescribes the specific terms and conditions of each project.

We started to provide the Real Estate Agency Services to the CCRE Group and its associates from November 2018. The revenue generated from the provision of the Real Estate Agency Services amounted to approximately RMB42.8 million and RMB238.5 million for the years ended December 31, 2018 and 2019, respectively.

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Our Directors estimate that the maximum annual fee to be received by our Group under the Real Estate Agency Services Framework Agreement for the years ending December 31, 2020 and 2021 will not exceed RMB285,000,000 and RMB330,000,000, respectively.

In arriving at the above annual caps, our Directors have considered the following factors:

- the historical transaction amounts and volume of Real Estate Agency Services we provided during the Track Record Period;
- the anticipated growth in the estimated transaction amounts for Real Estate Agency Services for the three years ending December 31, 2021, calculated by multiplying the commission rate (ranging from 0.8%-2.0%) by the estimated aggregate sales amount of RMB74.25 billion for all the existing agreements entered into as of December 31, 2019;
- the estimated commission income to be received by us calculated by multiplying the commission rate by the estimated aggregate sales amount of the first-hand properties under sale and expected to be launched for sale and their tentative sales schedule; and
- the number of separate agreements entered into and expected to be entered into pursuant to the Real Estate Agency Services Framework Agreement.

As one/each of the applicable percentage ratios under the Listing Rules in respect of the annual caps of the Real Estate Agency Services is expected to be more than 5%, the transactions under the Real Estate Agency Services Framework Agreement constitute continuing connected transactions of our Company which are subject to the written agreement, announcement, Shareholders' approval, circular (including independent financial advice), annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements under Chapter 14A of the Listing Rules.

3. Intelligent Technology Services

On March 29, 2019, Central China New Life (our subsidiary) entered into an intelligent technology services framework agreement with CCRE (the "**Intelligent Technology Services Framework Agreement**") for a term commencing from January 1, 2019 to December 31, 2021, the annual caps of which were amended by a supplemental agreement dated October 28, 2019.

Pursuant to the Intelligent Technology Services Framework Agreement, we shall provide the following services (the "**Intelligent Technology Services**") to the CCRE Group and its associates:

- (a) **Engineering installation services for intelligent products and sales service for products:** installation, repair and maintenance services necessary for the establishment of intelligence communities video surveillance system, indoor fresh air system, intelligent home system, exterior wall insulation and floor heating system;
- (b) **Software development services:** customized system integration and development services based on customer needs, such as the visual management platform, operation and management platform, and data analysis platform, for assisting customers in their decision-making process and daily operations; and
- (c) **Consultation services:** customized consultation to properties including residential properties and commercial properties.

The fees to be charged by us for provision of the Intelligent Technology Services are determined on arm's length basis with reference to (i) prices of the intelligent technology products;

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(ii) anticipated operation costs taking into account factors including, among others, equipment materials, installation costs, enterprise management fees; (iii) specific software requirement; (iv) GFA and nature of the property projects; and (v) prevailing market prices for comparable services. The fees are charged at fixed lump-sum fees taking into account the above factors, which are payable by installments with reference to stage of completion of the works specified under each agreement. With respect to each project, the relevant members and associates of CCRE and our Group will further enter into individual separate agreement that prescribes the specific terms and conditions of each project.

We started to provide the Intelligent Technology Services to the CCRE Group and its associates from January 2019. The revenue generated from provision of Intelligent Technology Services for the year ended December 31, 2019 amounted to approximately RMB140.7 million.

Our Directors estimate that the maximum annual fee to be received by our Group under the Intelligent Technology Services Framework Agreement for the years ending December 31, 2020 and 2021 will not exceed RMB180,000,000 and RMB235,000,000, respectively.

In arriving at the above annual caps, our Directors have considered the following factors:

- the historical transaction amount for the year ended December 31, 2019 of approximately RMB179.9 million when the Intelligent Technology Services were still at an initial stage of operation and the expected growth of over 25% per year in transaction amount upon full service of such business;
- the estimated revenue to be recognized in relation to the Intelligent Technology Services provided by our Group pursuant to existing agreements entered into as of December 31, 2019 with aggregate contractual value of RMB248.4 million, taking into account the stage of completion of the work specified under the relevant agreements;
- the number of separate agreements entered into and expected to be entered into pursuant to the Intelligent Technology Services Framework Agreement.

As one/each of the applicable percentage ratios under the Listing Rules in respect of the annual caps of the Intelligent Technology Services is expected to be more than 5%, the transactions under the Intelligent Technology Services Framework Agreement constitute continuing connected transactions of our Company which are subject to the written agreement, announcement, Shareholders' approval, circular (including independent financial advice), annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements under Chapter 14A of the Listing Rules.

4. Commercial Property Management Services

On June 26, 2019, Central China New Life (our subsidiary) entered into a commercial property management services framework agreement with CCRE (the “**Commercial Property Management Services Framework Agreement**”) for a term commencing from January 1, 2019 to December 31, 2021.

Pursuant to the Commercial Property Management Services Framework Agreement, we shall provide the commercial properties management services and advisory consultation services for the commercial properties, including (i) hotels; and (ii) other commercial properties such as office buildings and shopping malls, etc. (the “**Commercial Property Management Services**”) to CCRE Group and its associates.

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The fees payable in respect of Commercial Property Management Services for hotels comprised of (i) basic fees charged as a percentage of the total revenue for self-run hotel projects or as a fixed annual fee per room for entrusted hotel projects; (ii) service fees charged as a percentage of the total revenue for self-run hotel projects; (iii) booking fees charged as a percentage of the total revenue per available room for self-run hotel projects; (iv) incentive payable (a) with reference to the excess over the targeted net operating profit for hotel operations or (b) as a percentage of monthly revenue for spa operations; and (v) lump-sum consultation fees for the specified types of consultation services.

The fees payable in respect of Commercial Property Management Services for commercial properties (excluding hotels) comprised of (i) basic management service fee charged as a lump-sum per month; (ii) business solicitation commission charged as a multiplier of the standard monthly rent applicable to the associated brand; (iii) incentive management service fee payable with reference to the excess over the targeted net operating profit or as a percentage of the total revenue and profit; and (iv) opening incentive payable as a fixed fee per sq.m..

The above service fees are determined on arm's length basis having regard to (i) for hotels, nature of hotel projects (self-run hotel projects or entrusted hotel projects); (ii) for commercial properties, stage of project (preparation or operation stage) and location for commercial properties; (iii) scope of services; (iv) anticipated operation and management cost for both hotels and commercial properties; and (v) prevailing market prices for comparable services for both hotels and commercial properties. With respect to each project, the relevant members and associates of CCRE and our Group will further enter into individual separate agreement that prescribes the specific terms and conditions of each project.

We started to provide the Commercial Property Management Services to the CCRE Group and its associates from January 2017 for hotels and from March 2019 for other commercial properties. The revenue generated from the provision of Commercial Property Management Services amounted to approximately RMB15.2 million, RMB11.1 million and RMB31.4 million for the years ended December 31, 2017, 2018 and 2019, respectively.

Our Directors estimate that the maximum annual fee to be received by our Group under the Commercial Property Management Services Framework Agreement for the years ending December 31, 2020 and 2021 will not exceed RMB54,000,000 and RMB56,000,000, respectively.

In arriving at the above annual caps, our Directors have considered the following factors:

- the historical transaction amounts and volume of Commercial Property Management Services we provided during the Track Record Period;
- the more rapid growth of approximately over 50% for the year ending December 31, 2020 as compared to the year ended December 31, 2019, taking into account that the scope of Commercial Property Management Services was extended to include not only hotels but also other commercial properties since March 2019;
- the strategic cooperation framework agreements entered into between CCRE and Central China New Life (our subsidiary), pursuant to which CCRE will endeavor to engage us to provide Commercial Property Management Services for 14 shopping malls and eight hotel projects to be released in various cities for the three years ended December 31, 2021;
- the estimated fees to be received by us for Commercial Property Management Services calculated based on the formula comprising various items as disclosed above;

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- the incentive management service fee (calculated based on the best estimated net operating profit, revenue or profit (as applicable)) that our Group might receive pursuant to the terms of the separate agreements for management of hotels and commercial properties; and
- the number of separate agreements entered into and expected to be entered into pursuant to the Commercial Property Management Services Framework Agreement.

As one/each of the applicable ratios under the Listing Rules in respect of the annual caps of the Commercial Property Management Services is expected to be more than 5%, the transactions under the Commercial Property Management Services Framework Agreement constitute continuing connected transactions of our Company which are subject to the written agreement, announcement, Shareholders' approval, circular (including independent financial advice), annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements under Chapter 14A of the Listing Rules.

5. Green House Management Services

On March 29, 2019, Central China New Life (our subsidiary) entered into a green house management services framework agreement with CCRE (the "**Green House Management Services Framework Agreement**") for a term commencing from January 1, 2019 to December 31, 2021, the annual caps of which were amended by a supplemental agreement dated October 28, 2019.

Pursuant to the Green House Management Services Framework Agreement, we shall provide the following services (the "**Green House Management Services**") to the CCRE Group and its associates:

- Project promotion, brand promotion and operation management services*: provision of operation management services such as business solicitation, brand promotion, event planning for the agricultural projects;
- Technical support services to agricultural facility projects*: provision of technical management services throughout the whole process of research and development, introduction and promotion of agricultural facility projects (such as intelligent linkage greenhouses, plant factories) under the agricultural projects;
- Agricultural product sales management*: management and sales of agricultural products including flowers, seedling and vegetables;
- Agricultural product planting service*: daily operation and planting of agricultural products and relevant consultation services; and
- Foodcourt operation and management services*: Provision of operation and management services for Cuisine Henan Foodcourts (建業大食堂), including the business solicitation, daily operation, marketing planning and other services for some stores operated by Cuisine Henan Foodcourts (建業大食堂).

The above service fees were determined on arm's length basis and with reference to (i) project management scale and size of plantation area; (ii) floor area of Cuisine Henan Foodcourts (河南大食堂); (iii) service scope including types of planting services; (iv) anticipated operation and management costs; (v) estimated sales amount of the agricultural products; and (vi) operation revenue per month for Cuisine Henan Foodcourts (河南大建堂). With respect to each project, the relevant members and associates of CCRE and our Group will further enter into individual separate agreement that prescribes the specific terms and conditions of each project.

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We started to provide the Green House Management Services to the CCRE Group and its associates from March 2019. The revenue generated from the provision of Green House Management Services amounted to approximately RMB23.7 million for the year ended December 31, 2019.

Our Directors estimate that the maximum annual fee to be received by our Group under the Green House Management Services Framework Agreement for the years ending December 31, 2020 and 2021 will not exceed RMB48,000,000 and RMB60,000,000, respectively.

In arriving at the above annual caps, our Directors have considered the following factors:

- the fact that we only started to provide Green House Management Services in March 2019 and the full-year impact on the estimated transaction amount commencing from the year ended December 31, 2020;
- the estimated fees to be received by us for items (a), (b) and (d) of the Green House Management Services referred to above, which are charged based on a fixed lump-sum fees taking into account the project scale, plantation area and service scope;
- the estimated fees to be received by us for item (c) of the Green House Management Services referred to above, which are calculated as a commission rate of 10% of the estimated sales amount of the agricultural products as commission;
- the estimated fees to be received by us for item (e) of the Green House Management Services referred to above, which are calculated as a total sum of (i) the fixed lump-sum management fees; and (ii) the additional incentive fees payable as a fixed percentage of revenue generated from the Cuisine Henan Courts (建業大食堂) projects under operations and expected to commence operations;
- the strategic cooperation framework agreements entered into between CCRE and Central China New Life (our subsidiary), pursuant to which CCRE will endeavor to engage us to provide Green House Management Services for 7 cultural tourism complexes and 11 Cuisine Henan Foodcourts (建業大食堂) to be released in various cities for the three years ending December 31, 2021; and
- the number of separate agreements entered into and expected to be entered into pursuant to the Green House Management Services Framework Agreement.

As one/each of the applicable ratios under the Listing Rules in respect of the annual caps of the Green House Management Services is expected to be more than 5%, the transactions under the Green House Management Services Framework Agreement constitute continuing connected transactions of our Company which are subject to the written agreement, announcement, Shareholders' approval, circular (including independent financial advice), annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements under Chapter 14A of the Listing Rules.

6. Membership Maintenance and Management Services

On March 29, 2019, Central China New Life (our subsidiary) entered into membership maintenance and management services framework agreement with CCRE (the "**Membership Maintenance and Management Services Framework Agreement**"), for a term commencing from January 1, 2019 to December 31, 2021. Pursuant to the Membership Maintenance and Management

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Services Framework Agreement, we shall provide to the CCRE Group and its associates membership maintenance and management services for members of the Central China Consumers Club involved for the residential communities of the residential property projects developed and proposed to be developed by the CCRE Group, a membership programme established by the CCRE Group for its high-net-worth customers, including but not limited to (i) daily operation and management of the Central China Consumers Club's affairs; and (ii) organizing events for the members of the Central China Consumer Club (the "**Membership Maintenance and Management Services**").

We started to provide the Membership Maintenance and Management Services to the CCRE Group and its associates from September 2018. The revenue generated from the provision of Membership Maintenance and Management Services amounted to approximately RMB6.8 million and RMB47.2 million for the years ended December 31, 2018 and 2019, respectively.

The fees to be charged for the Membership Maintenance and Management Services shall be determined after arm's length negotiations and taking into account the anticipated operational costs (including labor costs) with reference to the fees for similar services and similar type of projects in the market. In terms of the daily operation and management services for members, the service fee is RMB4,500 per person per year. In terms of the events organization and planning for the members of the Central China Consumers Club, the service fee ranges from approximately RMB1 million to RMB4 million per event.

Our Directors estimate that the maximum annual fee to be received by our Group under the Membership Maintenance and Management Services Framework Agreement for the years ending December 31, 2020 and 2021 will not exceed RMB60,000,000 and RMB70,000,000, respectively.

In arriving at the above annual caps, our Directors have considered the following factors:

- the faster rate of growth in historical transaction amount for the year ended December 31, 2019 taking into account that the scope of Membership Maintenance and Management Services was extended to include not only daily operation and management of the Central China Consumers Club's affairs but also organization of events for the members of the Central China Consumer Club since the beginning of 2019;
- the estimated number of upcoming events for members of the Central China Consumers Club, the fees of which will be charged at specified fees per event;
- the estimated fees to be received by us calculated by multiplying the fees per person per year by the estimated number of members of the Central China Consumers Club (the number of members was over 10,000 persons as of December 31, 2019), taking into account our marketing plan and member enrollment policy for the Central China Consumers Club; and
- the number of separate agreements entered into and expected to be entered into pursuant to the Membership Maintenance and Management Services Framework Agreement.

As one/each of the applicable ratios under the Listing Rules in respect of the annual caps of the Membership Maintenance and Management Services is expected to be more than 5%, the transactions under the Membership Maintenance and Management Services Framework Agreement constitute continuing connected transactions of our Company which are subject to the written agreement, announcement, Shareholders' approval, circular (including independent financial advice), annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements under Chapter 14A of the Listing Rules.

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7. Tourism Services

On January 30, 2019, Central China New Life (our subsidiary) entered into a tourism services framework agreement (the “**Tourism Services Framework Agreement**”) with CCRE, for a term commencing from January 1, 2019 to December 31, 2021. Pursuant to the Tourism Services Framework Agreement, we shall provide to the CCRE Group and its associates customized solution services for business tourism for the promotion of the CCRE Group’s business and other related ancillary services (the “**Tourism Services**”). During the Track Record Period, the tourism services provided by us include customized travel tours for potential property purchasers for newly developed properties and team building tours.

The Tourism Service fees were determined based on an arm’s length basis having regard to (i) the estimated cost involved (including but not limited to costs of transportation, accommodation, catering, entrance tickets and other travel-related expenditures) plus a mark-up taking into account the nature, scope and complexity of the tourism services to be provided; and (ii) comparable market prices provided by our Group to Independent Third Parties. With respect to each project, the relevant members and associates of CCRE and our Group will further enter into individual separate agreement that prescribes the specific terms and conditions of each project.

The revenue generated from the provision of Tourism Services amounted to approximately RMB5.3 million, RMB14.7 million and RMB38.7 million for the years ended December 31, 2017, 2018 and 2019, respectively.

Our Directors estimate that the maximum annual fee to be received by our Group under the Tourism Services Framework Agreement for the years ending December 31, 2020 and 2021 will not exceed RMB48,000,000 and RMB67,500,000, respectively.

In arriving at the above annual caps, our Directors have considered the following factors:

- the growth in historical transaction amounts and volume of the Tourism Services during the Track Record Period;
- the estimated fees to be received by us calculated by multiplying the average fees charged per tourist by the estimated number of tourists;
- the anticipated growth in the estimated transaction amounts for Tourism Services for the three years ending December 31, 2021, taking into account the expected increase in number of property projects to be released in various cities, which are expected to require corresponding sizable business events such as customized travel tours for pushing up the sales of properties; and
- the number of separate agreements entered into and expected to be entered into pursuant to the Tourism Services Framework Agreement.

As one/each of the applicable ratios under the Listing Rules in respect of the annual caps of the Tourism Services is expected to be more than 5%, the transactions under the Tourism Services Framework Agreement constitute continuing connected transactions of our Company which are subject to the written agreement, announcement, Shareholders’ approval, circular (including independent financial advice), annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements under Chapter 14A of the Listing Rules.

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(C) APPLICATION FOR WAIVER

The transactions described under the paragraph “—(B) Non-exempt Continuing Connected Transactions” in this section constitute our continuing connected transactions under the Listing Rules, which are subject to the written agreement, announcement, Shareholders’ approval, circular (including independent financial advice), annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements under Chapter 14A of the Listing Rules.

As these non-exempt continuing connected transactions are and will continue to be entered into in the ordinary and usual course of business of our Group on a continuing and recurring basis and are expected to extend over a period of time, our Directors are of the view that compliance with the announcement requirement under Rule 14A.35 of the Listing Rules, the Shareholders’ approval requirement under Rule 14A.36 to Rule 14A.45 of the Listing Rules and the circular (including independent financial advice) requirement under Rule 14A.46 to 14A.48 of the Listing Rules would impose unnecessary administrative costs and burden to our Group and would at times be impracticable.

Accordingly, in accordance with Rules 14A.102 and 14A.105 of the Listing Rules, we have applied to the Stock Exchange, and the Stock Exchange has granted, a waiver from strict compliance with the announcement requirements under Rule 14A.35 of the Listing Rules and the Shareholders’ approval requirement under Rule 14A.36 to Rule 14A.45 of the Listing Rules from the Listing Date to December 31, 2021. The waiver is valid provided that the total amounts received by us under these non-exempt continuing connected transactions do not exceed their respective annual caps for the relevant periods set out above. After the expiry of this waiver on December 31, 2021, we will comply with the applicable provisions under Chapter 14A of the Listing Rules as amended from time to time or apply for a new waiver.

(D) VIEWS OF OUR DIRECTORS AND THE SOLE SPONSOR

Our Directors (including our independent non-executive Directors) and the Sole Sponsor consider that: (i) all the non-exempt continuing connected transactions described above have been and will be entered into in the ordinary and usual course of our business and on normal commercial terms or better; (ii) the terms of each of these non-exempt continuing connected transactions are fair, reasonable and in the interests of our Group and our Shareholders as a whole; and (iii) the annual caps for each of these non-exempt continuing connected transactions are fair and reasonable and in the interests of our Group and our Shareholders as a whole.

(E) ADDITIONAL OPINION OF OUR INDEPENDENT NON-EXECUTIVE DIRECTORS

Our independent non-executive Directors are of the opinion that: (1) the pricing mechanism and the terms under the each of the framework agreements described above and any transactions contemplated thereunder are clear and specific; (2) the proposed annual caps of the each of the non-exempt continuing connected transactions described above is reasonable taking into account historical transaction and management projections; (3) the methods and procedures established by us are sufficient to ensure that each of these non-exempt continuing connected transactions will be conducted on normal commercial terms and not prejudicial to the interests of our Company and our minority Shareholders; (4) appropriate internal control procedures are in place, and our internal audit will review these transactions; and (5) they are provided by the management of our Company with sufficient information for the discharge of their duties.