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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
RENEWAL OF MARKETING AND SERVICE PLATFORM
CONSTRUCTION SERVICES FRAMEWORK AGREEMENT**

Reference is made to the Company's announcement dated 30 June 2021 in relation to the 2021 Marketing and Service Platform Construction Services Framework Agreement. As the term of the 2021 Marketing and Service Platform Construction Services Framework Agreement has expired, the Company entered into the 2022 Marketing and Service Platform Construction Services Framework Agreement with Central China New Life to renew the 2021 Marketing and Service Platform Construction Services Framework Agreement on 30 June 2022 (after trading hours).

LISTING RULES IMPLICATION

As at the date of this announcement, Central China New Life 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, 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 2022 Marketing and Service Platform Construction 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 annual cap of the 2022 Marketing and Service Platform Construction Services Framework Agreement are over 0.1% but less than 5%, the transactions contemplated under the 2022 Marketing and Service Platform Construction 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.

Reference is made to the Company's announcement dated 30 June 2021 in relation to the 2021 Marketing and Service Platform Construction Services Framework Agreement. As the term of the 2021 Marketing and Service Platform Construction Services Framework Agreement has expired, on 30 June 2022 (after trading hours), the Company entered into the 2022 Marketing and Service Platform Construction Services Framework Agreement with Central China New Life to renew the 2021 Marketing and Service Platform Construction Services Framework Agreement.

2022 MARKETING AND SERVICE PLATFORM CONSTRUCTION SERVICES FRAMEWORK AGREEMENT

The principal terms of the 2022 Marketing and Service Platform Construction Services Framework Agreement are as follows:

Date	30 June 2022 (after trading hours)
Parties	the Company (as service user); and Central China New Life (as service provider)
Term	1 June 2022 to 31 December 2022

Service scope

Central China New Life and its group members shall provide the Marketing and Service Platform Construction Services to the Group. Central China New Life shall develop exclusive software, system and related technical consulting services for marketing management platforms based on the marketing needs and plans for respective projects of the Group, with specific functions including, but not limited to, external customer acquisition mini program, incentives, procurement, rights gifting, corporate WeChat user unified system, etc. The Group may provide customers with services relating to sales and marketing activities such as online customer services, customer engagement, house viewing, and house purchase through such platforms (including the “Jianye +” platform), and the Group will be able to obtain relevant marketing data analyses from the platform.

The parties shall enter into separate agreement(s) for detailed service scope subject to the needs of the Group as and when necessary.

Fee standards

The development fee of the software system template of each platform is based on the construction workload, development period, platform requirements, features, development personnel required, and the prevailing market price for similar services. The development fee of each system ranges between RMB800,000 and RMB3,000,000. Such price range is agreed by the parties on arm length’s negotiation with reference to to a reasonable cost plus a reasonable profit margin, and the Company has sought quotations from at least two independent third party service providers for providing respective comparable services or products in order to ensure that such price range is fair and reasonable and no less favourable to the Company than those available from independent third parties.

HISTORICAL TRANSACTION AMOUNT, ANNUAL CAP AND BASIS FOR DETERMINING THE ANNUAL CAP

For the year ended 31 December 2020 and 31 December 2021, the transaction amount of Marketing and Service Platform Construction Services provided by Central China New Life to the Company was approximately RMB25.5 million (audited) and RMB24.4 million (audited), respectively, and the annual cap for the 2020 Marketing and Service Platform Construction Services Framework agreement and the 2021 Marketing and Service Platform Construction Services Framework Agreement was RMB30 million and RMB30 million respectively. Since 1 January 2022 and up to the effective date of the 2022 Marketing and Service Platform Construction Services Framework Agreement, Central China New Life has not provided any Marketing and Service Platform Construction Service to the Group.

The annual cap for the 2022 Marketing and Service Platform Construction Services Framework Agreement for the year ending 31 December 2022 is RMB50,000,000.

In considering the annual cap for the 2022 Marketing and Service Platform Construction Services Framework Agreement, the Directors have considered a number of factors, including the historical transaction amount, the number of marketing platforms required by the Group and the past and present number of users, the number of, launching schedule and number of relevant residents of real estate projects in 2022, and the demand for and growth of relevant services.

Prior to entering into any individual service agreements with Central China New Life, the Company shall invite at least two independent service providers to provide quotations for the provision of relevant services to ensure that the terms of the individual services agreements are on normal commercial terms or no less favourable to the Company than those available from independent third parties, as well as in compliance with the terms and conditions of the 2022 Marketing and Service Platform Construction Services Framework Agreement. In the event that the Company fails to receive successful quotations at its satisfaction, the Company may reassess the scope of services required or revisit the design requirements and relaunch the tender or seek revised quotations.

After entering into any individual services agreements, the management of the Company shall be responsible for monitoring the individual services agreements. The capital and finance department center of the Group is responsible for monitoring the development fees for the Marketing and Service Platform Construction Services to ensure that they are in accordance with the 2022 Marketing and Service Platform Construction Services Framework Agreement and the annual cap is not exceeded. In addition, the capital and finance department center will also conduct an overall review on a monthly basis. Where the finance department is aware of any potential non-compliance with the pricing policies or that the annual cap will be exceeded, the finance department will report the matters to the senior management of the Company who will co-ordinate at the Group level to take remedial actions and ensure that the bases of annual cap are followed and annual cap is not exceeded.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2022 MARKETING AND SERVICE PLATFORM CONSTRUCTION SERVICES FRAMEWORK AGREEMENT

By using various functions of the marketing platform, the Group can carry out online marketing, provide information support for precise marketing of our Group. Accordingly, the Group needs to continue to seek suppliers to provide relevant Marketing and Service Platform Construction Services and to renew the 2021 Marketing and Service Platform Construction Services Framework Agreement. The 2022 Marketing and Service Platform Construction Services Framework Agreement was entered into in the ordinary and usual course of business of the Group.

The Directors (excluding Mr. Wu and Mr. Wang Jun who are required to abstain from voting on the relevant Board resolutions, but including independent non-executive Directors) are of the view that the terms of the 2022 Marketing and Service Platform Construction Services Framework Agreement and the annual cap are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms or more favourable to the Company and that the entering into of the 2022 Marketing and Service Platform Construction Services Framework Agreement is in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

To ensure the aforesaid transactions are carried out in a fair and reasonable manner and in accordance with the terms under the 2022 Marketing and Service Platform Construction Services Framework Agreements, the Company has adopted the following internal control measures:

- (a) the finance department and other relevant departments of the Group will continuously inspect and regularly collect and evaluate the pricing principles, transaction terms and actual transaction amounts under the 2022 Marketing and Service Platform Construction Services Framework Agreements, and will obtain quotations from at least two independent third-party service providers for comparable services in order to determine the prevailing market rates, to ensure that the transactions thereunder are conducted on normal commercial terms or on terms no less favorable than those available from independent third parties and that the total transaction amount will not exceed the proposed annual caps; and
- (b) the Company's auditor and the independent non-executive Directors will conduct annual review on the pricing principles, transaction terms and transaction amount to ensure it is within the proposed annual caps under the 2022 Marketing and Service Platform Construction Services Framework Agreements.

DIRECTOR'S INTEREST IN THE CONTINUING CONNECTED TRANSACTION

Central China New Life is indirectly owned as to more than 30% by Mr. Wu. Mr. Wu is regarded as being interested in the transactions contemplated under the 2022 Marketing and Service Platform Construction Services Framework Agreement due to his interest in Central China New Life, and Mr. Wang Jun, an executive Director of the Company, is also an executive director, and the chairman of Central China New Life. Therefore, they have abstained from voting on the Board resolution approving the said agreement and its annual cap. Save and except for the aforesaid, none of the Directors has any material interest in any of the transactions contemplated under the 2022 Marketing and Service Platform Construction Services Framework Agreement and is required to abstain from voting on the Board resolutions to approve the same.

“Central China New Life”	建業新生活有限公司, 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
“Company”	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: 0832)
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Marketing and Service Platform Construction Services”	as set out in the 2020 Marketing and Service Platform Construction Services Framework Agreement, the 2021 Marketing and Service Platform Construction Services Framework Agreement and the 2022 Marketing and Service Platform Construction Services Framework Agreement, the relevant services provided by Central China New Life and its group members to the Group enabling the Group to provide customers with services relating to sales and marketing activities such as online customer services, customer engagement, house viewing, and house purchase through, amongst others, the “Jianye +” platform

“2020 Marketing and Service Platform Construction Services Framework Agreement”	the framework agreement entered into between the Company and Central China New Life on 29 June 2020 in respect of the provision of the Marketing and Service Platform Construction Services by Central China New Life to the Group, details of which are set out in the Company’s announcement of the same date
“2021 Marketing and Service Platform Construction Services Framework Agreement”	the framework agreement entered into between the Company and Central China New Life on 30 June 2021 in respect of the provision of the Marketing and Service Platform Construction Services by Central China New Life to the Group and the renewal of the 2020 Marketing and Service Platform Construction Services Framework Agreement, details of which are set out in the Company’s announcement of the same date
“2022 Marketing and Service Platform Construction Services Framework Agreement”	the framework agreement entered into between the Company and Central China New Life on 30 June 2022 (after trading hours) in respect of the provision of the Marketing and Service Platform Construction Services by Central China New Life to the Group and the renewal of the 2021 Marketing and Service Platform Construction Services Framework Agreement
“Mr. Wu”	Mr. Wu Po Sum, the chairman, an executive Director and a controlling shareholder of the Company
“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
“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, 30 June 2022

As at the date of this announcement, the Board comprises eight Directors, of which Mr. Wu Po Sum and Mr. Wang Jun are executive Directors, Mr. Lim Ming Yan, Ms. Wu Wallis (alias Li Hua) and Ms. Chen Ying are non-executive Directors, Mr. Cheung Shek Lun, Mr. Xin Luo Lin and Dr. Sun Yuyang are 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.jianye.com.cn.

* *For identification purposes only*