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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  
(1) PROPOSED RENEWAL OF THE REAL ESTATE AGENCY  
SERVICES FRAMEWORK AGREEMENT;  
(2) PROPOSED RENEWAL OF THE MEMBERSHIP  
MAINTENANCE AND MANAGEMENT SERVICES  
FRAMEWORK AGREEMENT; AND  
(3) RENEWAL OF THE PROCUREMENT SERVICES  
FRAMEWORK AGREEMENT**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**

**RAINBOW.**

RAINBOW CAPITAL (HK) LIMITED  
法博資本有限公司

**PROPOSED RENEWAL OF THE REAL ESTATE AGENCY SERVICES  
FRAMEWORK AGREEMENT**

Reference is made to the announcements of the Company dated 24 June 2019 and 30 October 2020 in relation to the Company entering into the 2019 Real Estate Agency Services Framework Agreement and its supplemental agreement in 2020. The Company entered into the 2022 Real Estate Agency Services Framework Agreement with CCNL on 9 December

2022 (after trading hours) to supersede and terminate the 2019 Real Estate Agency Services Framework Agreement and its supplemental agreement in 2020, the service scope of which will also cover the Real Estate Agency Services contemplated under the 2019 Real Estate Agency Services Framework Agreement and its supplemental agreement in 2020. Pursuant to the 2022 Real Estate Agency Services Framework Agreement, the Company has agreed to procure, and CCNL has agreed to provide, the Real Estate Agency Services.

### **PROPOSED RENEWAL OF THE MEMBERSHIP MAINTENANCE AND MANAGEMENT SERVICES FRAMEWORK AGREEMENT**

Reference is made to the announcements of the Company dated 29 March 2019 and 30 October 2020 in relation to the Company entering into the 2019 Membership Maintenance and Management Services Framework Agreement and its supplemental agreement in 2020. The Company entered into the 2022 Membership Maintenance and Management Services Framework agreement with CCNL on 9 December 2022 (after trading hours) to supersede and terminate the 2019 Membership Maintenance and Management Services Framework Agreement and its supplemental agreement in 2020, the service scope of which will also cover the Membership Maintenance and Management Services contemplated under the 2019 Membership Maintenance and Management Services Framework Agreement and its supplemental agreement in 2020. Pursuant to the 2022 Membership Maintenance and Management Services Framework Agreement, the Company has agreed to procure, and CCNL has agreed to provide, the Membership Maintenance and Management Services.

### **RENEWAL OF THE PROCUREMENT SERVICES FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 30 October 2020 in relation to the Company entering into the 2020 Procurement Services Framework Agreement with CCNL. The Company entered into the 2022 Procurement Services Framework Agreement with CCNL on 9 December 2022 (after trading hours) to supersede and terminate the 2020 Procurement Services Framework Agreement, the service scope of which will include the CCRE Procurement Services contemplated under the 2020 Procurement Services Framework Agreement. Pursuant to the 2022 Procurement Services Framework Agreement, the Company has agreed to procure, and CCNL has agreed to provide, the CCRE Procurement Services and CCNL has further agreed to make the CCNL Procurement Services.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, CCNL 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, CCNL 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 Real Estate Agency Framework Services Agreement, the 2022 Membership Maintenance and Management Services Framework Agreement and the 2022 Procurement Services Framework Agreement therefore constitute continuing connected transactions 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 annual caps of each of the 2022 Real Estate Agency Services Framework Agreement and the 2022 Membership Maintenance and Management Services Framework Agreement are over 5%, the transactions contemplated under the 2022 Real Estate Agency Services Framework Agreement and the 2022 Membership Maintenance and Management Services Framework Agreement are subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the services provided under the 2022 Procurement Services Framework Agreement is more than 0.1% but less than 5%, the transactions contemplated under the 2022 Procurement Services Framework Agreement are subject to the reporting, announcement and annual review requirements but exempt from the circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **EGM**

An Independent Board Committee has been formed to consider and advise the independent Shareholders as to whether the terms of the 2022 Real Estate Agency Services Framework Agreement and the 2022 Membership Maintenance and Management Services Framework Agreement, the transactions contemplated and the proposed annual caps thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the independent Shareholders as to how to vote at the EGM. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the independent Shareholders in this respect.

The EGM will be held for the purposes of considering and approving the 2022 Real Estate Agency Services Framework Agreement and the 2022 Membership Maintenance and Management Services Framework Agreement (including the respective proposed annual caps thereunder). A circular containing, among other things, (i) further details in relation to the terms of the 2022 Real Estate Agency Services Framework Agreement and the 2022 Membership Maintenance and Management Services Framework Agreement (including the respective proposed annual caps thereunder) and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee containing its recommendation to the independent Shareholders in respect of the 2022 Real Estate Agency Services Framework Agreement and the 2022 Membership Maintenance and Management Services Framework Agreement (including the proposed annual caps); (iii) a letter from the Independent Financial Adviser containing its advice in respect of the 2022 Real Estate Agency Services Framework Agreement and the 2022 Membership Maintenance and Management Services Framework Agreement (including the proposed annual caps); and (iv) a notice convening the EGM and the relevant proxy form, is currently expected to be despatched to the Shareholders on or before 4 January 2023.

## **RENEWAL OF THE REAL ESTATE AGENCY SERVICES FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 24 June 2019 and 30 October 2020 in relation to the entering into the 2019 Real Estate Agency Services Framework Agreement and its supplemental agreement in 2020. The Company entered into the 2022 Real Estate Agency Services Framework Agreement with CCNL on 9 December 2022 (after trading hours) which shall replace the 2019 Real Estate Agency Services Framework Agreement and its supplemental agreement in 2020, the service scope of which will also cover the Real Estate Agency Services contemplated under the 2019 Real Estate Agency Services Framework Agreement and its supplemental agreement in 2020. Pursuant to the 2022 Real Estate Agency Services Framework Agreement, the Company has agreed to procure, and CCNL has agreed to provide, the Real Estate Agency Services.

The principal terms of the 2022 Real Estate Agency Services Framework Agreement are set out as follows:

- Date : 9 December 2022 (after trading hours)
- Parties : The Company (as service user); and  
CCNL (as service provider)
- Term : From the Effective Date to 31 December 2025
- Service Scope and Service Fee : Pursuant to the 2022 Real Estate Agency Services Framework Agreement, CCNL Group shall provide Real Estate Agency Services to the Group and receive a commission based on the transaction amounts of the property sales as service fee. The commission rate to be charged by the CCNL Group shall be adjusted to the range of 0.8% to 6.0% based on the transaction amounts of the property sales as service fee. The commission rate applicable to each property project will be set out in separate agreements to be entered into from time to time between the Company and the CCNL Group under the 2022 Real Estate Agency Services Framework Agreement. The commission rate applicable to each property project will be determined with reference to a number of factors, including but not limited to overall property market environment, project location, difficulties of marketing and service content.
- Annual caps : The annual cap of the 2022 Real Estate Agency Services Framework Agreement for FY2023, FY2024 and FY2025 will each be RMB350.0 million.
- Conditions Precedent : The Company shall obtain approval regarding the 2022 Real Estate Agency Services Framework Agreement and the transactions contemplated thereunder from independent Shareholders at the EGM of the Company and the independent shareholders of CCNL at its extraordinary general meeting before the agreements formally takes effect.

## **RENEWAL OF THE MEMBERSHIP MAINTENANCE AND MANAGEMENT SERVICES FRAMEWORK AGREEMENT**

Reference is made to the announcements of the Company dated 29 March 2019 and 30 October 2020 in relation to the Company entering into the 2019 Membership Maintenance and Management Services Framework Agreement and its supplemental agreement in 2020. The Company entered into the 2022 Membership Maintenance and Management Services Framework agreement with CCNL on 9 December 2022 (after trading hours) to supersede and terminate the 2019 Membership Maintenance and Management Services Framework Agreement and its supplemental agreement in 2020, the service scope of which will also cover the Membership Maintenance and Management Services contemplated under the 2019 Membership Maintenance and Management Services Framework Agreement and its supplemental agreement in 2020. Pursuant to the 2022 Membership Maintenance and Management Services Framework Agreement, the Company has agreed to procure, and CCNL has agreed to provide, the Membership Maintenance and Management Services.

The principal terms of the 2022 Membership Maintenance and Management Services Framework Agreement are set out as follows:

Date	:	9 December 2022 (after trading hours)
Parties	:	The Company (as service user); and CCNL (as service provider)
Term	:	From the Effective Date to 31 December 2025

- Service Scope and service fees : CCNL Group shall provide the Membership Maintenance and Management Services to the Group. The parties shall enter into separate agreements for detailed service scope in respect of various Membership Maintenance and Management Services as and when necessary. The Membership Maintenance and Management Services are provided to the residents of the residential property projects developed and proposed to be developed by the Group, who are or will be the members of various residential communities.
- The service fees for regular services for members are RMB3,000 per member per annum.
- Annual caps : The annual cap of the 2022 Membership Maintenance and Management Services Framework Agreement for FY2023, FY2024 and FY2025 will each be RMB100.0 million.
- Conditions Precedent : The Company shall obtain approval regarding 2022 Membership Maintenance and Management Services Framework Agreement and the transactions contemplated thereunder from independent Shareholders at the EGM before the agreements formally takes effect.

## **RENEWAL OF THE PROCUREMENT SERVICES FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 30 October 2020 in relation to the Company entering into the 2020 Procurement Services Framework Agreement with CCNL. The Company entered into the 2022 Procurement Services Framework Agreement with CCNL on 9 December 2022 (after trading hours) to supersede and terminate the 2020 Procurement Services Framework Agreement, the service scope of which will also cover the CCRE Procurement Services contemplated under the 2020 Procurement Services Framework Agreement. Pursuant to the 2022 Procurement Services Framework Agreement, the Company has agreed to procure, and CCNL has agreed to provide, the CCRE Procurement Services and CCNL has further agreed to engage with us for the CCNL Procurement Services.

The principal terms of the 2022 Procurement Services Framework Agreement are set out as follows:

- Date : 9 December 2022 (after trading hours)
- Parties : The Company; and  
CCNL
- Term : From 1 January 2023 to 31 December 2025
- Service Scope : Pursuant to the Procurement Services Framework Agreement, CCNL Group shall provide the Group with CCRE Procurement Services in respect of gift packages for its property purchasers (as part of the marketing strategies of the Group). Such gift packages include the goods and/or services (such as electrical appliances and household products) provided by Independent Third Parties and services provided by the Group, such as cash coupon for hotels, shopping malls, integrated cultural tourism projects and Cuisine Henan Foodcourts (建業大食堂) that are owned by the Group. For CCNL Group to prepare gift packages for target property purchasers, the Group shall enter into individual agreements with CCNL Group for each property project, which set out (i) the market value of each gift package in RMB; and (ii) the specific types of goods and services expected to be included in the gift packages, so as to meet the consumption preference and needs of the target property purchasers of specific property projects.

Where CCNL Group has a need to acquire services of the Group (such as cash coupon for hotels, shopping malls, integrated cultural tourism projects and Cuisine Henan Foodcourts (建業大食堂) owned by the Group as part of gift packages prepared by the CCNL Group, whether for the Group or otherwise), CCNL Group may make the relevant purchases with the Group through CCNL Procurement Services.



Service Fee : Pursuant to the Procurement Services Framework Agreement, the payment procedures in relation to the provision of CCRE Procurement Services for specific property projects are as follows:

- The Group shall pay CCNL Group the total market value in RMB for all gift packages of relevant property projects, subject to the annual cap;
- CCNL Group shall pay Independent Third Parties the purchase costs for the goods and/or services provided by such Independent Third Parties together with certain discounts for bulk purchase. The relevant goods and/or services (such as electrical appliances, household products and any other goods and/or services set out in individual agreements) will be included in the gift packages for the property purchasers of the relevant property projects; and
- CCNL Group shall reimburse independent third parties for the services provided by the Group, together with certain discounts for bulk purchases, such as cash coupons for hotels, shopping malls, cultural tourism complexes, and Cuisine Henan Foodcourts (建業大食堂) owned by the Group (i.e., “the annual purchase cap of the CCNL Group”, and the amount cannot exceed the amount listed in this announcement upper limit).

For the CCNL Procurement Services, the CCNL Group will pay the Group in accordance with its demand for specific services from the Group and the Group will provide the CCNL Group with the requisite cash coupons or other vouchers. The Group may offer certain discounts for bulk purchase based on the specific order made by the CCNL Group.

Annual caps : The annual cap for each of the CCRE Procurement Services and CCNL Procurement Services for FY2023, FY2024 and FY2025 will each be RMB25.0 million.

## ANNUAL CAPS AND BASIS FOR DETERMINATION

The following table sets forth the annual caps under the 2022 Real Estate Agency Services Framework Agreement, the 2022 Membership Maintenance and Management Services Framework Agreement, and the 2022 Procurement Services Framework Agreement:

	Annual Caps for		
	FY2023 <i>(RMB million)</i>	FY2024 <i>(RMB million)</i>	FY2025 <i>(RMB million)</i>
2022 Real Estate Agency Services Framework Agreement	350	350	350
2022 Membership Maintenance and Management Services Framework Agreement	100	100	100
2022 Procurement Services Framework Agreement			
• CCRE Procurement Services	25	25	25
• CCNL Procurement Services	25	25	25

In considering the proposed annual caps of the 2022 Real Estate Agency Services Framework Agreement, the Directors have taken into account following factors:

- the historical transaction amounts and volume of Real Estate Agency Services used by the Company and its subsidiaries in previous years, and customised service scope required under most property projects;
- the anticipated lower demand in the estimated transaction amounts for Real Estate Agency Services for FY2023, FY2024 and FY2025, calculated by multiplying the commission rate (ranging from 0.8% to 6.0%) by the relevant estimated aggregate real estate sales amount for FY2023, FY2024 and FT2025 respectively, including the Group and its associates, for all the existing agreements in respect of Real Estate Agency Services entered into as of 31 October 2022; and
- the Group's demand for CCNL Group's Real Estate Agency Services which are mainly attributable to the Group's expected sales of property projects that will be launched for sale.

In considering the annual caps of the 2022 Membership Maintenance and Management Services Framework Agreement, the Directors have considered a number of factors, including the number of the Group's existing and upcoming real estate projects, the number of members within relevant residential communities (which are expected to remain stable), the events that are planned for members under the Membership Maintenance and Management Services and so on. In view of the number of real estate projects of the Company and the expected number of members, it is currently expected that the Group will require a relatively stable amount of Membership Maintenance and Management Services from CCNL during the term of 2022 Membership Maintenance and Management Services Framework Agreement. The Directors have also considered the historical transaction amounts of Membership Maintenance and Management Services provided by CCNL Group.

In considering the annual caps of the 2022 Procurement Services Framework Agreement, the Directors have considered a number of factors including (i) the number of property projects of the Group in the pipeline for FY2023, FY2024 and FY2025, and the estimated number of requisite gift packages as marketing promotion; (ii) the marketing budgets made by the Group in respect of the gift packages FY2023, FY2024 and FY2025; (iii) the proportion between the services provided by the Group and the goods and/or services provided by Independent Third Parties in each gift package, taking into account the marketing strategies formulated by the Group in respect of their services from time to time; and (iv) the historical transaction amounts of CCNL Procurement Services as well as the expected business growth of the CCNL Group, taking into account its business with the Group and other Independent Third Parties. Before entering into any individual service agreement in respect of the provision of CCRE Procurement Services for a specific property project, the Group will determine the service fee for CCRE Procurement Services on arm's length basis with reference to the following factors:

- The marketing positioning and brand planning of the property projects as well as the market conditions when the property projects are launched, including the promotion offers of the Group's competitors and the Group's expected marketing budget which has been impacted by the continuing downturn of the real estate industry and ongoing impact of COVID-19, which in turn will affect the total market value of the gift packages;
- The expected prevailing market price of the goods and/or services offered under the gift packages at the time of procurement by CCNL Group; and

- A reasonable mark-up rate ranging from 10% to 30% to be received by CCNL Group in respect of the provision of CCRE Procurement Services, which amounts to similar price level where the Group acquires similar goods and/or services purchased from the relevant suppliers in the market without the benefits of the sourcing network of CCNL Group and the bulk purchase discounts offered by the suppliers of CCNL Group.

Before entering into any individual agreement in respect of the CCNL Procurement Services, the Group will consider the cost of providing the services required by the CCNL Group and the prevailing market prices of similar services offered by Independent Third Parties, while offering reasonable bulk purchase discount for its purchase of cash coupons in relation to the Group at discounts comparable to those offered to other Independent Third Parties making similar purchases.

When considering the annual caps under each of the 2022 Real Estate Agency Services Framework Agreement, the 2022 Membership Maintenance and Management Services Framework Agreement and the 2022 Procurement Services Framework Agreement, the Group has considered and factored into account the recent downturn and volatility of the real estate industry as well as the impact of COVID-19 during much of the historical reference period.

## **REASONS FOR AND BENEFITS OF RENEWING THE REAL ESTATE AGENCY SERVICES FRAMEWORK AGREEMENT, THE MEMBERSHIP MAINTENANCE AND MANAGEMENT SERVICES FRAMEWORK AGREEMENT AND THE PROCUREMENT SERVICES FRAMEWORK AGREEMENT**

In relation to the 2022 Real Estate Agency Services Framework Agreement, the Group expects the number of property projects for sale from FY2023 to FY2025 will remain relatively stable, requiring service providers to provide relevant Real Estate Agency Service to enable the Group to integrate resources to develop its own principal businesses. The services to be provided to the Group by the CCNL Group under the previous Real Estate Agency Services Framework Agreements have been on no less favourable terms as compared with the services provided by Independent Third Parties, taking into account the track record of satisfactory services provided, service quality, price (including the reasons for revising the service fee as set out above), understanding of the business needs and operational requirements of the Group, and familiarity with the projects of the Group.

In relation to the 2022 Membership Maintenance and Management Services Framework Agreement, since CCNL Group is principally engaged in providing comprehensive property management services in Henan Province, the PRC, and also various ancillary services in association therewith, including but not limited to membership operation, membership maintenance and management services, etc. The Group is required to source suppliers to provide the membership maintenance and management services involved for the residential communities of the residential property projects developed and proposed to be developed by the Group. The entering into of the Membership Maintenance and Management Services Framework Agreement was in the ordinary and usual course of business of the Group.

In relation to the 2022 Procurement Services Framework Agreement, the Company is of the view that the engagement of CCNL Group to provide CCRE Procurement Services will reduce its procurement costs, administrative costs and workload through its centralised bulk procurement drawing upon the synergistic effects. CCNL Group mainly provides property management services and related value-added services in the PRC. It also provides other ancillary services, such as lifestyle services. The Jianye+ (建業+) platform, a one-stop service platform operated under its lifestyle services business, will provide part of the goods and services included in the gift packages for property purchasers of the Group. Having considered various factors including the aforesaid synergies, service quality and service fee, the services provided by CCNL to the Group are not less favourable than those provided by Independent Third Parties, and such services are in line with industry requirements. The CCNL Group will seek the CCNL Procurement Services from the Group which will involve acquisition of the Group's services and could help promote and attract potential customers to the businesses operated by the Group.

The Directors (excluding Mr. Wu, who was required to abstain from voting on the relevant Board resolutions, and the independent non-executive Directors, whose views will be provided after taking into account the advice of the Independent Financial Adviser) are of the view that (i) each of the 2022 Real Estate Agency Services Framework Agreement and the 2022 Membership Maintenance and Management Services Framework agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms; and (ii) the terms of each of the 2022 Real Estate Agency Services Framework Agreement and the 2022 Membership Maintenance and Management Services Framework Agreement and their annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (excluding Mr. Wu who was required to abstain from voting on the relevant Board resolutions, but including the independent non-executive Directors) are of the view that (i) the 2022 Procurement Services Framework Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms; and (ii) the terms of the 2022 Procurement Services Framework Agreement and its annual caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## HISTORICAL TRANSACTION AMOUNTS

The following table sets out the historical transaction amounts of the previous Real Estate Agency Services, Membership Maintenance and Management Services, CCRE Procurement Services and CCNL Procurement Services under the previous Real Estate Agency Services Framework Agreements, Membership Maintenance and Management Services Framework Agreements and Procurement Services Framework Agreements and their historical annual cap and proposed annual cap, respectively:

	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
<b>Real Estate Agency Services</b>			
Historical annual cap	440	450	465
Actual transaction amount	(Audited)	(Audited)	For the nine months ended 30 September 2022 (Unaudited)
	336.1	255.1	130.2

	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
<b>Membership Maintenance and Management Services</b>			
Historical annual cap	100	155	230
Actual transaction amount	(Audited)	(Audited)	For the nine months ended 30 September 2022 (Unaudited)
	86.9	47.3	6.1

	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>

### **CCRE Procurement Services**

Historical annual cap	60	65	65
Actual transaction amount	(Audited)	(Audited)	For the nine months ended 30 September 2022 (Unaudited)
	3.7	11.5	5.3

	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>

### **CCNL Procurement Services**

Historical annual cap	25	20	20
Actual transaction amount	11.6	15.9	6.9

The Directors confirm that, from FY2020 to the date of this announcement, the transaction amounts between the Company and its subsidiaries and CCNL Group under each of the corresponding Framework Agreements are all within their respective annual caps for the respective year/period.

## **INTERNAL CONTROL MEASURES**

To ensure the aforesaid transactions are carried out in a fair and reasonable manner and in accordance with their terms under the abovementioned agreements, the Company has adopted the following internal control measures:

- (a) before entering into of individual agreement for each project, the relevant departments of the Group will obtain quotations from at least two Independent Third Party service providers for comparable services in order to determine the prevailing market rates and will submit such quotations and individual agreement to the Group's finance department for approval;

- (b) the Group's finance department will continuously inspect and regularly collect and evaluate the pricing principles, transaction terms and actual transaction amounts under the abovementioned agreements to ensure that the transactions thereunder are conducted on normal commercial terms or on terms no less favourable than those available from Independent Third Parties and that the total transaction amount will not exceed the proposed annual caps;
- (c) during the term of the abovementioned agreements, if there is a likelihood that the proposed annual caps may be exceeded, the finance department of the Company will report the matter to the Company's senior management, who shall negotiate with CCNL to take remedial actions immediately, including the suspension of transactions. The Company shall renegotiate with CCNL to revise such annual caps and re-comply with all relevant laws and regulations and the Listing Rules (where applicable, the announcement requirement and the independent Shareholders' approval requirement); and
- (d) 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 abovementioned agreements.

## **DIRECTORS' INTERESTS IN THE CONTINUING CONNECTED TRANSACTIONS**

As CCNL is indirectly owned as to more than 30% by Mr. Wu, Mr. Wu is deemed to be interested in the transactions contemplated under the 2022 Real Estate Agency Services Framework Agreement, the 2022 Membership Maintenance and Management Services Framework Agreement and the 2022 Procurement Services Framework Agreement due to his interest in CCNL, and therefore has abstained from voting on the relevant Board resolutions. Save for the above, none of the Directors has a material interest in the above matters and is required to abstain from voting on the relevant Board resolutions.



## **INFORMATION OF THE PARTIES**

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

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CCNL 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, CCNL 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 Real Estate Agency Services Framework Agreement, the 2022 Membership Maintenance and Management Services Framework Agreement and the 2022 Procurement Services Framework Agreement therefore constitute continuing connected transactions 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 annual caps of the 2022 Real Estate Agency Services Framework Agreement and the 2022 Membership Maintenance and Management Services Framework Agreement are over 5%, the transactions contemplated under the 2022 Real Estate Agency Services Framework Agreement and the 2022 Membership Maintenance and Management Services Framework Agreement are subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. An independent board committee has been formed to consider and advise the independent Shareholders as to whether the terms of the 2022 Real Estate Agency Services Framework Agreement and the 2022 Membership Maintenance and Management Services Framework Agreement, the transactions contemplated thereunder, and their annual cap for each of the three years are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole, and to advise the independent Shareholders as to how to vote at the EGM. The Independent Financial Adviser has been appointed to advise the independent board committee and the independent Shareholders in this respect.

A circular containing, among other things, (i) further details of the 2022 Real Estate Agency Services Framework Agreement, the 2022 Membership Maintenance and Management Services Framework Agreement and the transactions contemplated thereunder; (ii) the recommendation of the independent board committee in connection with the 2022 Real Estate Agency Services Framework Agreement and the 2022 Membership Maintenance and Management Services Framework Agreement; (iii) the advice of the Independent Financial Adviser to the independent board committee and the independent Shareholders; and (iv) a notice convening the EGM is expected to be dispatched to the Shareholders no more than 15 business days after the publication of this announcement in accordance with the Listing Rules.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the annual caps for the services provided under the 2022 Procurement Services Framework Agreement are more than 0.1% but less than 5%, the transactions contemplated under them are subject to the reporting, announcement and annual review requirements but exempt from the circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“2019 Membership Maintenance and Management Services Framework Agreement”	the membership maintenance and management services framework agreement dated 29 March 2019 entered between the Company and CCNL, the details of which are set out in the announcement dated 29 March 2019 (and as supplemented by a supplemental membership maintenance and management services framework agreement dated 30 October 2020, the details of which are set out in the announcement of the Company dated 30 October 2020);
“2019 Real Estate Agency Services Framework Agreement”	the real estate agency services framework agreement dated 24 June 2019 entered between the Company and CCNL, the details of which are set out in the announcement of the Company dated 24 June 2019 (and as supplemented by a supplemental real estate agency services framework agreement dated 30 October 2020, the details of which are set out in the announcement of the Company dated 30 October 2020);

“2020 Procurement Services Framework Agreement”	the procurement services framework agreement dated 30 October 2020 entered between the Company and CCNL, the details of which are set out in the announcement of the Company dated 30 October 2020;
“2022 Membership Maintenance and Management Services Framework Agreement”	the membership maintenance and management services framework agreement dated 9 December 2022 entered between the Company and CCNL, pursuant to which CCNL Group agreed to provide Membership Maintenance and Management Services to the Group commencing from the Effective Date to 31 December 2025;
“2022 Real Estate Agency Services Framework Agreement”	the real estate agency services framework agreement dated 9 December 2022 entered into between Company and CCNL, pursuant to which CCNL Group agreed to provide Real Estate Agency Services to the Group commencing from the Effective Date to 31 December 2025;
“2022 Procurement Services Framework Agreement”	the framework agreement entered into by the Company and CCNL on 9 December 2022 in relation to the provision of CCRE Procurement Services and CCNL Procurement Services from 1 January 2023 to 31 December 2025;
“associate(s)”	has the meaning given to it under the Listing Rules;
“Board”	the board of Directors of the Company;
“CCNL”	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 Group”	CCNL and its subsidiaries;

“CCNL Procurement Services”	the procurement by the CCNL Group from the Group in relation to services offered by the Group pursuant to the 2022 Procurement Service Framework Agreement;
“CCRE Procurement Services”	the procurement services provided by CCNL Group in respect of the gift packages for property purchasers of the Group (as part of the marketing strategies of the Group) pursuant to the 2022 Procurement Services Framework Agreement;
“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;
“Effective Date”	being the date on which the independent Shareholder approve of the 2022 Membership Maintenance and Management Services Framework Agreement or the 2022 Real Estate Agency Services Framework Agreement (as applicable) at the EGM of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of approving the 2022 Membership Maintenance and Management Services Framework Agreement and/or the 2022 Real Estate Agency Services Framework Agreement (including the respective proposed annual caps thereunder) and the transactions contemplated thereunder

“FY2020”	the year ended 31 December 2020;
“FY2021”	the year ended 31 December 2021;
“FY2022”	the year ending 31 December 2022;
“FY2023”	the year ending 31 December 2023;
“FY2024”	the year ending 31 December 2024;
“FY2025”	the year ending 31 December 2025;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Financial Adviser”	Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), has been appointed as the independent financial adviser to advise the Independent Board Committee and the independent Shareholders in relation to the transactions contemplated under the 2022 Real Estate Agency Services Framework Agreement and the 2022 Membership Maintenance and Management Services Framework Agreement;
“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;
“Membership Maintenance and Management Services”	the membership maintenance and management services provided or to be provided by CCNL Group to the Group in respect of various residential communities, as well as large scale event organisation and planning services provided for the Group;
“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 as at the date of this announcement;
“party(ies)”	the Company and/or CCNL Group;
“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;
“Real Estate Agency Services”	the real estate agency services in respect of the first-hand property sales as well as the related preparation services (such as consulting services, marketing services, promotion services, etc.) provided or to be provided by CCNL Group to the Group pursuant to the 2022 Real Estate Agency Services Framework Agreement;
“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; and

“%” per cent

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

Hong Kong, 9 December 2022

*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*