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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 PROCUREMENT SERVICES FRAMEWORK AGREEMENT

On 30 October 2020, the Company entered into the Procurement Services Framework Agreement with CCNL, pursuant to which CCNL Group will provide the Group with Procurement Services in respect of gift packages for its property purchasers (as part of the marketing strategies of the Group).

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 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 Procurement Services Framework Agreement are more than 0.1% but less than 5%, the transactions contemplated under the 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.

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PROCUREMENT SERVICES FRAMEWORK AGREEMENT

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

Date	30 October 2020
Parties	(1) The Company (as service user) (2) CCNL (as service provider)
Term	1 August 2020 to 31 December 2022
Service scope and detailed arrangement	Pursuant to the Procurement Services Framework Agreement, CCNL Group shall provide the Group with Procurement Services in respect of gift packages for its property purchasers (as part of the marketing strategies of the Group). To enhance customer satisfaction, improve the brand recognition of “Central China (建業)” and increase the customer repurchase rates, the Group typically provides gift packages for its property purchasers. The gift packages are tailored to each real estate project of the Group based on its marketing strategy themes with the own characteristics of each real estate project.

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.

Service fee

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

- (a) The Group shall pay CCNL Group the total market value in RMB for all gift packages of relevant property projects (the “**Procurement of CCRE Group**”);
- (b) 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

- (c) Where the individual agreement requires the services of the Group to be offered under the relevant gift packages, CCNL Group shall subsequently pay back to the Group for the purchase cost of the services provided by the Group together with certain discounts for bulk purchase, in respect of the services (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) included in the gift packages for property purchasers of relevant property projects (the “**Procurement of CCNL Group**”).

ANNUAL CAPS AND BASIS FOR DETERMINING THE PRICE

For the two months ended 30 September 2020, the transaction amounts of (i) the procurement services provided by CCNL Group to the Company and its subsidiaries was approximately RMB2.5 million (unaudited), and (ii) the procurement by CCNL Group from the Company and its subsidiaries for the services provided by the Company and its subsidiaries (being the purchase costs of such services together with discounts for bulk purchase) was zero (unaudited).

For the three years ending 31 December 2020, 2021 and 2022, the annual cap for Procurement of CCRE Group are RMB60.0 million, RMB65.0 million and RMB65.0 million, respectively.

For the three years ending 31 December 2020, 2021 and 2022, the annual cap for Procurement of CCNL Group are RMB25.0 million, RMB20.0 million and RMB20.0 million, respectively.

In considering the aforesaid annual caps under the 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 the three years ending 31 December 2020, 2021 and 2022 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 for the three years ending 31 December 2020, 2021 and 2022; and (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.

Before entering into any individual service agreement in respect of the provision of Procurement Services for a specific property project, the Group will determine the service fee for Procurement Services with CCNL Group 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, which will affect the total market value of the gift packages in RMB;
- The prevailing market price of the goods and/or services offered under the gift packages at the time of procurement by CCNL Group;
- The reasonable bulk purchase discount to be provided by the Group to CCNL Group for its purchase of cash coupons in relation to the Group's services (the Group also provides bulk purchase discounts to other Independent Third Parties in similar purchases from time to time); and
- The reasonable mark-up rate ranging from 10% to 30% to be received by CCNL Group in respect of the provision of 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.

REASONS FOR AND BENEFITS OF THE PROCUREMENT SERVICES FRAMEWORK AGREEMENT

The Company is of the view that the engagement of CCNL Group to provide Procurement Services will reduce its procurement costs, administrative costs and workload through its centralised bulk procurement drawing upon the synergies created by its business. 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.

Pursuant to the Listing Rules, it is expected that one or more applicable percentage ratios in relation to the annual cap of the Procurement Services will be higher than 0.1%. The Company and CCNL have entered into the Procurement Services Framework Agreement to set the annual caps for the years ending 31 December 2020, 2021 and 2022.

The Directors (including independent non-executive Directors) are of the view that: (i) the aforesaid continuing connected transactions will be entered into in the ordinary and usual course of business and conducted on normal commercial terms or better; (ii) the terms of the continuing connected transactions are fair and reasonable and in the interests of the Group and the Shareholders as a whole; and (iii) the annual caps of the continuing connected transactions are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

DIRECTOR'S INTEREST IN THE CONTINUING CONNECTED TRANSACTION

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 Procurement Services Framework Agreement in view of his interest in CCNL, and therefore has abstained from voting on the Board resolution approving the Procurement Services Framework Agreement. Mr. Wang Jun, the chairman of the board of directors and the chief executive officer of CCNL, has also abstained from voting on the resolution as an executive Director of the Company. Save for the above, none of the Directors has any material interest in any of the transactions contemplated under the Procurement Services Framework Agreement and is required to abstain from voting on the Board resolution to approve the same.

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.

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 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 Procurement Services Framework Agreement are more than 0.1% but less than 5%, the transactions contemplated under the 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.

DEFINITIONS

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

“associate(s)”	has the meaning given to it under the Listing Rules
“Board”	the board of Directors of the Company
“CCNL”	Central China New Life Limited, a company established in 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
“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
“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; and for the purpose of the Procurement Services Framework Agreement, including the Company, its subsidiaries and their respective associates
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, entities other than the connected persons of the Company as defined under the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wu”	Mr. Wu Po Sum, the chairman, an executive Director and a controlling Shareholder of the Company and a controlling shareholder of CCNL
“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
“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 Procurement Services Framework Agreement
“Procurement Services Framework Agreement”	the framework agreement entered into by the Company and CCNL on 30 October 2020 in relation to the provision of Procurement Services to the Group by CCNL Group
“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
“%”	per cent

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

Hong Kong, 30 October 2020

As at the date of this announcement, the Board comprises nine Directors, of which Mr. Wu Po Sum, Mr. Wang Jun and Mr. Yuan Xujun 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.

* For identification purposes only