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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Central China Real Estate Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

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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 CONSULTATION AND MANAGEMENT SERVICES FRAMEWORK AGREEMENT;

#### (2) PROPOSED RENEWAL OF THE INTELLIGENT TECHNOLOGY SERVICES FRAMEWORK AGREEMENT; AND

#### (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

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



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Capitalised terms used in this cover page have the same meanings of those defined in this circular.

The letter from the Board is set out on pages 7 to 22 of this circular. A letter of recommendation from the Independent Board Committee to the Independent Shareholders is set out on pages 23 to 24 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreements and the transactions contemplated thereunder, is set out on pages 25 to 50 of this circular.

The notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not the Shareholders are able to attend the EGM, the Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof should the Shareholders so wish.

9 December 2021

\* for identification purpose only

### **PRECAUTIONARY MEASURES FOR THE EGM**

Please see pages 1 to 2 of this circular for precautionary measures being taken to prevent and control the spread of the novel coronavirus at the EGM, including:

- compulsory body temperature checks and health declarations
- compulsory wearing of surgical face masks (please bring your own mask)
- no refreshment will be served
- no souvenirs will be distributed
- checks on travel history and quarantine restrictions of attendees

Any person who does not comply with the above precautionary measures may be denied entry into the EGM venue. The Company will require all attendees to wear surgical face masks before they are permitted to attend, and during their attendance of the EGM at all times, and reminds the Shareholders that they may appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM as an alternative to attending the EGM in person.

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## TABLE OF CONTENTS

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	<i>Page</i>
<b>PRECAUTIONARY MEASURES FOR THE EGM</b> .....	1
<b>DEFINITIONS</b> .....	3
<b>LETTER FROM THE BOARD</b> .....	7
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	23
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b> .....	25
<b>APPENDIX I – GENERAL INFORMATION</b> .....	I-1
<b>NOTICE OF EGM</b> .....	EGM-1

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## PRECAUTIONARY MEASURES FOR THE EGM

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In view of the ongoing novel coronavirus epidemic and recent guidelines for prevention and control of its spread, the Company will implement the following precautionary measures at the EGM to protect the Shareholders, staff and other stakeholders who attend the EGM from the risk of infection:

- (i) compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the EGM venue or be required to leave the EGM venue;
- (ii) the Company will require all attendees to wear surgical face masks before they are permitted to attend, and during their attendance of the EGM at all times, and to maintain a safe distance between seats (please bring your own mask);
- (iii) no refreshment will be served at the EGM;
- (iv) no souvenirs will be distributed at the EGM; and
- (v) each attendee may be asked whether (a) he/she travelled outside of Hong Kong within the 14-day period immediately before the EGM; and (b) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the EGM venue or be required to leave the EGM venue.

Any person who does not comply with above requirements may be denied entry into the EGM venue or be required to leave the EGM venue. To the extent permitted under law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the safety of other attendees at the EGM. In our case, denied entry to the EGM venue also means that person will not be allowed to attend the EGM.

In the interest of all stakeholders' health and safety and in accordance with recent guidelines for prevention and control of the spread of novel coronavirus, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, the Shareholders may complete the proxy forms and appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person.

The proxy forms were despatched to the Shareholders together with this circular, and can otherwise be downloaded from the websites of the Company at [www.jianye.com.cn](http://www.jianye.com.cn) or the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). If you are not a registered Shareholder (i.e. if your Shares are held via banks, brokers, custodians or Hong Kong Securities Clearing Company Limited), you should consult directly with your banks, brokers or custodians (as the case may be) to assist you in the appointment of proxy.

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## PRECAUTIONARY MEASURES FOR THE EGM

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If you have any questions relating to the EGM, please contact the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, via the following:

Address : 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong  
Email : [hkinfo@computershare.com.hk](mailto:hkinfo@computershare.com.hk)  
Telephone : +852 2865 0990  
Fax : +852 2862 8628

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## DEFINITIONS

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*In this circular and the appendices to it, the following expressions have the following meanings unless the context requires otherwise:*

“2019 and 2020 Intelligent Technology Services Framework Agreement”	the framework agreement entered into between the Company and Henan CCNL on 29 March 2019 (as amended by the supplemental agreements dated 28 October 2019 and 30 October 2020 respectively) for the provision of the Intelligent Technology Services by CCNL Group to the Group as detailed in the announcements of the Company dated 29 March 2019, 28 October 2019 and 30 October 2020
“2019 Consultation and Management Services Framework Agreement”	the framework agreement entered into between the Company and Henan CCNL on 31 January 2019 (as amended by a supplemental agreement dated 28 October 2019) for the provision of the Consultation and Management Services by CCNL Group to the Group as detailed in the announcements of the Company dated 31 January 2019 and 28 October 2019
“associate(s)”	has the meaning given to it under the Listing Rules
“Board”	the board of Directors of the Company
“CCMGT”	CENTRAL CHINA MANAGEMENT COMPANY LIMITED (中原建業有限公司), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 9982), an associated corporation of the Company (within the meaning of Part XV of the SFO)
“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
“Company”	Central China Real Estate Limited (建業地產股份有限公司*), 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)

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## DEFINITIONS

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“Consultation and Management Services”	the consultation and management services, including but not limited to marketing centre management services, vacant properties management services, self-owned properties management services and properties pre-delivery inspection services, to be provided by CCNL Group to the Group, as set out in the Consultation and Management Services Framework Agreement
“Consultation and Management Services Framework Agreement”	the framework agreement entered into between the Company and CCNL on 11 November 2021 (after trading hours) for the provision of the Property Consultation and Management Services by CCNL Group to the Group
“connected person(s)”	has the meaning given to it under the Listing Rules
“controlling shareholder”	has the meaning given to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and if thought fit, pass resolutions to approve the Framework Agreements, the transactions contemplated and the proposed annual caps thereunder
“Framework Agreements”	the Consultation and Management Services Framework Agreement and the Intelligent Technology Services Framework Agreement
“Group”	the Company and its subsidiaries
“Henan CCNL”	Henan Central China New Life Service Co., Ltd.* (河南建業新生活服務有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of CCNL
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the Independent Board Committee established by the Company, comprising all the independent non-executive Directors, namely Mr. Cheung Shek Lun, Mr. Xin Luo Lin and Dr. Sun Yuyang, to advise the Independent Shareholders on the Framework Agreements (including the proposed annual caps) and the transactions contemplated thereunder

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## DEFINITIONS

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“Independent Financial Adviser”	Lego Corporate Finance Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Framework Agreements (including the proposed annual caps) and the transactions contemplated thereunder
“Independent Shareholders”	all Shareholders other than the Shareholders with a material interest in the Framework Agreements and the transactions contemplated thereunder
“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
“Intelligent Technology Services”	the intelligent technology services, including but not limited to engineering installation, software development and related consulting services, to be provided by CCNL Group to the Group, as set out in the Intelligent Technology Services Framework Agreement
“Intelligent Technology Services Framework Agreement”	the framework agreement entered into between the Company and CCNL on 11 November 2021 (after trading hours) for the provision of the Intelligent Technology Services by CCNL Group to the Group
“Latest Practicable Date”	6 December 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“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 owns more than 30% of the shareholding interests in CCNL as at the Latest Practicable Date
“parties”	the Company and CCNL Group
“party”	the Company or CCNL Group



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## DEFINITIONS

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“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“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

\* *for identification purpose only*

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LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Wu Po Sum (*Chairman*)  
Mr. Wang Jun

*Non-Executive Director:*

Mr. Lim Ming Yan  
Ms. Wu Wallis (alias Li Hua)  
Ms. Chen Ying

*Independent Non-Executive Directors:*

Mr. Cheung Shek Lun  
Mr. Xin Luo Lin  
Dr. Sun Yuyang

*Registered Office:*

Cricket Square Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

*Principal place of business in Hong Kong:*

Room 7701B-7702A, 77th Floor  
International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

9 December 2021

*To the Shareholders*

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTIONS  
(1) PROPOSED RENEWAL OF THE CONSULTATION AND  
MANAGEMENT SERVICES FRAMEWORK AGREEMENT;  
(2) PROPOSED RENEWAL OF THE INTELLIGENT TECHNOLOGY  
SERVICES FRAMEWORK AGREEMENT; AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

**Consultation and Management Services Framework Agreement**

Reference is made to the announcements of the Company dated 31 January 2019 and 28 October 2019 in relation to, among other things, the entering into of the 2019 Consultation and Management Services Framework Agreement and revision of the annual caps. As the 2019 Consultation and Management Services Framework Agreement is due to expire on 31 December 2021, the Company entered into the new Consultation and Management Services Framework Agreement with CCNL on 11 November 2021 (after trading hours) to renew the 2019 Consultation and Management Services Framework Agreement for three years commencing from 1 January 2022.

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## LETTER FROM THE BOARD

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### **Intelligent Technology Services Framework Agreement**

Reference is made to the announcements of the Company dated 29 March 2019, 28 October 2019 and 30 October 2020 in relation to, among other things the entering into of the 2019 and 2020 Intelligent Technology Services Framework Agreement and revision of the annual caps. On 11 November 2021 (after trading hours), the Company entered into the new Intelligent Technology Services Framework Agreement with CCNL to renew the term of the Intelligent Technology Services up to 31 December 2023 and revise the original annual caps for the years ending 31 December 2021 and 2022.

The purpose of this circular is to provide you with, among other things, (i) further details in relation to the terms of the Framework Agreements (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 Framework Agreements (including the proposed annual caps thereunder); (iii) a letter from the Independent Financial Adviser containing its advice in respect of the Framework Agreements (including the proposed annual caps); and (iv) a notice convening the EGM and the relevant proxy form, as well as any other information required to be disclosed under the Listing Rules.

## **2. CONSULTATION AND MANAGEMENT FRAMEWORK AGREEMENT**

Reference is made to the announcements of the Company dated 31 January 2019 and 28 October 2019 in relation to, among other things, the entering into of the 2019 Consultation and Management Services Framework Agreement and revision of the annual caps. As the 2019 Consultation and Management Services Framework Agreement is due to expire on 31 December 2021, the Company entered into the new Consultation and Management Services Framework Agreement with CCNL on 11 November 2021(after trading hours) to renew the 2019 Consultation and Management Services Framework Agreement for three years commencing from 1 January 2022.

Principal terms of the Consultation and Management Framework Agreement are set out as follows:

Date	:	11 November 2021
Parties	:	the Company (as service user); and CCNL (as service provider)
Term	:	1 January 2022 to 31 December 2024 (subject to approval by the Independent Shareholders at the EGM)

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## LETTER FROM THE BOARD

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Nature of transaction and service scope : CCNL Group shall provide the following Property Consultation and Management Services to the Group:

- A. Property 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 Group set up for sales and promotion of the Group's 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 Group 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 Group which are used for their business operations.
- E. Properties pre-delivery inspection services: post-completion and pre-delivery property examination and checking services provided for newly completed properties of the Group.

The parties shall enter into separate agreements prescribing the detailed scope of services, specific terms and conditions for specific properties of the Group as and when necessary.

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## LETTER FROM THE BOARD

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- Fees and pricing policy : A. Property consultation services: the fee for one single consultation service shall be in the range of RMB1/sq.m. to RMB8/sq.m. depending on the nature and area of the properties and type of services.
- B. Marketing centre management services: the fee shall be charged based on the operation costs of CCNL Group (including staff salaries, staff benefits, administration and management costs, the applicable taxes (approximately 6.72%)) in respect of each marketing centre, plus a markup of 10% to 20%, depending on (i) the nature, category and location of the property projects; and (ii) location and scale of the marketing centres, nature, schedule and complexity of marketing events.
- C. Vacant properties management services: the fee shall be in the range of RMB0.6/month per sq.m. to RMB20/month per sq.m. depending on the location and types of properties (such as residential or parking lot).
- D. Self-owned properties management services: the fee shall be in the range of RMB0.6/month per sq.m. to RMB20/month per sq.m. depending on (i) the anticipated costs of CCNL Group; and (ii) the prevailing market rate of comparable services.
- E. Properties pre-delivery inspection services: the unit price shall be in the range from RMB6/sq.m. to RMB8/sq.m. depending on (i) the size of the property; (ii) the anticipated costs of CCNL Group and (iii) prevailing market rate for comparable services.

The above service fees shall be determined by the parties after arm's length negotiations and on normal commercial terms with reference to the prevailing market rates for the relevant services and in line with market practice, and shall be no less favorable to the Company than those available from independent third parties.

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## LETTER FROM THE BOARD

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Details of the payment mechanism for the fees and payments due to CCNL Group will be specified in the separate agreements to be entered into by the parties.

- Other Transaction Arrangements : If other counterparties can provide the same services at a more favourable price than the price under the Landscape Services Framework Agreement, the Group is entitled to choose the services provided by the counterparty.
- Implementation Terms and Rules : The relevant implementation terms and rules (including payment mechanism and other details) for specific individual project cooperation, depending on the actual situation, will be determined by the Group, DIT Group and/or its subsidiaries on normal commercial terms after arm length's negotiation. They shall be determined in accordance with the project cooperation agreement, construction contract for construction projects and other cooperation-related agreements, legally binding documents or other documents agreed by the parties under the Landscape Services Framework Agreement.
- Conditions Precedent : The effectiveness of the Consultation and Management Services Framework Agreement shall be conditional on the approval of the Consultation and Management Services Framework Agreement by the Independent Shareholders at the EGM and by the independent shareholders of CCNL.

As at the Latest Practicable Date, none of the above conditions precedent have been satisfied or fulfilled.

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## LETTER FROM THE BOARD

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### 3. INTELLIGENT TECHNOLOGY SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcements of the Company dated 29 March 2019, 28 October 2019 and 30 October 2020 in relation to, among other things, the entering into of the 2019 and 2020 Intelligent Technology Services Framework Agreement and revision of the annual caps. On 11 November 2021 (after trading hours), the Company entered into the new Intelligent Technology Services Framework Agreement with CCNL to renew the term of the Intelligent Technology Services up to 31 December 2023 and revise the existing annual caps.

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

- Date : 11 November 2021
- Parties : (1) the Company (as service user); and  
(2) CCNL (as service provider)
- Term : 1 January 2021 to 31 December 2023 (subject to approval by the Independent Shareholders at the EGM)
- Nature of transaction and service scope : CCNL Group shall provide the following Intelligent Technology Services to the Group:
- 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.
  - C. Intelligent Consultation services: customized consultation to properties including residential properties and commercial properties.

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## LETTER FROM THE BOARD

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The parties shall enter into separate agreements prescribing the detailed scope of services, specific terms and conditions of each project as and when necessary.

- Fees and pricing policy :
- A. Engineering installation services for intelligent products and sales service for products: the integrated average unit price of a contract is expected to be approximately between RMB30/sq.m. and RMB100/sq.m. depending on the configuration standards of a specific project taking into account factors including equipment materials, construction costs, enterprise management fees, profits and tax bonuses.
  - B. Software development services: the development fee of a project shall be in the range of RMB20,000 to RMB4,000,000 after taking into account project content and development content, such as the difficulties and complexities of a project, technical specifics of a project and items developed, the implementation schedule/timetable, the number of developers deployed, etc., and prevailing market rates.
  - C. Intelligent consultation services: the unit price of residential consultation services is approximately RMB2 to RMB3 per sq.m. and the unit price of office building consultation services is approximately RMB2.5 to RMB3.5 per sq.m., depending on the GFA of the project, nature of the project and prevailing market rates.

The fees are determined by the parties after arm's length negotiations and on normal commercial terms with reference to (i) prices of the intelligent technology products; (ii) anticipated operation costs of CCNL Group taking into account factors such as equipment materials, installation costs, enterprise management fees; (iii) specific software requirement; (iv) GFA and nature of the Group's property projects; and (v) prevailing market prices for comparable services, and shall be no less favorable to the Company than those available from independent third parties.



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## LETTER FROM THE BOARD

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The fees are charged at fixed lump-sum fees, which are payable by installments with reference to stage of completion of the works specified under each separate agreements to be entered into by the parties for the specific project.

- Other Transaction Arrangements : If other counterparties can provide the same services at a more favourable price than the price under the Decoration Services Framework Agreement, the Group is entitled to choose the services provided by the counterparty
- Implementation Terms and Rules : The relevant implementation terms and rules (including payment mechanism and other details) for specific individual project cooperation, depending on the actual situation, will be determined by the Group, DIT Group and/or its subsidiaries on normal commercial terms after arm length's negotiation. They shall be determined in accordance with the project cooperation agreement, construction contract for construction projects and other cooperation-related agreements, legally binding documents or other documents agreed by the parties under the Decoration Services Framework Agreement
- Conditions Precedent : The effectiveness of the Intelligent Technology Services Framework Agreement shall be conditional on the approval of the Intelligent Technology Services Framework Agreement by the Independent Shareholders at the EGM and by the independent shareholders of CCNL

As at the Latest Practicable Date, none of the above conditions precedent have been satisfied or fulfilled.

The Intelligent Technology Services Framework Agreement shall replace the 2019 and 2020 Intelligent Technology Services Framework Agreement upon it becoming effective.

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## LETTER FROM THE BOARD

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#### 4. PROPOSED ANNUAL CAPS AND BASIS FOR DETERMINATION

The following table sets out the proposed annual caps for the services to be provided by CCNL Group to the Group under the Framework Agreements:

	For the financial year commencing from 1 January			
	2021	2022	2023	2024
	(RMB)	(RMB)	(RMB)	(RMB)
Property Consultation and Management Services	–	300,000,000	375,000,000	480,000,000
Intelligent Technology Services	500,000,000	700,000,000	1,000,000,000	–

In considering the annual caps for the Consultation and Management Services Framework Agreement, the Directors have considered a number of factors, including, among other things: (i) the historical transaction amounts under the 2019 Consultation and Management Services Framework Agreement; and (ii) the expected demand for the Consultation and Management Services from the Group for the three years ending 31 December 2024 based on (a) the anticipated transaction amount for 2021 based on actual contractual amount; (b) the expected annual growth rate of 10% in the number of the marketing centres for property sales of the Group for each of the three years ending 31 December 2024, with reference to the compound annual growth rate (“CAGR”) of number of property projects delivered by the Group over the past five years of approximately 15.3%; and (c) the expected annual growth rates of 30%, 33% and 34% in the GFA to be delivered with respect to the Group’s vacant properties, and pre-delivery/early stage properties that would require consultation and inspection services for the years ending 31 December 2022, 2023 and 2024, respectively, with reference to the CAGR of GFA delivered by the Group over the past five years of approximately 33.7%.

In the past three years, the Group’s property development continued to grow steadily. The aggregated GFA for properties developed and delivered by the Group had increased from 11.94 million sq.m. for the year ended 31 December 2017 to 39.18 million sq.m. for the year ended 31 December 2020. As at ended 31 December 2020, the Group had 180 projects under development with a total GFA approximately 32.65 million sq.m. and had land reserves with a total GFA of approximately 54.11 million sq.m. It is expected that the Group’s property development projects will continue to grow steadily in the next three years.

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## LETTER FROM THE BOARD

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In considering the annual caps for the Intelligent Technology Services Framework Agreement, the Directors have considered a number of factors including, among other things: (i) the historical transaction amounts and volume of the Intelligent Technology Services; and (ii) the expected demand for the Intelligent Technology Services from the Group for the three years ending 31 December 2023 based on (a) the anticipated transaction amount for 2021 based on actual contractual amount; (b) the expected annual growth rates of 35% and 38% of the upcoming property projects that would require Intelligent Technology Services for the years ending 31 December 2022 and 2023, respectively, with reference to the CAGR of GFA delivered by the Group over the past five years of approximately 33.7%; and (c) the strategy of the Group in enhancing the environmental protection and smart home technologies for its property projects.

### 5. HISTORICAL TRANSACTION AMOUNTS

The following table sets out the historical transaction amounts of the Property Consultation and Management Services and Intelligent Technology Services provided by CCNL Group to the Group under the 2019 Consultation and Management Services Framework Agreement, 2019 and 2020 Intelligent Technology Services Framework Agreement and their original annual cap and existing annual cap, respectively:

	<b>For the financial year commencing from 1 January</b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
<b>Property Consultation and Management Services</b>				
Existing annual cap	155,000,000	195,000,000	240,000,000	380,000,000
Actual transaction amount	144,152,000	173,220,000	136,828,000	N/A
			(for the nine months ended 30 September 2021)	
<b>Intelligent Technology Services</b>				
Annual cap	145,000,000	340,000,000	360,000,000	N/A
Actual transaction amount	135,303,000	285,349,000	254,510,000	N/A
			(for the nine months ended 30 September 2021)	

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## LETTER FROM THE BOARD

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### 6. REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENTS

CCNL is a leading property management service provider in the central China region, providing comprehensive property management services, including property management and related value-added services, lifestyle services (such as travel services), intelligent technology services and commercial property management and consultation services. The Group has a long-standing and well-established business relationship with CCNL Group. Given the long history of business relationship, CCNL Group has developed a well-established understanding in the Group's business and is familiar with the standards and requirements of the Group; hence, is able to provide customized services to the Group to meet our specific needs. Taking into account the service delivery capabilities, quality of services, price, understanding of the Group's business needs and operational needs, as well as the familiarity with the Group's projects by virtue of, among others, CCNL Group's and the Group's common business focus, presence and collaboration in the Great Central China area, the Group and CCNL Group entered into the Framework Agreements, which are expected to bring about significant synergies and further promote the business growth of the Group in the real estate development and sales industry in the long run.

Adhering to the Company's development philosophy of "Technology, Energy-saving, Low-carbon and Green" and to further show meticulous care to its customers, the Group has been integrating intelligent technology elements into the design of fully decorated properties, including but not limited to smart homes and security systems, etc.; therefore, requiring service providers to provide relevant Intelligent Technology Services to enable the Group to focus its resources to develop its principal businesses. The Group expects further increase in the demand for Intelligent Technology Services in the coming years having considered the increasing public interest in green and smart home technologies, among other factors. Taking into account the track record of satisfactory services provided by CCNL Group, the service quality, understanding of the business needs and operational requirements of the Group, and familiarity with the projects of the Group, entering into the Intelligent Technology Services Framework Agreement with CCNL for provision of Intelligent Technology Services to the Group by CCNL Group would be in line with the Company's development direction.

The Directors (excluding 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 Consultation and Management Services Framework Agreement and the Intelligent Technology 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 Consultation and Management Services Framework Agreement and the Intelligent Technology Services Framework Agreement and their respective annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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The Directors (excluding all the independent non-executive Directors who will provide advice after considering the recommendation from the Independent Financial Adviser, Mr. Wu and Mr. Wang Jun, each an executive Director) are of the view that the terms of the Framework Agreements and the proposed annual caps are fair and reasonable, the transactions contemplated thereunder are on normal or better commercial terms to the Company, and the Framework Agreements and the transactions contemplated thereunder are entered into and to be conducted in the ordinary course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

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

To the best of the Directors' knowledge and belief after having made all reasonable enquiries, as at the Latest Practicable Date, (i) Mr. Wu, indirectly owns more than 30% of the issued shares of CCNL; and (ii) Mr. Wang Jun, an executive Director and the chief executive officer of the Company, is the chairman of the board and the chief executive officer of CCNL, and both Mr. Wu and Mr. Wang Jun had abstained from voting on the relevant Board resolutions approving the Consultation and Management Services Framework Agreement, the Intelligent Technology Services Framework Agreement and the transactions contemplated thereunder for good corporate governance purpose. Save as disclosed above, no other Directors has a material interest in the Consultation and Management Services Framework Agreement, the Intelligent Technology Services Framework Agreement or the transactions contemplated thereunder and is required to abstain from voting on the relevant Board resolutions.

### **8. 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 respective Framework 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 relevant Framework Agreements 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;

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## LETTER FROM THE BOARD

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- (c) during the term of the Framework 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 relevant Framework Agreements.

By implementing the above measures, the Directors (excluding the independent non-executive Directors, Mr. Wu and Mr. Wang Jun, each an executive Director) consider that the Company has sufficient internal control and procedures to ensure that any service fees to be agreed pursuant to the Landscape Services Framework Agreement and Decoration Services Framework Agreement will be on normal commercial terms and no less favourable to the Company than those available from independent third parties.

### **9. INFORMATION ON 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.

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## LETTER FROM THE BOARD

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### 10. IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, 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 Chapter 14A of the Listing Rules. The transactions contemplated under the Consultation and Management Services Framework Agreement and the Intelligent Technology 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 transactions contemplated under the Consultation and Management Services Framework Agreement exceed 5%, the transactions contemplated under the Consultation and Management Services Framework Agreement are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (other than the profit ratio) in respect of the transactions contemplated under the Intelligent Technology Services Framework Agreement exceed 5%, the transactions contemplated under the Intelligent Technology Services Framework Agreement are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### 11. INDEPENDENT BOARD COMMITTEE

In compliance with the Listing Rules, the Independent Board Committee has been established to consider the terms of the Framework Agreements, the transactions contemplated and the proposed annual caps thereunder and to advise the Independent Shareholders as to whether they are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and to give its recommendation as to the voting in respect of the resolutions to be proposed at the EGM for approving the Framework Agreements, the transactions contemplated and the proposed annual caps thereunder, after taking into account the recommendation of the Independent Financial Adviser. In this connection, the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the Framework Agreements, the transactions contemplated and the proposed annual caps thereunder. The text of the letter from the Independent Board Committee is set out on pages 23 to 24 of this circular and the text of the letter from the Independent Financial Adviser containing its advice is set out on pages 25 to 50 of this circular.

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## LETTER FROM THE BOARD

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### 12. THE EGM

The EGM of the Company will be held at 7701B-7702A, Level 77, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong on Tuesday, 28 December 2021 at 3:00 p.m., during which resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, pass resolutions to approve the Framework Agreements, the transactions contemplated and the proposed annual caps thereunder.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. In order to comply with the Listing Rules, all votes at the EGM will be taken by poll and the Company will announce the poll results after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Shareholders with a material interest in the Framework Agreements and the transactions contemplated thereunder are required to abstain from voting on the relevant resolution(s) at the EGM. As at the Latest Practicable Date, Mr. Wu (through Joy Bright Investments Limited, a company directly wholly-owned by him) held 2,078,036,867 Shares, representing approximately 70.04% of the share capital of the Company. Mr. Wu and Joy Bright Investments Limited control or are entitled to exercise control over the voting right in respect of their Shares. CCNL Group is indirectly owned as to more than 30% by Mr. Wu. Mr. Wu is regarded as being interested in the transactions contemplated under the Framework Agreements due to his interests in CCNL Group. Therefore, Mr. Wu (through Joy Bright Investments Limited) will abstain from voting on the relevant resolutions at the EGM. Save as disclosed, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no other Shareholder is required to abstain from voting on the resolutions to be proposed in respect of the aforesaid matters.

The notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not the Independent Shareholders are able to attend the EGM, the Independent Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Independent Shareholders from attending and voting in person at the EGM or any adjournment thereof should the Independent Shareholders so wish.



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## LETTER FROM THE BOARD

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### 13. CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the EGM to be held on Tuesday, 28 December 2021, the register of members of the Company will be closed from 23 December 2021 to 28 December 2021 (both days inclusive), during which period no transfer of shares in the Company can be registered. In order to qualify for attending the EGM, all properly completed share transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 22 December 2021.

### 14. RECOMMENDATION

The Directors (including the independent non-executive Directors whose views are set out in the section headed "Letter from the Independent Board Committee" in this circular after considering the advice from the Independent Financial Adviser, but excluding Mr. Wu and Mr. Wang Jun, each an executive Director) are of the view that the Framework Agreements, the transactions contemplated and the proposed annual caps thereunder have been entered into on normal commercial terms that are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Board (including the Independent Board Committee, but excluding Mr. Wu and Mr. Wang Jun, each an executive Director) recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Framework Agreements, the transactions contemplated and the proposed annual caps thereunder.

### 15. ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 23 to 24 of this circular which contains its recommendation to the Shareholders as to voting at the EGM in relation to the Framework Agreements, the transactions contemplated and the proposed annual caps thereunder; and (ii) the letter from the Independent Financial Adviser as set out on pages 25 to 50 of this circular which contains its advice to the Independent Board Committee and the Shareholders in relation to the Framework Agreements, the transactions contemplated and the proposed annual caps thereunder.

Your attention is also drawn to the general information set out in the appendix to this circular.

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

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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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)

9 December 2021

*To the Independent Shareholders*

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTIONS  
RENEWAL OF (1) THE CONSULTATION AND  
MANAGEMENT SERVICES FRAMEWORK AGREEMENT; AND  
(2) THE INTELLIGENT TECHNOLOGY SERVICES  
FRAMEWORK AGREEMENT**

**INTRODUCTION**

We refer to the circular of the Company dated 9 December 2021 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on the terms of each of the Consultation and Management Services Framework Agreement and the Intelligent Technology Services Framework Agreement, the transactions contemplated and the proposed annual caps thereunder. The appointment of Lego Corporate Finance Limited as the Independent Financial Adviser to advise you and us in this regard has been approved by us. Details of its advice, together with the principal factors and reasons it has taken into consideration in arriving at such advice, are set out on pages 25 to 50 of the Circular. Your attention is also drawn to the “Letter from the Board” in the Circular and other information set out in the appendix thereto.

\* for identification purpose only

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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### RECOMMENDATION

Having considered the terms of each of the Consultation and Management Services Framework Agreement and the Intelligent Technology Services Framework Agreement, the transactions contemplated and the proposed annual caps thereunder, and taking into account the independent advice of the Independent Financial Adviser, in particular the principal factors, reasons and recommendation as set out in its letter, as well as the relevant information contained in the letter from the Board, we are of the opinion that each of the Consultation and Management Services Framework Agreement and the Intelligent Technology Services Framework Agreement, the transactions contemplated and the proposed annual caps thereunder have been entered into on normal commercial terms that are fair and reasonable, are entered into and to be conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend that you vote in favour of the ordinary resolutions to be proposed at the EGM to approve each of the Consultation and Management Services Framework Agreement and the Intelligent Technology Services Framework Agreement, the transactions contemplated and the proposed annual caps thereunder.

Yours faithfully,

For and on behalf of the Independent Board Committee

**Mr. Cheung Shek Lun**

**Dr. Sun Yuyang**

**Mr. Xin Luo Lin**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreements, and the transactions contemplated thereunder (including the proposed annual caps for the Intelligent Technology Services and the Consultation and Management Services), which has been prepared for the purpose of inclusion in this circular.*

9 December 2021

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs or Madams,

**CONTINUING CONNECTED TRANSACTIONS**  
**(1) PROPOSED RENEWAL OF THE CONSULTATION AND**  
**MANAGEMENT SERVICES FRAMEWORK AGREEMENT;**  
**AND**  
**(2) PROPOSED RENEWAL OF THE INTELLIGENT**  
**TECHNOLOGY SERVICES FRAMEWORK AGREEMENT AND**  
**REVISION OF ANNUAL CAPS**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of (i) the proposed renewal of the Consultation and Management Services Framework Agreement and the adoption of the relevant annual caps for the three years ending 31 December 2024; and (ii) the proposed renewal of the Intelligent Technology Services Framework Agreement and the adoption of the relevant annual caps for the three years ending 31 December 2023, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 9 December 2021 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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References are made to (i) the announcements of the Company dated 31 January 2019 and 28 October 2019 in relation to, among other things, the entering into of the 2019 Consultation and Management Services Framework Agreement and revision of the annual caps. As the 2019 Consultation and Management Services Framework Agreement is due to expire on 31 December 2021, the Company entered into the new Consultation and Management Services Framework Agreement with CCNL on 11 November 2021 (after trading hours) to renew the 2019 Consultation and Management Services Framework Agreement for three years commencing from 1 January 2022; and (ii) the announcements of the Company dated 29 March 2019, 28 October 2019 and 30 October 2020 in relation to, among other things, the entering into of the 2019 and 2020 Intelligent Technology Services Framework Agreement and revision of the annual caps. On 11 November 2021 (after trading hours), the Company entered into the new Intelligent Technology Services Framework Agreement with CCNL to renew the term of the Intelligent Technology Services up to 31 December 2023 and revise the original annual caps for the years ending 31 December 2021 and 2022.

As at the Latest Practicable Date, 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 Chapter 14A of the Listing Rules. The transactions contemplated under the Framework Agreements 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 transactions contemplated under the Framework Agreements exceed 5%, the transactions contemplated under the Framework Agreements are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all three independent non-executive Directors, namely Mr. Cheung Shek Lun, Dr. Sun Yuyang and Mr. Xin Luo Lin, has been established to consider and advise the Independent Shareholders as to whether the terms of the Framework Agreements (including respective proposed annual caps thereunder), the transactions contemplated 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. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regards.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### OUR INDEPENDENCE

As at the date of this letter, Lego Corporate Finance Limited did not have any relationships or interests with the Company, parties to the Framework Agreements, or any other parties that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the past two years, we have acted as the independent financial adviser to the Company with respect to the continuing connected transactions in relation to the provision of marketing and service platform construction services by CCNL Group to the Group. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we had received or will receive any fees or benefits from the Company or any other party to the transactions. Accordingly, we consider that we are eligible to give independent advice on the Framework Agreements (including the proposed annual caps thereunder).

### BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Company and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Company (the “**Management**”); and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects at the time they were made and up to the Latest Practicable Date and may be relied upon. We have also assumed that all such statements of belief, opinions and intention of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and/or the Management. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the Management were true, accurate, complete and not misleading in all respects at the time they were made and continued to be so up to the Latest Practicable Date.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, CCNL or any of their respective subsidiaries or associates.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in respect of the Framework Agreements and respective proposed annual caps, we have taken into consideration the following principal factors and reasons.

#### 1. Background information of the parties involved

##### *The Group*

As set out in the Letter from the Board, the Group is principally engaged in property development in Henan Province, the PRC.

Set forth below are the summaries of the consolidated financial statements of the Company extracted from the published annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”) and the published interim report of the Company for the six months ended 30 June 2021 (the “**2021 Interim Report**”), respectively:

##### *Financial performance of the Company*

	For the year ended 31 December		For the six months ended 30 June	
	2019 RMB' million (audited)	2020 RMB' million (audited)	2020 RMB' million (unaudited)	2021 RMB' million (unaudited)
Revenue	30,766.7	43,304.4	13,018.9	20,356.9
Gross profit	8,005.3	8,596.0	3,088.8	3,637.8
Profit for the year/period	2,415.5	2,101.6	786.2	1,025.2

##### *For the year ended 31 December 2020*

As disclosed in the 2020 Annual Report, the Company recorded total revenue of approximately RMB43,304.4 million for the year ended 31 December 2020, representing an increase of approximately 40.8% as compared to approximately RMB30,766.7 million for the year ended 31 December 2019. Such increase was mainly attributable to (i) the increase in the GFA recognised by 35.6% from approximately 4.5 million sq.m. in 2019 to approximately 6.1 million sq.m. in 2020; and (ii) the average selling price (excluding underground parking space) increased by 5.2% from approximately RMB6,472 per sq.m. in 2019 to approximately RMB6,811 per sq.m. in 2020. The gross profit of the Company increased by approximately 7.4% from approximately RMB8,005.3 million for the year ended 31 December 2019 to approximately RMB8,596.0 million for the year ended 31 December 2020, whereas the gross profit margin decreased from approximately 26.0% in 2019 to approximately 19.9% in 2020. The decreased in gross profit margin was principally due to the epidemic in the first half of 2020 while the Company adopted a de-stocking strategy in some cities to stimulate sales, thus narrowed the range of overall sales mark-up.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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For the year ended 31 December 2020, the Company recorded net profit of approximately RMB2,101.6 million, representing a decrease of approximately 13.0% as compared to approximately RMB2,415.5 million for the year ended 31 December 2019. Such decrease was mainly attributable to the significant increase in finance cost by approximately 221.8% from approximately RMB395.2 million for the year ended 31 December 2019 to approximately RMB1,271.8 million for the year ended 31 December 2020, resulting from (i) the increase in loss from changes in fair value of derivatives including foreign exchange rate swap contracts, forward contracts and option contracts of approximately RMB613.0 million; and (ii) the increase of total senior notes for the year resulting in an increase in related interest expenses.

*For the six months ended 30 June 2021*

As disclosed in the 2021 Interim Report, the Company recorded total revenue of approximately RMB20,356.9 million for the six months ended 30 June 2021, representing an increase of approximately 56.4% as compared to approximately RMB13,018.9 million for the six months ended 30 June 2020. Such increase was primarily attributable to (i) the increase in the GFA recognised by 49.4% from approximately 1.8 million sq.m. for the six months ended 30 June 2020 to approximately 2.7 million sq.m. for the six months ended 30 June 2021; and (ii) the average selling price (excluding underground parking spaces) increased by 9.8% from approximately RMB6,389 per sq.m. for the six months ended 30 June 2020 to approximately RMB7,013 per sq.m. for the six months ended 30 June 2021. The gross profit of the Company increased by approximately 17.8% from approximately RMB3,088.8 million for the six months ended 30 June 2020 to approximately RMB3,637.8 million for the six months ended 30 June 2021, whereas the gross profit margin decreased from approximately 23.7% for the six months ended 30 June 2020 to approximately 17.9% for the six months ended 30 June 2021. The decreased in gross profit margin was principally due to the de-stocking strategy adopted by the Group.

For the six months ended 30 June 2021, the Group recorded net profit of approximately RMB1,025.2 million, representing an increase of approximately 30.4% as compared to approximately RMB786.2 million for the six months ended 30 June 2020. Such increase was mainly attributable to the net effects of (i) the increase in revenue derived from sale of properties as mentioned above; and (ii) the decrease in other net income by approximately 63.6% from approximately RMB522.2 million for the six months ended 30 June 2020 to approximately RMB190.1 million for the six months ended 30 June 2021.



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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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***Financial position of the Company***

	<b>As at 31 December 2020</b>	<b>As at 30 June 2021</b>
	<i>RMB' million (audited)</i>	<i>RMB' million (unaudited)</i>
Total assets	163,900.8	161,328.1
Total liabilities	149,318.7	148,576.4
Net assets value	14,582.0	12,751.7

As at 30 June 2021, the Group's total assets decreased to approximately RMB161,328.1 million from approximately RMB163,900.8 million as at 31 December 2020. Such decrease was mainly due to the decrease in cash and cash equivalents of approximately RMB11,746.7 million. The effect of which was partially offset by (i) the increase in property, plant and equipment of approximately RMB1,713.6 million; (ii) the increase in interest in joint ventures of approximately RMB1,670.9 million; (iii) the increase in inventories and other contract costs of approximately RMB4,598.8 million; and (iv) the increase in trade and other receivables of approximately RMB1,677.1 million. As at 30 June 2021, the Group's total liabilities decreased to approximately RMB148,576.4 million from approximately RMB149,318.7 million as at 31 December 2020. Such decrease was mainly attributable to the net effect of (i) the increase in trade and other payables of approximately RMB4,241.4 million; (ii) the decrease in contract liabilities of approximately RMB1,966.0 million; (iii) the decrease in senior notes of approximately RMB1,816.3 million; and (iv) the decrease in corporate bonds of approximately RMB1,500.0 million. As a result of the above, the net assets value of the Group decreased from approximately RMB14,582.0 million as at 31 December 2020 to approximately RMB9,694.8 million as at 30 June 2021.

***Land reserves of the Group***

	<b>For the year ended/As at 31 December 2020</b>	<b>For the six months ended/ As at 30 June 2021</b>
	<i>(in sq.m.)</i>	<i>(in sq.m.)</i>
GFA delivered during the year/period	6.5 million	3.7 million
Accumulated aggregate GFA delivered	43.2 million	46.9 million
GFA under development	32.7 million	32.3 million
Land reserves GFA	54.1 million	56.2 million

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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According to the 2020 Annual Report, in 2020, the Group achieved a full coverage of 122 cities at or above the county level (18 prefecture-level cities and 104 county-level cities) with a total delivered GFA of approximately 6.5 million sq.m. during the year and the accumulated aggregate GFA delivered amounted to approximately 43.2 million sq.m. As at 31 December 2020, the Group had 180 projects under development with a total GFA of approximately 32.7 million sq.m., and had land reserves with GFA of approximately 54.1 million sq.m., including attributable GFA of approximately 40.3 million sq.m.

According to the 2021 Interim Report, the total delivered GFA of the Group amounted to approximately 3.7 million for the six months ended 30 June 2021 and the accumulated aggregate GFA delivered amounted to approximately 46.9 million sq.m. As at 30 June 2021, the Group had 180 projects under development with a total GFA of approximately 32.3 million sq.m. and land reserves with GFA of approximately 56.2 million sq.m., including attributable GFA of approximately 40.8 million sq.m.

### **The CCNL Group**

CCNL is a company incorporated in 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 is principally engaged in the (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.

## **2. Overview of the property development industry in the PRC**

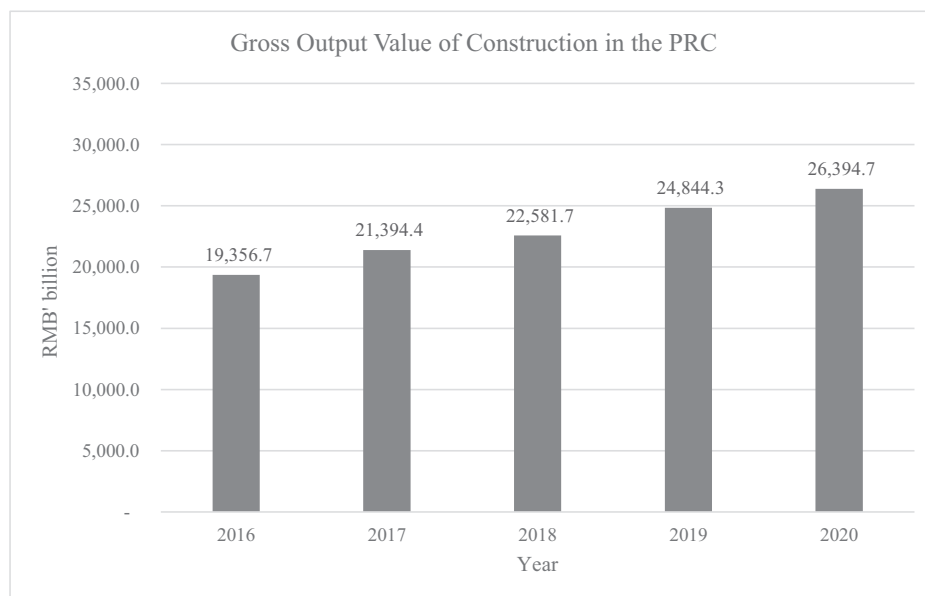
Based on information published on the website of the National Bureau of Statistics of the PRC, year-on-year growth in gross domestic product (“GDP”) for the PRC in 2020 was approximately 3.0% (2019: approximately 7.3%) as the coronavirus outbreak has caused temporary adverse impact on the PRC economy on national and regional levels. However, the PRC economy has continued to recover and recorded a growth in GDP of approximately 14.4% for the nine months ended 30 September 2021 as compared to the corresponding period in 2020.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The graph below sets out a summary of the gross output value of construction (建築業總產值) of the PRC from 2016 to 2020:



Source: the website of the National Bureau of Statistics of China

As illustrated in the table above, the property market in the PRC grew steadily over the past five years. The gross output value of construction of the PRC increased from approximately RMB19,356.7 billion in 2016 to approximately RMB26,394.7 billion in 2020, representing a compound annual growth rate (“CAGR”) of approximately 8.1%.

Pursuant to the 14th Five-Year Plan for National Economic and Social Development of the PRC and Outlines of Objectives in Perspective of the Year 2035 (中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要) (the “**14th Five-Year Plan and Outlines of 2035**”) promulgated by the PRC government in March 2021, the target urbanisation rate of the resident population (常住人口城鎮化率) for the next five years (from 2021) is anticipated to be around 65%. By 2025, the average annual GDP growth is targeted to maintain within a reasonable range, although no specific target was outlined under the 14th Five-Year Plan and Outlines of 2035.

Moreover, according to the website of the Henan Province Bureau of Statistic, in 2020, the total population and urban population of Henan Province was approximately 99.4 million and approximately 55.1 million, respectively. The urbanisation rate of Henan Province in 2020 was approximately 55.4%, representing room for development in Henan Province of approximately 9.6% as compared to the national target urbanisation rate for the next five years. The Management considered that riding on the overall economic development of the PRC as well as the future urbanisation potential, the development of the property market in Henan Province shall continue to grow steadily.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In addition, pursuant to the 14th Five-Year Plan and Outlines of 2035, the PRC government targets to accelerate the construction of digital society, promote the adoption of full integration of digital technology into social interactions and daily life. Smart home (智慧家居) is one of the digital application scenarios mentioned in the 14th Five-Year Plan and Outlines of 2035, where the technology of induction control and voice control shall be applied to develop intelligent home systems, such as smart home appliances, smart lighting, smart security monitoring, etc.

In view of the above, we concur with the Directors' view that the overall market outlook for the property market in the PRC and Henan Province remain positive, and that the demand for home intelligent products and services in the PRC will continue to grow in upcoming years.

### 3. Principal terms of the Framework Agreements

#### *Consultation and Management Services Framework Agreement*

The principal terms of the Consultation and Management Services Framework Agreement are as follows:

Date	:	11 November 2021
Parties	:	the Company (as service user); and CCNL (as service provider)
Term	:	1 January 2022 to 31 December 2024 (subject to approval by the Independent Shareholders at the EGM)
Nature of transaction and service scope	:	CCNL Group shall provide the following Consultation and Management Services to the Group:  A. Property 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- B. Marketing centre management services: overall management services in respect of the various marketing centres of the Group set up for sales and promotion of the Group's 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 Group 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 Group which are used for their business operations.
- E. Properties pre-delivery inspection services: post-completion and pre-delivery property examination and checking services provided for newly completed properties of the Group.

The parties shall enter into separate agreements prescribing the detailed scope of services, specific terms and conditions for specific properties of the Group as and when necessary.

- Fees and pricing policy :
- A. Property consultation services: the fee for one single consultation service shall be in the range of RMB1/sq.m. to RMB8/sq.m. depending on the nature and area of the properties and type of services.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- B. Marketing centre management services: the fee shall be charged based on the operation costs of CCNL Group (including staff salaries, staff benefits, administration and management costs, the applicable taxes (approximately 6.72%)) in respect of each marketing centre, plus a mark-up of 10% to 20%, depending on (i) the nature, category and location of the property projects; and (ii) location and scale of the marketing centres, nature, schedule and complexity of marketing events.
- C. Vacant properties management services: the fee shall be in the range of RMB0.6/month per sq.m. to RMB20/month per sq.m. depending on the location and types of properties (such as residential or parking lot).
- D. Self-owned properties management services: the fee shall be in the range of RMB0.6/month per sq.m. to RMB20/month per sq.m. depending on (i) the anticipated costs of CCNL Group; and (ii) the prevailing market rate of comparable services.
- E. Properties pre-delivery inspection services: the unit price shall be in the range from RMB6/sq.m. to RMB8/sq.m. depending on (i) the size of the property; (ii) the anticipated costs of CCNL Group; and (iii) prevailing market rate for comparable services.

The above service fees shall be determined by the parties after arm's length negotiations and on normal commercial terms with reference to the prevailing market rates for the relevant services and in line with market practice, and shall be no less favorable to the Company than those available from Independent Third Parties.

Details of the payment mechanism for the fees and payments due to CCNL Group will be specified in the separate agreements to be entered into by the parties.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Conditions precedent : The effectiveness of the Consultation and Management Services Framework Agreement shall be conditional on the approval of the Consultation and Management Services Framework Agreement by the Independent Shareholders at the EGM and by the independent shareholders of CCNL.

As at the Latest Practicable Date, none of the above conditions precedent have been satisfied or fulfilled.

To assess the fairness and reasonableness of the terms as stipulated under the Consultation and Management Services Framework Agreement, we have obtained and reviewed the Consultation and Management Services Framework Agreement and discussed with the Management in relation to the pricing basis stated as above. We were given to understand that, before the entering into individual agreement for the Consultation and Management Services with CCNL Group, the Company will obtain quotations from at least two Independent Third Party service providers for providing relevant services or products in order to ensure the terms offered by CCNL Group are fair and reasonable and no less favourable to the Company than those available from Independent Third Parties.

We have reviewed the terms of the 2019 Consultation and Management Services Framework Agreement. It is noted that the terms (including the pricing bases) of each type of services under the new Consultation and Management Services Framework Agreement are substantially the same as those under the 2019 Consultation and Management Services Framework Agreement. As part of our due diligence work, with respect to the 2019 Consultation and Management Services Framework Agreement, we have obtained and reviewed 13 sample consultation and management service contracts entered into between the Group and CCNL Group during the term of the 2019 Consultation and Management Services Framework Agreement, and compared against 26 sample quotations from the Independent Third Party service providers (the “**Sample Consultation and Management Quotations**”) regarding the relevant projects. Having considered that (i) the sample service contracts between the Group and CCNL Group were chosen randomly and covered all types of the consultation and management services; (ii) two corresponding Sample Consultation and Management Quotations have been reviewed for each of the sample service contract entered into between the Group and CCNL Group, which is in line with the internal control measures of the Group that required at least two independent quotations should be obtained for comparison purpose for entering into each individual service contract with CCNL Group; and (iii) the above documents covered the term of the 2019 Consultation and Management Services Framework Agreement, we consider the selected sample size is sufficient and appropriate. We noted that, (i) the Sample Consultation and Management Quotations covered the same services/products as required for the particular project between the Group and CCNL Group; and (ii) the pricing terms offered by CCNL Group are no less favourable than those offered by the Independent Third Party service providers. It is also noted from the Sample Consultation and Management Quotations that the fees quoted by the Independent Third Parties were within the price ranges as stipulated in the new Consultation and Management Services Framework Agreement.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Intelligent Technology Services Framework Agreement*

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

- Date : 11 November 2021
- Parties : the Company (as service user); and CCNL (as service provider)
- Term : 1 January 2021 to 31 December 2023 (subject to approval by the Independent Shareholders at the EGM)
- Nature of transaction and service scope : CCNL Group shall provide the following Intelligent Technology Services to the Group:
- 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.
  - C. Intelligent consultation services: customized consultation to properties including residential properties and commercial properties.

The parties shall enter into separate agreements prescribing the detailed scope of services, specific terms and conditions of each project as and when necessary.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- Fees and pricing policy : A. Engineering installation services for intelligent products and sales service for products: the integrated average unit price of a contract is expected to be approximately between RMB30/sq.m. and RMB100/sq.m. depending on the configuration standards of a specific project taking into account factors including equipment materials, construction costs, enterprise management fees, profits and tax bonuses.
- B. Software development services: the development fee of a project shall be in the range of RMB20,000 to RMB4,000,000 after taking into account project content and development content, such as the difficulties and complexities of a project, technical specifics of a project and items developed, the implementation schedule/timetable, the number of developers deployed, etc., and prevailing market rates.
- C. Intelligent consultation services: the unit price of residential consultation services is approximately RMB2 to RMB3 per sq.m. and the unit price of office building consultation services is approximately RMB2.5 to RMB3.5 per sq.m., depending on the GFA of the project, nature of the project and prevailing market rates.

The fees are determined by the parties after arm's length negotiations and on normal commercial terms with reference to (i) prices of the intelligent technology products; (ii) anticipated operation costs of CCNL Group taking into account factors such as equipment materials, installation costs, enterprise management fees; (iii) specific software requirement; (iv) GFA and nature of the Group's property projects; and (v) prevailing market prices for comparable services, and shall be no less favorable to the Company than those available from Independent Third Parties.

The fees are charged at fixed lump-sum fees, which are payable by installments with reference to stage of completion of the works specified under each separate agreement to be entered into by the parties for the specific project.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Conditions Precedent : The effectiveness of the Intelligent Technology Services Framework Agreement shall be conditional on the approval of the Intelligent Technology Services Framework Agreement by the Independent Shareholders at the EGM and by the independent shareholders of CCNL.

As at the Latest Practicable Date, none of the above conditions precedent have been satisfied or fulfilled.

The Intelligent Technology Services Framework Agreement shall replace the 2019 and 2020 Intelligent Technology Services Framework Agreement upon it becoming effective.

To assess the fairness and reasonableness of the terms as stipulated under the Intelligent Technology Services Framework Agreement, we have obtained and reviewed the Intelligent Technology Services Framework Agreement and discussed with the Management in relation to the pricing basis stated as above. We were given to understand that, before the entering into individual agreement for the Intelligent Technology Services with CCNL Group, the Company will obtain quotations from at least two Independent Third Party service providers for providing respective services or products in order to ensure the terms offered by CCNL Group are fair and reasonable and no less favourable to the Company than those available from Independent Third Parties.

We have reviewed the terms of the 2019 and 2020 Intelligent Technology Services Framework Agreement. It is noted that the terms (including the pricing bases) of each type of services under the new Intelligent Technology Services Framework Agreement are substantially the same as those under the 2019 and 2020 Intelligent Technology Services Framework Agreement. As part of our due diligence work, with respect to the 2019 and 2020 Intelligent Technology Services Framework Agreement, we have obtained and reviewed nine sample intelligent technology service contracts entered into between the Group and CCNL Group during the term of the 2019 and 2020 Intelligent Technology Services Framework Agreement, and compared against 18 sample quotations from the Independent Third Party service providers (the “**Sample Intelligent Technology Quotations**”) regarding the relevant projects. Having considered that (i) the sample service contracts entered into between the Group and CCNL Group were chosen randomly and covered all types of the intelligent technology services; (ii) two corresponding Sample Intelligent Technology Quotations have been reviewed for each of the sample service contract entered into between the Group and CCNL Group, which is in line with the internal control measures of the Group that at least two independent quotations should be obtained for comparison purpose for entering into each individual service contract with CCNL Group; and (iii) the above documents covered the term of the 2019 and 2020 Intelligent Technology Services Framework Agreement, we consider the selected sample size is sufficient and appropriate. We noted that, (i) the Sample Intelligent Technology Quotations covered the same services/products as required for the particular project between the Group and CCNL Group; and (ii) the pricing terms offered by CCNL Group are no less favourable than those offered by the Independent Third Party service providers. It is also noted from the Sample Intelligent Technology Quotations that the fees quoted by the Independent Third Parties were within the price ranges as stipulated in the Intelligent Technology Services Framework Agreement.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Having considered the above, we concur with the view of the Directors that the pricing policies as stipulated under the Framework Agreements will enable the transactions contemplated under the Framework Agreements to be conducted on terms no less favourable to the Group than those available from the Independent Third Party service providers. Based on the foregoing, we are of the view that the terms of the Framework Agreements are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole.

#### **4. Internal control measures**

According to the Letter from the Board, the Company has adopted, among other things, the following internal control procedures and corporate governance measures in relation to the transactions contemplated under the Framework Agreements:

- 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;
- the Group's finance department will continuously inspect and regularly collect and evaluate the pricing principles, transaction terms and actual transaction amounts under the relevant Framework Agreements 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
- during the term of the Framework 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).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In view of the above, we understand that the Group has adopted internal control measures when conducting the transactions contemplated under the Framework Agreements. The Company has assigned specific responsibilities to the senior management, finance department and relevant departments (such as the marketing department and the procurement department of the Company) in performing regular checks on the continuing connected transactions, monitoring the amounts of transactions, and conducting assessment and evaluation on the fairness of the transaction terms and pricing terms to ensure the continuing connected transactions with CCNL Group are in accordance with respective Framework Agreements.

Furthermore, we noted from the annual reports of the Company for each of the two years ended 31 December 2019 and 2020, that the independent non-executive Directors have reviewed the historical continuing connected transactions in relation to the Framework Agreements and confirmed such continuing connected transactions have been (i) entered into in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or, if there were not sufficient comparable transactions to judge whether they were on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) Independent Third Parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole. We also noted that the auditor of the Company had confirmed to the Board that the historical continuing connected transactions were, in accordance with the pricing policies of the Company and the relevant agreements, and have not exceeded respective annual caps.

In view of the above and in particular that the continuing connection transactions under the Framework Agreements will be subject to annual review of the independent non-executive Directors and the auditors of the Company, we are of the view that appropriate measures are in place to govern the conduct of the continuing connected transactions under the Framework Agreements and safeguard the interests of the Independent Shareholders.

### **5. Reasons for and benefits of the entering into of the Framework Agreements**

Over 29 years of its establishment, the Group has been committed to the real estate business and the development of branded properties as its principal activities in the PRC. The Company has been granted the “First Class Honor of Real Estate Developer” in the PRC. According to the 2020 Annual Report, in 2020, the Company has achieved full coverage in 122 cities on and above the county level (including 18 prefecture-level cities and 104 county-level cities). Up to 31 December 2020, the Company had delivered development projects with an accumulated aggregate GFA of approximately 43.2 million sq.m. and had 180 projects under development with total GFA under development of approximately 32.7 million sq.m. and land reserves of approximately 54.11 million sq.m. as of 31 December 2020.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group positions itself as a facilitator of urbanisation and all-round social progress for the region of central China. We understand from the Management and as mentioned in the Letter from the Board that, adhering to the Group's development philosophy of "science and technology, energy conservation, low carbon and green", the Group has been actively integrating intelligent technology elements into the design of its properties, including but not limited to, smart homes and security system of the properties. As one of the major competitive edges leading to the success of the Group, it focuses on the promotion and application of intelligent technology to its property projects in order to enhance its competitiveness in the property development industry in the PRC. According to the 14th Five-Year Plan and Outlines of 2035, the PRC government targets to accelerate the construction of digital society and promote the adoption of full integration of digital technology into social interactions and daily life. Smart home (智慧家居) is considered as one of the digital applications highlighted in the 14th Five-Years Plan and Outlines of 2035, integrating the technology of induction control and voice control to develop intelligent home systems, such as smart home appliances, smart lighting, smart security monitoring, etc. The Intelligent Technology Services being provided by the CCNL Group is therefore consistent with the Group's philosophy and in line with the industry trend in the PRC. On the other hand, the Consultation and Management Services, in particular, (i) the pre-delivery consultancy throughout the whole process of property development; (ii) staff training in relation to early stage initiation services; (iii) provision of management services for the Group's marketing centers, vacant properties and owned properties; and (iv) provision of pre-delivery inspection services for the newly completed properties of the Group, are the essential elements of the development of property projects of the Group.

The Group has a long-standing and well-established relationship with the CCNL Group. We understand from the Management and noted from the prospectus of CCNL that, CCNL has been providing property management services and valued-added services to the Group since its establishment in 2016 and has expanded its scope of services and commenced the provision of intelligent community solutions services since 2019. Taking into account the solid relationship between the Group and the CCNL Group, and the familiarity of the Group's operational and development needs, it is believed that by renewing the Framework Agreements would allow the Group to continue to enjoy the efficient and high-quality services provided by the CCNL Group, which has played an important role in the development of the Group's business. In addition, having considered the common business focus and presence in the Great Central China area, the Company expects that the collaboration between the Group and CCNL Group would create synergies and further enhance the growth of the Group in the property market in the long run.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Taking into account (i) that the transactions contemplated under the Framework Agreements are conducted in the ordinary and usual course of business of the Group on normal commercial terms; (ii) that the anticipated demand for Intelligent Technology Services from the CCNL Group may exceed the original annual caps for the years ending 31 December 2021 and 2022; (iii) the expiring of the 2019 Consultation and Management Services Framework Agreement; (iv) save for the revision of the original annual caps for the Intelligent Technology Services for the two years ending 31 December 2021 and 2022, all terms and conditions of the Intelligent Technology Services Framework Agreement remain unchanged; and (v) the bases and assumptions in determining the proposed annual caps under the Framework Agreements are fair and reasonable (as further discussed below), we are of the view that the entering into of the Framework Agreements are in the interest of the Company and the Shareholders as a whole.

### 6. The annual caps

#### Consultation and Management Services Framework Agreement

##### *Review of the historical annual caps and actual transaction amount*

The historical annual caps under the 2019 Consultation and Management Services Framework Agreement and respective actual transaction amount for the three years ending 31 December 2021 are set out below:

	For the year ended/ending 31 December		
	2019	2020	2021
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
<b>2019 Consultation and Management Services Framework Agreement:</b>			
Historical annual caps	155.0	195.0	240.0
Actual transaction amount	144.2	173.2	136.8 <sup>(1)</sup>
Utilisation rate (%)	93.0%	88.8%	76.0% <sup>(2)</sup>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Notes:

1. Represents the transaction amount for the nine months ended 30 September 2021.
2. For illustration purpose, the utilisation rate is calculated based on the annualised actual transaction amount for the nine months ended 30 September 2021 of approximately RMB182.4 million, on a hypothetical basis.

With respect to the 2019 Consultation and Management Services Framework Agreement, we noted that the utilisation rates of the historical annual caps are relatively high in general. The actual transaction amount for the two years ended 31 December 2019 and 2020 amounted to approximately RMB144.2 million and RMB173.2 million, and utilised up to approximately 93.0% and 88.8% of the annual caps for 2019 and 2020, respectively. For the nine months ended 30 September 2021, the actual transaction amount amounted to approximately RMB136.8 million and utilised up to approximately 57.0% of the annual cap for 2021. On a hypothetical basis, the annualised transaction amount for 2021 would amount to approximately RMB182.4 million, which would utilise to approximately 76.0% of the annual cap for 2021.

### ***The proposed annual caps***

	For the year ending 31 December		
	2022	2023	2024
	RMB' million	RMB' million	RMB' million
<b>Consultation and Management Services Framework Agreement:</b>			
Proposed annual caps	300.0	375.0	480.0

As stated in the Letter from the Board, in considering the proposed annual caps for the transactions contemplated under the Consultation and Management Services Framework Agreement, the Directors have considered a number of factors, including, among other things: (i) the historical transaction amounts under the 2019 Consultation and Management Services Framework Agreement; and (ii) the expected demand for the Consultation and Management Services from the Group for the three years ending 31 December 2024 based on (a) the anticipated transaction amount for 2021 based on actual contractual amount; (b) the expected annual growth rate of 10% in the number of the marketing centres for property sales of the Group for each of the three years ending 31 December 2024, with reference to the CAGR of number of property projects delivered by the Group over the past five years of approximately 15.3%; and (c) the expected annual growth rates of 30%, 33% and 34% in the GFA to be delivered with respect to the Group's vacant properties, and pre-delivery/early stage properties that would require consultation and inspection services for the years ending 31 December 2022, 2023 and 2024, respectively, with reference to the CAGR of GFA delivered by the Group over the past five years of approximately 33.7%.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In order to assess the fairness and reasonableness of the proposed annual caps of the Consultation and Management Services Framework Agreement, we have obtained and reviewed the projection tables in estimating the proposed annual caps, and discuss with the Management on the bases and assumptions underlying the determination of the proposed annual caps as below:

- The Company anticipated the transaction amount of the Consultation and Management Services to be delivered by CCNL Group for the year ending 31 December 2021, which formed the basis for the Company in determining the proposed annual caps for the next three years. We noted from the projection tables that the transaction amount for each of the types of Consultation and Management Services for the year ending 31 December 2021 is estimated based on the respective aggregated actual contractual amount expected to be delivered by CCNL Group by the end of 2021.
- Despite potential price inflation, the Company assumed the average unit cost for each of the types of Consultation and Management Services for the three years ending 31 December 2024 would remain at similar level as that of 2021, and is considered being prudent.
- With respect to the estimated contractual units for (i) the property consultation services; (ii) the vacant properties management services; (iii) the self-owned properties management services; and (iv) the properties pre-delivery inspection services, the Company assumed an annual growth rate of 30%, 33% and 34% for the year ending 31 December 2022, 2023 and 2024, respectively, based on respective actual contractual units in 2021. We were given to understand from the Management that, the expected demand for such services in concern are largely correlated to the GFA of properties expected to be delivered by the Group. As part of our due diligence work, we noted from the annual reports published by the Company, the aggregated GFA delivered by the Group increased from approximately 2.0 million sq.m. for the year ended 31 December 2016 to approximately 6.5 million sq.m. for the year ended 31 December 2020, representing a CAGR of approximately 33.7%. Hence, we are of the view that the annual growth rates being adopted by the Company in estimating the contractual units for the aforesaid services are justifiable.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- Moreover, we noted from the 2021 Interim Report that, as of 30 June 2021, the Company had 180 projects under development with a total GFA of approximately 32,259,000 sq.m., including 24, 153 and three projects under development in Zhengzhou, other cities in Henan Province and Hainan Province, respectively, which also indicates the strong properties supply of the Group in the coming years as well as its future demand for the Consultation and Management Services.
- With respect to the estimated contractual units for marketing centre management services, the Company assumed an annual growth rate of 10% for each of the three years ending 31 December 2024. We were given to understand from the Management that a lower annual growth rate is assumed as the marketing centre of the Group is usually set up for the purpose of sales, marketing and promotion activities for the property project(s) being launched by the Group at a certain period of time and is proportional to the historical growth of the number of property projects delivered. We noted from the annual reports of the Company that the Group in aggregate delivered 69 property projects for the year ended 31 December 2020, which represented a CAGR of approximately 15.3% as compared against the aggregated 39 property projects being delivered for the year ended 31 December 2016. Hence, we concur with the Directors' view that by assuming a growth rate of 10% for the expected demand of marketing centre management services is reasonable and justifiable.

Based on the above, and taking into consideration (i) the reasons for and benefits of entering into of the Consultation and Management Services Framework Agreement as discussed above; and (ii) that the favourable government policies in the PRC are expected to drive satisfactory demand for the Group's properties, which in turn is projected to boost the Group's demand for the Consultation and Management Services, we are of the view that the proposed annual caps for transactions contemplated under the Consultation and Management Services Framework Agreement and the major factors considered as the bases in determining such proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### Intelligent Technology Services Framework Agreement

#### *Review of the original annual caps and actual transaction amount*

The original annual caps under the 2019 and 2020 Intelligent Technology Services Framework Agreement and respective actual transaction amount for the four years ending 31 December 2022 are set out as below:

	For the year ended/ending 31 December			
	2019	2020	2021	2022
	RMB' million	RMB' million	RMB' million	RMB' million
<b>2019 and 2020 Intelligent Technology Services Framework Agreement:</b>				
Original annual cap	145.0	340.0	360.0	380.0
Actual transaction amount	135.3	285.3	254.5 <sup>(1)</sup>	N/A
Utilisation rate (%)	93.3%	83.9%	94.3% <sup>(2)</sup>	N/A

*Notes:*

1. Represents the actual transaction amount for the nine months ended 30 September 2021.
2. For illustration purpose, the utilisation rate is calculated based on the annualised transaction amount for the nine months ended 30 September 2021 of approximately RMB339.3 million, on a hypothetical basis.

With respect to the 2019 and 2020 Intelligent Technology Services Framework Agreement, we noted that the utilisation rates of the original annual caps are relatively high in general. The actual transaction amount for the two years ended 31 December 2019 and 2020 amounted to approximately RMB135.3 million and RMB285.3 million, and utilised up to approximately 93.3% and 83.9% of the annual cap for 2019 and 2020, respectively. For the nine months ended 30 September 2021, the actual transaction amount amounted to approximately RMB254.5 million and utilised up to approximately 70.7% of the original annual cap for 2021. On a hypothetical basis, the annualised transaction amount for 2021 would be approximately RMB339.3 million, which would utilise approximately 94.3% of the original annual cap for 2021. In addition, as stated in the Letter from the Board, the Group expects further increase in the demand for the Intelligent Technology Services in the coming years having considered the increasing public interest in green and smart home technologies. According to the 2020 Annual Report, it is the strategy of the Group to actively study and plan to gradually integrate intelligent technology elements into the design of finished housing products, including but not limited to intelligent home and security system, and expects to focus on the promotion and application of several projects in the next three years. Hence, having considered the historically high utilisation rates of the annual caps, we concur with the view of the Directors that the original annual caps for 2021 and 2022 might not be sufficient for the Group to meet its demand for the Intelligent Technology Services in the coming years.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *The revised and proposed annual caps*

	For the year ending		
	31 December		
	2021	2022	2023
	RMB' million	RMB' million	RMB' million
<b>Intelligent Technology Services Framework Agreement:</b>			
Revised and proposed annual caps	500.0	700.0	1,000.0

As stated in the Letter from the Board, in considering the annual caps for the Intelligent Technology Services Framework Agreement, the Directors have considered a number of factors including, among other things: (i) the historical transaction amounts and volume of the Intelligent Technology Services; and (ii) the expected demand for the Intelligent Technology Services from the Group for the three years ending 31 December 2023 based on (a) the anticipated transaction amount for 2021 based on actual contractual amount; (b) the expected annual growth rates of 35% and 38% for the upcoming property projects that would require Intelligent Technology Services for the years ending 31 December 2022 and 2023, respectively, with reference to the CAGR of GFA delivered by the Group over the past five years of approximately 33.7%; and (c) the strategy of the Group in enhancing the environmental protection and smart home technologies for its property projects.

In order to assess the fairness and reasonableness of the proposed annual caps of the Intelligent Technology Services Framework Agreement, we have obtained and reviewed the projection tables in estimating the proposed annual caps, and discusses with the Management on the bases and assumptions underlying the determination of the proposed annual caps as below:

- The Company anticipated the transaction amount of the Intelligent Technology Services to be delivered by CCNL Group for the year ending 31 December 2021, which formed the basis for the Company in determining the proposed annual caps for the next two years. We noted from the projection tables that the transaction amount for each of the types of Intelligent Technology Services for the year ending 31 December 2021 is estimated based on respective aggregated actual contractual amount expected to be delivered by CCNL Group by the end of 2021.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- The Company assumed an annual growth rate of 35% and 38% for the year ending 31 December 2022 and 2023, respectively, based on the actual contractual amount to be delivered in 2021. We were given to understand from the Management that the expected demand for the Intelligent Technology Services is proportional to the GFA of properties expected to be delivered by the Group. In addition, according to the Management, in respect of the market trend and the improvement of living standards in the PRC, intelligent technology is becoming a vital element for the property development industry in the PRC (including residential, commercials, hotels and agricultural structures, etc.). The Company expects that proportionally higher demand for the Intelligent Technology Services would be incurred in upcoming years. Furthermore, we were given to understand from the Management that, newly commenced or under development property projects including but not limited to Zhoukou Jianye City (周口建業城), Shangqiu Chinoiserie Palace (商丘世和府), Zhengzhou Chengyuan (鄭州橙園) and Luoyang Dingding Palace (洛陽定鼎府), etc., are being developed and promoted with a primary focus on intelligentisation (including environmental protection). As aforementioned, we noted that the CAGR of aggregated GFA delivered by the Group over the past five years amounted to approximately 33.7%, hence, we are of the view that the annual growth rates being adopted by the Company in estimating the transaction amount of the Intelligent Technology Services are justifiable.
- Moreover, we noted from the 2021 Interim Report that, as of 30 June 2021, the Company had 180 projects under development with a total GFA of approximately 32,259,000 sq.m., including 24, 153 and three projects under development in Zhengzhou, other cities in Henan Province and Hainan Province, respectively, which also suggests the strong properties supply of the Group in the coming years as well as its future demand for the Intelligent Technology Services.
- We also noted from the projection tables that, in determining the proposed annual caps of the Intelligent Technology Services Framework Agreement, the Company applied a buffer of 10% for each of the years ending 31 December 2022 and 2023. Having considered the nature of Intelligent Technology Services, the buffer was applied to allow flexibility to cater for the unpredictable circumstances such as technology advancement and possible change in industry trend, which may further increase the Group's demand and/or cost on the Intelligent Technology Services, we therefore consider that a buffer of 10% to be acceptable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on the above, also taking into consideration (i) the reasons for and benefits of entering into of the Intelligent Technology Services Framework Agreement as discussed above; and (ii) that the favourable government policies in the PRC and industry trend are expected to drive the Group's demand for the Intelligent Technology Services, we are of the view that the proposed annual caps for transactions contemplated under the Intelligent Technology Services Framework Agreement and the major factors considered as the bases in determining such proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole.

However, the Shareholders should note that as the proposed annual caps under the Framework Agreements are determined based on various factors relating to future events and assumptions which may or may not remain valid for the entire term of respective Framework Agreements, and they do not represent any forecasts or estimations of the Group's financial performance. Consequently, we express no opinion as to how closely the actual future transaction amount of the continuing connected transactions contemplated under the Framework Agreements will correspond with the respective proposed annual caps.

### RECOMMENDATIONS

Having considered the principal factors and reasons described above, we are of the opinion that (i) the transactions contemplated under the Framework Agreements are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and together with the proposed annual caps under the Framework Agreements, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and (ii) we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Framework Agreements and the proposed annual caps.

Yours faithfully,  
For and on behalf of  
**Lego Corporate Finance Limited**  
**Kristie Ho**  
*Managing Director*

*Ms. Kristie Ho is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). She has over 15 years of experience in the securities and investment banking industries.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company and its Subsidiaries. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' and chief executive's interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (“**Model Code**”) to be notified to the Company and the Stock Exchange, were as follows:

#### (i) Long position in the Shares

Name of Director or chief executive	Capacity and nature of interest	Number of share options held	Number of Shares held	Approximate percentage of the interest in the Company's issued share capital
Mr. Wu Po Sum	Interest in a controlled corporation	–	2,078,036,867 <sup>1</sup>	70.04%
Mr. Wang Jun	Beneficial owner	10,800,000 <sup>2</sup>	16,200,000	0.91%
Ms. Wu Wallis (alias Li Hua) <sup>3</sup>	Interest of spouse	44,000	12,500,000	0.42%
Ms. Chen Ying	Beneficial owner	4,990,000	10,000	0.02%
Mr. Xin Luo Lin	Beneficial owner	–	400,000	0.01%

Notes:

- (1) Such Shares are registered in the name and are beneficially owned by Joy Bright Investments Limited (“**Joy Bright**”), a company wholly-owned by Mr. Wu Po Sum. Accordingly, he is deemed to be interested in such Shares by virtue of the SFO.

- (2) Such interest in the Shares is held pursuant to the share options granted under the share option scheme of the Company.
- (3) The 12,500,000 Share and 44,000 share options Shares are beneficially owned by the spouse of Ms. Wu Wallis (alias Li Hua), therefore Ms. Wu Wallis (alias Li Hua) is deemed to be interested in her spouse's share options and Shares for the purposes of the SFO.
- (4) The approximate percentage of the interest in the Company's issued share capital is based on a total of 2,967,116,120 Shares of the Company in issue as at the Latest Practicable Date.

**(ii) Long position in the shares of the Company's associated corporation**

Name of Director or chief executive	Name of associated corporation	Capacity and nature of interest	Number of Shares held	Approximate percentage of the interest in the issued share capital of the Company's associated corporation
Mr. Wu Po Sum	CCMGT	Interest in a controlled corporation	2,065,631,867 <sup>1</sup>	62.68%
Mr. Wang Jun	CCMGT	Beneficial owner	16,200,000	0.49%
Ms. Wu Wallis (alias Li Hua) <sup>3</sup>	CCMGT	Interest of spouse	10,200,000	0.31%
Mr. Xin Luo Lin	CCMGT	Beneficial owner	400,000	0.01%

*Notes:*

- (1) Such shares are beneficially owned by Joy Bright, a company wholly-owned by Mr. Wu Po Sum. Accordingly, he is deemed to be interested in such shares by virtue of the SFO.
- (2) Such shares are beneficially owned by the spouse of Ms. Wu Wallis (alias Li Hua). Accordingly, Ms. Wu Wallis (alias Li Hua) is deemed to be interested such shares by virtue of the SFO.
- (3) The approximate percentage of the interest in CCMGT's issued share capital is based on a total of 3,295,288,120 shares of CCMGT in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

**(b) Substantial Shareholders who have an interest and/or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO**

So far as in known to the Directors and chief executive of the Company, as at the Latest Practicable Date, the following persons (other than Directors and chief executives of the Company) had, or were deemed or taken to have an interest or short position in the Shares and underlying shares of the Company, which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity and nature of interest	Number of Shares held	Approximate percentage of the interest in the Company's issued share capital <sup>1</sup>
Joy Bright	Beneficial owner	2,078,036,867 <sup>2</sup>	70.04%

*Notes:*

- (1) The approximate percentage of the interest in the Company's issued share capital is based on a total of 2,967,116,120 Shares of the Company in issue as at the Latest Practicable Date.
- (2) Mr. Wu Po Sum holds 100% of the issued share capital of Joy Bright and is deemed to be interested in the Shares held by Joy Bright for the purposes of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified of any other person who had interests or short positions in the Shares and underlying Shares, which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered into in the register required to be kept by the Company pursuant to Section 336 of the SFO.



**3. DIRECTOR'S INTERESTS****(a) Interests in contract or arrangement**

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

**(b) Interests in assets**

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been, since 31 December 2020, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

**(c) Interests in competing business**

As at the Latest Practicable Date, none of the Directors or their respective close associates (as defined in the Listing Rules) had an interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling Shareholder).

**4. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claim of material importance and, so far as the Directors were aware, no litigation or claims of material importance are pending or threatened by or against any member of the Group.

**5. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, any service contract with the Company or any other member(s) of the Group (excluding contracts expiring or which may be terminated by the Company within a year without payment of any compensation (other than statutory compensation)).

**6. EXPERT AND CONSENT**

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Lego Corporate Finance Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

The above expert has given and confirmed that it has not withdrawn its written consent to the issue of this circular with the inclusion herein of its statements and/or references to its name in the form and context in which it appears. The above experts has further confirmed that as at the Latest Practicable Date, it was not interested in the share capital of any member of the Group, nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. It is not interested in any assets which have been, since 31 December 2020 (being the date to which the Company's latest published audited financial statements were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

**7. NO MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Group were made up.

**8. GENERAL**

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is at Room 7701B-7702A, 77th Floor, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

**9. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.jianye.com.cn>) for a period of 14 days from the date of this circular:

- (a) the Consultation and Management Services Framework Agreement;
- (b) the Intelligent Technology Services Framework Agreement;
- (c) the letter from the Board as set out in this circular;
- (d) the letter from the Independent Board Committee as set out in this circular;
- (e) the letter from the Independent Financial Adviser as set out in this circular; and
- (f) the written consent from the Independent Financial Adviser as referred to in the sub-section headed “Expert and Consent” in this Appendix.

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## NOTICE OF EGM

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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)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “EGM”) of the shareholders of Central China Real Estate Limited (the “Company”) will be held at 7701B-7702A, Level 77, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong on Tuesday, 28 December 2021 at 3:00 p.m. for the following purposes. Unless the context requires otherwise, terms used herein shall have the same meanings as those defined in the circular of the Company dated 24 August 2021 (the “Circular”).

#### ORDINARY RESOLUTIONS

1. To approve the entering into of the Consultation and Management Services Framework Agreement, the transactions contemplated and the proposed annual caps thereunder as set out in the Circular and to authorise any one Director to do all such acts and things and execute all such documents in connection with the Consultation and Management Services Framework Agreement, the transactions contemplated and the proposed annual caps thereunder.
2. To approve the entering into of the Intelligent Technology Services Framework Agreement, the transactions contemplated and the proposed annual caps thereunder as set out in the Circular and to authorise any one Director to do all such acts and things and execute all such documents in connection with the Intelligent Technology Services Framework Agreement, the transactions contemplated and the proposed annual caps thereunder.

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

Hong Kong, 9 December 2021

\* for identification purpose only

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## NOTICE OF EGM

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*As at the date of this notice, 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.*

*Notes:*

- (a) The register of members of the Company will be closed from 23 December 2021 to 28 December 2021 (both days inclusive), during which period no transfer of shares in the Company can be registered. In order to qualify for attending the EGM, all properly completed share transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 22 December 2021.
- (b) Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a shareholder of the Company. To be valid, a form of proxy in the prescribed form together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the EGM or any adjourned meeting.
- (c) Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the EGM or any adjournment thereof if he/she so desires and, in such event, the instrument appointing a proxy shall be deemed to have been revoked.
- (d) In the case of joint registered holders of any Shares, any one of such persons may vote at the EGM (or at any adjournment thereof), either personally or by proxy, in respect of such Share(s) as if he or she were solely entitled thereto; but if more than one joint registered holder is present at the EGM, whether in person or by proxy, that one of the joint registered holders whose name stands first on the register of members in respect of the relevant joint holding shall, to the exclusion of other joint holders, be entitled to vote in respect thereof.