

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



建業新生活有限公司

**Central China New Life Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9983)**

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**  
**(1) PROCUREMENT SERVICES FRAMEWORK AGREEMENT**  
**(2) MEMBERSHIP MAINTENANCE AND MANAGEMENT SERVICES**  
**FRAMEWORK AGREEMENT**

Reference is made to: (1) the Company's announcements dated 30 October and 9 November 2021 in relation to the Procurement Services Framework Agreement; and (2) the Prospectus and the Company's circular dated 23 November 2020 in relation to the Membership Maintenance and Management Services Framework Agreement.

As the Procurement Services Framework Agreement and the Membership Maintenance and Management Services Framework Agreement are both due to expire on 31 December 2022, the Company entered into the Renewed Framework Agreements with CCRE on 9 December 2022 (after trading hours). The Procurement Services Framework Agreement will take effect on 1 January 2023 and the Management Services Framework Agreement commence from the Effective Date.

**LISTING RULE IMPLICATIONS**

As at the date of this announcement, CCRE 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, CCRE is an associate of Mr. Wu and thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules. The transactions contemplated under each of the Renewed Framework Agreements therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under each of the Renewed Framework Agreements is more than 0.1% but less than 5%, the transactions contemplated under each of the Renewed Framework Agreements are subject to the reporting, announcement and annual review requirements but exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

Reference is made to: (1) the Company's announcements dated 30 October and 9 November 2021 in relation to the Procurement Services Framework Agreement; and (2) the Prospectus and the Company's circular dated 23 November 2020 in relation to the Membership Maintenance and Management Services Framework Agreement.

As the Procurement Services Framework Agreement and the Membership Maintenance and Management Services Framework Agreement are both due to expire on 31 December 2022, the Company entered into the Renewed Framework Agreements with CCRE on 9 December 2022 (after trading hours). The Procurement Services Framework Agreement will take effect on 1 January 2023 and the Management Services Framework Agreement will commence from the Effective Date.

## **RENEWED PROCUREMENT SERVICES FRAMEWORK AGREEMENT**

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

Date: 9 December 2022

Parties: (1) The Company  
(2) CCRE

Term: 1 January 2023 to 31 December 2025

Services:

### **Procurement by the CCRE Group and its associates**

The Group will continue to provide to the CCRE Group and its associates the Procurement Services to the CCRE Group and its associates, being procurement services in respect of gift packs for their property purchasers as part of their marketing strategy. In order to improve customer satisfaction, promote the brand recognition of “Central China (建業)” and increase customer repurchase rate, the CCRE Group and its associates typically offer gift packs to their property purchasers. The gift packs are tailored for each property project of the CCRE Group and its associates based on its marketing strategy themes with the own characteristics of each property project.

Such gift packs comprise goods and/or services offered by the Independent Third Parties, such as electrical appliances and household commodities as well as services offered by the CCRE Group and its associates, such as cash vouchers for hotels, shopping malls, cultural tourism complexes and Cuisine Henan Foodcourts (建業大食堂) owned by the CCRE Group and its associates.

In order for us to prepare the gift packs for the target property purchasers, the CCRE Group and its associates shall enter into an individual agreement with the Group for each property project, which sets out (i) the market value per gift pack in RMB; and (ii) the specific categories of goods and services to be included in the gift packs in order to tailor to the consumption preferences and needs of the target property purchasers for the particular property project.

### **Procurement by the CCNL Group**

Where the Group has a need to acquire services of the CCRE Group to be offered under the relevant gift packages prepared by the Group (such as cash coupon for hotels, shopping malls, integrated cultural tourism projects and Cuisine Henan Foodcourts (建業大食堂) owned by the CCRE Group), whether for the CCRE Group or otherwise, the Group may purchase such services from the CCRE Group.

Service fee:

**Procurement by the CCRE Group and its associates**

The payment procedures with respect to Procurement by the CCRE Group and its associates for specific property projects shall be as follows:

- (a) the CCRE Group and its associates pay to the Group the total market value in RMB of all the gift packs in respect of the relevant property projects;
- (b) the Group shall pay to the Independent Third Parties the costs of purchase, with certain bulk purchase discount, in respect of the goods and/or services offered by such Independent Third Parties which will be included in the gift packs for the property purchasers of such property project, such as electrical appliances, household commodities and any other goods and/or services as set out in the individual agreement; and
- (c) the Group shall reimburse Independent Third Parties for the services provided by the CCRE Group, together with certain discounts for bulk purchases, such as cash coupons for hotels, shopping malls, cultural tourism complexes, and Cuisine Henan Foodcourts (建業大食堂) owned by the CCRE Group.

**Procurement by the CCNL Group**

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

Pricing basis:

### **Procurement by the CCRE Group and its associates**

Prior to entering into any individual service agreement for Procurement by the CCRE Group and its associates for a specific property project, the CCRE Group and its associates would determine the service fee for the Procurement Services with the Group on arm's length basis with reference to the following factors:

- the marketing positioning and brand planning of the property projects and the market conditions at the time of sales launch of the property projects, including the promotion offers of the competitors of the CCRE Group and the CCRE Group's expected marketing budget (which, to the Director's knowledge and belief, has been impacted by the continuing downturn of the real estate industry and ongoing impact of COVID-19), which would in turn affect the total market value in RMB of the gift packs;
- the expected prevailing market prices of the goods and/or services offered under the gift packs at the time of procurement; and
- a reasonable mark-up rate, ranging from 10% to 30%, to be charged by the Group for the provision of Procurement Services, which amounts to similar price level in case the CCRE Group and its associates acquire similar merchandise from the relevant suppliers in the market without the benefits of the Group's sourcing networks and bulk purchase discount offered by the Group's suppliers.

### **Procurement by the CCNL Group**

Prior to entering into any individual service agreement for Procurement by the CCNL Group, the CCRE Group and the Group would determine the service fee for the Procurement Services on arm's length basis with reference to:

- the cost of the CCRE Group of providing such services required by the Group;

- the expected prevailing market prices of the goods and/or services offered under the gift packs at the time of procurement, with reference to quotations from at least two Independent Third Party service providers for comparable services (to the extent possible); and
- a reasonable bulk discount for purchases of cash coupons at appropriate discounts.

### Historical transaction amounts

The table below sets out the historical transaction amounts of the Procurement by the CCRE Group and its associates and the Procurement by the CCNL Group respectively under the Procurement Services Framework Agreement during the year/period stated in the table below:

	<b>For the year ended 31 December 2020 <i>RMB'000</i></b>	<b>For the year ended 31 December 2021 <i>RMB'000</i></b>	<b>For the nine months ended 30 September 2022 <i>RMB'000</i> (unaudited)</b>
Procurement by the CCRE Group and its associates	17,080	26,200	6,402
Procurement by the CCNL Group	24,090	34,500	7,456

The Directors confirm that the transaction amounts from 1 January 2022 to the date of this announcement are within the annual caps for 2022 under the Procurement Services Framework Agreement.

## Annual caps

The table below sets out the annual caps for the Procurement by the CCRE Group and its associates and the Procurement by the CCNL Group respectively under the Renewed Procurement Services Framework Agreement for each of the three years ending 31 December 2025:

	For the year ending 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Procurement by the CCRE Group and its associates	25,000	25,000	25,000
Procurement by the CCNL Group	25,000	25,000	25,000

The annual caps for the Procurement by the CCRE Group and its associates represent a 61.5% decrease from the previous annual cap for 2022, and the annual caps for the Procurement by the CCNL Group represent a 50.0% decrease from the previous annual cap for 2022. Such annual caps have been determined after taking into account the following factors:

- the historical transaction amounts and volume of the Procurement by the CCRE Group and its associates and the Procurement by the CCNL Group during the years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022;
- the anticipated decrease in the number of the property projects of the CCRE Group and its associates in the pipeline in the three years ending 31 December 2023, 2024 and 2025, which require gift packs as marketing promotion and the estimated number of requisite gift packs, due to the continuing downturn of the real estate industry and the ongoing impact of COVID-19;
- the reduced marketing budget of the CCRE Group and its associates for such gift packs in the three years ending 31 December 2023, 2024 and 2025; and
- the proportion between the services offered by the CCRE Group and its associates and the goods and/or services offered by Independent Third Parties in each gift packs, taking into account the marketing strategies of the CCRE Group and its associates of their services from time to time.

## **RENEWED MEMBERSHIP MAINTENANCE AND MANAGEMENT SERVICES FRAMEWORK AGREEMENT**

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

- Date: 9 December 2022
- Parties: (1) The Company (as service provider)  
(2) CCRE (as service user)
- Term: Effective Date to 31 December 2025
- Conditions precedent: The Renewed Membership Maintenance and Management Services Framework Agreement is conditional on the approval of the independent shareholders of CCRE at its extraordinary general meeting.
- Services: The Group will continue to provide to the CCRE Group and its associates the Membership Maintenance and Management Services, being the membership maintenance and management services for members of the Central China Consumers Club involved for the residential communities of the residential property projects developed and proposed to be developed by the CCRE Group, a membership programme established by the CCRE Group for its high-net-worth customers, including but not limited to (i) daily operation and management of the Central China Consumers Club's affairs; and (ii) organising events for the members of the Central China Consumer Club.
- Service fee: The Group shall receive a service fee of RMB3,000 per person per year for the daily operation and management services for members.
- Pricing basis: The service fees were agreed upon on normal commercial terms after arm's length negotiations and were determined having regard to the anticipated operational costs including labour costs with reference to the fees for similar services and similar type of projects in the market.
- With respect to each event, the relevant members and associates of CCRE and members of the Group will further enter into individual separate agreement that prescribes the specific terms and conditions of each event, including the service scope and service fee applicable to the particular event.



## Historical transaction amounts

The table below sets out the historical transaction amounts paid to the Group by the CCRE Group and its associates under the Membership Maintenance and Management Services Framework Agreement during the year/period stated in the table below:

	<b>For the year ended 31 December 2020 <i>RMB'000</i></b>	<b>For the year ended 31 December 2021 <i>RMB'000</i></b>	<b>For the nine months ended 30 September 2022 <i>RMB'000</i> (unaudited)</b>
Historical transaction amount	94,340	68,500	70,766

The Directors confirm that the transaction amounts from 1 January 2022 to the date of this announcement are within the annual cap for 2022 under the Membership Maintenance and Management Services Framework Agreement.

## Annual caps

The table below sets out the annual caps of the service fees payable to the Group by the CCRE Group and its associates under the Renewed Membership Maintenance and Management Services Framework Agreement for each of the three years ending 31 December 2025:

	<b>For the year ending 31 December</b>		
	<b>2023 <i>RMB'000</i></b>	<b>2024 <i>RMB'000</i></b>	<b>2025 <i>RMB'000</i></b>
Annual cap	100,000	100,000	100,000

The annual caps under the Renewed Membership Maintenance and Management Services Framework Agreement represent a 56.5% decrease from the previous annual cap for 2022. Such annual caps have been determined after taking into account the following factors:

- the historical transaction amounts and volume of the Membership Maintenance and Management Services provided by the Group during the years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022;
- the number of members of Central China Consumers Club will remain relatively stable at around 34,000 and the number of events that are planned for such members;

- the estimated fees to be received by the Group calculated by multiplying the fees per person per year by the estimated number of members of the Central China Consumers Club; and
- the decrease in number of events for members of the Central China Consumers Club since 2022 due to the continuing downturn of the real estate industry and the ongoing impact of COVID-19.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWED FRAMEWORK AGREEMENTS**

The Directors have been carefully monitoring the historical transaction amounts of, and the estimated demand for, the continuing connected transactions of the Group. The Group has provided the Procurement Services and the Membership Maintenance and Management Services to the CCRE Group and its associates for several years in the ordinary and usual course of business of the Company. The Company expects to continue to provide such services, and since the Framework Agreements are both due to expire on 31 December 2022, the Company has entered into the Renewed Framework Agreements. The Directors consider that entering into the Renewed Framework Agreements would be conducive to the Group's revenue growth, increasing the Group's total revenue and boosting profits as a result, which is in line with the Group's strategic development needs.

The Directors (excluding Ms. Wu Lam Li, who was required to abstain from voting on the relevant Board resolutions, but including independent non-executive Directors) are of the view that the terms of the Renewed Framework Agreements and the annual cap are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms or more favourable to the Company and that the entering into of the Renewed Framework Agreements is in the interests of the Company and the Shareholders as a whole.

## **INTERNAL CONTROL MEASURES**

In order to ensure the transactions will be conducted in accordance with the principal terms of the Renewed Framework Agreements and on normal commercial terms, the Group has adopted the following measures:

- (1) the finance department of the Group, will be responsible for regular monitoring of the continuing connected transactions contemplated under the Renewed Framework Agreements to ensure that the proposed annual caps will not be exceeded, in particular, the Group will cease to enter into any new individual agreement if such will cause the total contractual income to exceed the proposed annual caps for that financial year;

- (2) the implementation of individual agreements will be supervised and monitored by the respective heads of the operation department, marketing department, finance department and management of the Group to ensure that the individual agreements are in line with the pricing policy and principal terms of the Renewed Framework Agreements;
- (3) the heads of the operation department of the Group will conduct regular reviews to keep abreast of: (i) the price level charged by the Group to Independent Third Parties customers for providing comparable services (where applicable); and (ii) the prevailing fee level in the market and the market conditions, for the purpose of considering if the price charged for a specific transaction is fair and reasonable and is in accordance with the pricing policy;
- (4) the auditors of the Company shall conduct annual reviews on pricing and the proposed annual caps to ensure that the transaction amounts are within the proposed annual caps and that the transactions are conducted on the principal terms of the Renewed Framework Agreements; and
- (5) the independent non-executive Directors would continue to conduct regular review and assessment on the transactions contemplated under the Renewed Framework Agreements on a half-yearly basis to ensure that such transactions are conducted on normal commercial terms and are in the ordinary and usual course of business of the Group, and the terms and conditions thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **DIRECTORS' INTEREST IN THE CONTINUING CONNECTED TRANSACTION**

As at the date of this announcement, CCRE is indirectly owned as to more than 30% by Mr. Wu. Mr. Wu is the controlling shareholder and a connected person of the Company. Accordingly, CCRE is an associate of Mr. Wu and thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules. As Ms. Wu Lam Li is the wife of Mr. Wu, as Director, she has abstained from voting on the Board resolution approving regarding the Renewed Framework Agreements to avoid any conflict of interest. Save for the above, none of the Directors has any material interest in any of the transactions contemplated under the Renewed Framework Agreements and is required to abstain from voting on the Board resolutions to approve the same.

## **INFORMATION OF THE PARTIES**

The 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.

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

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CCRE 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, CCRE is an associate of Mr. Wu and thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules. The transactions contemplated under the Renewed Framework Agreements therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under each of the Renewed Framework Agreements is more than 0.1% but less than 5%, the transactions contemplated under each of the Renewed Framework Agreements are subject to the reporting, announcement and annual review requirements but exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“associate(s)”	has the meaning given to it under the Listing Rules
“Board”	the board of Directors
“CCRE”	Central China Real Estate Limited, a company incorporated under the laws of the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 832), and a connected person of the Company
“CCRE Group”	CCRE and its subsidiaries
“Company”	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
“connected person(s)”	has the meaning given to it under the Listing Rules
“controlling shareholder(s)”	has the meaning given to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the conditions precedent under the relevant agreement has been satisfied
“Group” or “CCNL Group”	the Company and its subsidiaries
“Henan Central China New Life”	Henan Central China New Life Service Co., Ltd.* (河南建業新生活服務有限公司), a limited liability company established in the PRC on April 21, 2016 and a wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an entity which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Membership Maintenance and Management Services”	the membership maintenance and management services provided by the Group to the CCRE Group and its associates
“Membership Maintenance and Management Services Framework Agreement”	the membership maintenance and management services framework agreement dated 29 March 2019 entered into Henan Central China New Life (a subsidiary of the Company) and CCRE (as amended by the supplemental agreement dated 30 October 2020), pursuant to which the Group agreed to provide the Membership Maintenance and Management Services to the CCRE Group and its associates from 1 January 2019 to 31 December 2022
“Mr. Wu”	Mr. Wu Po Sum, the chairman, an executive director and a controlling shareholder of CCRE, and a controlling Shareholder of the Company

“PRC”	the People’s Republic of China
“Procurement Services”	the procurement services provided by the Group in respect of gift packs for property purchasers and the CCRE Group
“Procurement Services Framework Agreement”	the procurement services framework agreement dated 30 October 2020 entered into between the Company and CCRE (as amended by the supplemental agreement dated 9 November 2021), pursuant to which the Group agreed to provide the Procurement Services to the CCRE Group and its associates from 1 August 2020 to 31 December 2022
“Prospectus”	the prospectus of the Company dated 5 May 2020 in relation to its global offering
“Renewed Framework Agreements”	the Renewed Procurement Services Framework Agreement and the Renewed Membership Maintenance and Management Services Framework Agreement
“Renewed Membership Maintenance and Management Services Framework Agreement”	the membership maintenance and management services agreement dated 9 December 2022 entered into between the Company and CCRE, pursuant to which the Group agreed to provide the Membership Maintenance and Management Services to the CCRE Group and its associates from the Effective Date to 31 December 2025
“Renewed Procurement Services Framework Agreement”	the procurement services agreement dated 9 December 2022 entered into between the Company and CCRE, pursuant to which the Group agreed to provide the Procurement Services to the CCRE Group and its associates from 1 January 2023 to 31 December 2025
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	the holder(s) of the Share(s)

“Stock Exchange”                      The Stock Exchange of Hong Kong Limited  
“subsidiary(ies)”                      has the meaning given to it under the Listing Rules  
“%”    per cent

By Order of the Board  
**Central China New Life Limited**  
**Wang Jun**  
*Chairman*

Hong Kong, 9 December 2022

*As at the date of this announcement, the Board comprises: (i) Mr. Wang Jun (Chairman) and Mr. Wang Qian as executive Directors; (ii) Ms. Wu Lam Li and Ms. Min Huidong as non-executive Directors; and (iii) Mr. Leong Chong, Ms. Luo Laura Ying and Ms. Xin Zhu as independent non-executive Directors.*