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If you have sold or transferred all your shares in **Central China New Life 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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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)

**CONTINUING CONNECTED TRANSACTIONS
PROPOSED RENEWAL OF REAL ESTATE AGENCY SERVICES
FRAMEWORK AGREEMENT**

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



紅日資本有限公司
RED SUN CAPITAL LIMITED

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 5 to 17 of this circular. A letter of recommendation from the Independent Board Committee to the Independent Shareholders is set out on pages 18 to 19 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 37 of this circular.

A notice convening the Extraordinary General Meeting (the “EGM”) to be held at 11:00 a.m. on Monday, 13 February 2023 at Room 7706, 77/F, International Commerce Centre, No. 1 Austin Road West, Kowloon, Hong Kong is set out on pages 43 to 44 of this circular. A form of proxy for use by the shareholders at the EGM is enclosed with this circular. Such proxy form is also published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.ccnewlife.com.cn.

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.

19 January 2023

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DEFINITIONS

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

“associate(s)”	has the meaning given to it under the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“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
“connected transaction(s)”	has the meaning given to it under the Listing Rules
“controlling shareholder(s)”	has the meaning given to it under the Listing Rules and, unless the context requires otherwise, refers to Mr. Wu and Enjoy Start
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the conditions precedent under the Renewed Real Estate Agency Services Framework Agreement has been satisfied
“EGM”	the extraordinary general meeting to be convened by the Company for consideration and if appropriate, approval of the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated thereunder
“Enjoy Start”	Enjoy Start Limited (創怡有限公司), a company incorporated under the laws of BVI on 12 November 2014, which is wholly owned by Mr. Wu, and one of the controlling shareholders of the Company

DEFINITIONS

“GFA”	gross floor area
“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 21 April 2016 and a wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors (namely Mr. Leong Chong, Ms. Luo Laura Ying and Ms. Xin Zhu) established for the purpose of advising the Independent Shareholders in respect of the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed by the Securities and Futures Commission to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM to approve the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated thereunder
“Independent Third Party(ies)”	entity(ies) 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
“Latest Practicable Date”	16 January 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular

DEFINITIONS

“Leap United”	Leap United Limited (合躍有限公司), a company incorporated under the laws of BVI on 4 December 2018, which is wholly-owned by Mr. Wang Jun (王俊) (an executive Director and chairman of the Board of the Company), and a Shareholder
“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 CCRE, and a controlling Shareholder of the Company
“PRC”	the People’s Republic of China
“Real Estate Agency Services”	real estate agency services in respect of the first-hand property sales as well as preparation services (including but not limited to consultation services and event organisation services) provided by the Group to the CCRE Group and its associates
“Real Estate Agency Services Framework Agreement”	the real estate agency services framework agreement dated 24 June 2019 entered into between 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 Real Estate Agency Services to the CCRE Group and its associates
“Prospectus”	the prospectus of the Company dated 5 May 2020 in relation to the global offering of the Company
“Renewed Real Estate Agency Services Framework Agreement”	the real estate agency services agreement dated 9 December 2022 entered into between the Company and CCRE, pursuant to which the Group agreed to provide the Real Estate Agency Services to the CCRE Group and its associates commencing from the Effective Date to 31 December 2025
“SFO”	the Securities and Futures Ordinance, (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“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 ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

* *For identification purpose only*

LETTER FROM THE BOARD



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)

Executive Directors

Mr. Wang Jun (*Chairman*)

Mr. Wang Qian

Non-executive Directors

Ms. Wu Lam Li

Ms. Min Huidong

Independent non-executive Directors

Mr. Leong Chong

Ms. Luo Laura Ying

Ms. Xin Zhu

Registered office in the Cayman Islands

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

*Principal place of business in Hong Kong
under Part 16 of the Companies*

Ordinance (Cap 622)

Room 7706, 77/F

International Commerce Centre

No. 1 Austin Road West

Kowloon

Hong Kong

19 January 2023

To the Shareholders

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTIONS
PROPOSED RENEWAL OF REAL ESTATE AGENCY SERVICES
FRAMEWORK AGREEMENT**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 9 December 2022 in relation to the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated thereunder, and the announcement of the Company dated 4 January 2023 in relation to the delay in the dispatch of the circular.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) details of the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the connected transactions in respect of the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser in relation to the connected transactions in respect of the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated thereunder; and (iv) a notice convening the extraordinary general meeting, as well as any other information required to be disclosed under the Listing Rules.

Reference is also made to: (1) the Prospectus; and (2) the Company's circular dated 23 November 2020.

As the Real Estate Agency Services Framework Agreement was due to expire on 31 December 2022, the Company had entered into the Renewed Real Estate Agency Services Framework Agreement with CCRE on 9 December 2022 (after trading hours), which will take effect on the Effective Date and expire on 31 December 2025. Save for the renewed term (including new annual caps), the provisions of the Renewed Real Estate Agency Services Framework Agreement are substantially the same as that of the Real Estate Agency Services Framework Agreement.

The Renewed Real Estate Agency Services Framework Agreement is conditional upon the approval of the Independent Shareholders at the EGM.

2. RENEWED REAL ESTATE AGENCY SERVICES FRAMEWORK AGREEMENT

The principal terms of the Renewed Real Estate Agency 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 Real Estate Agency Services Framework Agreement is conditional on the approval of the independent shareholders of each of CCRE and the Company, at their respective extraordinary general meetings.

LETTER FROM THE BOARD

- Services : The Group will continue to provide to the CCRE Group and its associates the Real Estate Agency Services, being the real estate agency services in respect of the first-hand property sales as well as preparation services (including but not limited to consultation services and event organisation services).
- Service fee : The Group shall receive a commission rate (ranging from 0.8% to 6.0%) based on the transaction amounts of the property sales as service fee. Such range is in line with historic commission rates for such services offered by the Group.
- Pricing basis : The range of commission rate to be charged by the Group for provision of the Real Estate Agency Services are determined on arm's length basis with reference to: (i) the agency fees previously charged as commission and incentives based on contracted sales amount of the CCRE Group's properties, depending on the overall property market environment, project location, difficulties of marketing, scope of services and other factors; and (ii) the rates generally offered by the Group from time to time to Independent Third Parties in respect of comparable agency services, being agency services in respect of first-hand property sales as well as preparation services, and also taking into account the various factors set out in the below paragraph (such that the rates offered to the CCRE Group are no less favourable to the Group than those offered to Independent Third Parties for similar properties with similar service scope).

The commission rate applicable to each property project would be determined with reference to a number of factors, including but not limited to the following:

- **the service scope for the property project** (i.e. the types and varieties of consultation, preparation and event organisation services required, such as formulation of strategic marketing plans, event venue set-up, production of advertising materials and event execution and management, etc.) — generally, more extensive services will result in the Group requiring a higher commission rate. Further, if the Group is appointed as the exclusive sales agent, this will also result in the Group requiring a higher commission rate;

LETTER FROM THE BOARD

- **the market conditions and the prevailing market rates** — as mentioned above, the commission rate charged by the Group will make reference to quotations from at least two Independent Third Parties for agency services similar to those to be provided to the CCRE Group. In addition, overall market conditions can impact the amount of marketing efforts and labour costs needed to sell the underlying properties. Generally, increased marketing efforts and labour costs will warrant higher commission rate charged by the Group, and vice versa;
- **geographical characteristics of the property project and characteristics of the target group of property and purchasers** — this primarily refers to the location of the property project, its target customers (such as first-home buyers versus investment customers) and corresponding customer demand for that location. Properties located in areas that require additional marketing efforts and labour costs to sell the underlying properties will warrant higher commission rate charged by the Group, and vice versa; and
- **marketing budget for the property project** — this is the budget set by the CCRE Group to limit the amount of resources it will devote to marketing (including real estate agency services from the Group). The Group will consider whether such budget is sufficient to cater for the fees to be charged by the Group before providing a quote for such project.

With respect to each project, the relevant members and associates of CCRE and the Group will further enter into individual separate agreement that prescribes the specific terms and conditions of each project, including the service scope and commission rate applicable to the particular property project.

Save for the renewed term (including new annual caps), the provisions of the Renewed Real Estate Agency Services Framework Agreement are substantially the same as that of the Real Estate Agency Services Framework Agreement.

LETTER FROM THE BOARD

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 Real Estate Agency Services Framework Agreement during the year/period stated in the table below:

	For the year ended 31 December 2020 <i>RMB'000</i>	For the year ended 31 December 2021 <i>RMB'000</i>	For the nine months ended 30 September 2022 <i>RMB'000</i> (unaudited)
Historical transaction amount	404,860	407,100	141,897

The Directors confirm that the transaction amounts from 1 January 2022 to the date of this circular are within the annual cap for 2022 under the Real Estate Agency Services Framework Agreement.

Annual caps

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

	For the year ending 31 December		
	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>
Annual cap	350,000	350,000	350,000

The proposed annual caps under the Renewed Real Estate Agency Services Framework Agreement represent a 24.7% decrease from the previous annual cap for 2022. Such proposed annual caps have been determined after taking into account the following factors:

LETTER FROM THE BOARD

- the historical transaction amounts and volume of Real Estate Agency Services provided by the Group during the years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022, as set out below:

	For the year ended 31 December		For the nine months ended
	2020	2021	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	2022
			<i>RMB'000</i>
Historical transaction amount	404,860	407,100	141,897
Annual cap	440,000	450,000	465,000
Utilisation of annual cap	92.0%	90.5%	30.5%

The utilisation of annual cap for 2022 was relatively low, primarily due to the decrease in number of property projects launched (including due to delays) for sale by the CCRE Group and its associates in 2022, due to the continued impact of COVID-19 (in particular, its social mobility restrictions), as well as general negative downturn of the PRC real estate industry. Policies in recent years to contain the outbreak of COVID-19 have directly slowed construction of new properties as well as directly impacted sales of properties. The Board has taken such low utilisation into account by lowering the annual caps for the three years ending 31 December 2025;

- the estimated lower transaction amounts for Real Estate Agency Services for the years ending 31 December 2023, 2024 and 2025, calculated by multiplying the commission rate (ranging from 0.8%–6.0%) by the estimated aggregate sales amount of RMB48.9 billion for all the existing agreements entered into as of 30 September 2022; and
- the estimated lower demand for the Real Estate Agency Services as seen from the decrease of estimated aggregate sales amount from RMB52.7 billion for all the existing agreements entered into as of 31 December 2021 to RMB48.9 billion for all the existing agreements entered into as of 30 September 2022, which the Directors consider to be primarily attributable to the decrease in number of property projects expected to be launched for sale by the CCRE Group and its associates due to the continued impact of COVID-19 as mentioned above. However, since November 2022, China has been gradually easing its COVID-19 prevention and control measures in various regions in China, and has announced plans to relax travel restrictions and lift quarantine measures in January 2023. As such, the Board believes that the impact of COVID-19 is not recurring. The Board has opted for a conservative approach in determining the annual caps for the three years ending 31 December 2025, by primarily referencing estimated aggregate sales amount of RMB48.9 billion for all existing agreements as of 30 September 2022 and assuming sales will maintain at this level for the next 3 years, despite the recent relaxation of COVID-19 restrictions.

LETTER FROM THE BOARD

3. REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWED REAL ESTATE AGENCY SERVICES FRAMEWORK AGREEMENT

The Directors have been carefully monitoring the historical transaction amounts of, and the estimated demand for, the continuing connected transactions of the Group. The Directors consider that entering into the Renewed Real Estate Agency Services Framework Agreement 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 in various aspects.

The Renewed Real Estate Agency Services Framework Agreement would: (i) further strengthen the Group's capabilities in real estate agency services with the provision of integrated and customised marketing solutions; (ii) enable the Group to adapt to the latest market conditions whereby the sales of properties have become more difficult and might require additional marketing efforts; and (iii) boost the sales volume and amounts for the properties developed by the CCRE Group and its associates, and therefore increase the commission income of the Group, which is recorded under the business segment of property management services and value-added services.

The Directors (excluding Ms. Wu Lam Li, who was required to abstain from voting on the relevant Board resolutions, and also the independent non-executive Directors who will form their view after taking into account the advice of the Independent Financial Adviser) are of the view that: (i) the continuing connected transactions described above have been and will be entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better; and (ii) the terms of the continuing connected transactions (including the relevant annual caps) are fair, reasonable and in the interests of the Group and Shareholders as a whole.

4. THE GROUP'S INDEPENDENT BUSINESS OPERATION WITHOUT UNDUE RELIANCE ON THE CCRE GROUP

Based on the unaudited financial information for the nine months ended 30 September 2022, the total revenue of the Group increased by approximately 0.1% as compared to the nine months ended 30 September 2021, whereas the revenue generated from the CCRE Group and its associates or joint ventures as a percentage of the total revenue decreased from approximately 38.1% for the nine months ended 30 September 2021 to approximately 31.5% for the nine months ended 30 September 2022. The Directors consider that the Renewed Real Estate Agency Services Framework Agreement would not significantly increase the percentage of the Group's revenue generated from the CCRE Group and its associates or joint ventures during the years ending 31 December 2023, 2024 and 2025.

LETTER FROM THE BOARD

Notwithstanding the Renewed Real Estate Agency Services Framework Agreement, the Board is of the view that the Group will remain capable of carrying out its business operation independently and not placing undue reliance on the CCRE Group due to the reasons set out below:

- (i) the majority of the revenue of the Group for each of the three years ended 31 December 2021 and the nine months ended 30 September 2022 was generated from Independent Third Parties. For each of the three years ended 31 December 2021 and the nine months ended 30 September 2022, the Group's revenue derived from the CCRE Group and its associates or joint ventures accounted for approximately 42.5%, 44.9%, 38.7% and 31.5% of the Group's total revenue during the respective years/period;
- (ii) it is expected that the majority of the revenue of the Group for the year ending 31 December 2022 is to be derived from Independent Third Parties and the Company anticipates that the revenue derived from the CCRE Group and its associates or joint ventures would remain at less than 45.0% of the Company's total revenue for the year ending 31 December 2022;
- (iii) the business, operation, finance and management of the Group is independent from the CCRE Group because (a) the Company possesses a Board and senior management team that function independently of the CCRE Group; (b) the Group secures projects from the CCRE Group in an impartial manner and has entered into the Renewed Real Estate Agency Services Framework Agreement and all other agreements governing the connected transactions with the CCRE Group and its associates on arm's length basis; and (c) the business operation of the Group does not rely on any financial support from CCRE Group or other members of the CCRE Group;
- (iv) whilst the Board considers that the Group could benefit from the mutual and complementary relationship with the CCRE Group, the Group has also made continuous efforts to broaden its customer base and source of revenue through providing services to and collaborating with more third-party property developers and has implemented a number of incentive measures to encourage its employees to obtain service contracts for property developments owned/developed by Independent Third Parties (the "**External Projects**") in respect of all the business segments with particular focus on property management services. As of 31 December 2019, 31 December 2020, 31 December 2021, 30 June 2022 and 30 September 2022, the Group's GFA under management for properties of the Independent Third Party property developers was 17.7 million sq.m., 45.1 million sq.m., 73.1 million sq.m., 77.0 million sq.m. and 80.6 million sq.m., accounting for 31.1%, 45.1%, 53.8%, 54.2% and 54.5% of the Group's total GFA under management as at the respective dates. As illustrated above, the Group's GFA under management for properties of the Independent Third Party property developers experienced an overall increasing trend in the past few years and now represents the majority; and

LETTER FROM THE BOARD

- (v) the Company has been and will continue to implement its business strategy to expand its business scale through strategic investments, cooperation and acquisitions, which is expected to result in dilution of revenue generated from the CCRE Group and its associates or joint ventures in the future. For example, as disclosed in the Company's announcement dated 31 December 2021, the Company acquired 51% equity interests in Henan Tianming Property Management Co., Ltd.* (河南天明物業管理有限公司), a property management service provider. Therefore, due to the reasons set out in paragraph (iv) above and this paragraph (v), the Board maintains the expectation that the percentage of total revenue to be generated from properties developed by the CCRE Group will decrease in the long run.

Having considered the above, the Board is of the view that, despite the Company entered into the Renewed Real Estate Agency Services Framework Agreement with CCRE, the Company is able to carry out an independent business operation without undue reliance on the CCRE Group.

5. INTERNAL CONTROL MEASURES

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

- a) the finance department of the Group will be responsible for regular monitoring of the continuing connected transactions contemplated under the Renewed Real Estate Agency Services Framework Agreement to ensure that the Proposed Revised 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 Revised Annual Caps for that financial year;
- b) 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 Real Estate Agency Services Framework Agreement;
- c) the heads of the operation department of the Group will continuously monitor the price level charged by the Group to Independent Third Parties customers for providing comparable services (where applicable), as well as take into account the prevailing fee level in the market and the market conditions based on the management team's industry knowledge, 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;

LETTER FROM THE BOARD

- d) the auditors of the Company shall conduct annual reviews on pricing and the Proposed Revised Annual Caps to ensure that the transaction amounts are within the Proposed Revised Annual Caps and that the transactions are conducted on the principal terms of the Renewed Real Estate Agency Services Framework Agreement; and
- e) the independent non-executive Directors would continue to conduct regular review and assessment on the transactions contemplated under the Renewed Real Estate Agency Services Framework Agreement 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.

6. DIRECTORS' INTEREST IN THE CONTINUING CONNECTED TRANSACTIONS

As at the date of this circular, 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. As Ms. Wu Lam Li is the wife of Mr. Wu, as Director, she has abstained from voting on the Board resolutions regarding the Renewed Real Estate Agency Services Framework Agreement 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 Real Estate Agency Services Framework Agreement and is required to abstain from voting on the Board resolutions to approve the same.

7. 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.

8. LISTING RULES IMPLICATIONS

As at the date of this circular, 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 Real Estate Agency Services Framework Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As the highest applicable percentage ratio in respect of the transactions contemplated under the Renewed Real Estate Agency Services Framework Agreement exceeds 5%, the transactions contemplated under the Renewed Real Estate Agency Services Framework Agreement are subject to the annual review, reporting, announcement, circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

9. INDEPENDENT BOARD COMMITTEE

In compliance with the Listing Rules, the Independent Board Committee has been established to consider the terms of the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated 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 resolution to be proposed at the EGM for approving the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated 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 Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated thereunder. The text of the letter from the Independent Board Committee is set out on pages 18 to 19 of this circular and the text of the letter from the Independent Financial Adviser containing its advice is out on pages 20 to 37 of this circular.

10. THE EGM

The EGM of the Company will be held at Room 7706, 77/F, International Commerce Centre, No. 1 Austin Road West, Kowloon, Hong Kong on Monday, 13 February 2023 at 11:00 a.m., during which resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, pass resolutions to approve the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated thereunder.

The notice of the EGM is set out on pages 43 to 44 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.

LETTER FROM THE BOARD

Shareholders with a material interest in the Renewed Real Estate Agency Services Framework Agreement 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 Enjoy Start, a company directly wholly-owned by him) held 848,092,944 Shares, representing approximately 66.32% of the share capital of the Company. Mr. Wu and Enjoy Start control or are entitled to exercise control over the voting right in respect of their Shares. The CCRE Group is indirectly owned as to more than 30% by Mr. Wu. As such, Mr. Wu is regarded as being interested in the transactions contemplated under the Renewed Real Estate Agency Services Framework Agreement. Therefore, Mr. Wu and (through Enjoy Start) will abstain from voting 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 resolution(s) to be proposed in respect of the aforesaid matters.

11. CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the EGM to be held on 13 February 2023, the register of members of the Company will be closed from 8 February 2023 to 13 February 2023 (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 share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 7 February 2023.

12. 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, are of the view that the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated 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) recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

13. ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 18 to 19 of this circular which contains its recommendation to the Shareholders as to voting at the EGM in relation to the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser as set out on pages 20 to 37 of this circular which contains its advice to the Independent Board Committee and the Shareholders in relation to the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated 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 New Life Limited
Wang Jun
Chairman

* *For identification purposes only*



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)

19 January 2023

To the Independent Shareholders

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTIONS
PROPOSED RENEWAL OF REAL ESTATE AGENCY SERVICES
FRAMEWORK AGREEMENT**

We refer to the circular of the Company dated 19 January 2023 (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 as to whether the terms of the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and whether they are in the interest of the Company and the Shareholders as a whole and to recommend whether or not the Independent Shareholders should vote for the resolution to be proposed at the EGM to approve the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated thereunder. The appointment of Red Sun Capital 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 20 to 37 of the Circular.

Your attention is also drawn to the “Letter from the Board” in the Circular and other information set out in the appendices thereto.

Having considered the terms of the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated thereunder and taking into account the independent advice from Red Sun Capital Limited, the Independent Financial Adviser, in particular the principal factors, reasons and recommendation as set out in its letter, we are of the opinion that the terms of the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated thereunder have been entered into on normal commercial

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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 the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Leong Chong

Ms. Luo Laura Ying

Ms. Xin Zhu

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions (including the Proposed Annual Caps) prepared for the purpose of incorporation in this circular.



红日资本有限公司
RED SUN CAPITAL LIMITED

Room 310, 3/F., China Insurance Group Building,
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Tel: (852) 2857 9208

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19 January 2023

*To: The Independent Board Committee and the Independent Shareholders of
Central China New Life Limited*

CONTINUING CONNECTED TRANSACTIONS PROPOSED RENEWAL OF REAL ESTATE AGENCY SERVICES FRAMEWORK AGREEMENT

I. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the continuing connected transactions in connection with the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated thereunder (together the “**Continuing Connected Transactions**”) together with the proposed annual caps for the three years ending 31 December 2023, 2024 and 2025 (the “**Proposed Annual Caps**”). Details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company (the “**Circular**”) to the Shareholders dated 19 January 2023, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Reference is made to (i) the Prospectus; and (ii) the Company’s circular dated 23 November 2020. As the Real Estate Agency Services Framework Agreement was due to expire on 31 December 2022, the Company had entered into the Renewed Real Estate Agency Services Framework Agreement with CCRE on 9 December 2022 (after trading hours), which will commence from the Effective Date and expire on 31 December 2025, subject to the fulfilment of the conditions precedent thereunder.

Save for the renewed term (including Proposed Annual Caps), the provisions of the Renewed Real Estate Agency Services Framework Agreement are substantially the same as that of the Real Estate Agency Services Framework Agreement. Further details of the terms of the Renewed Real Estate Agency Services Framework Agreement are set out in the Letter from the Board. The Real Estate Agency Services Framework Agreement is conditional upon the approval of the Independent Shareholders at the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, CCRE was 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 Real Estate Agency Services Framework Agreement 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 the Renewed Real Estate Agency Services Framework Agreement exceeds 5%, the transactions contemplated thereunder the Renewed Real Estate Agency Services Framework Agreement are subject to the annual review, reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

II. THE INDEPENDENT BOARD COMMITTEE

The Board consists of seven Directors, namely Mr. Wang Jun (Chairman) and Mr. Wang Qian as executive Directors, Ms. Wu Lam Li and Ms. Min Huidong as non-executive Directors and Mr. Leong Chong, Ms. Luo Laura Ying and Ms. Xin Zhu as independent non-executive Directors.

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Leong Chong, Ms. Luo Laura Ying and Ms. Xin Zhu, has been formed to advise the Independent Shareholders as to whether the Continuing Connected Transactions (including the Proposed Annual Caps) has been entered into in the ordinary and usual course of business, the terms of which are under normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We have been appointed to advise the Independent Board Committee and the Independent Shareholders in these respects and to give our opinion in relation to the Continuing Connected Transactions (including the Proposed Annual Caps) for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders.

III. OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, the CCRE Group and their respective shareholders, directors or chief executives, or any of their respective associates and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Continuing Connected Transactions.

In the previous two years, save for our appointment as the independent financial adviser in connection with (i) the proposed renewal of property consultation and management services framework agreement between the Company and CCRE, and the proposed amendments of annual caps under the intelligent technology services framework agreement between the Company and CCRE, details of which are set out in the circular of the Company dated 9 December 2021; and (ii) the continuing connected transactions under two services framework agreements between DIT Limited and CCRE, details of which are set out in the circular of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

CCRE dated 24 August 2021, we have not acted as an independent financial adviser to the independent board committee and the independent shareholders of the Company or CCRE for any other transactions.

Apart from the normal professional fees paid or payable to us in connection with this appointment and the engagements as stated above as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant in assessing our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

IV. BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice to the Independent Board Committee and Independent Shareholders, we have relied solely on the statements, information, opinions, beliefs and representations for matters relating to the Group, the CCRE Group and their respective shareholders and management contained in the Circular and the information and representations provided to us by the Group and/or its senior management (the “**Management**”) and/or the Directors. We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Circular, which have been provided by the Company, the Directors and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Circular (including this letter) or otherwise provided or made or given by the Group and/or the Management and/or the Directors and for which it is/they are solely responsible were true and accurate, and valid and complete in all material respects at the time they were made and given and continue to be true and accurate, and valid and complete in all material respects as at the date of the Circular. We have assumed that all the opinions, beliefs and representations for matters relating to the Group, and the CCRE Group made or provided by the Management and/or the Directors contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or the Management and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have been provided with sufficient information and documents to enable us to reach an informed view and the Management has assured us no material information has been withheld from us to allow us to reasonably rely on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions, beliefs and representations provided to us by the Group and/or the Management and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification nor have we conducted any independent investigation into information provided by the Directors and the Management, background,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

business or affairs or future prospects of the Company, the CCRE Group and their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

V. BACKGROUND INFORMATION OF THE CONTINUING CONNECTED TRANSACTIONS

In formulating our opinion on the Continuing Connected Transactions (together with the Proposed Annual Caps), we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

As disclosed in the Letter from the Board, 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.

Set out below are the key financial information of the Group for the year ended 31 December 2020 and 2021 as extracted and summarised from the published annual report of the Group for the year ended 31 December 2021 (the “**2021 Annual Report**”) and the interim report for the six months ended 30 June 2022 (the “**2022 Interim Report**”):

Table 1: Consolidated financial results of the Group

	For the year ended		For the six months ended	
	31 December		30 June	
	2020	2021	2021	2022
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue				
— Property management and value-added services	2,198.5	3,040.8	1,286.1	1,395.0
— Lifestyle services	366.4	407.0	206.0	105.6
— Commercial property management and consultation services	89.6	151.1	71.7	64.6
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue	<u>2,654.5</u>	<u>3,598.9</u>	<u>1,563.8</u>	<u>1,565.2</u>
Profit after tax	440.7	653.4	270.8	301.5
Profit attributable to owners of the Company	426.6	619.6	260.2	289.8

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial performance for the six months ended 30 June 2021 (the “6M2021”) and the six months ended 30 June 2022 (the “6M2022”)

As set out in the 2022 Interim Report, the revenue of the Group increased by approximately RMB1.4 million or 0.1% from approximately RMB1,563.8 million for 6M2021 to approximately RMB1,565.2 million for 6M2022.

Revenue derived from property management and value-added services increased by approximately RMB108.9 million or 8.5% from approximately RMB1,286.1 million for 6M2021 to approximately RMB1,395.0 million for 6M2022. Such increase was primarily attributable to an increase of the total GFA under management of the Group from approximately 115.0 million sq.m. as at 30 June 2021 to approximately 142 million sq.m. as at 30 June 2022, resulted in an increase of revenue generated from the provision of property management services. Revenue derived from lifestyle services decreased by approximately RMB100.4 million or 48.7% from approximately RMB206.0 million for 6M2021 to approximately RMB105.6 million for 6M2022. Such decrease was mainly attributable to low consumer confidence among residents due to the impact of the resurgence of the pandemic and the economic situation, resulted in the decrease of revenue from the “Jianye+” platform. Revenue derived from commercial property management and consultation services decreased by approximately RMB7.1 million or 9.9% from approximately RMB71.7 million for 6M2021 to approximately RMB64.6 million for 6M2022. Such decrease was mainly attributable to the decrease of revenue generated from the cultural tourism complex management to approximately RMB40.1 million during the 6M2022 from approximately RMB54.5 million for the 6M2021.

The profit attributable to owners of the Company increased by approximately RMB29.6 million or 11.4% from approximately RMB260.2 million for 6M2021 to approximately RMB289.8 million for 6M2022. Such increase was mainly attributable to the revenue and gross profit being broadly at a similar level during both 6M2021 and 6M2022, and that the Group’s operating profit increased notably from approximately RMB338.4 million to approximately RMB396.8 million, which was mainly attributable to (i) the reduction in administrative expenses by approximately RMB41.3 million; and (ii) the increase in other income by approximately RMB26.4 million.

Financial performance for the year ended 31 December 2020 (the “FY2020”) and the year ended 31 December 2021 (the “FY2021”)

The Group’s revenue increased by approximately RMB944.4 million or 35.6% from approximately RMB2,654.5 million for FY2020 to approximately RMB3,598.9 million for FY2021.

Revenue derived from recognised in property management and value-added services increased by approximately RMB842.3 million or 38.3% from approximately RMB2,198.5 million for FY2020 to approximately RMB3,040.8 million for FY2021. The increase was primarily attributable to (i) an increase in the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

total GFA under management from approximately 100.0 million sq.m. as of 31 December 2020 to approximately 135.9 million sq.m. as of 31 December 2021, resulted in an increase of revenue generated from the provision of property management services; and (ii) the increase of business volume for value-added services such as intelligent communities and move-in furnishing, resulted in an increase of revenue generated from value-added services. Revenue derived from lifestyle services increased by approximately RMB40.6 million or 11.1% from approximately RMB366.4 million for FY2020 to approximately RMB407.0 million for FY2021. Such increase was primarily attributable to the increase of registered users on the Jianye+ platform from approximately 3.7 million as of 31 December 2020 to approximately 5.8 million as of 31 December 2021, and the increase in revenue was due to the growth in user base and user consumption. Revenue derived from commercial property management and consultation services increased by approximately RMB61.5 million or 68.7% from approximately RMB89.6 million for FY2020 to approximately RMB151.1 million for FY2021. Such increase was mainly attributable to the addition of two new cultural and tourism complexes, namely “Jianye Film Town” and “Unique Henan” in 2021.

The profit attributable to owners of the Company increased by approximately RMB193 million or 45.2% from approximately RMB426.6 million for FY2020 to approximately RMB619.6 million for FY2021. Such increase was mainly attributable to the increase in revenue and the corresponding increase in gross profit by approximately RMB322.5 million.

Table 2: Consolidated financial position of the Group

	As at 31 December		As at
	2020	2021	30 June
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
Total assets	4,250.0	5,037.0	5,043.4
— Trade and other receivables and prepayments	1,395.7	2,255.4	2,551.6
— Cash and cash equivalent	2,217.8	2,264.4	1,969.5
— Intangible assets	87.7	274.0	299.5
Total liabilities	1,532.6	1,980.5	2,033.8
— Trade and other payables	937.3	1,073.4	1,064.9
— Contract liabilities	474.3	630.9	642.4
— Current income tax liabilities	95.9	199.3	178.3
Total equity attributable to owners of the Company	2,691.3	2,954.2	2,886.6

Note: For the avoidance of doubt, only selected major asset and liability components are disclosed in the table above.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial position of the Group as at 30 June 2022 compared to 31 December 2021

The Group's total asset balance was approximately RMB5,043.4 million as at 30 June 2022, which was broadly in line with that of approximately RMB5,037.0 million as at 31 December 2021. As at 30 June 2022, assets of the Group mainly comprised of trade and other receivables and prepayments of approximately RMB2,551.6 million, cash and cash equivalent of approximately RMB1,969.5 million and intangible assets of approximately RMB299.5 million, which accounted for approximately 50.6%, 39.1% and 5.9% of the total assets, respectively.

The Group's total liabilities increased by approximately RMB53.3 million or approximately 2.7%, from approximately RMB1,980.5 million as at 31 December 2021 to approximately RMB2,033.8 million as at 30 June 2022. Such increase was mainly attributable to the increase in borrowings of approximately RMB75.7 million as at 30 June 2022. As at 30 June 2020, liabilities of the Group mainly comprised of trade and other payables of approximately RMB1,064.9 million, contract liabilities of approximately RMB642.4 million and current income tax liabilities of approximately RMB178.3 million, which accounted for approximately 52.4%, 31.6% and 8.8% of the total liabilities, respectively.

Financial position of the Group as at 31 December 2020 and 31 December 2021

The Group's total assets increased by approximately RMB787.0 million or approximately 18.5% from approximately RMB4,250.0 million as at 31 December 2020 to approximately RMB5,037.0 million as at 31 December 2021. Such increase was primarily attributable to (i) the increase in intangible assets from approximately RMB87.7 million as at 31 December 2020 to approximately RMB274.0 million as at 31 December 2021; (ii) the increase in trade and other receivables and prepayments from approximately RMB1,395.7 million as at 31 December 2020 to approximately RMB2,255.4 million as at 31 December 2021; and (iii) the increase in cash and cash equivalent from approximately RMB2,217.8 million as at 31 December 2020 to approximately RMB2,264.4 million as at 31 December 2021, respectively. As at 31 December 2021, assets of the Group mainly comprised of cash and cash equivalent of approximately RMB2,264.4 million, trade and other receivables and prepayments of approximately RMB2,255.4 million and intangible assets of approximately RMB274.0 million, which accounted for approximately 45.0%, 44.8% and 5.4% of the total assets, respectively.

The Group's total liabilities increased by approximately RMB447.9 million or approximately 29.2%, from approximately RMB1,532.6 million as at 31 December 2020 to approximately RMB1,980.5 million as at 31 December 2021. Such increase was mainly attributable to the net effect of (i) the increase in contract liabilities of approximately RMB156.6 million from approximately RMB474.3 million as at 31 December 2020 to approximately RMB630.9 million as at 31 December 2021; and (ii) the increase in trade and other payables of approximately RMB136.1 million from approximately RMB937.3 million as at 31 December 2020 to approximately

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RMB1,073.4 million as at 31 December 2021, respectively. As at 31 December 2021, liabilities of the Group mainly comprised of trade and other payables of approximately RMB1,073.4 million, contract liabilities of approximately RMB630.9 million and current income tax liabilities of approximately RMB199.3 million, which accounted for approximately 54.2%, 31.9% and 10.1% of the total liabilities, respectively.

2. Background information on the CCRE Group

As set out in the Letter from the Board, CCRE Group is principally engaged in real estate development and sales in Henan Province, the PRC.

3. Background information on the property management industry in the PRC

With reference to the website of the National Bureau of Statistics of the PRC (<http://www.stats.gov.cn>), and the PRC Third Quarter 2022 Gross Domestic Product Preliminary Results* (2022年三季度國內生產總值初步核算結果)¹ the PRC recorded year-on-year growth in gross domestic product (“GDP”) in 2021 of approximately 8.1% and based on preliminary published figures for the nine months ended 30 September 2022, the PRC recorded GDP a period-on-period growth of approximately 3.0% compared to the nine months ended 30 September 2021. Such relatively moderate GDP growth for the nine months ended 30 September 2022 was partly attributable to the re-emergence of COVID-19 cases in various regions or cities of the PRC from time to time. In this connection, the PRC government has introduced various regulations and measures to manage and contain the re-emergence of these COVID-19 cases, some of which may have temporarily affected the level of business activities in the subject area.

According to the 14th Five Year Plan (the “14th FYP”)* (十四五規劃) announced by the PRC government in March 2021, the target urbanisation rate of the resident population* (常住人口城鎮化率) is set at 65.0% by 2025. In this connection, the PRC government had implemented policies to promote urbanisation in the PRC through to, among others, (i) accelerate the agricultural population urbanisation* (加快農業轉移人口市民化) by implementing three main strategies, namely further reform of the household registration system* (深化戶籍制度改革), implementation of the residence permit system* (實施居住證制度) and improvement on the system for promoting urbanisation of agricultural population* (健全促進農業轉移人口市民化的機制); and (ii) optimise urbanisation layout* (優化城鎮化佈局和形態) by implementing three main strategies, namely the acceleration of the construction and advancement of urban agglomeration* (加快城市群建設發展), enhance the drive of activities by central cities* (增強中心城市輻射帶動功能) and speeding up of the development of small and medium-sized cities and characteristic towns* (加快發展中小城市和特色鎮).

¹ PRC Third Quarter 2022 GDP Preliminary Results* (http://www.stats.gov.cn/tjsj/zxfb/202210/t20221024_1889502.html)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Furthermore, based on publication by the PRC government in relation to the 14th FYP, the PRC government will focus on enhancing the quality and efficacy of the overall economy with a view to attain sustainable and healthy development through, among others, (i) the improvement of supply chain modernisation* (提升產業鏈供應鏈現代化水平); (ii) the development of strategic new industries* (發展戰略性新興產業); (iii) the acceleration of modern service industries development* (加快發展現代服務業); (iv) the coordination of infrastructure construction advancement* (統籌推進基礎設施建設); and (v) the acceleration of the development of digitalisation* (加快數位化發展)².

It is expected that the development of the PRC real estate market will continue to be influenced by, among others, changes in PRC government policies at a national and regional level which is intended to promote sustainable and healthy long-term development, the then prevailing market environment as well as the overall economic development of the PRC.

VI. PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Reasons for and benefits of entering into the Renewed Real Estate Agency Services Framework Agreement

Based on our discussion with the Management, we noted that the Continuing Connected Transactions contemplated under the Renewed Real Estate Agency Services Framework Agreement are a furtherance of the Group's existing business and will subject to terms of the subject framework agreement, including without limitation, the pricing policy set out thereunder to ensure that the terms of the transactions with the CCRE Group and its associates are conducted on normal commercial terms and the relevant annual caps are to facilitate the effective execution of the Continuing Connected Transactions.

As set out in the Letter from the Board, the Directors have been carefully monitoring the historical transaction amounts of, and the estimated demand for, the continuing connected transactions of the Group. The Directors consider that entering into the Renewed Real Estate Agency Services Framework Agreement 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 in various aspects.

The Renewed Real Estate Agency Services Framework Agreement would (i) further strengthen the Group's capabilities in real estate agency services with the provision of integrated and customised marketing solutions; (ii) enable the Group to adapt to the latest market conditions whereby the sales of properties have become more difficult and might require additional marketing efforts; and (iii) boost the sales volume and amounts for the properties developed by the CCRE Group and its associates, and therefore increase the commission income of the Group, which is recorded under the business segment of property management services and value-added services.

² *Publication of the State Council of the PRC titled "中共中央關於制定國民經濟和社會發展第十四個五年規劃和二零三五年遠景目標的建議"* (Source: www.gov.cn/zhengce/2020-11/03/content_5556991.htm)

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Having considered the following factors, among others, (i) the Real Estate Agency Services Framework Agreement entered into between the Company and CCRE dated 30 October 2020 is going to expiry on 31 December 2022 and that the Company is expected to continue the provision of real estate agency services in respect of the first-hand property sales as well as preparation services to the CCRE Group and its associates; (ii) the Group is a property management service provider that offers a range property management services and related value-added services, lifestyle services, and commercial property management and consultation services to its customers, including the CCRE Group, in the PRC and the Continuing Connected Transactions are a furtherance of the Group's principal businesses; (iii) the Renewed Real Estate Agency Services Framework Agreement and the Proposed Annual Caps, if approved, shall facilitate the Continuing Connected Transactions to be conducted in an effective and efficient manner without the need for the Company to seek Shareholders' approval on a transaction-by-transaction basis; and (iv) the Group has the right but not the obligation to seek or provide the relevant services to the CCRE Group at terms determined in accordance with the relevant pricing policies, we concur with the Directors' view that the Continuing Connected Transactions are in the interests of the Company as a whole.

2. Principal terms of the Renewed Real Estate Agency Services Framework Agreement

The following information has been summarised and extracted from the Letter from the Board:

Date	:	9 December 2022
Parties	:	(1) The Company (as service provider); and (2) CCRE (as service user)
Term	:	Effective Date to 31 December 2025
Conditions precedent	:	The Renewed Real Estate Agency Services Framework Agreement is conditional on the approval of the independent shareholders of each of CCRE and the Company, at their respective extraordinary general meetings.
Services	:	The Group will continue to provide to the CCRE Group and its associates the Real Estate Agency Services, being the real estate agency services in respect of the first-hand property sales as well as preparation services (including but not limited to consultation services and event organisation services).
Service fee	:	The Group shall receive a commission rate (ranging from 0.8% to 6.0%) based on the transaction amounts of the property sales as service fee.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In addition, pursuant to the Renewed Real Estate Agency Services Framework Agreement, the commission rate applicable to each property project would be determined with reference to a number of factors, including but not limited to the following:

- **the service scope for the property project** (i.e. the types and varieties of consultation, preparation and event organisation services required, such as formulation of strategic marketing plans, event venue set-up, production of advertising materials and event execution and management, etc.) — generally, more extensive services will result in the Group requiring a higher commission rate. Further, if the Group is appointed as the exclusive sales agent, this will also result in the Group requiring a higher commission rate;
- **the market conditions and the prevailing market rates** — as mentioned above, the commission rate charged by the Group will make reference to quotations from at least two Independent Third Parties for agency services similar to those to be provided to the CCRE Group. In addition, overall market conditions can impact the amount of marketing efforts and labour costs needed to sell the underlying properties. Generally, increased marketing efforts and labour costs will warrant higher commission rate charged by the Group, and vice versa;
- **geographical characteristics of the property project, and characterises of the target group of property and purchasers** — this primarily refers to the location of the property project, its target customers (such as first-home buyers versus investment customers) and corresponding customer demand for that location. Properties located in areas that require additional marketing efforts and labour costs to sell the underlying properties will warrant higher commission rate charged by the Group, and vice versa; and
- **marketing budget for the property project** — this is the budget set by the CCRE Group to limit the amount of resources it will devote to marketing (including real estate agency services from the Group).

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Further details of the principal terms of the Renewed Real Estate Agency Services Framework Agreement are set out in the Letter from the Board.

Pricing Policy

During the term of the Renewed Real Estate Agency Services Framework Agreement, the Group shall from time to time enter into the individual agreements with the CCRE Group for the provision of relevant services in accordance with the terms of the Renewed Real Estate Agency Services Framework Agreement. The Company confirmed that the Group would continue to adopt the pricing policy and mechanisms set out under section headed “Pricing Policy and Mechanism — (a) Provision of real estate agency services” in the letter from the Board of the Company’s circular dated 23 November 2020, which would charge the CCRE Group and its associates at a specific commission range which is applicable to the CCRE Group and its associates as well as Independent Third Parties after taking into account the market information available to the Group in terms of real estate sales commission. The Group adopts such pricing policy in order to ensure that the terms offered to the CCRE Group and its associates under the Renewed Real Estate Agency Services Framework Agreement are on normal commercial terms and shall not be less favourable to the Group than terms offered by the Group to Independent Third Parties.

3. Analysis on the principal terms of the Renewed Real Estate Agency Services Framework Agreement and work performed on the internal control procedures

With a view to assess the reasonableness of the terms of the Renewed Real Estate Agency Services Framework Agreement, we have obtained and reviewed a total of nine samples of historical transactions conducted during 2020 to 2022, being the period under the Real Estate Agency Services Framework Agreement, which included transactions for real estate agency services provided by the Group to (i) Independent Third Parties, comprising four transactions; and (ii) members of the CCRE Group, comprising five transactions (together the “**Agency Services Samples**”). With a view to assess the fairness and reasonableness, the Agency Services Samples with members of the CCRE Group were selected on a random basis and compared against similar transactions with Independent Third Parties. Given the Agency Services Samples covered (i) various years across the period under the Real Estate Agency Services Framework Agreement; and (ii) the Group’s agency services for a range of different properties in the PRC, we considered that the Agency Services Samples to be appropriate and representative for the purpose of our analysis in this connection. We noted that the commission rates of agency fee of the Agency Services Samples were charged based on a specified commission range maintained by the Group, being between 0.8% to 6.0% (the “**Commission Range**”).

Based on the Agency Services Samples reviewed, the Commission Range was applied to transactions with both Independent Third Parties and connected persons of the Company. In addition, the Management further advised that none of the real estate agency services with the CCRE Group were charged at a price out of the prescribed Commission Range of 0.8% to 6.0% as stated in the Renewed Real Estate Agency Services Framework Agreement during the relevant period.

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Furthermore, we understand from the Management that the Commission Range was determined according to the then latest market information available to the Group. The Management advised that transactions for real estate agency services provided by the Group to Independent Third Parties or the CCRE Group also have to comply with the Commission Range. The Management advised that the commission rate of a transaction is proposed by the staff of the Group's operations department based on a set of criteria, including, among others, location of properties and competition from market participants and approved by the head of the operations department. The Company will also perform a review of the Commission Range on a semi-annual basis.

Moreover, we noted from the last review of market information compiled by the operations department of the Group, which included, among others, a total of not less than 390 property projects developed by Independent Third Parties, comprising of (i) data from more than 15 districts in the Henan Province; and (ii) various residential properties and commercial properties of different scales ranging from property development projects with less than 100 units to not more than 2,000 units, and noted that the commission rate of the aforesaid residential/commercial buildings charged by Independent Third Parties were between 0.8% to 6.0%, such being within the Commission Range. Having considered (i) the size of the market data set; (ii) the market data set covered various districts across the Henan Province; and (iii) the market data set covered different types and scale of property projects, ensuring that the market data set is representative of the relevant market, we concur with the Management that the Commission Range is at broadly in line with the market, based on the last review of the market information compiled by the operations department, and of the view that the pricing basis of the Commission Range to be fair and reasonable.

Based on our work and analysis performed and as set out above, the sampled transactions obtained and reviewed were conducted in accordance with the applicable pricing policies of the Group. We have also obtained documents demonstrating that the relevant internal approval procedures were carried out, such as, the subject transactions, together with the relevant terms thereunder, were reviewed and approved by a representative from each of the accounting department* (財務管理部) and the operations department* (運營管理部) as well as the general manager* (總經理), with respect to the Agency Services Samples.

In view of the above, in particular, our analysis and work performed on the pricing policies and internal control procedures implemented by the Group, such as the basis of service fees charged for real estate agency services, were determined in accordance with the Commission Range for both Independent Third Parties and the CCRE Group, we are of the view that the effective implementation of the pricing policies and internal control procedures shall ensure the transactions for real estate agency services to be contemplated under the Renewed Real Estate Agency Services Framework Agreement to be fair and reasonable.

In addition, we have discussed and understood from the Management that the auditor of the Company would also conduct an annual review on the pricing terms and the annual caps under the Renewed Real Estate Agency Services Framework Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
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We further understand from the Management that the finance department of the Group will monitor the actual transaction amounts contemplated under the Renewed Real Estate Agency Services Framework Agreement and report to the Management if the aggregate transaction amount under the annual caps is close to its limit. The Management has also confirmed that the transactions between the Group and the CCRE Group under the Real Estate Agency Services Framework Agreement have been in compliance with the relevant internal control procedures.

4. Rationale for determining the annual cap in connection with the Renewed Real Estate Agency Services Framework Agreement

The historical transaction amounts under the Real Estate Agency Services Framework Agreement during the year/period is set out below:

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2021 RMB'000	For the nine months ended 30 September 2022 RMB'000
Historical transaction amount	404,860	407,100	141,897

The table below sets out the Proposed Annual Caps under Renewed Real Estate Agency Services Framework Agreement:

	For the years ending 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Proposed Annual Caps	350,000 (the “ 2023 Proposed Annual Cap ”)	350,000 (the “ 2024 Proposed Annual Cap ”)	350,000 (the “ 2025 Proposed Annual Cap ”)

As set out in the Letter from the Board and based on our discussion with the Management, the Proposed Annual Caps for the year ending 31 December 2023 was determined after taking into account, among others, the following factors:

- (i) the historical transaction amounts and volume of Real Estate Agency Services provided by the Group during the years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022, in particular, the fact that the historical transaction amount during nine months ended 30 September 2022 was lowered than that of the corresponding period in the prior year, which was mainly due to the continued impact of COVID-19 and the general negative downturn of the PRC real estate industry;

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- (ii) the estimated lower transaction amounts for Real Estate Agency Services for the years ending 31 December 2023, 2024 and 2025, calculated by multiplying the commission rate (ranging from 0.8%–6.0%) by the estimated aggregate sales amount for approximately RMB48.9 billion, being all the existing agreements entered into as of 30 September 2022; and
- (iii) the estimated lower in demand for the Real Estate Agency Services as seen from the decrease of estimated aggregate sales amount from approximately RMB52.7 billion for all the existing agreements entered into as of 31 December 2021 to approximately RMB48.9 billion for all the existing agreements entered into as of 30 September 2022, which the Directors consider to be primarily attributable to the decrease in number of property projects expected to be launched for sale by the CCRE Group and its associates due to the continued impact of COVID-19. COVID-19 has had a substantial impact on China's overall economy and also its real estate industry. Policies in recent years to contain the outbreak of COVID-19 have directly slowed construction of new properties as well as directly impacted sales of properties. Since November 2022, China has been gradually easing its COVID-19 prevention and control measures in various regions in China, and has announced plans to relax travel restrictions and lift quarantine measures in January 2023. As such, the Board believes that the impact of COVID-19 is not recurring. The Board has opted for a conservative approach in determining the annual caps for the three years ending 31 December 2025, by primarily referencing estimated aggregate sales amount of RMB48.9 billion for all existing agreements as of 30 September 2022 and assuming sales will maintain at this level for the next three years, despite the recent relaxation of COVID-19 restrictions.

We noted that the PRC real estate development industry has faced challenges in the recent past attributable to the introduction of various PRC government policies with a view to promote the long-term sustainability of the PRC real estate development industry including, among others, (i) the strict implementation of the three red lines* (三條紅線) from around the second half of 2020³, namely (a) the debt-to-asset ratio (after excluding receipts in advance) of real estate development enterprises shall not exceed 70%* (房企剔除預收款後的資產負債率不得大70%); (b) the net debt ratio of real estate development enterprises shall not exceed 100%* (房企的淨負債率不得大於100%); and (c) the “cash and short term debt ratio” of the real estate development enterprises should be less than one* (房企的“現金短債比”小於1), which became one of the core policy directives issued by the PRC government in relation to the property development industry at the relevant time; and more recently (ii) the announcement of Provision of Financial Support for the Stability and Healthy Development of the Real Estate Market* (關於做好當前金融支持房地產市場平穩健康發展工作的通知)⁴ jointly published by The People's Bank of China* (中國人民銀行) and China Banking and Insurance Regulatory Commission* (中

³ PRC government published article in relation to finance and land related policies dated 1 March 2021 (source: http://www.gov.cn/xinwen/2021-03/01/content_5589400.htm)

⁴ P Announcement of Provision of Financial Support for the Stability and Healthy Development of the Real Estate Market* 《關於做好當前金融支持房地產市場平穩健康發展工作的通知》 jointly published by The People's Bank of China* (中國人民銀行) and China Banking and Insurance Regulatory Commission* (中國銀行保險監督管理委員會) dated 23 November 2022 (source: <https://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=1082913generaltype=0>)

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國銀行保險監督管理委員會) dated 23 November 2022 in relation to (a) ensure stable and orderly real estate financing* (保持房地產融資平穩有序); (b) proactively carry out “guarantee delivery of vacant possession” related financial services* (積極做好“保交樓”金融服務); (c) proactively cooperate on risk management of real estate development enterprises in difficulties* (積極配合做好受困房地產企業風險處置); (d) protect the legal rights and interests of residential property financial consumers* (依法保障住房金融消費者合法權益); (e) adjust part of the financial management policies in stages* (階段性調整部分金融管理政策); and (f) provide greater financial support on leasing of residential properties* (加大住房租賃金融支持力度).

In view of the above, it is expected that the PRC real estate market may subject to short term fluctuations and that the future development of the PRC real estate market will continue to be influenced by changes in PRC government policies at a national and regional level which is intended to promote sustainable and healthy long-term development, the then prevailing market environment as well as the overall economic development of the PRC. In this connection, we consider that it is necessary for the Management to take into account the aforesaid potential fluctuations by allowing sufficient flexibilities when determining the Proposed Annual Caps.

From our review of the published information, including the published unaudited contracted sales data of CCRE for January to December 2022, it is noted that for the twelve months ended 31 December 2022, the CCRE Group recorded total property contracted sales GFA of approximately 3.4 million square meters, representing a notable decrease in terms total GFA compared to the corresponding period of approximately 8.2 million square metres in the prior year. Nonetheless, based on published annual report of the CCRE Group for the year ended 31 December 2021, the CCRE Group recorded total property contracted sales GFA in the region of 8.0 million to 9.0 million square meters for each of the years ended 31 December 2019, 2020 and 2021, respectively. Based on the aforesaid level of property contracted sales as well as the implementation of recently supportive PRC government policies as discussed in this letter above, the Management considered the decrease in total property contracted sales of the CCRE Group, in terms of GFA, for the twelve months ended 31 December 2022 to be short-term market fluctuation and is optimistic that the PRC real estate development market will recover over time. As such, with a view to manage such market fluctuation which is beyond the Company’s control, we consider that it is necessary for the Management to incorporate sufficient flexibilities when determining the Proposed Annual Caps.

Nonetheless, in assessing the reasonableness of the Proposed Annual Caps in connection with the Renewed Real Estate Agency Services Framework Agreement, we have obtained a schedule from the Management setting out the estimated aggregate sales amount which includes over 200 projects located in various regions of Henan Province such as Zhengzhou, Anyang and Xuchang (the “**Project Schedule**”).

Having considered, among others, (i) the information as set out in the Project Schedule, comprising (a) not less than 65 property projects for each of the year from 2023 to 2025; (b) the relevant contracts of around 80% or more of these projects have been already entered into for 2023, 2024 and 2025, respectively; (c) property projects

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located across more than 15 districts in the Henan Province; and (d) the expected revenue of these projects typically ranged from not less than RMB100,000 to not more than RMB30 million, subject to their size and scales; (ii) the total sales amount for these existing and potential upcoming project development projects estimated by the Management and the Commission Range for the real estate agency services; and (iii) as per the interim report of CCRE for the six months ended 30 June 2022, we noted that the CCRE Group had over 190 property projects under development with a total GFA of approximately 31.4 million sq.m. as at 30 June 2022, respectively. While the total and attributable GFA in land bank of the CCRE Group amounted to approximately 50.4 million sq.m. and 36.6 million sq.m. as at 30 June 2022 (the “**Land Bank**”) compared to approximately 53.5 million sq.m. and 38.6 million sq.m. as at 31 December 2021. The Land Bank included property development projects situated across cities in the PRC, including cities in the Zhengzhou region, the Shangqiu region, Luoyang region and Zhoukou region; and (iv) with a view to manage the potential fluctuations resulting from the market reactions to the PRC government policies, which is beyond the Company’s control, we consider that it is necessary for the Management to incorporate sufficient flexibilities when determining the Proposed Annual Caps, the 2023 Proposed Annual Cap, including its basis of determination, is considered to be fair and reasonable.

For the 2024 and 2025 Proposed Annual Caps, it is noted that such are at the same level as the 2023 Proposed Annual Cap. Given (i) the 2023 Annual Cap already represent a decrease of approximately 24.7% as compared to the annual cap for the year ended 31 December 2021 and each of the 2024 and 2025 Proposed Annual Caps represent no increase to the 2023 Proposed Annual Cap; (ii) the total and attributable GFA in Land Bank of the CCRE Group amounted to approximately 50.4 million sq.m. and 36.6 million sq.m. as at 30 June 2022, subject to the respective planned schedule and progress of the relevant property development projects, a portion of the properties to be constructed on the Land Bank may require the Group’s real estate agency services over the course of 2024 and 2025; (iii) on 30 October 2020, due to unexpected surge in market demand beyond the control of the Company, the Company had to revise the annual caps for the years ending 31 December 2020 and 2021 in relation to, among others, the real estate agency services, and thus the Management considered that it is necessary to take into account, to the extent possible, such potential market fluctuation when determining the Proposed Annual Caps to ensure the Continuing Connected Transactions can be carried out in an effective and undisrupted manner; (iv) the Management expected that the decrease in the total gross floor area of CCRE Group is short-term in nature as the real estate market was temporary affected by the market reaction of the introduction of various PRC government policies, including the implementation of the three red lines*; (v) it is expected that the PRC real estate market may subject to short term fluctuations and that the future development of the PRC real estate market will continue to be influenced by changes in PRC government policies at a national and regional level which is intended to promote sustainable and healthy long-term development, the then prevailing market environment as well as the overall economic development of the PRC. In this connection, we consider that it is necessary for the Management to take into account such uncertainties and potential fluctuations by allowing sufficient flexibilities when determining the Proposed Annual Caps; and (vi) the Management is optimistic that the PRC government policies will facilitate the long-term sustainability and foster a

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healthy environment for the continued development of the PRC real estate development industry over time, we considered the 2024 and 2025 Proposed Annual Caps, including its basis of determination, to be fair and reasonable.

VII. RECOMMENDATION

Having considered the factors as set out in this letter above, in particular,

- (i) the reasons for and benefits of the Renewed Real Estate Agency Services Framework Agreement;
- (ii) the provision of services under the Renewed Real Estate Agency Services Framework Agreement is a furtherance and continuance of the Group's existing principal businesses;
- (iii) based on our work performed, the sampled transactions under the Real Estate Agency Services Framework Agreement were conducted in accordance with its pricing policies and internal control procedures; and
- (iv) the value of, and the basis for determining the Proposed Annual Caps are reasonable as discussed in this letter above,

we are of the view that the Continuing Connected Transactions under the Renewed Real Estate Agency Services Framework Agreement with CCRE, are in the ordinary and usual course of business of the Group and on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the terms of which, including the Proposed Annual Caps, are fair and reasonable so far as the Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, that the Independent Shareholders to vote in favour of the ordinary resolution to approve the Renewed Real Estate Agency Services Framework Agreement (including the Proposed Annual Caps) at the EGM.

Yours faithfully
For and on behalf of
Red Sun Capital Limited
Lewis Lai
Managing Director

Mr. Lewis Lai is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 15 years of experience in the corporate finance industry.

* *For identification purposes only*

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:

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 ⁽⁴⁾
Mr. Wang Jun ⁽¹⁾	Interest in a controlled corporation	—	45,398,000	3.55%
Ms. Min Huidong	Beneficial owner	—	5,246,484	0.41%
Mr. Wang Qian	Beneficial owner	9,338,000 ⁽²⁾	—	0.73%
Ms. Wu Lam Li ⁽³⁾	Interest of spouse	—	848,092,944	66.32%

Notes:

- The 45,398,000 Shares were registered in the name and were beneficially owned by Leap United, a company wholly-owned by Mr. Wang Jun. Accordingly, he is deemed to be interested in the same Shares as Leap United by virtue of the SFO.

2. Such interest in the Shares is held pursuant to the share options which have granted, but are still pending acceptance by Mr. Wang Qian, under the share option scheme of the Company adopted on 29 April 2020.
3. The 848,092,944 Shares are beneficially owned by the spouse of Ms. Wu Lam Li (namely, Mr. Wu), therefore Ms. Wu Lam Li is deemed to be interested in the same Shares as her spouse 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 1,278,726,000 Shares of the Company 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	Nature of Interest	Total number of Shares in which the Shareholder is interested	Approximate Percentage
Enjoy Start ^(1, 2)	Beneficial owner	848,092,944	66.32%
Mr. Wu ^(1, 2)	Interest in a controlled corporation	848,092,944	66.32%
Ms. Wu Lam Li ^(1, 2)	Interest of a spouse	848,092,944	66.32%
Gaoling Fund, L.P. ⁽³⁾	Beneficial owner	84,857,000	6.64%
Hillhouse Capital Advisors, Ltd. ⁽³⁾	Interest in a controlled corporation	84,867,000	6.64%

Notes:

1. Enjoy Start is wholly-owned by Mr. Wu. Therefore, Enjoy Start is a controlled corporation of Mr. Wu and Mr. Wu is deemed to be interested in the same number of Shares that Enjoy Start is interested in under the SFO.
2. Ms. Wu Lam Li is the spouse of Mr. Wu and is therefore deemed to be interested in the same number of Shares that Mr. Wu is interested in under the SFO.
3. Hillhouse Capital Advisors, Ltd. (“**Hillhouse Capital**”) is the sole investment manager and general partner of Gaoling Fund, L.P. Hillhouse Capital is deemed to be interested in the 84,857,000 Shares held by Gaoling Fund, L.P.

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 2021, 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:

Name	Qualification
Red Sun Capital 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 expert 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 2021 (being the date to which the Company's latest 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 confirm that there has not been any material adverse change in the financial or trading position of the Group since 31 December 2021, 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 7706, 77/F, International Commerce Centre, No. 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 at www.hkexnews.hk and the Company at www.ccnewlife.com.cn for a period of 14 days from the date of this circular:

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

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**EGM**”) of the shareholders of Central China New Life Limited (the “**Company**”) will be held at Room 7706, 77/F, International Commerce Centre, No. 1 Austin Road West, Kowloon, Hong Kong on Monday, 13 February 2023 at 11:00 a.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 19 January 2023 (the “**Circular**”).

ORDINARY RESOLUTION

1. To approve the entering into of the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated thereunder as set out in the Circular and to authorize any one Director to do all such acts and things and execute all such documents in connection with the Renewed Real Estate Agency Services Framework Agreement and the transactions contemplated thereunder.

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

Hong Kong, 19 January 2023

As at the date of this notice, 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.

NOTICE OF EGM

Notes:

- (a) The register of members of the Company will be closed from 8 February 2023 to 13 February 2023 (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 Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 7 February 2023.
- (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.
- (e) If Typhoon Signal No. 8 or above is expected to be hoisted or a Black Rainstorm Warning Signal is expected to be in force any time after 6:00 a.m. on the date of the EGM, then the EGM will be postponed and the shareholders will be informed of the date, time and venue of the rescheduled Meeting by a supplementary notice posted on the websites of the Company and the Stock Exchange.

The EGM will be held as scheduled when an Amber or Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the EGM under bad weather condition bearing in mind their own situations and if they do so, they are advised to exercise care and caution.