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CENTRAL CHINA MANAGEMENT COMPANY LIMITED

中原建業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9982)

SUPPLEMENTAL ANNOUNCEMENT SUBSCRIPTIONS OF NEW SHARES UNDER THE GENERAL MANDATE

Reference is made to the announcement of the Company dated 18 November 2022 (the “**Announcement**”) in relation to the Subscriptions. Unless otherwise defined, capitalized terms used in this announcement have the same meanings as defined in the Announcement.

The Board wishes to provide further information in relation to the Subscriptions.

REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

The Board wishes to further elaborate on the reasons for the Subscriptions and proposed use of the net proceeds from the Subscriptions (the “**Subscription Proceeds**”). In particular, the Board wishes to emphasize that it believes the Subscriptions represent a desirable opportunity for the Company to scale up the Group’s government project management business and capital project management business, while allowing the Group to preserve its existing internal cash resources.

As disclosed in the Announcement, the Group intends to use the Subscription Proceeds for: (i) the development of the Group’s government project management business; (ii) the development of the Group’s capital project management business; and (iii) general working capital. The Board wishes to further elaborate on its plan and timeline of utilizing the Subscription Proceeds as follows:

Use of proceeds	Allocation of use of the Subscription Proceeds		Percentage of the Subscription Proceeds	Timetable
	(HK\$ million)	(RMB million)	(%)	
Development of government project management business	137.0	123.5	50%	Within 3 years after Completion
Development of capital project management business	123.3	111.1	45%	Within 3 years after Completion
General working capital	13.7	12.4	5%	Within 2 years after Completion
Total	<u>274.1</u>	<u>247.0</u>	<u>100%</u>	

The Group’s development of its government project management business and capital project management business is consistent with the Group’s strategies and future plans as previously disclosed in its prospectus dated 18 May 2021 (the “**Prospectus**”) as well as subsequent financial reports.

At the time of the Company’s listing, the Group was focused on commercial project management, and had not yet launched its government project management business and its capital project management business. As disclosed in the Prospectus, the Company had allocated approximately HK\$25.6 million to expand into government project management and capital project management, with such proceeds from the Company’s listing (the “**IPO Proceeds**”) to be used to recruit two employees at the Group’s headquarters and four employees at the Group’s regional branch offices, for each of these new business lines. Such IPO Proceeds was to be used within 3 years after the Company’s listing (being by June 2024), which continues to be the Company’s current plan. As mentioned above, such initial staff were for the Group’s headquarters or regional offices. Additional staff at the project level would later be required to carry out each project after the Group successfully launches these two business lines. At the time of the Company’s listing, with respect to such project level staff, the Company intended to monitor the Company’s financial

conditions, as well as market conditions, on an ongoing basis, in order to determine the appropriate financing method, whether it is by using internal resources, debt financing or equity financing.

Since then, the Group has launched these two business lines but only with limited business scale to date.

There is no overlap between the IPO Proceeds and Subscription Proceeds allocated for the development of these two business lines. Further information on the proposed use of the Subscription Proceeds is set out below:

Development of government project management business

As at the date of this announcement, the Group has entered into strategic cooperation agreements with 14 government platform companies and 8 state-owned enterprises in Henan province.

These agreements have laid out such government entities' intention to develop new property development projects with the Group as the project management service provider.

Over the coming three years, the Group plans to select 36 government platform companies with quality projects from 18 municipalities in Henan province to establish joint ventures to implement the Group's government project management business. It is currently expected that initial start-up capital requirements for such joint ventures will be approximately RMB3.5 million for each joint venture, amounting to a total of approximately RMB124 million (including approximately RMB30 million for office lease expenses, approximately RMB44 million for staff costs, approximately RMB44 million for project bidding deposits and approximately RMB6 million for marketing expenses). The abovementioned staff costs from the Subscription Proceeds will be used to employ relevant staff at the project level, which is different from the staff costs from the IPO Proceeds, which will instead be used to employ relevant staff at the headquarter or regional office level.

Development of capital project management business

As at the date of this announcement, the Group has entered into strategic cooperation agreements with a number of asset management companies, and has already formed preliminary cooperation intentions for two projects with gross floor area of approximately 116,000 sq.m. and 324,400 sq.m., respectively.

The Group plans to contribute RMB111 million to revitalize non-performing projects and provide project management services to them. It is currently expected that RMB41 million will be used for the 116,000 sq.m. project and RMB70 million will be used for the 324,400 sq.m. project, based on the capital requirements of each project.

INFORMATION ON THE SUBSCRIBERS

The names of the Subscribers are as follows:

Subscriber	Name
Subscriber A	Liu Sainan
Subscriber B	Qiao Shumin
Subscriber C	Yuan Xiuxia
Subscriber D	Lv Guangqin
Subscriber E	Liang Wanyu
Subscriber F	Cao Wei
Subscriber G	Gao Yongqi
Subscriber H	Xu Quanyu
Subscriber I	Shi Hongwei
Subscriber J	Fu Ji'en
Subscriber K	Guo Wuquan
Subscriber L	Jiao Dian

To the best of the Directors' knowledge, information and belief, after having made due and careful enquiries, each Subscriber is: (1) independent of the Company and its connected persons (as defined in the Listing Rules); (2) a high net worth individual investor residing in China; and (3) independent from the other Subscribers, and there is no family relationship among the Subscribers.

Given that Completion is subject to conditions precedent and the Subscriptions may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

By Order of the Board
CENTRAL CHINA MANAGEMENT COMPANY LIMITED
Wu Po Sum
Chairman

Hong Kong, 16 December 2022

As at the date of this announcement: (1) the chairman and non-executive Director is Mr. Wu Po Sum; (2) the executive Directors are Mr. Hu Bing and Mr. Ma Xiaoteng; (3) the non-executive Director is Ms. Wu Wallis (alias Li Hua); and (4) the independent non-executive Directors are Mr. Zhu Baoguo, Mr. Xu Ying and Mr. Siu Chi Hung.