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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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2021 amounted to RMB1,563.8 million, an increase of 47.4% compared with the corresponding period in 2020.
- Net profit for the period amounted to RMB270.8 million, an increase of 43.3% compared with the corresponding period in 2020.
- Profit attributable to shareholders of the Company for the period amounted to RMB260.2 million, an increase of 41.5% compared with the corresponding period in 2020.
- Basic earnings per share for the period was RMB0.21, an increase of RMB0.02 compared with the corresponding period in 2020.
- An interim dividend of HK14.5 cents per share for the six months ended 30 June 2021.

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors” and each a “Director”) of Central China New Life Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2021 — unaudited
(Expressed in Renminbi)*

	Note	Six months ended 30 June	
		2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Revenue	4	1,563,827	1,061,186
Cost of sales	5	<u>(1,062,024)</u>	<u>(693,676)</u>
Gross profit		501,803	367,510
Selling and marketing expenses	5	(25,825)	(22,551)
Administrative expenses	5	(145,772)	(112,076)
Net impairment losses on financial assets		(9,902)	(855)
Other income		18,480	6,504
Other (losses)/gains — net		<u>(410)</u>	<u>1,052</u>
Operating profit		338,374	239,584
Finance income-net		6,128	833
Share of post-tax (losses)/profits of associates accounted for using the equity method		<u>(120)</u>	<u>19</u>
Profit before income tax		344,382	240,436
Income tax expenses	6	<u>(73,611)</u>	<u>(51,471)</u>
Profit for the period		<u>270,771</u>	<u>188,965</u>
Profit for the period attributable to:			
— Shareholders of the Company		260,168	183,814
— Non-controlling interests		<u>10,603</u>	<u>5,151</u>
		<u>270,771</u>	<u>188,965</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

*For the six months ended 30 June 2021 — unaudited
(Expressed in Renminbi)*

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period	270,771	188,965
Other comprehensive loss for the period, net of tax items that may be reclassified to profit or loss		
— Currency translation differences	<u>(10,296)</u>	<u>(5,810)</u>
Total comprehensive income for the period	<u>260,475</u>	<u>183,155</u>
Total comprehensive income for the period attributable to:		
— Shareholders of the Company	249,872	178,004
— Non-controlling interests	<u>10,603</u>	<u>5,151</u>
	<u>260,475</u>	<u>183,155</u>
Earnings per share for profit attributable to the shareholders of the Company (expressed in RMB per share)		
— Basic earnings per share	7 0.21	0.19
— Diluted earnings per share	7 <u>0.20</u>	<u>0.18</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2021 — unaudited

(Expressed in Renminbi)

		As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Assets			
Non-current assets			
Investment in associates		6,049	970
Property, plant and equipment	8	54,061	56,313
Intangible assets	9	255,991	87,706
Other receivables and prepayments	10	13,522	67,127
Deferred income tax assets		14,325	10,749
		<u>343,948</u>	<u>222,865</u>
Current assets			
Inventories		13,525	8,896
Contract assets		5,430	3,817
Trade and other receivables and prepayments	10	1,459,438	1,328,541
Financial assets at fair value through profit or loss		75,595	467,041
Restricted cash		1,000	1,035
Cash and cash equivalents		2,611,738	2,217,784
		<u>4,166,726</u>	<u>4,027,114</u>
Total assets		<u><u>4,510,674</u></u>	<u><u>4,249,979</u></u>
Equity			
Equity attributable to shareholders of the Company			
Share capital	11	11,217	11,057
Other reserves	12	1,887,662	2,051,382
Retained earnings		862,430	628,905
		<u>2,761,309</u>	<u>2,691,344</u>
Non-controlling interests		<u>70,335</u>	<u>26,006</u>
Total equity		<u><u>2,831,644</u></u>	<u><u>2,717,350</u></u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)*As at 30 June 2021 — unaudited**(Expressed in Renminbi)*

		As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Liabilities			
Non-current liabilities			
Other payables	13	16,480	—
Lease liabilities		5,391	10,333
Contract liabilities		62,190	50,437
Deferred income tax liabilities		24,067	3,977
		<u>108,128</u>	<u>64,747</u>
Current liabilities			
Lease liabilities		12,025	10,876
Trade and other payables	13	977,085	937,251
Contract liabilities		473,257	423,847
Current income tax liabilities		108,535	95,908
		<u>1,570,902</u>	<u>1,467,882</u>
Total liabilities		<u>1,679,030</u>	<u>1,532,629</u>
Total equity and liabilities		<u><u>4,510,674</u></u>	<u><u>4,249,979</u></u>

NOTES:

1 GENERAL INFORMATION

Central China New Life Limited (the “Company”) was incorporated in the Cayman Islands on 16 October 2018 as an exempted company with limited liability under the Companies Law CAP.22 of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 15 May 2020 by way of its initial public offering (“IPO”).

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in (i) provision of property management and value-added services (ii) provision of lifestyle services and (iii) provision of commercial property management and consultation services in the People’s Republic of China (the “PRC”). The controlling shareholders of the Company are Enjoy Start Limited (“Enjoy Start”), a company incorporated under the laws of British Virgin Islands (“BVI”) and Mr. Wu Po Sum (collectively the “Controlling Shareholder”).

The interim condensed consolidated balance sheet as at 30 June 2021, and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes (collectively defined as the “Interim Financial Information”) of the Group have been approved for issue by the Board on 12 August 2021.

The outbreak of the 2019 Novel Coronavirus (“COVID-19”) had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the Group including postponement of delivery of properties to residents which consequently delayed the commencement of the Group’s property management services, restriction and reduction of social activities, allowance for expected credit losses on trade and other receivables and so on. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group. As at the date that the condensed consolidated interim financial information is authorised for issue, COVID-19 does not have any material adverse impact on the financial position and operating result of the Group.

The Interim Financial Information is presented in Renminbi (“RMB”), unless otherwise stated.

The Interim Financial Information has been reviewed but unaudited.

2 BASIS OF PREPARATION

This Interim Financial Information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

The Interim Financial Information does not include all the notes of the type normally included in an annual financial report. Accordingly, the Interim Financial Information is to be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2020 and any public announcements made by the Group during the interim reporting period.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax (see Note 3(a)) and adoption of new and amended standards as set out below.

(a) Income taxes

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(b) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the reporting period commencing 1 January 2021. The adoption of these new standards and amendments does not have significant impact to the Interim Financial Information of the Group.

- Interest Rate Benchmark Reform — Phase 2 — Amendments to HKRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16

(c) New and amendments to existing standards have been issued but are not effective for the financial year beginning on 1 January 2021 and have not been early adopted by the Group

		Effective for accounting periods beginning on or after
HKFRS 3 (Amendments)	Reference to the conceptual Framework	1 January 2022
HKAS 16 (Amendments)	Property, plant and equipment	1 January 2022
HKAS 37 (Amendments)	Onerous contracts — cost of fulfilling a contract	1 January 2022
Annual improvements to HKFRS 1	First-time adoption of HKFRS	1 January 2022
Annual improvements to HKFRS 9	Financial instruments	1 January 2022
Annual improvements to HKFRS 16	Leases	1 January 2022
Annual improvements to HKFRS 41	Agriculture	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
HKAS 1 (Amendments)	Classification of liabilities as current or non-current	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group's operations.

4 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The CODM examines the Group’s performance from service line perspective and has identified three reportable segments of its business:

- Property management and value-added services: this part of business provides property management services of residential properties and commercial properties, and related value-added services, including consultancy services to property developers, community value-added services, intelligent community services, Central China Consumer Club and real estate marketing services.
- Lifestyle services: this part of business primarily comprises tourism services, sales of goods and provision of catering services.
- Commercial property management and consultation services: this part of business primarily comprises provision of hotel management services and management for agricultural and cultural tourism projects and commercial real-estate operation.

The Group mainly operates its businesses in the PRC and earns substantially all of the revenue from external customers attributed to the PRC. As at 30 June 2021, substantially all of the non-current assets of the Group were located in the PRC. Therefore, no geographical segments are presented.

The CODM assesses the performance of the operating segments mainly based on the measure of operating profit excluding other income, other gains/(losses), finance income and share of net (loss)/profit of associates accounted for using the equity method which are not directly related to the segment performance (“segment results”).

(a) Segment results

Segment results also excludes the effects of significant items of expenditure which may have an impact on the quality of earnings such as central administration costs and listing expenses.

Interest income and finance income are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

The segment results and the reconciliation with profit before income tax for the six months ended 30 June 2021 and 2020 are as follows:

For the six months ended 30 June 2021 (unaudited)

	Property management and value- added services <i>RMB'000</i>	Lifestyle services <i>RMB'000</i>	Commercial property management and consultation services <i>RMB'000</i>	Group <i>RMB'000</i>
Revenue from contracts with customers	1,286,090	206,025	71,712	1,563,827
— at a point in time	316,040	171,354	10,318	497,712
— over time	970,050	34,671	61,394	1,066,115
Segment results	280,168	53,006	21,617	354,791
Other income				18,480
Other losses — net				(410)
Unallocated operating costs				(34,487)
Finance income — net				6,128
Share of net loss of associates accounted for using the equity method				(120)
Profit before income tax				344,382
Income tax expenses				(73,611)
Profit for the period				<u>270,771</u>
Depreciation	12,040	1,792	920	14,752
Amortisation	8,608	782	—	9,390

For the six months ended 30 June 2020 (unaudited)

	Property management and value- added services <i>RMB'000</i>	Lifestyle services <i>RMB'000</i>	Commercial property management and consultation services <i>RMB'000</i>	Group <i>RMB'000</i>
Revenue from contracts with customers	843,778	172,801	44,607	1,061,186
— at a point in time	249,634	138,090	9,615	397,339
— over time	594,144	34,711	34,992	663,847
Segment results	199,609	45,374	10,616	255,599
Other income				6,504
Other gains — net				1,052
Unallocated operating costs				(23,571)
Finance income — net				833
Share of net profit of an associate accounted for using the equity method				19
Profit before income tax				240,436
Income tax expenses				(51,471)
Profit for the period				188,965
Depreciation	5,824	943	794	7,561
Amortisation	1,350	800	—	2,150

5 EXPENSES BY NATURE

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Employee benefit expenses	412,001	312,551
Construction and installation costs	168,010	81,847
Greening and cleaning expenses	150,236	93,003
Cost of goods sold	144,964	77,500
Security charges	122,045	87,551
Utilities	56,958	36,652
Outsourcing labor costs	37,884	9,751
Outsourcing tourism services costs	26,866	24,908
Depreciation and amortisation charges	24,142	9,711
Maintenance costs	16,399	16,907
Professional service fees	11,823	13,955
Promotion expenses	11,608	7,263
Office expenses	9,566	9,743
Traveling and entertainment expenses	9,400	9,418
Taxes and other levies	7,875	5,018
Community activities costs	4,709	945
Auditor's remuneration		
— Audit services	1,300	1,100
Listing expenses	—	17,257
Others	17,835	13,223
	<u>1,233,621</u>	<u>828,303</u>

6 INCOME TAX EXPENSES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and accordingly, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the British Virgin Islands ("BVI") was incorporated under the International Business Companies Act of the BVI and, accordingly, is exempted from British Virgin Islands income tax.

Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was provided as the Group did not have assessable profit in Hong Kong for the six months ended 30 June 2020 and 2021.

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof.

The general corporate income tax rate in PRC is 25% according to Corporate Income Tax Law of the PRC (the "CIT Law") effective on 1 January 2008. Henan Aiou Electronic Technology Co., Ltd. ("Aiou Electronic") was qualified as "High and New Technology Enterprises" ("HNTE") in 2018. Jiyuan City Zhongbang Environmental Sanitation Co., Ltd. ("Jiyuan Zhongbang") was qualified as HNTE in 2019. Henan One Family Network Technology Co., Ltd. and Song Yun (Beijing) Information Service Co., Ltd. were qualified as HNTE in 2020. Accordingly, these four subsidiaries of the Group are entitled to a preferential income tax rate of 15% for a three-year period. Certain of the Group's subsidiaries enjoy the preferential income tax treatment for Small and Micro Enterprise with the income tax rate of 20% and are eligible to have their tax calculated based on 25% or 50% of their taxable income.

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax	77,187	54,114
Deferred income tax	<u>(3,576)</u>	<u>(2,643)</u>
	<u>73,611</u>	<u>51,471</u>

Income tax expenses is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2020 and 2021.

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Profit attributable to shareholders of the Company (RMB'000)	<u>260,168</u>	<u>183,814</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>1,256,252</u>	<u>982,995</u>
Basic earnings per share attributable to the shareholders of the Company during the period (expressed in RMB per share)	<u><u>0.21</u></u>	<u><u>0.19</u></u>

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares arising from share options granted by the Company.

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Profit attributable to shareholders of the Company (RMB'000)	<u>260,168</u>	<u>183,814</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>1,256,252</u>	<u>982,995</u>
Adjustments for share options (in thousands)	<u>40,902</u>	<u>40,839</u>
Weighted average number of ordinary shares for the calculation of diluted earnings per share (in thousands)	<u><u>1,297,154</u></u>	<u><u>1,023,834</u></u>
Diluted earnings per share attributable to the shareholders of the Company during the period (expressed in RMB per share)	<u><u>0.20</u></u>	<u><u>0.18</u></u>

8 PROPERTY, PLANT AND EQUIPMENT

	Equipment and furniture RMB'000	Machinery RMB'000	Vehicles RMB'000	Right-of-use assets RMB'000	Total RMB'000
As at 31 December 2020 (Audited)					
Cost	37,793	11,885	8,976	43,839	102,493
Accumulated depreciation	(23,167)	(3,291)	(2,986)	(16,736)	(46,180)
Net book amount	14,626	8,594	5,990	27,103	56,313
Period ended 30 June 2021 (Unaudited)					
Opening net book amount	14,626	8,594	5,990	27,103	56,313
Additions	5,925	1,233	1,015	840	9,013
Acquisition of subsidiaries	2,918	1,761	389	—	5,068
Disposals	(155)	(33)	(1)	—	(189)
Currency translation	—	—	—	(1,392)	(1,392)
Depreciation charge	(6,299)	(1,438)	(1,006)	(6,009)	(14,752)
Closing net book amount	17,015	10,117	6,387	20,542	54,061
As at 30 June 2021 (Unaudited)					
Cost	45,663	14,759	10,351	35,760	106,533
Accumulated depreciation	(28,648)	(4,642)	(3,964)	(15,218)	(52,472)
Net book amount	17,015	10,117	6,387	20,542	54,061
As at 31 December 2019 (Audited)					
Cost	22,646	6,804	3,947	8,818	42,215
Accumulated depreciation	(15,000)	(1,837)	(1,930)	(5,366)	(24,133)
Net book amount	7,646	4,967	2,017	3,452	18,082
Period ended 30 June 2020 (Unaudited)					
Opening net book amount	7,646	4,967	2,017	3,452	18,082
Additions	2,085	350	618	25,615	28,668
Disposals	(29)	(107)	—	—	(136)
Depreciation charge	(2,787)	(638)	(422)	(3,714)	(7,561)
Closing net book amount	6,915	4,572	2,213	25,353	39,053
As at 30 June 2020 (Unaudited)					
Cost	24,687	6,990	4,565	34,433	70,675
Accumulated depreciation	(17,772)	(2,418)	(2,352)	(9,080)	(31,622)
Net book amount	6,915	4,572	2,213	25,353	39,053

No property, plant and equipment is restricted or pledged as security for borrowings as at 30 June 2021 (31 December 2020: same).

9 INTANGIBLE ASSETS

	Goodwill <i>RMB'000</i>	Platform and Know-How <i>RMB'000</i>	Order- Backlog and customer relationship <i>RMB'000</i>	Software and others <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2020 (Audited)					
Cost	54,680	19,549	20,216	4,502	98,947
Accumulated amortisation	—	(3,909)	(3,570)	(3,762)	(11,241)
Net book amount	<u>54,680</u>	<u>15,640</u>	<u>16,646</u>	<u>740</u>	<u>87,706</u>
Period ended 30 June 2021 (Unaudited)					
Opening net book amount	54,680	15,640	16,646	740	87,706
Additions	—	—	—	906	906
Acquisition of subsidiaries	64,711	21,316	90,742	—	176,769
Amortisation	—	(3,413)	(5,517)	(460)	(9,390)
Closing net book amount	<u>119,391</u>	<u>33,543</u>	<u>101,871</u>	<u>1,186</u>	<u>255,991</u>
As at 30 June 2021 (Unaudited)					
Cost	119,391	40,865	110,958	5,408	276,622
Accumulated amortisation	—	(7,322)	(9,087)	(4,222)	(20,631)
Net book amount	<u>119,391</u>	<u>33,543</u>	<u>101,871</u>	<u>1,186</u>	<u>255,991</u>
As at 31 December 2019 (Audited)					
Cost	42,319	19,549	13,394	3,839	79,101
Accumulated amortisation	—	(1,623)	(1,499)	(3,029)	(6,151)
Net book amount	<u>42,319</u>	<u>17,926</u>	<u>11,895</u>	<u>810</u>	<u>72,950</u>
Period ended 30 June 2020 (Unaudited)					
Opening net book amount	42,319	17,926	11,895	810	72,950
Additions	—	—	—	270	270
Amortisation	—	(887)	(922)	(341)	(2,150)
Closing net book amount	<u>42,319</u>	<u>17,039</u>	<u>10,973</u>	<u>739</u>	<u>71,070</u>
As at 30 June 2020 (Unaudited)					
Cost	42,319	19,549	13,394	4,109	79,371
Accumulated amortisation	—	(2,510)	(2,421)	(3,370)	(8,301)
Net book amount	<u>42,319</u>	<u>17,039</u>	<u>10,973</u>	<u>739</u>	<u>71,070</u>

No intangible asset was restricted or pledged as security for borrowings as at 30 June 2021 (31 December 2020: same).

10 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
Trade receivables (<i>Note (a)</i>)		
— Related parties	655,240	859,368
— Third parties	<u>511,691</u>	<u>341,538</u>
	<u>1,166,931</u>	<u>1,200,906</u>
<i>Notes receivable</i>	3,252	4,500
Less: allowance for impairment of trade receivables	<u>(31,936)</u>	<u>(28,775)</u>
	<u>1,138,247</u>	<u>1,176,631</u>
Other receivables		
— Amounts due from related parties	54,452	40,190
— Utilities	25,539	6,932
— Deposits	121,114	8,355
— Amounts due from the non-controlling interests of a subsidiary	11,613	—
— Others	<u>10,569</u>	<u>7,196</u>
	<u>223,287</u>	<u>62,673</u>
Less: allowance for impairment of other receivables	<u>(7,974)</u>	<u>(956)</u>
	<u>215,313</u>	<u>61,717</u>
Prepayments		
— Security charges and cleaning expenses	82,226	63,794
— Acquisition of equity interests	—	62,000
— Others	<u>37,174</u>	<u>31,526</u>
	<u>119,400</u>	<u>157,320</u>
Total	<u>1,472,960</u>	<u>1,395,668</u>
Less: non-current portion of other receivables and prepayments	<u>(13,522)</u>	<u>(67,127)</u>
Current portion of trade and other receivables and prepayments	<u><u>1,459,438</u></u>	<u><u>1,328,541</u></u>

- (a) As at 30 June 2021 and 31 December 2020, the aging analysis of the trade receivables based on recognition date of trade receivables were as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
0–180 days	723,424	856,153
181–365 days	254,540	200,751
1 to 2 years	137,680	111,347
2 to 3 years	29,571	17,325
3 to 4 years	15,001	10,009
Over 4 years	6,715	5,321
	<u><u>1,166,931</u></u>	<u><u>1,200,906</u></u>

11 SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000	Equivalent share capital RMB'000 (Unaudited)
Authorised			
As at 1 January 2021 and 30 June 2021	5,000,000,000	50,000	42,795
As at 1 January 2020	38,339,000	383	338
Increase of authorised shares	4,961,661,000	49,617	42,457
As at 30 June 2020	<u><u>5,000,000,000</u></u>	<u><u>50,000</u></u>	<u><u>42,795</u></u>
Issued			
As at 1 January 2021	1,246,215,000	12,082	11,057
Share option scheme-issued shares (<i>Note (a)</i>)	19,128,000	192	160
As at 30 June 2021	<u><u>1,265,343,000</u></u>	<u><u>12,274</u></u>	<u><u>11,217</u></u>
As at 1 January 2020	38,339,000	3	3
Issue of shares in connection with the capitalisation issue	861,661,000	8,617	7,885
Issue of shares in connection with the Company's listing	345,000,000	3,450	3,159
As at 30 June 2020	<u><u>1,245,000,000</u></u>	<u><u>12,070</u></u>	<u><u>11,047</u></u>

- (a) During the six months ended 30 June 2021, 19,128,000 pre-IPO share options were exercised at a price of HK\$0.62 with received proceeds of HK\$12,132,000 (equivalent to approximately RMB10,120,000). The average related price at the time of exercise was HK\$7.12 per share.

12 OTHER RESERVES

	Capital reserves <i>RMB'000</i>	Share premium <i>RMB'000</i>	Employee share-based compensation reserves <i>RMB'000</i>	Statutory reserves <i>RMB'000</i>	Foreign Currency translation <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 1 January 2021 (Audited)	81,023	2,014,792	15,288	65,467	(125,188)	2,051,382
Share option scheme-value of employee services	—	—	1,074	—	—	1,074
Share option scheme-issued shares	—	18,575	(8,615)	—	—	9,960
Currency translation differences	—	—	—	—	(10,296)	(10,296)
Dividend distribution to shareholders	—	(191,101)	—	—	—	(191,101)
Appropriation of statutory reserves <i>(Note (a))</i>	—	—	—	26,643	—	26,643
Balance at 30 June 2021 (Unaudited)	81,023	1,842,266	7,747	92,110	(135,484)	1,887,662
Balance at 1 January 2020 (Audited)	82,840	9,432	9,382	21,643	—	123,297
Issue of shares in connection with the capitalisation issue	—	(7,885)	—	—	—	(7,885)
Issue of shares in connection with the Company's listing	—	2,085,535	—	—	—	2,085,535
Share option scheme-value of employee services	—	—	4,200	—	—	4,200
Currency translation differences	—	—	—	—	(5,810)	(5,810)
Balance at 30 June 2020 (Unaudited)	82,840	2,087,082	13,582	21,643	(5,810)	2,199,337

(a) PRC statutory reserves

In accordance with relevant rules and regulations in the PRC, except for sino-foreign equity joint venture enterprises, all PRC companies are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective companies.

13 TRADE AND OTHER PAYABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade payables (<i>Note (a)</i>)		
— Related parties	14,159	9,658
— Third parties	<u>323,691</u>	<u>297,919</u>
	<u>337,850</u>	<u>307,577</u>
Other payables		
— Deposits	221,076	160,146
— Property maintenance funds	100,877	98,587
— Utilities	33,218	20,311
— Amounts due to related parties	30,970	23,770
— Payables due to the then shareholders of newly-acquired subsidiaries	7,856	12,938
— Payables for acquisitions of subsidiaries	44,034	5,095
— Others	<u>33,921</u>	<u>25,466</u>
	<u>471,952</u>	<u>346,313</u>
Accrued payroll	132,395	237,144
Other tax payables	<u>51,368</u>	<u>46,217</u>
Total	<u>993,565</u>	<u>937,251</u>
Less: non-current portion of other payables	<u>(16,480)</u>	—
Current portion of trade and other payables	<u><u>977,085</u></u>	<u><u>937,251</u></u>

As at 30 June 2021 and 31 December 2020, the carrying amounts of trade and other payables approximated their fair values.

- (a) As at 30 June 2021 and 31 December 2020, the aging analysis of the trade payables based on invoice date were as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
0–180 days	276,361	282,175
181–365 days	50,460	16,503
1 to 2 years	8,047	7,286
2 to 3 years	1,594	373
Over 3 years	<u>1,388</u>	<u>1,240</u>
	<u><u>337,850</u></u>	<u><u>307,577</u></u>

14 DIVIDENDS

A final dividend in respect of the year ended 31 December 2020 of HK\$0.18 per ordinary share, approximately HK\$226,304,000 (equivalent to RMB191,101,000) was declared by the Board at the Annual General Meeting held on 26 March 2021. The final dividend has been distributed out of the Company's share premium.

An interim dividend of HK\$0.145 per ordinary share for the six months ended 30 June 2021 has been proposed by the Board and approved at the Board meeting held on 12 August 2021. The interim dividend will be distributed out of the Company's share premium.

15 EVENTS AFTER THE BALANCE SHEET DATE

(a) Grant of share options

On 12 July 2021, the Board has resolved to grant an aggregate of 11,738,000 share options to eligible participants (the "Grantees") with an exercise price of HK\$7.18 per share subject to acceptance of the Grantees under the share option scheme adopted by the Company on 29 April 2020 and the payment of HK\$1.00 by each of the Grantees upon acceptance of the share options. Vesting of the share options is conditional upon achievement of certain performance targets by the Company as set out in the respective offer letters.

(b) Adoption of the Share Award Scheme and grant of the Award Shares

On 12 July 2021, the Board also resolved to adopt the Share Award Scheme with immediate effect. Award Shares shall be issued and granted pursuant to the Share Award Scheme to eligible employees (the "Selected Participants"). Unless early terminated by the Board, the Share Award Scheme shall be effective for ten years from the Adoption Date.

Accordingly, the Company will entrust the Trustee to hold the Award Shares on behalf of the relevant Selected Participants on trust, until such Award Shares are vested with the relevant Selected Participants in accordance with the Scheme Rules and the Trust Deed. The Board or its delegate(s) would determine the timing of awards, list of Selected Participants, the timing and condition of vesting and number of Award Shares.

In accordance with the terms of the Share Award Scheme, the Board resolved to grant 23,027,000 Award Shares to 35 Selected Participants on 12 July 2021 at the Grant Price, being HK\$7.18 per Award Share, subject to the acceptance of such Selected Participants within 30 days. New Shares shall be allotted and issued pursuant to the 2021 General Mandate to the Trustee pursuant to the terms of the Share Award Scheme in order to satisfy the Award Shares granted to the Selected Participants.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Over the years, we have successfully expanded our business from property management and value-added services to lifestyle services and commercial property management and consultation services. Our business now consists of three major segments. For the six months ended 30 June 2021 (“Period”), with rapid growth in its business, the Group continuously optimized its income structure and steadily enhanced its operating efficiency. During the Period, the Group’s revenue amounted to RMB1,563.8 million, representing an increase of 47.4% as compared with RMB1,061.2 million in the corresponding period in 2020. Net profit was RMB270.8 million, representing an increase of 43.3% as compared with RMB189.0 million in the corresponding period in 2020.

Property management services and value-added services. We have provided traditional property management services such as security, cleaning and greening services since 1994, and over the years, we have expanded our service offerings to include value-added services aimed at elevating the living quality of the residents in the properties we manage. To build modern interactive and intelligent environments in communities, we provide intelligent community solutions to property developers as well as residents. Furthermore, utilizing our strong network of property buyers with purchasing power, we provide property agency services to property developers found within buyers and sellers. Further, as part of our value-added services, we also provide personalized services and intelligent community solutions to VIPs of the Central China Consumers Club, who are an exclusive group of high-net-worth customers. As at 30 June 2021, our property management and value-added services covered all 18 prefecture-level cities (and also 100 of the 102 county-level cities) in Henan as well as outside Henan Province (including 7 provinces of Shaanxi Province, Shanxi Province, Hebei Province, Anhui Province, Hubei Province, Xinjiang and Hainan), and we served more than 1.8 million property owners and residents in 586 properties. We manage a diversified portfolio of properties, including residential properties, shopping malls, cultural tourism complexes, commercial apartments, office buildings, schools, hospitals, city services, factories and properties of governmental agencies. As at 30 June 2021, the GFA under management and contracted GFA reached 115.0 million sq.m. and 208.6 million sq.m. respectively, representing a respective growth of 14.9% and 11.8% as compared with that as at 31 December 2020.

Lifestyle services. Lifestyle services include products and services we offer on our Jianye+ (建業+) platform, travel services, and management services we provide in Cuisine Henan Foodcourts (建業大食堂). The Jianye+ (建業+) platform is an O2O one-stop service platform which integrates our internal and external, online and offline resources in order to provide our customers with more convenient and more affordable goods and services. The Jianye+ (建業+) platform provides three main online services: (i) membership benefits; (ii) concierge services; and (iii) goods and services from One Family Community (一家公社). As at 30 June 2021, we were cooperating with over 955 suppliers, some of which were well-known brands that were listed on NASDAQ or the Stock Exchange. We also offer a wide range of benefits, including exclusive offers with hotels, malls and restaurants in Henan. Our travel services offer four distinct types of tours to customers, namely leisure tours, corporate tours, sports and health tours and educational tours. The ten Cuisine Henan Foodcourts (建業大食堂) we manage hosted over 456 vendors as at 30 June 2021, offering a wide variety of food options to consumers.

Commercial property management and consultation services. Unlike property management services where we offer a series of traditional property management services to property developers, property owners and property occupants, our commercial property management and consultation services focus on enhancing the value of properties by streamlining operations of a property to reduce costs and attracting business to increase income. Our commercial property management and consultation services comprise (i) hotel management, (ii) commercial asset management and (iii) cultural tourism complex management. For hotels, we manage a hotel's overall operations, supervise hotel operations performed by an existing operator and provide consultancy services. For other commercial assets, we provide pre-opening consultation and post-opening management services. For commercial asset management, our Company primarily manages shopping malls by providing two main categories of services: (i) pre-opening consultation, which includes services such as market research on vendor and clientele demographics, financial analysis, vendor solicitation and management and strategic planning; and (ii) post-opening management services, which includes services such as vendor management, sales and operation management, and training management. As for cultural tourism complex management, our Company's services include the branding and overall operations management, consultancy services, technical support on technology research and promotion (including the selection and assessment of seeds to be used), agricultural product sale, agricultural product planting and project planning. For cultural tourism complexes, our services include overall operations and consultancy services. In each area, we strive to help our clients achieve asset value appreciation and sustainable development. As at 30 June 2021, our portfolio of commercial properties under management consisted of six cultural tourism complexes (with an aggregate site area of approximately 10.8 million sq.m.), seven shopping malls (with a total GFA of approximately 0.7 million sq.m.) and ten hotels (with a total GFA of approximately 0.3 million sq.m.).

Prospects and strategies

In the future, CCNL will continue to practice the corporate mission of “enriching the living experience and lifestyle of all the people in Central China”, accelerate digital intelligent construction and further expand service boundaries through technological empowerment. The Company aims to achieve steady development in residential property services, commercial property services and urban public services. The Company will give full play to the advantages of synergistic development of multiple business segments to provide serialized product services for cities. Under both urban and regional development, the Company will achieve high-standard and high-quality development.

In the second half of the year, the Group will continue to focus on the following tasks:

The Company will enhance the capabilities of internal expansion and external expansion and focus on mergers and acquisitions to better serve Central China. The Company will give full play to the advantages of synergistic development of multiple business segments, provide serialized product services for various cities, and form an ecological system which is closely connected to and interdependent with the development of cities and regions, achieving a large-scale and higher-quality development of the enterprise.

The Company will explore various business models to build an ecosystem of community value-added services. In the second half of the year, the Group will continue to explore the value of community space and the needs of property owners and provide more diversified and differentiated value-added services.

With technological empowering cost reduction and efficiency enhancement, the Company will achieve digital transformation. The Company will continue to focus on the provision of intelligent property supply chain services and improve service standards and efficiency with the support of technology advantages, so as to achieve cost reduction and efficiency enhancement and broaden the profit growth point of the Company.

The Company will promote the establishment of equity and incentive mechanism to stimulate the innovation vitality of the organisation. To stimulate organisational innovation activities and enhance employees’ sense of achievement, the Company has granted share options and adopted incentive schemes to enhance the driving force of corporate innovation, organisational synergy and team cohesion.

FINANCIAL REVIEW

Revenue

During the Period, the Group recorded a revenue of RMB1,563.8 million (the corresponding period of 2020: RMB1,061.2 million), representing an increase of 47.4% as compared with the corresponding period in the last year. The revenue of the Group were generated from three main business segments: (i) property management and value-added services; (ii) lifestyle services; and (iii) commercial property management and consultation services.

The following table sets forth a breakdown of our revenue by each business segment during the Period.

	For the six months ended 30 June			
	2021		2020	
	Revenue		Revenue	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property management and value-added services	1,286,090	82.2	843,778	79.5
Lifestyle services	206,025	13.2	172,801	16.3
Commercial property management and consultation services	71,712	4.6	44,607	4.2
Total/Overall	1,563,827	100.0	1,061,186	100.0

Property management and value-added services

During the Period, the revenue from our property management and value-added services amounted to RMB1,286.1 million (the corresponding period of 2020: RMB843.8 million), representing an increase of 52.4% as compared to the corresponding period in the last year. The increase was primarily attributable to (i) an increase in our total GFA under management from 70.1 million sq.m. as at 30 June 2020 to 115.0 million sq.m. as at 30 June 2021, resulting in an increase of revenue from property management; (ii) the increase of business volume for value-added services such as agency services and intelligent communities, resulting in an increase of revenue from value-added services.

The table below sets forth the details of our revenue from each service in this business segment during the Period.

	For the six months ended 30 June			
	2021		2020	
	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%
Property management services	615,195	47.8	387,685	45.9
Value-added services:				
Community value-added services	358,629	27.9	201,911	24.0
Value-added services to non-property owners	312,266	24.3	254,182	30.1
Total	<u>1,286,090</u>	<u>100.0</u>	<u>843,778</u>	<u>100.0</u>

During the Period, revenue from property management services amounted to RMB615.2 million (the corresponding period of 2020: RMB387.7 million), representing an increase of 58.7% as compared to the corresponding period in last year, which was mainly attributable to the increase in property management income as a result of the increase in the GFA under management of the Group's property management from 70.1 million sq.m. as at 30 June 2020 to 115.0 million sq.m. as at 30 June 2021.

The Group's value-added services include community value-added services and value-added services to non-property owners. Community value-added services mainly include decoration management and inspection, public area management, turnkey and move-in furnishing services, intelligent community solutions and the services of the Central China Consumers Club. Value-added services to non-property owners mainly include pre-launch intermediary services, on-site management, property inspection income, pre-delivery cleaning and other services.

During the Period, revenue from community value-added services amounted to RMB358.6 million (the corresponding period of 2020: RMB201.9 million), representing an increase of 77.6% as compared to the corresponding period in last year, which was mainly attributable to (i) revenue of RMB46.6 million from the turnkey and move-in furnishing business during the Period (the corresponding period of 2020: RMB6.9 million); and (ii) increase of income from intelligent community business from RMB139.1 million in the corresponding period of 2020 to RMB218.6 million during the Period.

During the Period, revenue from value-added services to non-property owners amounted to RMB312.3 million (the corresponding period of 2020: RMB254.2 million), representing an increase of 22.9% as compared to the corresponding period in last year, which was mainly attributable to (i) increase of revenue from pre-launch intermediary services and on-site management to RMB140.6 million during the period from RMB102.1 million in the corresponding period in last year as a result of active expansion of third-party business; and (ii) revenue of RMB13.0 million from the predelivery cleaning business during the period (the corresponding period of 2020: RMB2.9 million).

As at 30 June 2021, the total GFA under management of the Group was 115.0 million sq.m., representing an increase of 15.0 million sq.m. or 14.9% as compared with 100.0 million sq.m. as at 31 December 2020. The increase was mainly attributable to the increase in external projects. During the Period, the average property management fee rate charged by the Group was approximately RMB1.79 per sq.m./month (the corresponding period of 2020: RMB1.78 per sq.m./month).

The table below sets out the breakdown of our total GFA under management for our property management services attributable to the properties developed by the CCRE Group (and its associates or joint ventures) and third-party property developers as at the period end.

	As at 30 June 2021		As at 31 December 2020	
	GFA		GFA	
	'000 sq.m.	%	'000 sq.m.	%
The CCRE Group and its associates or joint ventures	59,600	51.8	54,917	54.9
Third-party property developers	55,350	48.2	45,101	45.1
Total	114,950	100.0	100,018	100.0

LIFESTYLE SERVICES

For lifestyle services, we offer a wide range of lifestyle services, which include (i) products and services we offer on our Jianye+ (建業+) platform, (ii) travel services, and (iii) management services we provide in Cuisine Henan Foodcourts (建業大食堂). During the Period, the revenue from our lifestyle services amounted to RMB206.0 million (the corresponding period of 2020: RMB172.8 million), representing an increase of 19.2% as compared with the corresponding period in the last year. The increase was primarily attributable to the increase of registered users on our Jianye+ (建業+) platform from approximately 2.8 million as at 30 June 2020 to approximately 4.7 million as at 30 June 2021, and the increase in revenue due to the growth in user base and user consumption.

The table below sets forth the details of our revenue from each service in this business segment during the Period.

	For the six months ended 30 June			
	2021		2020	
	(RMB'000)	%	(RMB'000)	%
Jianye+	170,080	82.5	127,891	74.0
Travel services	28,191	13.7	27,274	15.8
Cuisine Henan Foodcourts	7,754	3.8	17,636	10.2
Total	206,025	100.0	172,801	100.0

COMMERCIAL PROPERTY MANAGEMENT AND CONSULTATION SERVICES

For commercial property management and consultation services, we offer services in respect of (i) hotel management; (ii) commercial asset management; and (iii) cultural tourism complex management. During the Period, the revenue from our commercial property management and consultation services reached RMB71.7 million (the corresponding period of 2020: RMB44.6 million), representing an increase of 60.8% as compared to the corresponding period in last year. The increase is mainly due to the increase of revenue from the cultural tourism complex management from RMB24.8 million in the corresponding period in last year to RMB54.4 million during the Period.

The table below sets forth the details of our revenue from each service in this business segment during the Period.

	For the six months ended 30 June			
	2021		2020	
	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%
Hotel management	4,519	6.4	3,655	8.2
Commercial property management	12,800	17.8	16,154	36.2
Cultural tourism complex management	54,393	75.8	24,798	55.6
Total	71,712	100.0	44,607	100.0

COST OF SALES

Our cost of sales primarily consists of employee benefit expenses, outsourcing labor costs, greening and cleaning expenses, cost of goods sold, outsourcing costs of tourism services, utilities, selling expenses, maintenance business costs, construction costs, professional service fees, security charges, depreciation and amortisation charges, travelling and entertainment expenses, office expenses, taxes and other levies and other costs.

During the Period, cost of sales of the Group was RMB1,062.0 million (the corresponding period of 2020: RMB693.7 million), representing an increase of 53.1% as compared with that of the corresponding period in last year. This is mainly because the Group was in a rapid development stage, and the cost of sales increased correspondingly with the increase in revenue of the Group.

GROSS PROFIT AND GROSS PROFIT MARGIN

The following table sets forth our gross profit and gross profit margin by business segment for the Period.

	For the six months ended 30 June			
	2021		2020	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Property management and value-added services:				
Property management services	113,482	18.4	68,536	17.7
Community value-added services	127,404	35.5	75,184	37.2
Value-added services to non-property owners	141,296	45.2	123,384	48.5
	382,182	29.7	267,104	31.7
Lifestyle services	70,784	34.4	69,252	40.1
Commercial property management and consultation services	48,837	68.1	31,154	69.8
Total	501,803	32.1	367,510	34.6

During the Period, the gross profit of the Group was RMB501.8 million (the corresponding period of 2020: RMB367.5 million), representing an increase of 36.5% as compared to the corresponding period in last year. The gross profit margin of the Group decreased from approximately 34.6% for the corresponding period in last year to approximately 32.1% for the Period, which was mainly attributable to the decrease in gross profit margins of the property management and value-added services segment and the lifestyle services segment.

The gross profit margin of our property management and value-added services decreased slightly from 31.7% for the the corresponding period in last year to 29.7% for the Period, which was mainly attributable to the social insurance premiums reduction or exemption policies enjoyed in the first half of 2020 due to the pandemic.

The gross profit margin of our lifestyle services for the Period and the corresponding period in last year was approximately 34.4% and approximately 40.1% respectively, the decrease was mainly due to the decrement in the gross profit margin of the Cuisine Henan Foodcourts (建業大食堂).

The gross profit margin of our commercial property management and consultation services decreased from approximately 69.8% for the corresponding period in last year to approximately 68.1% for the Period, which remained at a similar level.

SELLING AND MARKETING EXPENSES

During the Period, the selling and marketing expenses of the Group amounted to RMB25.8 million, representing an increase of 14.5% as compared with RMB22.6 million in the corresponding period in last year, and accounting for approximately 1.7% of our revenue, which was a decrease of 0.4 percentage points as compared with the corresponding period in last year. This was mainly attributable to (i) an increase in the number of employees we hired due to the expansion in our business scale; and (ii) an increase in salaries, employee benefits and other expenses paid to our sales, sales support and marketing personnel, which was in line with our revenue growth and business expansion.

ADMINISTRATIVE EXPENSES

During the Period, the administrative expenses of the Group amounted to RMB145.8 million, representing an increase of 30.1% as compared with RMB112.1 million in the corresponding period in last year, and accounting for approximately 9.3% of our revenue, which was a decrease of 1.3 percentage points as compared with the corresponding period in last year. This was mainly attributable to an increase in the number of employees we hired in connection to the expansion in our business scale, resulting in a corresponding increase in salaries and benefits. This was in line with our revenue growth and business expansion.

OTHER INCOME

During the Period, other income of the Group amounted to RMB18.5 million (the corresponding period of 2020: RMB6.5 million), representing an increase of 184.1% as compared with the corresponding period in last year, which was mainly due to the increment in government grants received during the Period.

INCOME TAX

During the Period, income tax expense of the Group amounted to RMB73.6 million (the corresponding period of 2020: RMB51.5 million). The income tax rate for the Period was 21.4% (the corresponding period of 2020: 19.7%), representing an increase of 1.7 percentage points as compared with the corresponding period of 2020, mainly due to the higher proportion of profits generated by the non-HNTE subsidiaries of the Group.

PROFITS

During the Period, the net profit of the Group amounted to RMB270.8 million, representing an increase of 43.3% as compared with RMB189.0 million in the corresponding period in last year. The net profit margin was 17.3%, representing a decrease of 0.5 percentage points as compared with 17.8% in the corresponding period in last year, which was mainly due to the decrease in the gross profit margin of the Group during the Period. During the Period, the profit attributable to owners of the Company amounted to RMB260.2 million, representing an increase of 41.5% as compared with RMB183.8 million in the corresponding period in last year. Basic earnings per share amounted RMB0.21.

FINANCIAL RESOURCES MANAGEMENT AND CAPITAL STRUCTURE

We have adopted comprehensive treasury policies and internal control measures to review and monitor our financial resources. As at 30 June 2021, the Group's cash and cash equivalents amounted to approximately RMB2,611.7 million (31 December 2020: approximately RMB2,217.8 million). The Group maintained at net cash position as at 30 June 2021 without any borrowings. Subsequent to the reporting period, the Company has declared an interim dividend of approximately RMB156.1 million in total to the shareholders of the Company, which will be distributed out of the Company's share premium.

The gearing ratio is calculated as total borrowings divided by total equity, and the sum of long-term and short-term interest bearing bank loans and other loans as at the corresponding date divided by the total equity as at the same date. As at 30 June 2021, the gearing ratio was nil.

TRADE AND OTHER RECEIVABLES

As at 30 June 2021, trade and other receivables amounted to RMB1,353.6 million, representing an increase of 9.3% as compared with that of RMB1,238.3 million as at 31 December 2020, which was primarily attributable to the scale expansion of the Group.

TRADE AND OTHER PAYABLES

As at 30 June 2021, trade and other payables amounted to RMB809.8 million, representing an increase of 23.8% as compared with that of RMB653.9 million as at 31 December 2020, which was primarily attributable to (i) the increase in the GFA under management and subcontracting of more services to independent third-party service providers resulting in scale expansion of the Group's payables; and (ii) the expansion of the intelligent community solution business under the property management services and value-added services segment.

Proceeds from the Listing

The Company's ordinary shares were listed on the main board of Hong Kong Stock Exchange (the "Listing") on 15 May 2020 and issued a total of 1,245,000,000 ordinary shares. After deducting the underwriting fees and relevant expenses, net proceeds from the Listing amounted to approximately HK\$2,280.8 million (equivalent to RMB2,088.7 million). As at 30 June 2021, the Group has used approximately RMB303.8 million of the proceeds, of which:

Major Categories	Sub-categories	Respective percentage of total proceeds	Respective amount of total proceeds (RMB'000)	Actual expenditures as at 30 June 2021 (RMB'000)	Unused net proceeds as at 30 June 2021 (RMB'000)	Time frame
1. Strategic investment, cooperation and acquisition	—	60%	1,253,216	81,908	1,171,308	
	1.Acquiring property management service providers	40%	835,478	63,716	771,762	Between one to two years after Listing
	2.Acquiring companies that will expand our portfolio	10%	208,869	—	208,869	Between one to two years after Listing
	3.Acquiring other companies that can bring synergies to our business, in particular, our value-added services	10%	208,869	18,192	190,677	Between one to two years after Listing
2. Enhancement of Jianye+ platform to optimize user experience	—	15%	313,304	77,262	236,042	
	1.Developing and optimizing software and our cloud system	5%	104,435	26,679	77,756	Between one to two years after Listing
	2.Improving and expanding our facilities and equipment	4%	83,548	1,182	82,366	Between one to two years after Listing
	3.Expansion of scale and diversity of membership resources	4%	83,548	42,204	41,344	Between one to two years after Listing
3. Investment in advanced information technology systems	—	15%	313,304	34,148	279,156	
	1.Building intelligence communities and upgrading facilities	7%	146,209	32,336	113,873	Between one to two years after Listing
	2.Developing our financial sharing system	2.5%	52,217	595	51,622	Between one to two years after Listing
	3.Developing a process control and KPI integration system	4%	83,548	1,008	82,540	Between one to three years after Listing
4. General working capital	Working capital and other general corporate purposes	1.5%	31,330	209	31,121	Between one to two years after Listing
		10%	208,870	110,459	98,411	Between one to three years after Listing
		100%	2,088,694	303,777	1,784,917	

The unused proceeds are expected to be used for the above purposes within the specific time frame upon the Listing Date.

Pledge of assets

As at 30 June 2021, the Group did not have any pledged assets for its loan guarantee.

Major acquisition and disposals

In January 2021, the Group acquired 51% equity interest in Taihua Jinye Life Service Co., Ltd. ("Taihua Jinye"), at a cash consideration of RMB95,281,000. Taihua Jinye is a property management company located in Hengshui City, Hebei Province, the PRC. In March 2021, the Group acquired 65% equity interest in Henan Jin Guanxia Property

Management Co., Ltd. (“Jin Guajia”), at a cash consideration of RMB5,720,000. Jin Guanjia is a property management company located in Zhengzhou City, Henan Province, the PRC.

Saved for the above, the Group did not have any major acquisition and disposals of subsidiaries and associated companies during the Period.

Major investment

As at 30 June 2021, the Group did not hold any significant investment.

Contingent liabilities and capital commitment

As at 30 June 2021, the Group did not have any significant contingent liabilities and capital commitment.

Foreign Exchange Risk

The principal activities of the Group are conducted in the PRC, and a majority of the Group’s income and expenses were denominated in Renminbi. Therefore, the Group is not exposed to material risk directly relating to foreign exchange rate fluctuation except certain bank balances were denominated in Hong Kong dollars, which were held by the Company in its own functional currency. Currently, the Group has not entered into contracts to hedge its exposure to foreign exchange risk, but the management will continue to monitor the foreign exchange exposure, and take prudent measures to reduce the foreign exchange risk.

Employees and remuneration policy

As at 30 June 2021, we had more than 6,800 full time employees, substantial of whom were located in Henan province.

In order to promote healthy competition among employees and motivate them to deliver their best performance, the Company has further optimised its existing remuneration and incentive system and established a performance-oriented management concept and remuneration and incentive system, according to which the remuneration levels, remuneration adjustment and job transfer of employees will be determined based on their performance appraisal results. The overall remuneration system of the Company will also be adjusted regularly with reference to the prevailing market remuneration level to ensure the external competitiveness and internal equity of the remunerations of our employees and provide guarantees for retaining and attracting talent.

In addition, the Company has formulated and implemented human resource policies which are conducive to the sustainable development of the Company. Adhering to the talent concept of “professional spirit and professional quality”, the Company takes professional ethics and professional ability as important standards for selecting and

employing employees and strengthens employee training and continuous education to constantly improve their quality. Meanwhile, the Company also places high emphasis on the career development of its employees. It assists employees to plan out their career paths according to their expertise and capabilities, provides them with various career channels and development opportunities, and cultivates and retains talent for key posts to promote the continuous improvement of its organising ability.

CORPORATE GOVERNANCE PRACTICES

The Company has always valued the superiority, steadiness and rationality of having a sound system of corporate governance and is committed to continuously improving its corporate governance and disclosure practices. During the six months ended to 30 June 2021 the Company has complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) with the exception of code provision A.2.1 and E.1.2 as addressed below.

Code provision A.2.1 — Pursuant to this code provision, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Wang Jun is currently the chairman of the Board and the chief executive officer of the Company, responsible for formulating and executing our business strategies, annual operational and financial plans of the Company.

The Board believes that vesting the roles of both chairman and chief executive officer in Mr. Wang Jun has the benefit of ensuring consistency and continuous leadership within the Group and also maximizes the effectiveness and efficiency of overall planning and execution of its strategies. The Board considers that the balance of power and authority, accountability and independent decision-making under its present arrangement will not be impaired in light of the diverse background and experience of its three independent non-executive Directors. Further, the audit committee of the Company comprises exclusively of independent non-executive Directors has free and direct access to the Company’s external auditors and independent professional advisers when it considers necessary. Therefore, our Directors consider that the deviation from Code Provision A.2.1 of the Corporate Governance Code is appropriate in such circumstance.

Code provision E.1.2 — This code provision requires the chairmen of the Board (the “Chairman”) to invite the chairman of the audit, remuneration and nomination committees to attend the annual general meeting (“AGM”).

Mr. Wang Jun, the Executive Director, the Chairman of the Board and the Chairman of the Nomination Committee of the Company, was unable to attend the 2021 AGM due to other business commitment.

In his absence, Mr. Wang Qian, being a member of the Board, and Mr. Leong Chong and Ms. Xin Zhu, being a member of the Board and the nomination committee, attended the 2021 AGM and answered questions raised at the meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in Appendix 10 to the Listing Rules as the code of conduct for the Directors in their dealings in the Company’s securities. Having made specific enquires with each Director, the Company confirmed that the Directors had complied with the required standard as set out in the Model Code for the six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

CHANGES SUBSEQUENT TO 31 DECEMBER 2020

There were no other significant changes in the Group’s financial position or from the information for the year ended 31 December 2020 disclosed under the Management Discussion and Analysis Section in the annual report of the Company for the year ended 31 December 2020.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The audit committee of the Company has discussed with the management and external auditors the accounting principles and policies adopted by the Group, and has reviewed the Group’s unaudited interim consolidated financial statements for the six months ended 30 June 2021.

EVENTS AFTER THE REPORTING PERIOD

Save as the disclosed in note 15, there are no significant events subsequent to 30 June 2021 which would materially affect the Group’s operating and financial performance as of the date of this announcement.

INTERIM DIVIDEND

The Board declared an interim dividend (the “Interim Dividend”) of HK14.5 cents per share for the six months ended 30 June 2021 (the corresponding period of 2020: HK6.6 cents per share).

The Interim Dividend will be paid on or around Monday, 20 September 2021 to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 27 August 2021.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of the shareholders to the Interim Dividend, the register of members of the Company will be closed on Friday, 27 August 2021. In order to qualify for the Interim Dividend, 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, no later than 4:30 p.m. on Thursday, 26 August 2021, for registration. The Interim Dividend will be paid on or around Monday, 20 September 2021.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

This interim results announcement is published on the websites of the Company (www.ccnewlife.com.cn) and the Stock Exchange (<http://www.hkexnews.hk>). The Company's interim report for the six months ended 30 June 2021 will be despatched to the shareholders and published on the aforesaid websites in due course.

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

Hong Kong, 12 August 2021

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