

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



建業新生活有限公司

Central China New Life Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9983)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL AND RESULTS HIGHLIGHTS

- Revenue for the six months ended 30 June 2023 amounted to RMB1,353.3 million, representing a decrease of 13.5% from RMB1,565.3 million in the corresponding period in 2022.
- Net loss was RMB298.9 million, as compared with net profit of RMB301.5 million for the corresponding period in 2022.
- Loss attributable to shareholders of the Company for the Period amounted to RMB299.6 million, as compared with net profit attributable to shareholders of RMB289.8 million for the corresponding period in 2022.
- Core net profit attributable to the shareholders of the Company¹ amounted to RMB205.0 million, as compared with RMB313.2 million for the corresponding period in 2022.
- GFA under management was 167.7 million sq.m. and contracted GFA reached 282.5 million sq.m. as of 30 June 2023, representing increases of 7.0% and 4.1% respectively, compared with 31 December 2022.
- Basic loss per share for the Period was RMB0.23, as compared with basic earnings per share of RMB0.23 for the corresponding period in 2022.
- Basic core earnings per share² for the Period was RMB0.16, as compared with that of RMB0.25 for the corresponding period in 2022.
- The Board resolved to recommend the declaration and payment of an interim dividend of HK\$8.71 cents per share for the six months ended 30 June 2023. Such interim dividend is expected to be paid out of the Company's share premium account.

⁽¹⁾ Calculated based on profit/(loss) attributable to shareholders of the Company, adjusted by the impairment provision for receivables and, fair value gains or losses from financial assets at fair value through profit or loss and related tax effect.

⁽²⁾ Calculated based on core net profit attributable to shareholders of the Company divided by the weighted average number of ordinary shares in issue during the Period.

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 2023.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB thousands unless otherwise stated)

		Six months ended 30 June	
		2023	2022
	Note	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	5	1,353,267	1,565,268
Cost of sales	9	<u>(973,613)</u>	<u>(1,067,698)</u>
Gross profit		379,654	497,570
Selling and marketing expenses	9	(9,254)	(17,364)
Administrative expenses	9	(81,584)	(104,461)
Net impairment losses on financial assets		(641,228)	(13,857)
Other income	6	14,704	44,885
Other losses — net	7	<u>(24,200)</u>	<u>(10,004)</u>
Operating (loss)/profit		(361,908)	396,769
Finance (cost)/income — net	8	(76)	1,362
Share of post-tax profit/(loss) of associates accounted for using the equity method		<u>201</u>	<u>(32)</u>
(Loss)/profit before income tax		(361,783)	398,099
Income tax credit/(expenses)	10	<u>62,931</u>	<u>(96,604)</u>
(Loss)/profit for the period		<u>(298,852)</u>	<u>301,495</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

		Six months ended 30 June	
		2023	2022
	<i>Note</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
(Loss)/profit for the period attributable to:			
— Shareholders of the Company		(299,610)	289,815
— Non-controlling interests		758	11,680
		<u>(298,852)</u>	<u>301,495</u>
Other comprehensive income for the period, net of tax			
Items that may be reclassified to profit or loss			
— Currency translation differences		4,925	11,417
		<u>(293,927)</u>	<u>312,912</u>
Total comprehensive income for the period			
Total comprehensive income for the period attributable to:			
— Shareholders of the Company		(294,685)	301,232
— Non-controlling interests		758	11,680
		<u>(293,927)</u>	<u>312,912</u>
(Loss)/earnings per share for (loss)/profit attributable to the shareholders of the Company			
<i>(expressed in RMB per share)</i>			
— Basic (loss)/earnings per share	<i>11</i>	(0.23)	0.23
— Diluted (loss)/earnings per share	<i>11</i>	(0.23)	0.23

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

(All amounts in RMB thousands unless otherwise stated)

		As at 30 June 2023	As at 31 December 2022
	<i>Note</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Assets			
Non-current assets			
Investment in associates		6,279	6,078
Property, plant and equipment	12	48,034	51,022
Intangible assets	13	260,871	271,081
Financial assets at fair value through profit or loss		15,020	44,078
Other receivables and prepayments	14	58,551	75,746
Deferred income tax assets		196,348	58,201
		<u>585,103</u>	<u>506,206</u>
Current assets			
Inventories		10,487	14,454
Contract assets		16,363	23,887
Trade and other receivables and prepayments	14	2,858,294	2,708,691
Financial assets at fair value through profit or loss		37,800	27,165
Restricted cash		6,764	5,326
Cash and cash equivalents		1,538,323	2,049,079
		<u>4,468,031</u>	<u>4,828,602</u>
Total assets		<u><u>5,053,134</u></u>	<u><u>5,334,808</u></u>
Equity			
Equity attributable to shareholders of the Company			
Share capital	15	11,337	11,337
Other reserves	16	1,019,492	1,238,079
Retained earnings		1,393,538	1,693,148
		<u>2,424,367</u>	<u>2,942,564</u>
Non-controlling interests		<u>113,558</u>	<u>116,555</u>
Total equity		<u><u>2,537,925</u></u>	<u><u>3,059,119</u></u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)*(All amounts in RMB thousands unless otherwise stated)*

		As at 30 June 2023	As at 31 December 2022
	<i>Note</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
Liabilities			
Non-current liabilities			
Borrowings		27,000	52,000
Other payables	<i>17</i>	1,365	1,457
Lease liabilities		8,482	4,722
Contract liabilities		127,242	56,048
Deferred income tax liabilities		36,263	38,045
		200,352	152,272
Current liabilities			
Borrowings		25,000	22,000
Trade and other payables	<i>17</i>	1,334,647	1,245,189
Lease liabilities		6,003	7,077
Contract liabilities		627,638	588,236
Current income tax liabilities		321,569	260,915
		2,314,857	2,123,417
Total liabilities		2,515,209	2,275,689
Total equity and liabilities		5,053,134	5,334,808

NOTES

1 GENERAL INFORMATION

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 (the "Stock Exchange") on 15 May 2020.

The Company is an investment holding company. The Group is 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 "Mr. Wu" or the "Controlling Shareholder").

The interim condensed consolidated balance sheet as at 30 June 2023, 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 material 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 21 August 2023.

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 2023 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 report of the Group for the year ended 31 December 2022 and any public announcements made by the Group during the interim reporting period.

3 MATERIAL 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 current reporting period commencing 1 January 2023 and there was no material impact on the Group.

- HKFRS 17 Insurance Contracts
- Disclosure of Accounting Policies — Amendments to HKAS 1 and HKFRS Practice Statement 2
- Definition of Accounting Estimates — Amendments to HKAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments to HKAS 12

(c) New and amendments to existing standards have been issued but are not effective for the financial year beginning on 1 January 2023 and have not been early adopted by the Group

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in Sale and Leaseback	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	To be determined
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (Revised))	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.

During the six months ended 30 June 2023 and 2022, the Group was principally engaged in the provision of property management services of residential properties and related value-added services, including community value-added services, intelligent community services and other services, in the PRC. With the impact of the macroeconomic situation and the downturn of the property market, the profit before tax and revenue of lifestyle services and commercial services have decreased correspondingly. The CODM of the Company decides not to identify each aforementioned service line as reportable segments and reviews the operating results of the integrated business as a whole to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one reportable segment, which is used to make strategic decisions.

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 2023, substantially all of the non-current assets of the Group were located in the PRC. Therefore, no geographical segments are presented.

5 REVENUE

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major service lines:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Property management and related services	1,041,819	971,879
Sales of goods	118,960	103,589
Installation and decoration services	111,643	126,868
Consulting services	43,672	107,468
Commercial property management and consultation services income	10,555	64,339
Commission income	9,758	109,584
Others	16,860	81,541
	<u>1,353,267</u>	<u>1,565,268</u>
Timing of revenue recognition		
— over time	1,173,984	1,266,606
— at a point in time	179,283	298,662
	<u>1,353,267</u>	<u>1,565,268</u>

For the six months ended 30 June 2023 and 2022, revenues from CCRE Group contributed 11% and 33% of the Group's revenue, respectively. Other than the CCRE Group, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

6 OTHER INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants (<i>Note (a)</i>)	9,375	14,248
Value-added tax deductible (<i>Note (b)</i>)	2,621	5,107
Interests income from loans to third parties (<i>Note (c)</i>)	2,708	25,530
	14,704	44,885

(a) Government grants mainly consisted of financial subsidies granted by local government. There are no unfulfilled conditions or other contingencies attached to the government grant recognised during the six months ended 30 June 2023.

(b) Value-added tax deductible mainly included additional deduction of input value-added tax applicable to certain subsidiaries.

(c) Represented interests income charged to third parties for loans carrying interest rates from 5.60% to 12% per annum during the six months ended 30 June 2023 and 2022.

7 OTHER LOSSES — NET

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net fair value losses on financial assets at fair value through profit or loss	(18,997)	(11,238)
Net foreign exchange losses	(1,896)	(406)
(Losses)/gains on disposal of property, plant and equipment (including right-of-use assets)	(542)	1,158
Others	(2,765)	482
	(24,200)	(10,004)

8 FINANCE (COST)/INCOME — NET

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Finance income		
Interest income from bank deposits	<u>3,823</u>	<u>7,461</u>
Finance cost		
Interest expenses of borrowings	(2,791)	(3,412)
Interest expenses of lease liabilities	(309)	(1,438)
Interest expenses on discount of long-term payables	<u>(799)</u>	<u>(1,249)</u>
	<u>(3,899)</u>	<u>(6,099)</u>
Finance (cost)/income — net	<u><u>(76)</u></u>	<u><u>1,362</u></u>

9 EXPENSES BY NATURE

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Employee benefit expenses	266,414	341,699
Security charges	199,594	222,812
Greening and cleaning expenses	189,601	195,346
Cost of goods sold	110,012	101,052
Utilities	92,514	74,535
Installation and decoration costs	83,030	101,546
Maintenance costs	42,064	48,444
Depreciation and amortisation charges	27,374	35,441
Office expenses	9,166	7,941
Professional service fees	7,569	9,754
Outsourcing labor costs	7,181	327
Traveling and entertainment expenses	6,810	6,053
Taxes and other levies	4,081	7,095
Community activities costs	3,577	2,940
Promotion expenses	2,104	5,929
Outsourcing tourism services costs	786	4,251
Auditor's remuneration		
— Audit services	1,600	1,600
Others	<u>10,974</u>	<u>22,758</u>
	<u><u>1,064,451</u></u>	<u><u>1,189,523</u></u>

10 INCOME TAX CREDIT/(EXPENSES)

Overseas income tax

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 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

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 2023 and 2022.

PRC withholding income tax

According to the Corporate Income Tax Law of the PRC (the "CIT Law"), starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower of 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty arrangements between the PRC and Hong Kong.

For the six months ended 30 June 2023, the immediate holding company of the PRC subsidiaries of the Group became qualified as Hong Kong resident enterprises and has been fulfilling the requirements under the tax treaty arrangements between the PRC and Hong Kong. Therefore 5% withholding tax rate has been applied.

PRC corporate income tax

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 the PRC is 25% according to the CIT Law effective on 1 January 2008. Henan Aiou Electronic Technology Co., Ltd. was qualified as "High and New Technology Enterprises" ("HNTE") in 2018 and renewed in 2021. Jiyuan City Zhongbang Environmental Sanitation Co., Ltd. was qualified as HNTE in 2019 and renewed in 2022. Henan One Family Network Technology Co., Ltd. and Song Yun (Beijing) Information Service Co., Ltd. were qualified as HNTE in 2020 and renewed in 2022. 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 12.5% or 25% of their taxable income.

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax		
— PRC corporate income tax	73,994	97,311
— PRC withholding income tax	3,050	—
Deferred income tax		
— PRC corporate income tax	(139,975)	(707)
	(62,931)	96,604

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.

11 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the six months period ended 30 June 2023 and 2022 (excluding treasury shares).

	Six months ended 30 June	
	2023	2022
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to shareholders of the Company <i>(RMB'000)</i>	(299,610)	289,815
Weighted average number of ordinary shares in issue <i>(in thousands)</i>	1,278,346	1,267,550
Basic (loss)/earnings per share attributable to the shareholders of the Company during the period <i>(expressed in RMB per share)</i>	(0.23)	0.23

(b) Diluted (loss)/earnings per share

Diluted (loss)/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	
	2023	2022
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to shareholders of the Company <i>(RMB'000)</i>	<u>(299,610)</u>	<u>289,815</u>
Weighted average number of ordinary shares in issue <i>(in thousands)</i>	1,278,346	1,267,550
Adjustments for share options <i>(in thousands) (i)</i>	<u>-</u>	<u>13,106</u>
Weighted average number of ordinary shares for the calculation of diluted earnings per share <i>(in thousands)</i>	<u>1,278,346</u>	<u>1,280,656</u>
Diluted (loss)/earnings per share attributable to the shareholders of the Company during the period <i>(expressed in RMB per share)</i>	<u>(0.23)</u>	<u>0.23</u>

- (i) The 540,000 options granted and remained unexercised are not included in the calculation of diluted loss per share because they are antidilutive for the six months ended 30 June 2023. These options could potentially dilute basic (loss)/earnings per share in the future.

12 PROPERTY, PLANT AND EQUIPMENT

	Equipment and furniture <i>RMB'000</i>	Machinery <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Right-of- use assets <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2022 (Audited)					
Cost	61,070	23,460	15,045	71,869	171,444
Accumulated depreciation	<u>(44,362)</u>	<u>(10,511)</u>	<u>(8,697)</u>	<u>(56,852)</u>	<u>(120,422)</u>
Net book amount	<u>16,708</u>	<u>12,949</u>	<u>6,348</u>	<u>15,017</u>	<u>51,022</u>
Period ended 30 June 2023 (Unaudited)					
Opening net book amount	16,708	12,949	6,348	15,017	51,022
Additions	4,367	1,813	1,048	7,793	15,021
Disposals	(360)	(3)	(12)	(531)	(906)
Currency translation	–	–	–	61	61
Depreciation charge	<u>(7,268)</u>	<u>(2,781)</u>	<u>(1,857)</u>	<u>(5,258)</u>	<u>(17,164)</u>
Closing net book amount	<u>13,447</u>	<u>11,978</u>	<u>5,527</u>	<u>17,082</u>	<u>48,034</u>
As at 30 June 2023 (Unaudited)					
Cost	64,819	25,210	16,069	73,294	179,392
Accumulated depreciation	<u>(51,372)</u>	<u>(13,232)</u>	<u>(10,542)</u>	<u>(56,212)</u>	<u>(131,358)</u>
Net book amount	<u>13,447</u>	<u>11,978</u>	<u>5,527</u>	<u>17,082</u>	<u>48,034</u>
As at 31 December 2021 (Audited)					
Cost	57,013	20,882	13,942	87,985	179,822
Accumulated depreciation	<u>(35,564)</u>	<u>(7,222)</u>	<u>(6,256)</u>	<u>(35,722)</u>	<u>(84,764)</u>
Net book amount	<u>21,449</u>	<u>13,660</u>	<u>7,686</u>	<u>52,263</u>	<u>95,058</u>
Period ended 30 June 2022 (Unaudited)					
Opening net book amount	21,449	13,660	7,686	52,263	95,058
Additions	4,765	2,512	759	11,671	19,707
Acquisition of a subsidiary	261	175	359	–	795
Disposals	(315)	(386)	(28)	(8,126)	(8,855)
Currency translation	–	–	–	411	411
Depreciation charge	<u>(7,520)</u>	<u>(2,780)</u>	<u>(1,485)</u>	<u>(14,074)</u>	<u>(25,859)</u>
Closing net book amount	<u>18,640</u>	<u>13,181</u>	<u>7,291</u>	<u>42,145</u>	<u>81,257</u>
As at 30 June 2022 (Unaudited)					
Cost	61,285	22,511	14,580	92,438	190,814
Accumulated depreciation	<u>(42,645)</u>	<u>(9,330)</u>	<u>(7,289)</u>	<u>(50,293)</u>	<u>(109,557)</u>
Net book amount	<u>18,640</u>	<u>13,181</u>	<u>7,291</u>	<u>42,145</u>	<u>81,257</u>

No property, plant and equipment is restricted or pledged as security for borrowings as at 30 June 2023 (31 December 2022: same).

13 INTANGIBLE ASSETS

	Goodwill	Platform and know-How	Order- Backlog and customer relationship	Software and others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2022 (Audited)					
Cost	137,085	38,027	151,608	14,590	341,310
Accumulated amortisation and impairment	(22,496)	(10,146)	(31,830)	(5,757)	(70,229)
Net book amount	<u>114,589</u>	<u>27,881</u>	<u>119,778</u>	<u>8,833</u>	<u>271,081</u>
Period ended 30 June 2023 (Unaudited)					
Opening net book amount	114,589	27,881	119,778	8,833	271,081
Amortisation	–	(1,901)	(7,580)	(729)	(10,210)
Closing net book amount	<u>114,589</u>	<u>25,980</u>	<u>112,198</u>	<u>8,104</u>	<u>260,871</u>
As at 30 June 2023 (Unaudited)					
Cost	137,085	38,027	151,608	14,590	341,310
Accumulated amortisation and impairment	(22,496)	(12,047)	(39,410)	(6,486)	(80,439)
Net book amount	<u>114,589</u>	<u>25,980</u>	<u>112,198</u>	<u>8,104</u>	<u>260,871</u>
As at 31 December 2021 (Audited)					
Cost	127,138	40,036	128,134	7,501	302,809
Accumulated amortisation	–	(6,989)	(16,887)	(4,900)	(28,776)
Net book amount	<u>127,138</u>	<u>33,047</u>	<u>111,247</u>	<u>2,601</u>	<u>274,033</u>
Period ended 30 June 2022 (Unaudited)					
Opening net book amount	127,138	33,047	111,247	2,601	274,033
Additions	–	–	–	3,938	3,938
Acquisition of a subsidiary	9,947	–	23,476	16	33,439
Disposals	–	(2,366)	–	–	(2,366)
Amortisation	–	(1,738)	(7,455)	(389)	(9,582)
Closing net book amount	<u>137,085</u>	<u>28,943</u>	<u>127,268</u>	<u>6,166</u>	<u>299,462</u>
As at 30 June 2022 (Unaudited)					
Cost	137,085	37,610	151,610	11,455	337,760
Accumulated amortisation	–	(8,667)	(24,342)	(5,289)	(38,298)
Net book amount	<u>137,085</u>	<u>28,943</u>	<u>127,268</u>	<u>6,166</u>	<u>299,462</u>

No intangible asset was restricted or pledged as security for borrowings as at 30 June 2023 (31 December 2022: same).

14 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Unaudited)
Trade receivables (<i>Note (a)</i>)		
— Related parties	1,733,966	1,692,151
— Third parties	1,099,595	936,228
	2,833,561	2,628,379
Note receivables	320	20
Less: allowance for impairment of trade receivables	(802,608)	(201,707)
	2,031,273	2,426,692
Other receivables		
— Loans to third parties (<i>Note (b)</i>)	53,118	75,243
— Amounts due from related parties	94,523	103,760
— Utilities	22,144	30,184
— Deposits (<i>Note (c)</i>)	565,969	31,799
— Amounts due from the non-controlling interests of a subsidiary	7,298	7,874
— Others	23,618	5,150
	766,670	254,010
Less: allowance for impairment of other receivables	(39,727)	(6,315)
	726,943	247,695
Prepayments		
— Security charges and cleaning expenses	119,719	75,493
— Others	38,910	34,557
	158,629	110,050
Total	2,916,845	2,784,437
Less: non-current portion of other receivables and prepayments	(58,551)	(75,746)
Current portion of trade and other receivables and prepayments	2,858,294	2,708,691

- (a) As at 30 June 2023 and 31 December 2022, the aging analysis of the trade receivables based on recognition date of trade receivables were as follows:

	30 June 2023	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
0–180 days	1,234,008	1,433,836
181–365 days	519,949	494,381
1 to 2 years	809,447	568,389
2 to 3 years	193,625	89,684
3 to 4 years	51,967	23,769
Over 4 years	24,565	18,320
	<u>2,833,561</u>	<u>2,628,379</u>

- (b) As at 30 June 2023, the Group provided loans to third parties amounted to RMB53,118,000, which bear interest at rates of 8.28% and 12% per annum (30 June 2022: from 5.60% to 12%).
- (c) As at 30 June 2023, deposits of RMB537,000,000 paid to third parties for exclusive residential properties, parking space or retail shops sales agency services (2022: nil), which are refundable with a contract period of 12 months.

15 SHARE CAPITAL

	Number of ordinary shares	Share capital <i>HK\$'000</i>	Equivalent share capital <i>RMB'000</i> (Unaudited)
Authorised			
As at 31 December 2022 and 30 June 2023	<u>5,000,000,000</u>	<u>50,000</u>	<u>42,795</u>
Issued			
As at 1 January 2023 and 30 June 2023	<u>1,278,726,000</u>	<u>12,408</u>	<u>11,337</u>
As at 1 January 2022	1,268,966,000	12,310	11,247
Share option scheme — issued shares	1,845,000	18	15
Cancellation of shares	<u>(1,605,000)</u>	<u>(16)</u>	<u>(13)</u>
As at 30 June 2022	<u>1,269,206,000</u>	<u>12,312</u>	<u>11,249</u>

- (a) The Company repurchased 1,250,000 shares of its own ordinary shares during the six months period ended 30 June 2023 (six months period ended 30 June 2022: 2,499,000 shares). The total purchased consideration was approximately HK\$3,316,000 (equivalent to RMB2,933,000) and was recognised as treasury shares in other reserves.

16 OTHER RESERVES

	Capital reserves RMB'000	Treasury shares RMB'000	Share premium RMB'000	Employee share-based compensation reserves RMB'000	Statutory reserves RMB'000 <i>(Note (a))</i>	Foreign currency translation RMB'000	Total RMB'000
Balance at 1 January 2023 (Audited)	<u>81,023</u>	<u>-</u>	<u>1,086,360</u>	<u>259</u>	<u>183,043</u>	<u>(112,606)</u>	<u>1,238,079</u>
Share award scheme value of employee services	-	-	-	2,593	-	-	2,593
Repurchase of shares of the Company <i>(Note 15(a))</i>	-	(2,933)	-	-	-	-	(2,933)
Currency translation differences	-	-	-	-	-	4,925	4,925
Dividend distribution to shareholders <i>(Note 18)</i>	-	-	(223,172)	-	-	-	(223,172)
Balance at 30 June 2023 (Unaudited)	<u>81,023</u>	<u>(2,933)</u>	<u>863,188</u>	<u>2,852</u>	<u>183,043</u>	<u>(107,681)</u>	<u>1,019,492</u>
Balance at 1 January 2022 (Audited)	<u>81,023</u>	<u>(3,883)</u>	<u>1,692,488</u>	<u>6,798</u>	<u>125,325</u>	<u>(147,371)</u>	<u>1,754,380</u>
Share option scheme — value of employee services	-	-	-	829	-	-	829
Share option scheme — issued shares	-	-	1,832	(879)	-	-	953
Repurchase of shares of the Company	-	(8,422)	-	-	-	-	(8,422)
Cancellation of shares	-	6,273	(6,260)	-	-	-	13
Currency translation differences	-	-	-	-	-	11,417	11,417
Dividend distribution to shareholders	-	-	(362,193)	-	-	-	(362,193)
Balance at 30 June 2022 (Unaudited)	<u>81,023</u>	<u>(6,032)</u>	<u>1,325,867</u>	<u>6,748</u>	<u>125,325</u>	<u>(135,954)</u>	<u>1,396,977</u>

(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.

17 TRADE AND OTHER PAYABLES

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Trade payables (<i>Note(a)</i>)		
— Related parties	29,156	31,288
— Third parties	583,002	545,518
	<u>612,158</u>	<u>576,806</u>
Other payables		
— Deposits	295,960	250,905
— Property maintenance funds	61,493	99,730
— Utilities	67,985	36,009
— Amounts due to related parties	17,523	14,286
— Payables for acquisitions of subsidiaries	47,095	47,108
— Others	49,840	48,341
	<u>539,896</u>	<u>496,379</u>
Accrued payroll	114,770	124,483
Other tax payables	69,188	48,978
	<u>1,336,012</u>	<u>1,246,646</u>
Total	<u>1,336,012</u>	<u>1,246,646</u>
Less: non-current portion of other payables	<u>(1,365)</u>	<u>(1,457)</u>
Current portion of trade and other payables	<u>1,334,647</u>	<u>1,245,189</u>

As at 30 June 2023 and 31 December 2022, the carrying amounts of trade and other payables approximated their fair values.

- (a) As at 30 June 2023 and 31 December 2022, the aging analysis of the trade payables based on invoice date were as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
0–180 days	315,456	359,539
181–365 days	151,099	112,257
1 to 2 years	94,446	66,640
2 to 3 years	43,715	35,038
Over 3 years	7,442	3,332
	<u>612,158</u>	<u>576,806</u>

- (b) The amounts due to related parties were unsecured, interest-free and repayable on demand.

18 DIVIDENDS

A final dividend in respect of year ended 31 December 2022 of HK\$0.191 per ordinary share, approximately HK\$243,998,000 (equivalent to RMB223,172,000) was declared by the board at the Annual General Meeting held on 11 May 2023. The final dividend has been distributed out of the Company's share premium and paid in cash.

An interim dividend of HK\$0.0871 per ordinary share for the six months ended 30 June 2023 has been proposed by the Board at the Board Meeting held on 21 August 2023. The interim dividend will be distributed out of the Company's share premium.

MANAGEMENT DISCUSSION AND ANALYSIS

Over the years, the Group is dedicated to providing services to clients to meet their diverse needs. Our business now consists of three major lines. For the six months ended 30 June 2023 (the “**Period**”), the Group continuously optimised its income structure. During the Period, the Group’s revenue amounted to RMB1,353.3 million, representing a decrease of 13.5% as compared with RMB1,565.3 million in the corresponding period in 2022. Net loss was RMB298.9 million, as compared to net profit of RMB301.5 million for the corresponding period in 2022. Excluding the impairment provision for receivables and fair value gains or losses from financial assets at fair value through profit or loss and related tax effect, the core net profit attributable to the shareholders of the Company for the Period was approximately RMB205.0 million.

Property management services: The Group has been providing traditional property management services such as security, cleaning, maintenance and greening services since 1994. In the first half of 2023, the Group continued to strengthen the quality of its property services, enhance the service experience of owners, and provide refined, precise and people-oriented services around the “security, cleaning, landscaping, warranty and customer services”. We strive to provide owners with a more high-quality, comfortable and sustainable living environment, to truly care for the owners and serve the owners. As at 30 June 2023, the Group’s property management services covered all 18 prefecture-level cities (and also 101 of the 102 county-level cities) in Henan as well as outside Henan Province (including 7 provinces of Shaanxi, Shanxi, Hebei, Anhui, Hubei, Xinjiang and Hainan), and the Group served more than 2.5 million property owners and residents in 953 properties. The Group manages a diversified portfolio of properties, including residential properties, shopping malls, cultural tourism complexes, commercial apartments, office buildings, schools, hospitals, city services, factories, parks and properties of governmental agencies. As at 30 June 2023, the GFA under management and contracted GFA reached 167.7 million sq.m. and 282.5 million sq.m. respectively, representing a respective growth of 7.0% and 4.1% as compared with that as at 31 December 2022.

Community value-added services: In terms of community value-added services, CCNL integrates resources and builds platforms to fulfil its mission of providing diversified living services based on customers’ needs. Focusing on the entire process of customers from property acquisition to moving in to their daily lives, CCNL extends relevant service offerings, and gradually perfects the online and offline scenes to continuously improve customer satisfaction and enhance the value of its services. Value-added community services include the provision of smart community solutions by the Group to property developers and residents for the creation of modern, interactive and intelligent environments within the community. In addition, the Group focuses on online platform operation and offline scenario-based community retailing. Through the Jianye+ platform online, the Group focuses on

product categories based on customer needs to create a localised living platform of Central China that is “nice to look at, fun to play, and easy to use”, and to build a new retail business system for the community of Jianye in an all-round way. At the same time, the Group integrates high-quality resources to provide owners with one-stop whole-house renovation, basic decoration, balcony sealing services, etc., to meet the expectations of owners in the new lifestyle of home services, providing owners with time-saving, worry-saving, energy-saving, money-saving, trouble-saving new experience services, to create a happy home life for owners.

Value-added services to non-property owners: The Group’s value-added services to non-property owners focus on enhancing the value of properties by meeting customers’ requirements through professional services. Value-added services to non-property owners include early intervention services, that is, according to the industry management and customer requirements, upon accepting an entrustment for product development, we will participate in the whole process of it, such as project design, construction, marketing, acceptance, delivery and repair, and put forward rationalisation proposals from the perspective of customers, developers and properties, so as to maximise the customers’ satisfaction to products to meet their needs and facilitate the use of customers in the later stage and the operation of the property, and thus enhance the brand image of the real estate and the customer’s loyalty. In addition, with the service concept of “Dignity — Perfection”, the Group, relying on years of service experience, defines the new standard of the industry with craftsmanship and continues to optimise and innovate its service model, covering five high-end service scenes, namely, sales sites, 4S flagship stores, high-end clubs, exhibitions and medical check-up centres, with tailor-made service solutions to satisfy the diverse needs of its partners.

PROSPECTS AND STRATEGIES

Under the “wave-like and tortuous economic development” in China, the property management industry is constantly changing and developing. Refocusing on service quality has become an industry trend. Due to the frequent emergence of favourable news, the development of the property management industry gradually returns to normalcy. With adjustments in the government, the market and the industry, brand power and service power will gradually become the core elements of industry competition. The Group will continue to strengthen the quality of basic services, accelerate the development of diversified services, strengthen digital intelligence empowerment, hold the “three rice bowls” of branding, skill and diligence, and optimise its organisation to enhance our capabilities. We will showcase a promising new development prospect, characterized by new standards, fresh deployments, and a refreshed appearance.

In the second half of 2023, the Group will concentrate on implementing the following key strategic initiatives:

Focusing on the Core of Services and Building a Better Life

The Group will improve the quality of its services by strengthening the quality, optimising the community environment and enriching community activities, with an aim to provide property owners with services that meet their expectations and help them have a better life. In the highly competitive property management market, the Group will focus on the core of services to build up differentiated advantages and enhance its competitiveness.

Expanding the Service Scope and Improving the Quality of Outreach Services

The Group will continuously expand the scope of its property management business in line with the industry development trends, strengthen customer relationships, identify quality customers through a mature service system and professional operational ideas and provide customers with quality services.

Technological Empowerment to Revitalise Intelligent Services

The experience in property management services summarised by and inherited from “people” will yield twice the result with half the effort with technological empowerment. The Group will introduce an intelligent management system, establish a digital service platform and use data analysis and forecasting technology to improve service efficiency, enhance customer experience, reduce costs and improve management level, in a bid to provide customers with more convenient, comfortable, efficient and professional services.

FINANCIAL REVIEW

REVENUE

During the Period, the Group was principally engaged in the provision of property management services and related value-added services and recorded a revenue of RMB1,353.3 million (the corresponding period in 2022: RMB1,565.3 million), representing a decrease of 13.5% as compared with the corresponding period in the last year. The revenue of the Group were generated from three main business lines: (i) property management services; (ii) community value-added services; and (iii) value-added services to non-property owners.

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

	For the six months ended 30 June			
	2023		2022	
	Revenue		Revenue	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	950,579	70.2	819,580	52.4
Community value-added services	297,606	22.0	338,450	21.6
Value-added services to non-property owners	105,082	7.8	407,238	26.0
Total/Overall	<u>1,353,267</u>	<u>100.0</u>	<u>1,565,268</u>	<u>100.0</u>

PROPERTY MANAGEMENT SERVICES

During the Period, the revenue from our property management services amounted to RMB950.6 million (the corresponding period in 2022: RMB819.6 million), representing an increase of 16.0% as compared to the corresponding period in the last year. The increase was primarily attributable to an increase in our total GFA under management.

As of 30 June 2023, the total GFA under management of the Group was 167.7 million sq.m., representing an increase of 11.0 million sq.m. or 7.0% as compared with 156.7 million sq.m. as of 31 December 2022. The increase was mainly attributable to the increase in expansion projects. During the Period, the average property management fee rate charged by the Group was approximately RMB1.73 per sq.m./month (the corresponding period in 2022: 1.73 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 Central China Real Estate Limited (“CCRE”) and its subsidiaries (the “CCRE Group”) (and its associates or joint ventures) and third-party property developers as at the dates indicated.

	As at 30 June 2023		As at 31 December 2022	
	GFA		GFA	
	'000 sq.m.	%	'000 sq.m.	%
The CCRE Group and its associates or joint ventures	70,496	42.0	68,469	43.7
Third-party property developers	97,202	58.0	88,247	56.3
Total	167,698	100.0	156,716	100.0

COMMUNITY VALUE-ADDED SERVICES

The Group provides a range of community value-added services, primarily including intelligent community solutions, in-park sales and turnkey and move-in furnishing. During the Period, revenue from community value-added services amounted to RMB297.6 million (the corresponding period in 2022: RMB338.5 million), representing a year-on-year decline of 12.1%. Such decline was primarily due to the weak sales in the real estate sector, resulting in a decrease of RMB68.6 million in the revenue of Central China Consumers Club. In response to the decrease in the revenue of Central China Consumers Club, this year, the Group gave priority to community value-added services and broadened the service boundaries to meet the diversified needs of property owners. Revenue from in-park sales jumped by 146.8% to RMB65.6 million from RMB26.6 million in the corresponding period in 2022.

VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

The Group provides a range of value-added services to non-property owners, primarily including pre-launch intermediary services and on-site management. During the Period, revenue from value-added services to non-property owners amounted to RMB105.1 million (the corresponding period in 2022: RMB407.2 million), representing a year-on-year decrease of 74.2%. Such decrease was primarily due to the proactive adjustments made by the Group to the value-added business to non-property owners based on the recovery of receivables from related parties. As a result, the business scale of value-added services to non-property owners shrank, of which the revenue from property agency decreased by RMB99.8 million.

COST OF SALES

The Group's 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 amounted to RMB973.6 million (the corresponding period in 2022: RMB1,067.7 million), representing a decrease of 8.8% as compared to the corresponding period in last year, which was primarily due to a decrease in revenue as a result of the downturn in the real estate industry.

GROSS PROFIT AND GROSS PROFIT MARGIN

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

	For the six months ended 30 June			
	2023		2022	
	Gross profit	Gross profit	Gross profit	Gross profit
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	244,393	25.7	155,209	18.9
Community value-added services	93,606	31.5	127,786	37.8
Value-added services to non-property owners	<u>41,655</u>	<u>39.6</u>	<u>214,575</u>	<u>52.7</u>
Total	<u>379,654</u>	<u>28.1</u>	<u>497,570</u>	<u>31.8</u>

During the Period, the gross profit of the Group was RMB379.7 million (the corresponding period in 2022: RMB497.6 million), representing a decrease of 23.7% as compared to the corresponding period in last year. The gross profit margin of the Group slightly decreased from approximately 31.8% for the corresponding period in last year to approximately 28.1% for the Period, which was mainly attributable to the decrease in the gross profit margin of the value-added services to non-property owners.

The gross profit margin of the Group's property management significantly improved by 6.8 percentage points from approximately 18.9% in the corresponding period in last year to approximately 25.7% for the Period, which was mainly attributable to the scale effect arising from the continuous increase in the area under management.

The gross profit margin of the Group's community value-added services decreased to approximately 31.5% for the Period from approximately 37.8% for the corresponding period in last year. Such decrease was mainly due to a change in the revenue mix, with a lower share of high gross profit revenue.

The gross profit margin of the Group's value-added services to non-property owners decreased to approximately 39.6% for the Period from approximately 52.7% for the corresponding period in last year, mainly due to the decrease in revenue as a result of weak sales in the real estate industry.

SELLING AND MARKETING EXPENSES

During the Period, the selling and marketing expenses of the Group amounted to RMB9.3 million, representing a decrease of 46.7% as compared with RMB17.4 million in the corresponding period in last year, and accounting for approximately 0.7% of our revenue, which was a decrease of 0.4 percentage points as compared with the corresponding period in last year. This was mainly attributed to the fact that in order to improve the Company's performance, the Group adjusted its operation strategies and reduced sales expansion to cut down unnecessary selling expenses.

ADMINISTRATIVE EXPENSES

During the Period, the administrative expenses of the Group amounted to RMB81.6 million, representing a decrease of 21.9% as compared with RMB104.5 million in the corresponding period in last year, and accounting for approximately 6.0% of our revenue, which was a decrease of 0.7 percentage points as compared with the corresponding period in last year. This was mainly attributable to (i) the enhanced management efficiency by reducing redundant management structure by the Group to improve performance; and (ii) the reduction in non-essential administrative expenses such as office expenses and travel expenses.

NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

During the Period, the net impairment loss on financial assets of the Group amounted to RMB641.2 million, representing an increase of RMB627.4 million as compared with the corresponding period in last year, which was primarily due to the fact that the Group made a reasonable provision for impairment based on the principle of prudence because of an increase in credit risk of the relevant receivables of real estate developers as a result of a liquidity crisis amid a downturn in the real estate industry.

OTHER INCOME

During the Period, other income of the Group amounted to RMB14.7 million (the corresponding period in 2022: RMB44.9 million), representing a decrease of 67.2% as compared with the corresponding period in last year, which was mainly due to the decrease in the interest income from the third parties.

OTHER LOSSES — NET

During the Period, the other losses of the Group amounted to RMB24.2 million, representing an increase of RMB14.2 million as compared with the corresponding period in last year, which was primarily due to the decrease in the fair value of US dollar-denominated bonds held by the Group.

INCOME TAX CREDIT/EXPENSES

During the Period, income tax credit of the Group amounted to RMB62.9 million, as compared to income tax expense of RMB96.6 million for the corresponding period in 2022. The income tax rate during the Period was 17.4% (the corresponding period in 2022: 24.3%), largely because the Group increased the provision for credit impairment losses based on prudence and deferred income tax increased accordingly.

PROFIT/LOSS

During the Period, the Group recorded a net loss of RMB298.9 million (the corresponding period in 2022: net profit of RMB301.5 million). The net loss margin was 22.1% (the corresponding period in 2022: net profit margin of 19.3%), largely because the Group during the Period made a provision for credit impairment losses based on prudence due to the downturn in the real estate sector. The loss attributable to shareholders of the Company for the Period amounted to RMB299.6 million (the corresponding period in 2022: net profit attributable to shareholders of RMB289.8 million). Excluding the impairment provision for

receivables and fair value gains or losses from financial assets at fair value through profit or loss and related income tax effect, the core net profit attributable to the owners of the Company for the Period was approximately RMB205.0 million. For the year ended 30 June 2022, the core net profit attributable to the owners of the Company was approximately RMB313.2 million. The decrease in the core net profit attributable to the owners of the Company was mainly due to the fact that based on the recovery of related party receivables, proactive adjustments were made to the value-added business to non-property owners, and the business scale of value-added services to non-property owners declined significantly. Basic loss per share amounted to RMB0.23 (the corresponding period in 2022: basic earnings per share of RMB0.23).

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 2023, the Group's cash and cash equivalents amounted to approximately RMB1,538.3 million (31 December 2022: approximately RMB2,049.1 million). As at 30 June 2023, the Group has a total of bank borrowings of RMB52.0 million (31 December 2022: RMB74.0 million). Subsequent to the reporting period, the Board has declared an interim dividend of approximately RMB102.5 million in total to the shareholders of the Company. Such interim dividend is expected to be paid out of the Company's share premium account. The interim dividend is proposed to be paid on or around Wednesday, 20 December 2023 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 22 September 2023.

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 2023, the gearing ratio was 2.0% (31 December 2022: 2.4%).

TRADE AND OTHER RECEIVABLES

As at 30 June 2023, trade and other receivables amounted to RMB2,858.3 million, representing an increase of 5.5% as compared with that of RMB2,708.7 million as at 31 December 2022, which was primarily attributable to the slow-down in collection of receivables of the Group, which was impacted by the real estate industry's continuous downturn. Meanwhile, in order to secure the exclusive sales agency right, the deposits receivable from third parties increased by RMB537.0 million during this Period.

TRADE AND OTHER PAYABLES

As at 30 June 2023, trade and other payables amounted to RMB1,334.6 million, representing an increase of 7.2% as compared with that of RMB1,245.2 million as at 31 December 2022, which was primarily attributable to 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.

BORROWINGS

As at 30 June 2023, borrowings amounted to RMB52.0 million, representing a decrease of 29.7% as compared with that of RMB74.0 million as at 31 December 2022, which was the bank borrowings of Henan Tianming Property Management Co., Ltd.* (河南天明物業管理有限公司) (“**Henan Tianming**”) incurred prior to its acquisition by the Group, of which the equity interest was acquired by the Group in 2022, and the results were included in the Group's consolidated statements in that year. The decrease of borrowings during the Period was mainly attributable to repayment of borrowings for the Period.

PROCEEDS FROM THE LISTING

References are made to (i) the prospectus of the Company dated 5 May 2020 relating to the global offering; (ii) the annual report of the Company for the year ended 31 December 2020; and (iii) the announcements dated 8 July 2021 and 16 March 2022 relating to the updates on expected timeline for use of proceeds. 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 2023, the Group has used approximately RMB564.1 million of the proceeds. As of 30 June 2023, the unutilised net proceeds of the Group amounted to approximately RMB1,524.6 million.

The table below sets forth the allocation and status of utilisation of the proceeds and the expected timeline of the use of the unutilised proceeds:

Major Categories	Sub-categories	Respective percentage of total proceeds	Respective amount of total proceeds <i>RMB'000</i>	Net proceeds used during 2023 <i>RMB'000</i>	Actual expenditures as at 30 June 2023 <i>RMB'000</i>	Unused net proceeds as at 30 June 2023 <i>RMB'000</i>	Time frame
1. Strategic investment, cooperation and acquisition		60%	1,253,216	–	132,723	1,120,493	
	1.1 Acquiring property management service providers	40%	835,478	–	114,531	720,947	Between one year to three and a half years after Listing
	1.2 Acquiring companies that will expand our portfolio	10%	208,869	–	–	208,869	Between one year to three and a half years after Listing
	1.3 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 year to three and a half years after Listing
2. Enhancement of Jianye+ platform to optimise user experience		15%	313,304	6,397	121,012	192,292	
	2.1 Developing and optimising software and our cloud system	5%	104,435	6,285	60,160	44,275	Between one year to three and a half years after Listing
	2.2 Improving and expanding our facilities and equipment	4%	83,548	21	1,990	81,558	Between one year to three and a half years after Listing
	2.3 Expansion of scale and diversity of membership resources	4%	83,548	2	49,713	33,835	Between one year to three and a half years after Listing
	2.4 Expansion of our user base	2%	41,773	89	9,149	32,624	Between one year to three and a half years after Listing

Major Categories	Sub-categories	Respective percentage of total proceeds	Respective amount of total proceeds RMB'000	Net proceeds used during 2023 RMB'000	Actual expenditures as at 30 June 2023 RMB'000	Unused net proceeds as at 30 June 2023 RMB'000	Time frame
3. Investment in advanced information technology systems		15%	313,304	7,350	101,487	211,817	
	3.1 Building intelligence communities and upgrading facilities	7%	146,209	7,235	98,435	47,774	Between one year to three and a half years after Listing
	3.2 Developing our financial sharing system	2.5%	52,217	115	1,835	50,382	Between one year to three and a half years after Listing
	3.3 Developing a process control and KPI integration system	4%	83,548	–	1,008	82,540	Between one year to three and a half years after Listing
	3.4 Achieving digitalised documentation	1.5%	31,330	–	209	31,121	Between one year to three and a half years after Listing
4. General working capital	Working capital and other general corporate purposes	10%	208,870	–	208,870	–	Between one to three years after Listing
		<u>100%</u>	<u>2,088,694</u>	<u>13,747</u>	<u>564,092</u>	<u>1,524,602</u>	

The unused proceeds are expected to be used for the above purposes within the specified timeframe, though it may be subject to changes in market conditions from time to time.

PLEDGE OF ASSETS

As at 30 June 2023, the Group did not have any pledged assets for its loan guarantee.

MAJOR ACQUISITION AND DISPOSALS

The Group did not have any major acquisition and disposals of subsidiaries and associated companies during the Period.

MAJOR INVESTMENT

As at 30 June 2023, the Group did not hold any significant investment.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

As at 30 June 2023, 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 2023, we had 5,492 full time employees, substantially all of whom were located in Henan province.

At the beginning of 2023, the Company made a new organisational change, in order to more quickly adapt to or anticipate changes, improve organisational effectiveness, and flatten the overall organisation. In line with the new organisational structure, it sorted out the procedures of exercising authority and responsibility, making the organisational management and operation smoother both vertically and horizontally.

The Company continues to take professional ethics and professional ability as important standards for selecting and employing employees and strengthen employee training and continuous education to constantly improve their quality. The Company also attaches high importance to staff's individual career. 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.

The overall remuneration system of the Company will also be adjusted with flexibility with reference to the prevailing market remuneration level to further optimise its existing remuneration and incentive system and establish a performance-oriented management concept and remuneration and incentive system. The remuneration levels, remuneration adjustment and job transfer of employees will be determined based on their performance appraisal results, to ensure the external competitiveness and internal equity of the remunerations of our employees and provide guarantees for retaining and attracting talents.

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 Period, the Company has complied with all code provisions and mandatory disclosure requirements and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code in Appendix 14 to the Listing Rules.

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 Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the Period, the Board recognised that the repurchase of Shares could increase the net asset value and/or earnings per share, so the Company repurchased a total of 1,250,000 shares on the Stock Exchange during the Period, with a total consideration of HK\$3,316,385. As at the date of this announcement, all repurchased Shares have been repurchased but not yet cancelled. Details of the Shares repurchased are as follows:

Month of purchase in 2023	Number of shares purchase	Price Consideration per share		Aggregate consideration paid HK\$
		Highest price paid HK\$	Lowest price paid HK\$	
April	600,000	2.72	2.61	1,593,438
May	550,000	2.71	2.58	1,459,177
June	100,000	2.63	2.63	263,770
	<u>1,250,000</u>			<u>3,316,385</u>

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period ended 30 June 2023.

CHANGES OF INFORMATION IN RESPECT OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, the changes in information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules are set out below:

- (1) Mr. Shi Shushan was appointed as an executive Director, while Mr. Wang Qian resigned as an executive Director, each with effect from 3 February 2023.
- (2) Ms. Dai Ji Ling was appointed as a non-executive Director, while Ms. Min Huidong resigned as a non-executive Director, each with effect from 24 March 2023.
- (3) Ms. Luo Laura Ying has been appointed as an independent non-executive director of Tianjin Port Development Holdings Limited (a company listed on the Stock Exchange, stock code: 3382) since March 2023.

CHANGES SUBSEQUENT TO 30 JUNE 2023

At the extraordinary general meeting of the Company held on 7 August 2023, the Shareholders resolved to terminate its post-IPO share option scheme (conditionally adopted on 29 April 2020) and existing share award scheme (adopted on 12 July 2021), and to adopt a new share award scheme, each with immediate effect. Save for the above, there were no other significant changes in the Group's financial position or from the information for the year ended 30 June 2023 disclosed in this announcement. The audit committee has agreed with the management of the Company on the interim results of the Group for the period.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The audit committee of the Company has discussed with the management and external auditor 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 2023. The audit committee has agreed with the management of the Company on the interim results of the Group for the period.

EVENTS AFTER THE REPORTING PERIOD

As mentioned above, the Company terminated various existing share schemes and adopted a new share award scheme on 7 August 2023. For further details, please refer to the announcements of the Company dated 30 May 2023 and 7 August 2023 and the circular of the Company dated 20 July 2023.

Save for the above, there are no significant events subsequent to 30 June 2023 which would materially affect the Group's operating and financial performance as of the date of this announcement.

INTERIM DIVIDEND

The Board resolved to recommend the declaration and payment of an interim dividend (the "**Interim Dividend**") of HK8.71 cents per share for the six months ended 30 June 2023 (the corresponding period in 2022: HK21.1 cents per share), which will be paid out of the Company's share premium account. The Interim Dividend is proposed to be paid on or around Wednesday, 20 December 2023 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 22 September 2023.

CLOSURE OF THE REGISTER OF MEMBERS

For the purposes of determining the entitlement of the shareholders to the proposed final Dividend, the register of members of the Company will be closed from Wednesday, 20 September 2023 to Friday, 22 September 2023 (both days inclusive), which no transfer of shares will be registered. 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, Wan Chai, Hong Kong, no later than 4:30 p.m. on Tuesday, 19 September 2023 for registration. The Interim Dividend will be paid on or around Wednesday, 20 December 2023.

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 2023 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, 21 August 2023

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