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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 2024
AND
CHANGE IN USE OF PROCEEDS FROM THE LISTING**

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2024 amounted to RMB1,482.9 million, representing an increase of 9.6% from RMB1,353.3 million in the corresponding period in 2023.
- Net profit for the six months ended 30 June 2024 was RMB109.2 million, as compared with net loss of RMB298.9 million for the corresponding period in 2023.
- Profit attributable to the shareholders of the Company for the six months ended 30 June 2024 amounted to RMB103.4 million, as compared with net loss attributable to the shareholders of RMB299.6 million for the corresponding period in 2023.
- Core net profit attributable to the shareholders of the Company¹ for the six months ended 30 June 2024 amounted to RMB148.4 million, as compared with RMB205.0 million for the corresponding period in 2023.
- GFA under management was 188.1 million sq.m. and contracted GFA reached 288.7 million sq.m. as of 30 June 2024, representing increases of 3.5% and 0.1% respectively, compared with 31 December 2023.
- Basic earnings per share for the six months ended 30 June 2024 was RMB0.08, as compared with basic loss per share of RMB0.23 for the corresponding period in 2023.
- Basic core earnings per share² for the six months ended 30 June 2024 was RMB0.12, as compared with that of RMB0.16 for the corresponding period in 2023.
- The Board resolved to recommend the declaration and payment of an interim dividend of HK\$10.59 cents per share for the six months ended 30 June 2024. Such interim dividend is expected to be paid out of the Company's share premium account.

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

⁽²⁾ Calculated based on core net profit attributable to the 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 2024 with the comparative figures for the corresponding period in 2023.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB thousands unless otherwise stated)

	Note	Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	5	1,482,932	1,353,267
Cost of sales	9	(1,145,083)	(973,613)
Gross profit		337,849	379,654
Selling and marketing expenses	9	(9,538)	(9,254)
Administrative expenses	9	(97,730)	(81,584)
Net impairment losses on financial assets		(49,144)	(641,228)
Other income	6	3,164	14,704
Other losses — net	7	(3,626)	(24,200)
Operating profit/(loss)		180,975	(361,908)
Finance cost — net	8	(625)	(76)
Share of post-tax profit of associates accounted for using the equity method		(9)	201
Profit/(loss) before income tax		180,341	(361,783)
Income tax (expenses)/credit	10	(71,162)	62,931
Profit/(loss) for the period		109,179	(298,852)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

	<i>Note</i>	Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to:			
— Shareholders of the Company		103,394	(299,610)
— Non-controlling interests		5,785	758
		<u>109,179</u>	<u>(298,852)</u>
 Other comprehensive income for the period, net of tax			
Items that may be reclassified to profit or loss			
— Currency translation differences		<u>(1,200)</u>	<u>4,925</u>
		<u>107,979</u>	<u>(293,927)</u>
 Total comprehensive income for the period attributable to:			
— Shareholders of the Company		102,194	(294,685)
— Non-controlling interests		5,785	758
		<u>107,979</u>	<u>(293,927)</u>
 Earnings/(loss) per share for profit/(loss) attributable to the shareholders of the Company (expressed in RMB per share)			
— Basic earnings/(loss) per share	<i>11</i>	0.08	(0.23)
— Diluted earnings/(loss) per share	<i>11</i>	<u>0.08</u>	<u>(0.23)</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

(All amounts in RMB thousands unless otherwise stated)

		As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Assets			
Non-current assets			
Investment in associates		4,756	4,765
Property, plant and equipment	12	61,041	52,419
Intangible assets	13	241,581	251,893
Financial assets at fair value through profit or loss		–	3,835
Other receivables and prepayments	14	52,199	50,359
Deferred income tax assets		342,894	327,685
		<u>702,471</u>	<u>690,956</u>
Current assets			
Inventories		9,263	12,691
Contract assets		12,113	13,200
Trade and other receivables and prepayments	14	2,623,027	2,465,991
Financial assets at fair value through profit or loss		42,780	40,547
Restricted cash		5,285	7,137
Cash and cash equivalents		2,042,342	1,620,556
		<u>4,734,810</u>	<u>4,160,122</u>
Total assets		<u><u>5,437,281</u></u>	<u><u>4,851,078</u></u>
Equity			
Equity attributable to shareholders of the Company			
Share capital	15	11,538	11,538
Other reserves	16	681,954	958,607
Retained earnings		1,188,032	1,084,638
		<u>1,881,524</u>	<u>2,054,783</u>
Non-controlling interests		<u>111,568</u>	<u>107,566</u>
Total equity		<u><u>1,993,092</u></u>	<u><u>2,162,349</u></u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

		As at 30 June 2024	As at 31 December 2023
	<i>Note</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Liabilities			
Non-current liabilities			
Borrowings		52,000	27,000
Other payables	17	1,181	1,273
Lease liabilities		11,311	9,899
Contract liabilities		356,689	67,104
Deferred income tax liabilities		31,740	33,522
		<u>452,921</u>	<u>138,798</u>
Current liabilities			
Borrowings		–	25,000
Trade and other payables	17	1,669,563	1,384,284
Lease liabilities		8,435	5,945
Contract liabilities		954,163	758,678
Current income tax liabilities		359,107	376,024
		<u>2,991,268</u>	<u>2,549,931</u>
Total liabilities		<u>3,444,189</u>	<u>2,688,729</u>
Total equity and liabilities		<u>5,437,281</u>	<u>4,851,078</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 (the “Stock Exchange”) on 15 May 2020.

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in provision of property management services, community value-added services and value-added services to non-property owners in the People’s Republic of China (the “PRC”). The controlling shareholders of the Company are Mr. Wu Po Sum (“Mr. Wu”) and Enjoy Start Limited (“Enjoy Start”), a company incorporated under the laws of British Virgin Islands (“BVI”), which is wholly owned by Mr Wu.

The interim condensed consolidated balance sheet as at 30 June 2024, 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 of directors of the Company (the “Board”) on 26 August 2024.

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

This interim condensed consolidated financial information has not been audited.

2 BASIS OF PREPARATION

This Interim Financial Information for the six months ended 30 June 2024 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 2023 and any public announcements made by the Company 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 2024 and there was no material impact on the Group.

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants — Amendments to HKAS 1
- Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause — Hong Kong Interpretation 5 (Revised)
- Lease Liability in Sale and Leaseback — Amendments to HKFRS 16
- Supplier Finance Arrangements — Amendments to HKAS 7 and HKFRS 7

(c) New and amendments to existing standards have been issued but are not effective for the financial year beginning on 1 January 2024 and have not been early adopted by the Group

		Effective for accounting periods beginning on or after
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	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") of the Company. 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 2024 and 2023, the Group was principally engaged in the provision of property management services, community value-added services and value-added services to non-property owners in the PRC. The CODM reviews the operating results of the integrated business as a whole to make decisions about resources to be allocated. Therefore, the CODM 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 2024, 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	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Property management and related services	1,228,345	1,041,819
Sales of goods	154,229	118,960
Installation and decoration services	52,769	111,643
Commercial property management and consultation services income	21,544	54,227
Commission income	13,375	9,758
Others	12,670	16,860
	<u>1,482,932</u>	<u>1,353,267</u>
Timing of revenue recognition		
— over time	1,253,294	1,173,984
— at a point in time	229,638	179,283
	<u>1,482,932</u>	<u>1,353,267</u>

For the six months ended 30 June 2024, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue. For the six months ended 30 June 2023, revenues from CCRE Group contributed 11% 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	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interests income from loans to third parties (<i>Note (a)</i>)	2,431	2,708
Government grants (<i>Note (b)</i>)	711	9,375
Value-added tax deductible (<i>Note (c)</i>)	22	2,621
	<u>3,164</u>	<u>14,704</u>

(a) Represented interests income charged to third parties for loans carrying interest rates from 8.28% to 12% per annum during the six months ended 30 June 2024 (30 June 2023: 5.60% to 12%).

- (b) Government grants mainly consisted of financial subsidies granted by local governments. There are no unfulfilled conditions or other contingencies attached to the government grant recognised during the six months ended 30 June 2024.
- (c) Value-added tax deductible mainly included additional deduction of input value-added tax applicable to certain subsidiaries.

7 OTHER LOSSES — NET

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Net fair value losses on financial assets at FVPL	(1,622)	(18,997)
Gains/(losses) on disposal of property, plant and equipment (including right-of-use assets)	85	(542)
Others	(2,089)	(4,661)
	<u>(3,626)</u>	<u>(24,200)</u>

8 FINANCE COST — NET

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Finance income		
Interest income from bank deposits	<u>2,147</u>	<u>3,823</u>
Finance cost		
Interest expenses of borrowings	(2,365)	(2,791)
Interest expenses of lease liabilities	(373)	(309)
Interest expenses on discount of long-term payables	(34)	(799)
	<u>(2,772)</u>	<u>(3,899)</u>
Finance cost — net	<u>(625)</u>	<u>(76)</u>

9 EXPENSES BY NATURE

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Employee benefit expenses	301,848	266,414
Greening and cleaning expenses	250,216	189,601
Security charges	222,193	199,594
Cost of goods sold	152,245	110,012
Utilities	102,736	92,514
Installation and decoration costs	67,700	83,030
Maintenance costs	52,791	42,064
Professional service fees	22,056	7,569
Depreciation and amortisation charges	20,927	27,374
Office expenses	7,191	9,166
Taxes and other levies	7,175	4,081
Outsourcing labor costs	6,713	7,181
Community activities costs	5,113	3,577
Traveling and entertainment expenses	5,036	6,810
Outsourcing tourism services costs	1,775	786
Promotion expenses	293	2,104
Others	26,343	12,574
	<u>1,252,351</u>	<u>1,064,451</u>

10 INCOME TAX EXPENSE/(CREDIT)

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 2024 and 2023.

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 2024, 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 2019 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 25% of their taxable income.

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax		
— PRC corporate income tax	68,210	73,994
— PRC withholding income tax	20,000	3,050
Deferred income tax		
— PRC corporate income tax	(17,048)	(139,975)
	<u>71,162</u>	<u>(62,931)</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.

11 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the six months period ended 30 June 2024 and 2023 (excluding treasury shares).

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit/(loss) attributable to shareholders of the Company (RMB'000)	<u>103,394</u>	<u>(299,610)</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>1,278,246</u>	<u>1,278,346</u>
Basic earnings/(loss) per share attributable to the shareholders of the Company during the period (expressed in RMB per share)	<u>0.08</u>	<u>(0.23)</u>

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) 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	
	2024 (Unaudited)	2023 (Unaudited)
Profit/(loss) attributable to shareholders of the Company (RMB'000)	<u>103,394</u>	<u>(299,610)</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>1,278,246</u>	<u>1,278,346</u>
Adjustments for share options (in thousands)	<u>359</u>	<u>–</u>
Weighted average number of ordinary shares for the calculation of diluted earnings per share (in thousands)	<u>1,278,605</u>	<u>1,278,346</u>
Diluted earnings/(loss) per share attributable to the shareholders of the Company during the period (expressed in RMB per share)	<u>0.08</u>	<u>(0.23)</u>

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 2023 (Audited)					
Cost	67,556	26,484	17,053	88,224	199,317
Accumulated depreciation	<u>(55,200)</u>	<u>(15,380)</u>	<u>(10,715)</u>	<u>(65,603)</u>	<u>(146,898)</u>
Net book amount	<u>12,356</u>	<u>11,104</u>	<u>6,338</u>	<u>22,621</u>	<u>52,419</u>
Period ended 30 June 2024 (Unaudited)					
Opening net book amount	12,356	11,104	6,338	22,621	52,419
Additions	1,130	828	1,684	20,579	24,221
Disposals	(209)	(81)	(16)	(4,730)	(5,036)
Currency translation	–	–	–	(2)	(2)
Depreciation charge	<u>(3,587)</u>	<u>(1,942)</u>	<u>(1,463)</u>	<u>(3,569)</u>	<u>(10,561)</u>
Closing net book amount	<u>9,690</u>	<u>9,909</u>	<u>6,543</u>	<u>34,899</u>	<u>61,041</u>
As at 30 June 2024 (Unaudited)					
Cost	66,196	27,493	18,521	102,496	214,706
Accumulated depreciation	<u>(56,506)</u>	<u>(17,584)</u>	<u>(11,978)</u>	<u>(67,597)</u>	<u>(153,665)</u>
Net book amount	<u>9,690</u>	<u>9,909</u>	<u>6,543</u>	<u>34,899</u>	<u>61,041</u>
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>

No property, plant and equipment is restricted or pledged as security for borrowings as at 30 June 2024 (31 December 2023: 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 2023 (Audited)					
Cost	137,085	38,027	151,608	15,298	342,018
Accumulated amortisation and impairment	<u>(22,496)</u>	<u>(13,794)</u>	<u>(46,777)</u>	<u>(7,058)</u>	<u>(90,125)</u>
Net book amount	<u><u>114,589</u></u>	<u><u>24,233</u></u>	<u><u>104,831</u></u>	<u><u>8,240</u></u>	<u><u>251,893</u></u>
Period ended 30 June 2024 (Unaudited)					
Opening net book amount	114,589	24,233	104,831	8,240	251,893
Additions	–	–	–	54	54
Amortisation	<u>–</u>	<u>(1,901)</u>	<u>(7,473)</u>	<u>(992)</u>	<u>(10,366)</u>
Closing net book amount	<u><u>114,589</u></u>	<u><u>22,332</u></u>	<u><u>97,358</u></u>	<u><u>7,302</u></u>	<u><u>241,581</u></u>
As at 30 June 2024 (Unaudited)					
Cost	137,085	38,027	151,608	15,352	342,072
Accumulated amortisation and impairment	<u>(22,496)</u>	<u>(15,695)</u>	<u>(54,250)</u>	<u>(8,050)</u>	<u>(100,491)</u>
Net book amount	<u><u>114,589</u></u>	<u><u>22,332</u></u>	<u><u>97,358</u></u>	<u><u>7,302</u></u>	<u><u>241,581</u></u>
As at 31 December 2022 (Audited)					
Cost	137,085	38,027	151,608	14,590	341,310
Accumulated amortisation and impairment	<u>(22,496)</u>	<u>(10,146)</u>	<u>(31,830)</u>	<u>(5,757)</u>	<u>(70,229)</u>
Net book amount	<u><u>114,589</u></u>	<u><u>27,881</u></u>	<u><u>119,778</u></u>	<u><u>8,833</u></u>	<u><u>271,081</u></u>
Period ended 30 June 2023 (Unaudited)					
Opening net book amount	114,589	27,881	119,778	8,833	271,081
Amortisation	<u>–</u>	<u>(1,901)</u>	<u>(7,580)</u>	<u>(729)</u>	<u>(10,210)</u>
Closing net book amount	<u><u>114,589</u></u>	<u><u>25,980</u></u>	<u><u>112,198</u></u>	<u><u>8,104</u></u>	<u><u>260,871</u></u>
As at 30 June 2023 (Unaudited)					
Cost	137,085	38,027	151,608	14,590	341,310
Accumulated amortisation and impairment	<u>(22,496)</u>	<u>(12,047)</u>	<u>(39,410)</u>	<u>(6,486)</u>	<u>(80,439)</u>
Net book amount	<u><u>114,589</u></u>	<u><u>25,980</u></u>	<u><u>112,198</u></u>	<u><u>8,104</u></u>	<u><u>260,871</u></u>

No intangible asset was restricted or pledged as security for borrowings as at 30 June 2024 (31 December 2023: same).

14 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables (<i>Note (a)</i>)		
— Related parties	1,699,824	1,694,099
— Third parties	1,467,864	1,277,318
	3,167,688	2,971,417
Note receivables	—	244
Less: allowance for impairment of trade receivables	(1,357,201)	(1,307,882)
	1,810,487	1,663,779
Other receivables		
— Loans to third parties (<i>Note (b)</i>)	55,561	55,153
— Amounts due from related parties	129,247	132,542
— Utilities	36,101	30,093
— Deposits (<i>Note (c)</i>)	522,786	565,412
— Amounts due from the non-controlling interests of a subsidiary	5,736	5,920
— Others	24,081	13,360
	773,512	802,480
Less: allowance for impairment of other receivables	(108,387)	(107,860)
	665,125	694,620
Prepayments		
— Security charges and cleaning expenses	151,746	117,597
— Others	47,868	40,354
	199,614	157,951
Total	2,675,226	2,516,350
Less: non-current portion of other receivables and prepayments	(52,199)	(50,359)
Current portion of trade and other receivables and prepayments	2,623,027	2,465,991

- (a) As at 30 June 2024 and 31 December 2023, the aging analysis of the trade receivables based on recognition date of trade receivables were as follows:

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Less than 1 year	1,289,641	954,885
1 to 2 years	1,156,227	1,425,763
2 to 3 years	559,780	487,991
3 to 4 years	116,768	69,592
Over 4 years	45,272	33,186
	<u>3,167,688</u>	<u>2,971,417</u>

- (b) As at 30 June 2024, the Group provided loans to third parties amounted to RMB55,561,000, which bear interest at rates of 8.28% and 12% per annum (31 December 2023: 8.28% and 12%).
- (c) During the year ended 31 December 2023, the Group, through its subsidiaries, entered into several Exclusive Property Sales Agency Services Agreements with various independent third-party property developers. These agreements granted the Group exclusive rights to market and sell residential units, parking spaces, and retail outlets developed by these third parties. Under the terms of these agreements, the Group paid deposits totalling RMB537,000,000 to guarantee performance and adherence to the exclusivity provisions of the agreements. Such deposits are unsecured and refundable upon the termination or expiry of the agreements.

During the period ended 30 June 2024, the Group executed sales transactions under these agreements. Revenue was recognised based of the corresponding margins, which were derived from the difference between the selling prices of the properties and their baseline values as agreed in the agreements.

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 2023 and 30 June 2024	<u>5,000,000,000</u>	<u>50,000</u>	<u>42,795</u>
Issued			
As at 1 January 2024 and 30 June 2024	<u>1,300,526,000</u>	<u>12,626</u>	<u>11,538</u>
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>

(a) None of ordinary shares movement during the six months period ended 30 June 2024.

The Company repurchased 1,250,000 shares of its own ordinary shares during the six months period ended 30 June 2023. 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 2024 (Audited)	<u>81,023</u>	<u>(3,134)</u>	<u>760,099</u>	<u>14,223</u>	<u>217,184</u>	<u>(110,788)</u>	<u>958,607</u>
Share award scheme-value of employee services	-	-	-	10,605	-	-	10,605
Vesting of awarded shares	-	44	8,850	(8,894)	-	-	-
Currency translation differences	-	-	-	-	-	(1,200)	(1,200)
Dividend distribution to shareholders <i>(Note 18)</i>	-	-	(286,058)	-	-	-	(286,058)
Balance at 30 June 2024 (Unaudited)	<u>81,023</u>	<u>(3,090)</u>	<u>482,891</u>	<u>15,934</u>	<u>217,184</u>	<u>(111,988)</u>	<u>681,954</u>
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>

(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 2024 (Unaudited)	31 December 2023 (Audited)
Trade payables (<i>Note(a)</i>)		
— Related parties	26,636	35,693
— Third parties	546,791	568,973
	<u>573,427</u>	<u>604,666</u>
Other payables		
— Deposits	286,533	301,973
— Dividends payables	286,058	–
— Payables for acquisitions of subsidiaries	39,081	41,135
— Amounts due to related parties	15,524	16,085
— Others	248,151	213,128
	<u>875,347</u>	<u>572,321</u>
Accrued payroll	130,451	126,212
Other tax payables	91,519	82,358
	<u>1,670,744</u>	<u>1,385,557</u>
Total		
	<u>1,670,744</u>	<u>1,385,557</u>
Less: non-current portion of other payables	(1,181)	(1,273)
	<u>1,669,563</u>	<u>1,384,284</u>
Current portion of trade and other payables		
	<u>1,669,563</u>	<u>1,384,284</u>

As at 30 June 2024 and 31 December 2023, the carrying amounts of trade and other payables approximated their fair values.

- (a) As at 30 June 2024 and 31 December 2023, the aging analysis of the trade payables based on invoice date were as follows:

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Less than 1 year	343,782	395,136
1 to 2 years	118,251	120,183
2 to 3 years	92,721	58,877
Over 3 years	18,673	30,470
	<u>573,427</u>	<u>604,666</u>

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

18 DIVIDENDS

A special dividend in respect of year ended 31 December 2023 of HK\$0.241 per ordinary share, approximately HK\$313,427,000 (equivalent to RMB286,058,000) was approved by the Company's Shareholders at the annual general meeting of the Company held on 28 June 2024. The special dividend has been distributed out of the Company's share premium account and paid in cash.

An interim dividend of HK\$0.1059 per ordinary share for the six months ended 30 June 2024 has been declared by the Board at the meeting of the Board held on 26 August 2024 (30 June 2023: HK\$0.0871 per ordinary share). The interim dividend will be distributed out of the Company's share premium account.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Over the years, the Group is dedicated to providing services to clients to meet their diverse needs. Our business now consists of three major business lines. For the six months ended 30 June 2024 (the “**Period**”), the Group continuously optimised its income structure. During the Period, the Group’s revenue amounted to RMB1,482.9 million, representing an increase of 9.6% as compared with RMB1,353.3 million for the corresponding period in 2023. Net profit was RMB109.2 million, as compared to net loss of RMB298.9 million for the corresponding period in 2023. Excluding the impairment losses on financial assets, fair value gains or losses from financial assets at fair value through profit or loss, share-based payments and related income tax effect, the core net profit attributable to the shareholders of the Company for the Period decreased by approximately 27.6% from the corresponding period last year to approximately RMB148.4 million (the corresponding period in 2023: 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. During the Period, 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 2024, the Group’s property management services covered all 18 prefecture-level cities in Henan as well as outside Henan Province (including Shanxi, Hebei, Hunan, Xinjiang and Hainan), and the Group served more than 2.6 million property owners and residents in 1,105 properties. The Group manages a diversified portfolio of properties, including residential and commercial properties, office buildings, gyms, special towns, rural complexes, schools, hospitals, parks, the “Three Supplies and Property Management” project, urban services and industrial parks, etc. As at 30 June 2024, the GFA under management and contracted GFA reached 188.1 million sq.m. and 288.7 million sq.m. respectively, representing a respective growth of 3.5% and 0.1% as compared with those as at 31 December 2023.

Community value-added services: In terms of community value-added services, the Group 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, the Group extends relevant service offerings, and gradually perfects the online and offline scenes to continuously improve customer satisfaction and enhance the value of its services. Community value-added 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 Jianye + community 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. During the Period, the Group established a new arena, i.e. “property + group catering”, providing a variety of community catering services such as “community canteens, convenient food trucks and special products” to satisfy the owners' diverse catering demands. The Group also provides group catering services and canteen operation solutions to government agencies, corporations, public institutions, and other entities by integrating high quality catering resources.

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 in the second half of the year, the development of the property management industry gradually returns to normalcy. With various aspect of adjustments in the market and the industry, brand personality and service quality 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 2024, the Group will concentrate on implementing the following key strategic initiatives:

Deepening Multi-industry Development and Strengthening Value-added Service Innovation

We are actively promoting the “multi-industry development strategy”, focusing on residential properties and continuing to strengthen the expansion of non-residential areas such as commercial complexes, office buildings, industrial parks, schools, hospitals and urban services, so as to broaden the scope of our business coverage.

The Company will actively respond to the spirit of the Guideline on Promotion of the High-quality Growth of Service Consumption issued by the State Council by strengthening the innovation of value-added service models, improving the lifestyle service portfolios such as nursing care, childcare, catering and housekeeping services, and deepening the model of “property services + lifestyle services” to meet the growing needs of residents, enhance customer stickiness and improve profitability.

Enhancing Service Quality and Engaging in Compliant and Safe Operations

We will adhere to our essential commitment of providing quality service, reshape the ISO9000 system standards and continuously improve the quality of service. Furthermore, we will enhance the cultural atmosphere of the park and strengthen the level of soft services to ensure standardised service process and reliable service quality.

By closely monitoring the policy development of the national and local governments, we will study the impact of policy changes on the property management industry in a timely manner, so as to provide strong support for our decision-making. We will strictly comply with relevant laws, regulations and rules to ensure compliant operations of the Company. Our existing robust internal control system will be further strengthened to enhance risk prevention and control, and ensure stable development of the Company.

Enhancing the ESG System to Realise Sustainable Development

In active response to the policy directive, we will strengthen the establishment of ESG (Environmental, Social and Governance) systems, enhance the quality of ESG-related information disclosure, and integrate ESG concepts into corporate operation and management to achieve sustainable development.

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 RMB1,482.9 million (the corresponding period in 2023: RMB1,353.3 million), representing an increase of 9.6% 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 the Group's revenue from each business line for the periods indicated.

	For the six months ended 30 June			
	2024		2023	
	Revenue		Revenue	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	1,133,606	76.4	950,579	70.2
Community value-added services	294,163	19.8	297,606	22.0
Value-added services to non-property owners	55,163	3.8	105,082	7.8
Total/Overall	<u>1,482,932</u>	<u>100.0</u>	<u>1,353,267</u>	<u>100.0</u>

PROPERTY MANAGEMENT SERVICES

During the Period, the revenue from the property management services amounted to RMB1,133.6 million (the corresponding period in 2023: RMB950.6 million), representing an increase of 19.3% as compared to the corresponding period in the last year. The increase was primarily attributable to an increase in our total GFA under management of the Group.

As at 30 June 2024, the total GFA under management of the Group was 188.1 million sq.m., representing an increase of 6.3 million sq.m. or 3.5% as compared with 181.8 million sq.m. as at 31 December 2023. The increase was mainly attributable to an increase in expansion projects. During the Period, the average property management fee rate charged by the Group for residential property projects was approximately RMB1.74 per sq.m./month (the corresponding period in 2023: 1.73 per sq.m./month).

The table below sets out the breakdown of our total GFA under management for the 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 2024		As at 31 December 2023	
	GFA '000 sq.m.	%	GFA '000 sq.m.	%
The CCRE Group and its associates or joint ventures	75,939	40.4	74,158	40.8
Third-party property developers	112,121	59.6	107,685	59.2
Total	188,060	100.0	181,843	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 RMB294.2 million (the corresponding period in 2023: RMB297.6 million), representing a year-on-year decline of 1.2%. Such decline was primarily due to fewer houses delivered, resulting in a decrease of RMB74.2 million in the revenue of intelligent community solutions. In response to the decrease in the revenue of intelligent community solutions, 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 107.2% to RMB146.6 million from RMB70.8 million in the corresponding period of last year.

VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

The Group provides a range of value-added services to non-property owners, primarily including early intervention services and on-site management. During the Period, revenue from value-added services to non-property owners amounted to RMB55.2 million (the corresponding period in 2023: RMB105.1 million), representing a year-on-year decrease of 47.5%. Such decrease was primarily due to the proactive adjustments made by the Group to 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 early intervention services and on-site management decreased by RMB25.4 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, 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 RMB1,145.1 million (the corresponding period in 2023: RMB973.6 million), representing an increase of 17.6% as compared to the corresponding period in last year, which was primarily attributable to the expansion of sales scales and the increased cost of high quality services to promote customer satisfaction.

GROSS PROFIT AND GROSS PROFIT MARGIN

The following table sets forth the Group's gross profit and gross profit margin by each business line for the periods indicated.

	For the six months ended 30 June			
	2024		2023	
	Gross profit		Gross profit	
	Gross profit	margin	Gross profit	margin
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	249,725	22.0	244,393	25.7
Community value-added services	76,776	26.1	93,606	31.5
Value-added services to non-property owners	11,348	20.6	41,655	39.6
Total	337,849	22.8	379,654	28.1

During the Period, the gross profit of the Group was RMB337.8 million (the corresponding period in 2023: RMB379.7 million), representing a decrease of 11.0% as compared to the corresponding period last year. The gross profit margin of the Group decreased from approximately 28.1% for the corresponding period last year to approximately 22.8% for the Period, which was mainly attributable to the decrease in the gross profit of the value-added services to non-property owners.

The gross profit margin of the Group's property management services decreased by 3.7 percentage points from approximately 25.7% for the corresponding period last year to approximately 22.0% for the Period, which was mainly attributable to the increased cost of high quality services to promote customer satisfaction.

The gross profit margin of the Group's community value-added services decreased to approximately 26.1% for the Period from approximately 31.5% for the corresponding period in last year. Such decrease was mainly due to a change in the revenue structure, with the decrease of high gross profit revenue streams, such as intelligent community solutions.

The gross profit margin of the Group's value-added services to non-property owners decreased to approximately 20.6% for the Period from approximately 39.6% for the corresponding period of last year. This decline was primarily attributable to the decrease in high gross profit revenue streams, such as early intervention services, as the services demand of developers declined.

SELLING AND MARKETING EXPENSES

During the Period, the selling and marketing expenses of the Group amounted to RMB9.5 million, representing an increase of approximately 3.1% as compared with RMB9.3 million in the corresponding period last year, and accounting for approximately 0.6% of our revenue, basically unchanged from the corresponding period last year.

ADMINISTRATIVE EXPENSES

During the Period, the administrative expenses of the Group amounted to RMB97.7 million, representing an increase of 19.8% as compared with RMB81.6 million for the corresponding period last year, and accounting for approximately 6.6% of revenue of the Group, which was an increase of 0.6 percentage points as compared with the corresponding period last year. This was mainly attributable to the increase in share-based payments for encouraging the management to contribute to the long-term growth and profit for the Group.

NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

During the Period, the net impairment losses on financial assets of the Group amounted to RMB49.1 million, representing a decrease of RMB592.1 million as compared with the corresponding period last year, which was primarily due to the fact that there was no significant fluctuation in the credit risk during the Period as compared with the corresponding period last year when the downturn in real estate industry triggered a liquidity crisis, resulting in a significant increase in the credit risk of related receivables of real estate developers.

OTHER INCOME

During the Period, other income of the Group amounted to RMB3.2 million (the corresponding period in 2023: RMB14.7 million), representing a decrease of 78.5% as compared with the corresponding period last year, which was mainly due to the decrease in government grants.

OTHER LOSSES — NET

During the Period, the other net losses of the Group amounted to RMB3.6 million, representing a decrease of RMB20.6 million as compared with the corresponding period last year, which was primarily due to the decrease in the fair value of US dollar-denominated bonds held by the Group for the Period.

INCOME TAX EXPENSES/CREDIT

During the Period, income tax expenses of the Group amounted to RMB71.2 million, as compared to income tax credit of RMB62.9 million for the corresponding period in 2023. The income tax rate during the Period was 39.5% (the corresponding period in 2023: 17.4%), largely because the Group increased the provision for withholding tax for its onshore companies distributing dividends to offshore companies.

PROFITS/LOSSES

During the Period, the Group recorded a net profit of RMB109.2 million (the corresponding period in 2023: net loss of RMB298.9 million). The net profit margin was 7.4% (the corresponding period in 2023: net loss margin of 22.1%). The turnaround from loss to profit was mainly due to the decrease in impairment losses on financial assets during the Period. The profit attributable to the shareholders of the Company for the Period amounted to RMB103.4 million (the corresponding period in 2023: loss attributable to the shareholders of RMB299.6 million). Excluding the impairment losses on financial assets, fair value gains or losses from financial assets at fair value through profit or loss, share-based payments and related income tax effect, the core net profit attributable to the owners of the Company for the Period was approximately RMB148.4 million. For the corresponding period in 2023, the core net profit attributable to the owners of the Company was approximately RMB205.0 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 earnings per share amounted to RMB0.08 (the corresponding period in 2023: basic loss 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 2024, the Group's cash and cash equivalents amounted to approximately RMB2,042.3 million (31 December 2023: approximately RMB1,620.6 million). As at 30 June 2024, the Group has a total of bank borrowings of RMB52.0 million (31 December 2023: RMB52.0 million). Subsequent to the Period, the Board declared an interim dividend of approximately RMB126.7 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 Tuesday, 24 September 2024 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Thursday, 12 September 2024.

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 2024, the gearing ratio was 2.6% (31 December 2023: 2.4%).

TRADE AND OTHER RECEIVABLES

As at 30 June 2024, trade and other receivables amounted to RMB2,475.6 million, representing an increase of 5.0% as compared with that of RMB2,358.4 million as at 31 December 2023, which was primarily attributable to the increase in receivables due from property owners in line with the growing area under management.

TRADE AND OTHER PAYABLES

As at 30 June 2024, trade and other payables amounted to RMB1,670.7 million, representing an increase of 20.6% as compared with that of RMB1,385.6 million as at 31 December 2023, which was primarily attributable to the special dividend amounted to RMB286.1 million declared in June 2024 and was subsequently paid in July 2024.

BORROWINGS

As at 30 June 2024, borrowings amounted to RMB52.0 million, which remained stable as compared with that of RMB52.0 million as at 31 December 2023, 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.

PROCEEDS FROM THE LISTING

References are made to (i) the prospectus of the Company dated 5 May 2020 (the “**Prospectus**”) in relation to the global offering of the Shares, (ii) the annual report of the Company for the year ended 31 December 2020; and (iii) the Company’s announcements (the “**Previous Announcements**”) dated 8 July 2021, 16 March 2022 and 14 November 2023 relating to the updates on expected timeline for use of proceeds from the listing of the Company’s shares on the main board of the Stock Exchange (the “**Listing**”) on 15 May 2020. After deducting the underwriting fees and relevant expenses, net proceeds from the Listing amounted to approximately HK\$2,280.8 million (equivalent to approximately RMB2,088.7 million). As of 30 June 2024, a total of approximately RMB597.6 million of the net proceeds from the Listing had been utilised by the Company.

Change in use of proceeds and update on expected timeline

As at the date of this announcement, the Company has yet to utilise the net proceeds of approximately RMB1,491.1 million. The Board, having considered the reasons set out in “Reasons for and benefits of the proposed change in use of proceeds and expected timeline” below, resolved to change the use of proceed and the respective timeline of the use of the unutilised net proceeds in view of the business environment in the recent years and the changes in the Company’s business strategies.

The table below sets forth the revised allocation and status of utilisation of the net proceeds and the expected timeline of the use of the unutilised net proceeds from the date of the Listing and up to 30 June 2024:

Major categories	Sub-categories	Respective percentage of total proceeds	Respective amount of total proceeds	Net proceeds used during 2024	Actual expenditures as at 30 June 2024	Unused net proceeds as at 30 June 2024	Revised allocation of unutilised amount of the net proceeds	Time frame (as disclosed in the Previous Announcements)	Updated time frame
			RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
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 four and a half years after Listing	–
	1.2 Acquiring companies that will expand our portfolio	10%	208,869	–	–	208,869	–	Between one year to four and a half years after Listing	–

Major categories	Sub-categories	Respective percentage of total proceeds	Respective amount of total proceeds <i>RMB'000</i>	Net proceeds used during 2024 <i>RMB'000</i>	Actual expenditures as at 30 June 2024 <i>RMB'000</i>	Unused net proceeds as at 30 June 2024 <i>RMB'000</i>	Revised allocation	Time frame (as disclosed in the Previous Announcements)	Updated time frame
							of unutilised amount of the net proceeds <i>RMB'000</i>		
	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 four and a half years after Listing	–
2. Enhancement of Jianye+ platform to optimise user experience		15%	313,304	5,553	133,124	180,180	372,765		
	2.1 Developing and optimising software and our cloud system	5%	104,435	5,468	72,101	32,334	87,364	Between one year to four and a half years after Listing	By end of December 2025
	2.2 Improving and expanding our facilities and equipment	4%	83,548	0	1,990	81,558	81,558	Between one year to four and a half years after Listing	By end of December 2025
	2.3 Expansion of scale and diversity of membership resources	4%	83,548	36	49,835	33,713	87,364	Between one year to four and a half years after Listing	By end of December 2025
	2.4 Expansion of our user base	2%	41,773	49	9,198	32,575	116,479	Between one year to four and a half years after Listing	By end of December 2025
3. Investment in advanced information technology systems		15%	313,304	9,272	122,916	190,388	223,659		
	3.1 Building intelligence communities and upgrading facilities	7%	146,209	5,706	115,384	30,825	64,096	Between one year to four and a half years after Listing	By end of December 2025
	3.2 Developing our financial sharing system	2.5%	52,217	3,566	6,315	45,902	45,902	Between one year to four and a half years after Listing	By end of December 2025
	3.3 Developing a process control and KPI integration system	4%	83,548	–	1,008	82,540	82,540	Between one year to four and a half years after Listing	By end of December 2025

Major categories	Sub-categories	Respective percentage of total proceeds	Respective amount of total proceeds <i>RMB'000</i>	Net proceeds used during 2024 <i>RMB'000</i>	Actual expenditures as at 30 June 2024 <i>RMB'000</i>	Unused net proceeds as at 30 June 2024 <i>RMB'000</i>	Revised allocation of unutilised amount of the net proceeds <i>RMB'000</i>	Time frame (as disclosed in the Previous Announcements)	Updated time frame
	3.4 Achieving digitalised documentation	1.5%	31,330	–	209	31,121	31,121	Between one year to four and a half years after Listing	By end of December 2025
4.	General working capital								
	Working capital and other general corporate purposes	10%	208,870	–	208,870	–	447,319	Between one year to four and a half years after Listing	By end of December 2025
5.	Renovating and improving the quality of the old residential communities						149,106		By end of December 2025
6.	Development of value-added services business						298,212		By end of December 2025
		<u>100%</u>	<u>2,088,694</u>	<u>14,825</u>	<u>597,633</u>	<u>1,491,061</u>	<u>1,491,061</u>		

Save as disclosed in this announcement, the intended use of other items of the net proceeds of the Listing remains unchanged. For details, please refer to the section headed “Future Plans and Use of Proceeds” in the Prospectus and the Previous Announcements.

Reasons for and benefits of the proposed change in use of proceeds and expected timeline

The decision to change in the use of proceeds is primarily driven by several key factors. The property market in China has experienced a significant downturn, creating uncertainty and making it challenging to identify viable acquisition targets. As a result, the Company’s utilisation of the net proceeds from the Listing has been carefully evaluated. In light of these market dynamics, the Board believes it is prudent to shift our focus from acquisitions and expansion to strengthening our existing market position in central China through fostering organic growth, exploring the possibility of improving and enhancing our customer experience, enhancing the quality of our property management services, renovating and improving the quality of the old residential communities, and to further explore and expand to developing additional value-added services businesses for our existing community.

Strategic investment, acquisition and cooperation

Since the Listing, the Company has been identifying appropriate acquisition targets in accordance with the Property Management Company's Guidelines for Mergers and Acquisitions (《物業公司收併購工作指引》) implemented by us and our self-developed merger and acquisition decision-making procedure (《收併購項目決策指引》), and has carried out feasibility studies and/or due diligence on several potential candidates, including those offering property management and related services which many potentially bring synergy effect to our exiting businesses. As at the date of this announcement, the Company has completed 5 acquisitions, including Jiyuan Zhongbang, Taihua Jinye and Henan Tianming, details of which were disclosed in announcements of the Company dated 25 September 2020, 28 December 2020 and 31 December 2021.

The PRC property development market has faced considerable uncertainties, impacting both the business and financial performance of the potential acquisition targets, as well as overall investment sentiment in the property management sector. In light of these challenges, the Company has chosen to adopt a more cautious strategy. This approach aims to ensure that any acquisitions or investments are pursued only after thorough consideration, deliberation, and feasibility studies, prioritising the best interests of the Company and its Shareholders as a whole.

Given the competitive landscape has intensified, with many potential targets either misaligned with our strategic goals or priced beyond our valuation, or simply cannot meet the selection criteria we have set in our decision-making procedure, the Board considers that the unutilised net proceeds originally allocated should be reallocated and put into better use for sustaining the continuing growth and development of the Group's business.

As and when appropriate acquisition opportunities having been available to the Company, the Company will fund the acquisitions by our general working capital or resolve to obtain alternative fundings.

Enhancement of Jianye+ platform to optimise user experience

Since the outbreak of Coronavirus Disease 2019 (the "COVID-19") in early 2020, the Company has encountered numerous challenges from the adverse effects of the pandemic, fluctuations in the real estate and the overall economic environment. In light of these circumstances, the Company has adopted a prudent development approach in expansion of its business. However, the Board anticipates the potential growth and development of the Jianye+ platform and its positive spillover effect. The number of registered users on the Jianye+ platform grew to approximately 8.4 million as of 31 December 2023. It has attracted 3.78

million unique visitors and offered convenient services to property owners, resulting in a total of 457,000 bills paid online in 2023, achieving a gross merchandise volume (GMV) of RMB740 million for the year. The number of registered users on the Jianye+ platform further grew to approximately 8.6 million as of 30 June 2024. The development of additional value-added services as set out in the paragraph headed “Development of value-added services business” below could help the Jianye+ platform to diversify and expand the variety of services available to our target customers. The data obtained from the Jianye+ platform could assist us to better understand our customers and therefore help us to optimise our services to satisfy our customers’ needs. We will continue to invest in optimising user interface design and the background database, based on user needs and using habits, enhance interface usability, responsiveness and attractiveness, thereby improve user experience.

Since the Listing, we have been actively exploring opportunities to cooperate with new suppliers in order to expand our scale and diversity of products, services and membership resources, and the number of suppliers which cooperates with us continues to grow. As of 30 June 2024, we were cooperating with more than 2,000 suppliers, offering a wide variety of products and services, as well as other benefits and privileges to our members, which effectively enhanced our competitiveness in e-commerce realm and further strengthen our position as a comprehensive service provider. The Group also continues to strive to attract more new users, active users, and paying users by different sort of marketing activities, such as intensifying online promotions during holiday seasons, advertising the Jianye+ platform on various social media and newspapers, and providing discounts and rebates to users. Accordingly, the Company has resolved to allocate 25.0% of the unutilised net proceeds in furtherance of the objectives to become comprehensive service provider and optimise our user experience through enhancement of our Jianye+ platform.

Investment in advanced information technology systems

As disclosed in the Prospectus, we have a plan to build intelligence communities and upgrade facilities to cover all our managed properties, and the progress of implementation of this plan has been delayed due to COVID-19 pandemic and its associated effect whereby the Company has slowed down the upgrading of facilities for building intelligence communities. With the Group’s GFA under management continuing to grow, there is still room for expansion on the coverage rate of building intelligence communities. Meanwhile, on 6 August 2024, the State Council issued the “Opinions on Promoting the High-Quality Development of Service Consumption,” which encourages property management companies to promote new models such as intelligent security, smart parking, intelligent access control, etc., with an aim to enhance the level of community services and residential experience. Moving forward, the Company plans to continue our effort in building intelligence communities by focusing on

upgrading the facilities associated with these developments. This includes initiatives such as the creation of smart parking solutions, improving the IoT (Internet of Things) network within the properties managed by the Group, and exploring the broader implementation of machines in the Group's operations, including cleaning and security robots. In future, with increased number of property owners in the intelligence communities built by us, the Company will explore the usage of big data analysis to enhance management performance, and to reduce management costs ultimately.

Additionally, the Company will continue to enhance its internal management system to improve the overall efficiency of the Group's management processes and internal control. The Company will also carefully identify suitable information technology firms within the residential, public, or commercial property management sectors and seek business opportunities for investment or collaboration with these companies. Such potential investments or partnerships are expected to facilitate the utilisation of the unutilised net proceeds. The Company has resolved to allocate 15.0% of the unutilised net proceeds in advanced information technology systems in order to achieve all these goals.

Renovating and improving the quality of the old residential communities

Revenue from basic property management services has been the key composition of the Group's income and it has been consistently growing over the past years, hand-in-hand with the gross floor area under our management, supporting the ongoing and sustainable development of our property management services. The Board believes that the mainstay of our growth premised on (i) our commitment in continual enhancement of facilities, (ii) improvement in service standards, (iii) cultivation of a positive service image, and (iv) understanding our customers' "real needs", which contributor to our unwitting enhancement in services and superior customer experience.

In view of current market sentiment, the Group has decided to focus more on organic growth and expansion, especially through participation in tenders and bidding processes of the residential communities which seek to engage a new property management service provider.

On the other hand, to retain the property projects currently managed by the Group, it is crucial to enhance the loyalty and satisfaction of the property owners. To achieve this, the Board has decided to reallocate additional resources specifically aimed at renovating and upgrading the housing in older residential communities that fall under the Group's management, as well as those for which the Group has recently secured property management contracts. This strategic focus on improvement will not only enhance the living conditions for residents but also foster a stronger sense of community and ownership among property owners. Additionally, the

Group recognises the importance of investing in staff training and development. By equipping employees with the most current industry knowledge and best practices, the Group aims to elevate the quality of service provided to residents, ensuring that their needs are met with professionalism and expertise.

The Group is also committed to promoting sustainable practices within its managed properties. This includes investing in energy-efficient equipment and facilities designed for lighting, cooling, and other energy-consuming functions. The Board believes that such initiatives will contribute to green property management efforts, significantly reducing energy consumption and minimising the carbon footprint of the properties. The Group will implement effective waste management and water conservation strategies to ensure that its projects are not only well-managed but also environmentally responsible. The Company has resolved to allocate 10.0% of the unutilised net proceeds to invest in renovating and improving the quality of the old residential communities.

Development of value-added services business

The growth of value-added services has been thriving as property management companies in the PRC seek to provide a wider array of services aimed at improving the lifestyle and experience of residents in the properties they manage, whilst also preserving or enhancing the quality and value of those properties. In line with this industry trend, the Board has also decided to develop further on existing and additional value-added services businesses for the community currently under our management in line with the industry trend. These value-added services include, without limitation, services which aim to enhance the convenience of our customer's everyday life, such as mechanic services, online platform operation and offline scenario-based community retailing, community catering services, renovation service, service apartment services, property agency services, and small community commercial services.

The Board is of the view that these value-added services will greatly enhance the user experience of the community currently under our management and have the potential of assisting the Company in generating additional revenue from our existing customers as well as from other potential customers. The Board believes that these additional value-added services could also be integrated with our Jianye+ platform and the advanced information technology systems currently put in place, creating a synergy effect among the different business segments operated by the Group. In view of the development of additional value-added services, certain expenditures which are capital intensive may be incurred in due course and hence the Company has revised the expected timeline in using the net proceeds from the Listing after reallocation.

As a result, the Company has resolved to allocate 20.0% of the unutilised net proceeds to fund the development of value-added services business.

Replenishing general working capital

As of 30 June 2024, the net proceeds originally designated for general working capital purposes have already been fully utilised. For the six months ended 30 June 2024, both our cost of sales and administrative expenses increased when compared to the corresponding period ended 30 June 2023, reflecting the cost associated with Group's business expansion, and the increase in costs of operation (including expenses for employee costs, landscaping services, elevator maintenance, and other public facilities maintenance) as a result of the increase in GFA under our management, property facilities enhancement and the implementation of the operational goal of enhancing customer satisfaction.

As the Group continues to grow its business presence, it requires adequate liquidity to conduct initial feasibility studies and allocate resources for new projects. By reallocating further amount of the unutilised net proceeds as the Company's general working capital, the Group can more effectively utilise its financial resources to improve service quality, enhance customer satisfaction, and maintain competitiveness, promoting revenue growth for the Group and thus creating long-term value for its shareholders. The Company has resolved to allocate 30.0% of the unutilised net proceeds for general working capital. This allocation will enhance the Group's financial management flexibility and reduce pressure related to cost of goods sold and administrative expenses, allowing the Company to reduce reliance on the financial resources generated from its operational activities.

GENERAL

The Board considers that the slight shift in our business strategies not only strengthens investor confidence but also allows us to utilise surplus capital responsibly, ensuring that it is put to work effectively in generating further revenue for the Company. Furthermore, adopting a more prudent expansion plan reduces our risk exposure by stepping back from aggressive acquisition strategies in a declining market. It also affords us the opportunity to reassess our long-term strategic direction without the pressure of immediate commitments, positioning us favourably for future growth when market conditions improve. Overall, the Board considers that these changes reflect a thoughtful response to current challenges, prioritising Shareholder returns and maintaining financial flexibility for future opportunities.

The Board is of the view that there is no material change in the nature of business objectives as set out in the Prospectus and that the proposed change in the use of the net proceeds is in the best interest of the Company and its shareholders as a whole.

PLEDGE OF ASSETS

As at 30 June 2024, 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 2024, the Group did not hold any significant investment.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

As at 30 June 2024, 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 of 30 June 2024, we had 5,320 employees. During the Period, the Company continued to advance the flattening of its organisational structure. Through this restructuring, the Company has enhanced the overall efficiency and responsiveness of the organisation by accelerating message communication, which significantly enhances decision-making efficiency and execution. In order to continuously improve efficiency, the Company has been comprehensively and meticulously sorting out and optimising its internal authority and responsibility processes based on daily work requirements, aiming to achieve seamless integration of management from top to bottom, and at the same time simplifying workflow, accelerating business processes, and greatly enhancing work efficiency.

In terms of talent management, the Company has always adhered to the principle of selection that emphasises both work ethics and work ability, and regards the professionalism and ethics of its employees as the cornerstone of the Company's sustainable development. To this end, the Company not only continues to strengthen its internal training system, but also actively encourages its employees to participate in various continuing education programs, which helps them to realise the overall enhancement of personal capabilities and comprehensive quality. In addition, for the career development of employees, the Company has designed a clear and definite promotion path. According to each employee's unique strengths and the Company's strategic development direction, employees are offered with tailor-made personalised development path, which assists them in their career dreams.

In terms of remuneration package, the Company closely monitors external market dynamics and makes timely adjustments to remuneration levels to ensure remuneration competitiveness and fairness. Moreover, the Company has also established a set of efficient performance appraisal mechanism, which closely links the performance of employees with their salaries. By setting specific and quantifiable performance indicators, the Company has effectively stimulated employees' motivation and creativity. Furthermore, the Company has put in place a rich set of incentives to build a performance-oriented compensation incentive mechanism, which further consolidates the Company's competitive edge.

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 had 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 C1 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in Appendix C3 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

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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) Ms. Wu Lam Li resigned as the non-executive Director, with effect from 19 June 2024.
- (2) Mr. Shi Shushan resigned as the chief executive officer, with effect from 16 August 2024.
- (3) Ms. Dai Jiling was re-designated as an executive Director and appointed as a chief executive officer, with effect from 16 August 2024.

CHANGES SUBSEQUENT TO 30 JUNE 2024

There were no other significant changes in the Group's financial position or from the information for the six months ended 30 June 2024 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 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 2024. The audit committee of the Company has agreed with the management of the Company the interim results of the Group for the Period.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events of the Group subsequent to 30 June 2024 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 HK10.59 cents per share for the six months ended 30 June 2024 (the corresponding period in 2023: HK8.71 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 Tuesday, 24 September 2024 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Thursday, 12 September 2024.

CLOSURE OF THE REGISTER OF MEMBERS

For the purposes of determining the entitlement of the shareholders of the Company to the proposed Interim Dividend, the register of members of the Company will be closed from Tuesday, 10 September 2024 to Thursday, 12 September 2024 (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, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 9 September 2024 for registration. The Interim Dividend will be paid on or around Tuesday, 24 September 2024.

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 2024 will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

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

Hong Kong, 26 August 2024

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