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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 2022**

### **FINANCIAL AND RESULTS HIGHLIGHTS**

- Revenue for the six months ended 30 June 2022 amounted to RMB1,565.3 million, representing an increase of 0.1% compared with the corresponding period in 2021, among which:
  - (i) revenue from property management and value added services amounted to RMB1,395.0 million, achieving an increase of 8.5% compared with the corresponding period in 2021;
  - (ii) revenue from lifestyle services amounted to RMB105.6 million, representing a decrease of 48.7% compared with the corresponding period in 2021; and
  - (iii) revenue from commercial property management and consultation services amounted to RMB64.6 million, representing a decrease of 9.9% compared with the corresponding period in 2021.
- Net profit for the Period amounted to RMB301.5 million, achieving an increase of 11.3% compared with the corresponding period in 2021, mainly due to enhanced operating efficiency.
- Profit attributable to shareholders of the Company for the Period amounted to RMB289.8 million, representing an increase of 11.4% compared with the corresponding period in 2021.
- GFA under management was 142.1 million sq.m. and contracted GFA reached 254.7 million sq.m. as of 30 June 2022, representing increases of 23.6% and 22.1% respectively, compared with the corresponding period in 2021.
- Basic earnings per share for the Period was RMB0.23, representing an increase of RMB0.02 compared with the corresponding period in 2021.
- The Board resolved to recommend the declaration and payment of an interim dividend of HK\$21.1 cents per share for the six months ended 30 June 2022, representing an increase of 45.5% with the corresponding period in 2021. Such interim dividend is expected to be paid out of the Company's share premium account and will be subject to shareholders' approval.

## 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 2022.

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2022 — unaudited  
(Expressed in Renminbi)*

		Six months ended 30 June	
		2022	2021
	Note	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	1,565,268	1,563,827
Cost of sales	5	(1,067,698)	(1,062,024)
<b>Gross profit</b>		<b>497,570</b>	501,803
Selling and marketing expenses	5	(17,364)	(25,825)
Administrative expenses	5	(104,461)	(145,772)
Net impairment losses on financial assets		(13,857)	(9,902)
Other income		44,885	18,480
Other losses — net		(10,004)	(410)
<b>Operating profit</b>		<b>396,769</b>	338,374
Finance income — net		1,362	6,128
Share of post-tax losses of associates accounted for using the equity method		(32)	(120)
<b>Profit before income tax</b>		<b>398,099</b>	344,382
Income tax expenses	6	(96,604)	(73,611)
<b>Profit for the Period</b>		<b>301,495</b>	270,771

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**

*For the six months ended 30 June 2022 — unaudited*

*(Expressed in Renminbi)*

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the Period attributable to:</b>		
— Shareholders of the Company	<b>289,815</b>	260,168
— Non-controlling interests	<b>11,680</b>	10,603
	<u><b>301,495</b></u>	<u>270,771</u>
<b>Other comprehensive income for the Period, net of tax</b>		
Items that may be reclassified to profit or loss		
— Currency translation differences	<u><b>11,417</b></u>	<u>(10,296)</u>
<b>Total comprehensive income for the Period</b>	<u><b>312,912</b></u>	<u>260,475</u>
<b>Total comprehensive income for the Period attributable to:</b>		
— Shareholders of the Company	<b>301,232</b>	249,872
— Non-controlling interests	<b>11,680</b>	10,603
	<u><b>312,912</b></u>	<u>260,475</u>
<b>Earnings per share for profit attributable to the shareholders of the Company (expressed in RMB per share)</b>		
— Basic earnings per share	7 <b>0.23</b>	0.21
— Diluted earnings per share	7 <b>0.23</b>	0.20

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2022 — unaudited

(Expressed in Renminbi)

		As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in associates		5,809	5,841
Property, plant and equipment	8	81,257	95,058
Intangible assets	9	299,462	274,033
Financial assets at fair value through profit or loss		11,608	–
Other receivables and prepayments	10	41,905	33,439
Deferred income tax assets		42,787	43,438
		<u>482,828</u>	<u>451,809</u>
<b>Current assets</b>			
Inventories		13,510	17,562
Contract assets		27,575	23,889
Trade and other receivables and prepayments	10	2,509,711	2,221,945
Financial assets at fair value through profit or loss		38,298	55,456
Restricted cash		2,007	1,907
Cash and cash equivalents		1,969,461	2,264,412
		<u>4,560,562</u>	<u>4,585,171</u>
<b>Total assets</b>		<u><u>5,043,390</u></u>	<u><u>5,036,980</u></u>
<b>Equity</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital	11	11,249	11,247
Other reserves	12	1,396,977	1,754,380
Retained earnings		1,478,421	1,188,606
		<u>2,886,647</u>	<u>2,954,233</u>
<b>Non-controlling interests</b>		<u>122,971</u>	<u>102,295</u>
<b>Total equity</b>		<u><u>3,009,618</u></u>	<u><u>3,056,528</u></u>

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)***As at 30 June 2022 — unaudited**(Expressed in Renminbi)*

		<b>As at 30 June 2022</b>	As at 31 December 2021
	<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings		<b>24,793</b>	–
Other payables	<i>13</i>	<b>1,548</b>	20,486
Lease liabilities		<b>15,064</b>	21,810
Contract liabilities		<b>102,898</b>	86,574
Deferred income tax liabilities		<b>30,730</b>	26,639
		<hr/> <b>175,033</b>	<hr/> 155,509
<b>Current liabilities</b>			
Borrowings		<b>50,956</b>	–
Trade and other payables	<i>13</i>	<b>1,063,394</b>	1,052,871
Lease liabilities		<b>26,623</b>	28,373
Contract liabilities		<b>539,487</b>	544,352
Current income tax liabilities		<b>178,279</b>	199,347
		<hr/> <b>1,858,739</b>	<hr/> 1,824,943
<b>Total liabilities</b>		<hr/> <b>2,033,772</b>	<hr/> 1,980,452
<b>Total equity and liabilities</b>		<hr/> <b>5,043,390</b>	<hr/> 5,036,980

## 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 2022, and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes (collectively defined as the "Interim Financial Information") of the Group have been approved for issue by the Board on 22 August 2022.

The outbreak of the 2019 Novel Coronavirus (the "COVID-19") had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the industry of property management. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group. As at the date that the Interim Financial Information is authorised for issue, COVID-19 doesn't have any material adverse impact on the financial position and operating result of the Group.

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

The Interim Financial Information has been reviewed but unaudited.

### 2 BASIS OF PREPARATION

This Interim Financial Information for the six months ended 30 June 2022 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 2021 and any public announcements made by the Group during the interim reporting period.

### 3 SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Income taxes

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

#### (b) New and amended standards adopted by the Group

The following new or amended standards became applicable for the current reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to HKAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to HKAS 37
- Annual Improvements to HKFRS Standards 2018-2020
- Reference to the Conceptual Framework – Amendments to HKFRS 3
- Amendments to AG 5 Merger Accounting for Common Control Combinations

#### (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

		<b>Effective for accounting periods beginning on or after</b>
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
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”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

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

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

The Group mainly operates its businesses in the PRC and earns substantially all of the revenue from external customers attributed to the PRC. As at 30 June 2022, substantially all of the non-current assets of the Group were located in the PRC. Therefore, no geographical segments are presented.

The CODM assesses the performance of the operating segments mainly based on the measure of operating profit excluding other income, other losses and finance income which are not directly related to the segment performance (“segment results”).

##### (a) Segment results

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

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



The segment results and the reconciliation with profit before income tax for the six months ended 30 June 2022 and 2021 are as follows:

**For the six months ended 30 June 2022 (unaudited)**

	<b>Property management and value- added services <i>RMB'000</i></b>	<b>Lifestyle services <i>RMB'000</i></b>	<b>Commercial property management and consultation services <i>RMB'000</i></b>	<b>Group <i>RMB'000</i></b>
Segment revenue	1,398,507	141,029	65,062	1,604,598
Inter-segment revenue	<u>(3,494)</u>	<u>(35,402)</u>	<u>(434)</u>	<u>(39,330)</u>
Revenue from external customers	<u>1,395,013</u>	<u>105,627</u>	<u>64,628</u>	<u>1,565,268</u>
Timing of revenue recognition				
— at a point in time	196,971	97,387	4,304	298,662
— over time	1,198,042	8,240	60,324	1,266,606
Segment results	338,380	11,735	38,765	388,880
Other income				44,885
Other losses — net				(10,004)
Unallocated operating costs				(27,024)
Finance income — net				<u>1,362</u>
Profit before income tax				398,099
Income tax expenses				<u>(96,604)</u>
Profit for the Period				<u><u>301,495</u></u>
Depreciation	22,381	2,078	1,400	25,859
Amortisation	<u>8,689</u>	<u>648</u>	<u>245</u>	<u>9,582</u>

**For the six months ended 30 June 2021 (unaudited)**

	Property management and value- added services <i>RMB'000</i>	Lifestyle services <i>RMB'000</i>	Commercial property management and consultation services <i>RMB'000</i>	Group <i>RMB'000</i>
Segment revenue	1,343,354	235,696	72,739	1,651,789
Inter-segment revenue	<u>(57,264)</u>	<u>(29,671)</u>	<u>(1,027)</u>	<u>(87,962)</u>
Revenue from external customers	<u>1,286,090</u>	<u>206,025</u>	<u>71,712</u>	<u>1,563,827</u>
Timing of revenue recognition				
— at a point in time	316,040	171,354	10,318	497,712
— over time	970,050	34,671	61,394	1,066,115
Segment results	280,048	53,006	21,617	354,671
Other income				18,480
Other losses — net				(410)
Unallocated operating costs				(34,487)
Finance income — net				<u>6,128</u>
Profit before income tax				344,382
Income tax expenses				<u>(73,611)</u>
Profit for the Period				<u><u>270,771</u></u>
Depreciation	12,040	1,792	920	14,752
Amortisation	<u>8,608</u>	<u>782</u>	<u>—</u>	<u>9,390</u>

## 5 EXPENSES BY NATURE

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Employee benefit expenses	<b>341,699</b>	412,001
Security charges	<b>222,812</b>	122,045
Greening and cleaning expenses	<b>195,346</b>	150,236
Construction and installation costs	<b>101,546</b>	168,010
Cost of goods sold	<b>101,052</b>	144,964
Utilities	<b>74,535</b>	56,958
Maintenance costs	<b>48,444</b>	16,399
Depreciation and amortisation charges	<b>35,441</b>	24,142
Professional service fees	<b>9,754</b>	11,823
Office expenses	<b>7,941</b>	9,566
Taxes and other levies	<b>7,095</b>	7,875
Traveling and entertainment expenses	<b>6,053</b>	9,400
Promotion expenses	<b>5,929</b>	11,608
Outsourcing tourism services costs	<b>4,251</b>	26,866
Community activities costs	<b>2,940</b>	4,709
Outsourcing labor costs	<b>327</b>	37,884
Auditor's remuneration		
— Audit services	<b>1,600</b>	1,300
Others	<b>22,758</b>	17,835
	<b><u>1,189,523</u></b>	<b><u>1,233,621</u></b>

## 6 INCOME TAX EXPENSES

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

Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was provided as the Group did not have assessable profit in Hong Kong for the six months ended 30 June 2022 and 2021.

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

The general corporate income tax rate in the PRC is 25% according to Corporate Income Tax Law of the PRC (the "CIT Law") effective on 1 January 2008. Henan Aiou Electronic Technology Co., Ltd. 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. Henan One Family Network Technology Co., Ltd. and Song Yun (Beijing) Information Service Co., Ltd. were qualified as HNTE in 2020. Accordingly, these four subsidiaries of the Group are entitled to a preferential income tax rate of 15% for a three-year period. Certain of the Group's subsidiaries enjoy the preferential income tax treatment for Small and Micro Enterprise with the income tax rate of 20% and are eligible to have their tax calculated based on 12.5% or 50% of their taxable income.

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current income tax	<b>97,311</b>	77,187
Deferred income tax	<b>(707)</b>	(3,576)
	<b><u>96,604</u></b>	<b><u>73,611</u></b>

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

## 7 EARNINGS PER SHARE

### (a) Basic earnings per share

The basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the six months period ended 30 June 2022 and 2021 (excluding treasury shares (Note 11(b))).

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Profit attributable to shareholders of the Company (RMB'000)	<u>289,815</u>	<u>260,168</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>1,267,550</u>	<u>1,256,252</u>
Basic earnings per share attributable to the shareholders of the Company during the Period (expressed in RMB per share)	<u><u>0.23</u></u>	<u><u>0.21</u></u>

### (b) Diluted earnings per share

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

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Profit attributable to shareholders of the Company (RMB'000)	<u>289,815</u>	<u>260,168</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>1,267,550</u>	<u>1,256,252</u>
Adjustments for share options (in thousands)	<u>13,106</u>	<u>40,902</u>
Weighted average number of ordinary shares for the calculation of diluted earnings per share (in thousands)	<u><u>1,280,656</u></u>	<u><u>1,297,154</u></u>
Diluted earnings per share attributable to the shareholders of the Company during the Period (expressed in RMB per share)	<u><u>0.23</u></u>	<u><u>0.20</u></u>

## 8 PROPERTY, PLANT AND EQUIPMENT

	Equipment and furniture RMB'000	Machinery RMB'000	Vehicles RMB'000	Right-of- use assets RMB'000	Total RMB'000
<b>As at 31 December 2021 (Audited)</b>					
Cost	57,013	20,882	13,942	87,985	179,822
Accumulated depreciation	(35,564)	(7,222)	(6,256)	(35,722)	(84,764)
<b>Net book amount</b>	<b>21,449</b>	<b>13,660</b>	<b>7,686</b>	<b>52,263</b>	<b>95,058</b>
<b>Period ended 30 June 2022 (Unaudited)</b>					
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	(7,520)	(2,780)	(1,485)	(14,074)	(25,859)
<b>Closing net book amount</b>	<b>18,640</b>	<b>13,181</b>	<b>7,291</b>	<b>42,145</b>	<b>81,257</b>
<b>As at 30 June 2022 (Unaudited)</b>					
Cost	61,285	22,511	14,580	92,438	190,814
Accumulated depreciation	(42,645)	(9,330)	(7,289)	(50,293)	(109,557)
<b>Net book amount</b>	<b>18,640</b>	<b>13,181</b>	<b>7,291</b>	<b>42,145</b>	<b>81,257</b>
<b>As at 31 December 2020 (Audited)</b>					
Cost	37,793	11,885	8,976	43,839	102,493
Accumulated depreciation	(23,167)	(3,291)	(2,986)	(16,736)	(46,180)
<b>Net book amount</b>	<b>14,626</b>	<b>8,594</b>	<b>5,990</b>	<b>27,103</b>	<b>56,313</b>
<b>Period ended 30 June 2021 (Unaudited)</b>					
Opening net book amount	14,626	8,594	5,990	27,103	56,313
Additions	5,925	1,233	1,015	840	9,013
Acquisition of subsidiaries	2,918	1,761	389	–	5,068
Disposals	(155)	(33)	(1)	–	(189)
Currency translation	–	–	–	(1,392)	(1,392)
Depreciation charge	(6,299)	(1,438)	(1,006)	(6,009)	(14,752)
<b>Closing net book amount</b>	<b>17,015</b>	<b>10,117</b>	<b>6,387</b>	<b>20,542</b>	<b>54,061</b>
<b>As at 30 June 2021 (Unaudited)</b>					
Cost	45,663	14,759	10,351	35,760	106,533
Accumulated depreciation	(28,648)	(4,642)	(3,964)	(15,218)	(52,472)
<b>Net book amount</b>	<b>17,015</b>	<b>10,117</b>	<b>6,387</b>	<b>20,542</b>	<b>54,061</b>

No property, plant and equipment is restricted or pledged as security for borrowings as at 30 June 2022 (31 December 2021: same).

## 9 INTANGIBLE ASSETS

	Goodwill <i>RMB'000</i>	Platform and Know-How <i>RMB'000</i>	Order- Backlog and customer relationship <i>RMB'000</i>	Software and others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>As at 31 December 2021 (Audited)</b>					
Cost	127,138	40,036	128,134	7,501	302,809
Accumulated amortisation	–	(6,989)	(16,887)	(4,900)	(28,776)
<b>Net book amount</b>	<u>127,138</u>	<u>33,047</u>	<u>111,247</u>	<u>2,601</u>	<u>274,033</u>
<b>Period ended 30 June 2022 (Unaudited)</b>					
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)
<b>Closing net book amount</b>	<u>137,085</u>	<u>28,943</u>	<u>127,268</u>	<u>6,166</u>	<u>299,462</u>
<b>As at 30 June 2022 (Unaudited)</b>					
Cost	137,085	37,610	151,610	11,455	337,760
Accumulated amortisation	–	(8,667)	(24,342)	(5,289)	(38,298)
<b>Net book amount</b>	<u>137,085</u>	<u>28,943</u>	<u>127,268</u>	<u>6,166</u>	<u>299,462</u>
<b>As at 31 December 2020 (Audited)</b>					
Cost	54,680	19,549	20,216	4,502	98,947
Accumulated amortisation	–	(3,909)	(3,570)	(3,762)	(11,241)
<b>Net book amount</b>	<u>54,680</u>	<u>15,640</u>	<u>16,646</u>	<u>740</u>	<u>87,706</u>
<b>Period ended 30 June 2021 (Unaudited)</b>					
Opening net book amount	54,680	15,640	16,646	740	87,706
Additions	–	–	–	906	906
Acquisition of subsidiaries	64,711	21,316	90,742	–	176,769
Amortisation	–	(3,413)	(5,517)	(460)	(9,390)
<b>Closing net book amount</b>	<u>119,391</u>	<u>33,543</u>	<u>101,871</u>	<u>1,186</u>	<u>255,991</u>
<b>As at 30 June 2021 (Unaudited)</b>					
Cost	119,391	40,865	110,958	5,408	276,622
Accumulated amortisation	–	(7,322)	(9,087)	(4,222)	(20,631)
<b>Net book amount</b>	<u>119,391</u>	<u>33,543</u>	<u>101,871</u>	<u>1,186</u>	<u>255,991</u>

No intangible asset was restricted or pledged as security for borrowings as at 30 June 2022 (31 December 2021: same).

## 10 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	<b>30 June 2022</b>	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade receivables ( <i>Note (a)</i> )		
— Related parties	<b>1,552,501</b>	1,137,223
— Third parties	<b>793,427</b>	657,831
	<u><b>2,345,928</b></u>	<u>1,795,054</u>
Note receivables	<b>2,355</b>	600
Less: allowance for impairment of trade receivables	<b>(139,831)</b>	(84,468)
	<u><b>2,208,452</b></u>	<u>1,711,186</u>
Other receivables		
— Loans to third parties ( <i>Note (b)</i> )	<b>78,748</b>	–
— Amounts due from related parties	<b>71,277</b>	306,623
— Utilities	<b>28,845</b>	21,187
— Deposits	<b>33,648</b>	29,829
— Deposits for potential acquisition of a subsidiary	–	100,000
— Amounts due from the non-controlling interests of a subsidiary	<b>13,699</b>	23,943
— Others	<b>9,929</b>	7,060
	<u><b>236,146</b></u>	<u>488,642</u>
Less: allowance for impairment of other receivables	<b>(4,133)</b>	(46,125)
	<u><b>232,013</b></u>	<u>442,517</u>
Prepayments		
— Security charges and cleaning expenses	<b>75,748</b>	67,840
— Others	<b>35,403</b>	33,841
	<u><b>111,151</b></u>	<u>101,681</u>
Total	<u><b>2,551,616</b></u>	<u>2,255,384</u>
Less: non-current portion of other receivables and prepayments	<b>(41,905)</b>	(33,439)
Current portion of trade and other receivables and prepayments	<u><b>2,509,711</b></u>	<u>2,221,945</u>



- (a) As at 30 June 2022 and 31 December 2021, the aging analysis of the trade receivables based on recognition date of trade receivables were as follows:

	<b>30 June 2022</b>	31 December 2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
0-180 days	<b>1,309,555</b>	1,258,325
181-365 days	<b>570,573</b>	272,320
1 to 2 years	<b>335,749</b>	184,506
2 to 3 years	<b>84,041</b>	54,453
3 to 4 years	<b>25,156</b>	14,185
Over 4 years	<b>20,854</b>	11,265
	<b><u>2,345,928</u></b>	<u>1,795,054</u>

- (b) As at 30 June 2022, the Group provided loans to third parties amounted to RMB78,748,000, which bear interest at rates of 5.60% to 9.94% per annum.

## 11 SHARE CAPITAL

	<b>Number of ordinary shares</b>	<b>Share capital HK\$'000</b>	<b>Equivalent share capital RMB'000 (Unaudited)</b>
<b>Authorised</b>			
As at 31 December 2021 and 30 June 2022	<u>5,000,000,000</u>	<u>50,000</u>	<u>42,795</u>
<b>Issued</b>			
As at 1 January 2022	<b>1,268,966,000</b>	<b>12,310</b>	<b>11,247</b>
Share option scheme-issued shares ( <i>Note (a)</i> )	<b>1,845,000</b>	<b>18</b>	<b>15</b>
Cancellation of shares ( <i>Note (b)</i> )	<b>(1,605,000)</b>	<b>(16)</b>	<b>(13)</b>
As at 30 June 2022	<b><u>1,269,206,000</u></b>	<b><u>12,312</u></b>	<b><u>11,249</u></b>
As at 1 January 2021	1,246,215,000	12,082	11,057
Share option scheme-issued shares	<u>19,128,000</u>	<u>192</u>	<u>160</u>
As at 30 June 2021	<b><u>1,265,343,000</u></b>	<b><u>12,274</u></b>	<b><u>11,217</u></b>

- (a) During the six months ended 30 June 2022, 1,845,000 pre-IPO share options were exercised at a price of HK\$0.62 with received proceeds of HK\$1,144,000 (equivalent to approximately RMB968,000). The average related price at the time of exercise was HK\$3.32 per share.
- (b) Treasury shares

	<b>Number of treasury shares</b>	<b>Amounts RMB'000</b>
As at 1 January 2022	<b>924,000</b>	<b>3,883</b>
Shares repurchased ( <i>Note (i)</i> )	<b>2,499,000</b>	<b>8,422</b>
Shares cancelled ( <i>Note (ii)</i> )	<b>(1,605,000)</b>	<b>(6,273)</b>
	<u><b>1,818,000</b></u>	<u><b>6,032</b></u>
As at 30 June 2022	<u><b>1,818,000</b></u>	<u><b>6,032</b></u>

- (i) The Company repurchased 2,499,000 shares of its own ordinary shares during the six months period ended 30 June 2022 (six months period ended 30 June 2021: nil). The total purchased consideration was approximately HK\$10,167,000 (equivalent to RMB8,422,000) and was recognised as treasury shares in other reserves.
- (ii) The Company cancelled 1,605,000 shares in May 2022. Accordingly, the issued share capital and share premium were reduced by the amounts of the shares cancelled.

## 12 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	Foreign currency translation RMB'000	Total RMB'000
<b>Balance at 1 January 2022</b> (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 (Note 11(a))	-	-	1,832	(879)	-	-	953
Repurchase of shares of the Company (Note 11(b))	-	(8,422)	-	-	-	-	(8,422)
Cancellation of shares (Note 11(b))	-	6,273	(6,260)	-	-	-	13
Currency translation differences	-	-	-	-	-	11,417	11,417
Dividend distribution to shareholders (Note 14)	-	-	(362,193)	-	-	-	(362,193)
<b>Balance at 30 June 2022</b> (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>
<b>Balance at 1 January 2021</b> (Audited)	81,023	-	2,014,792	15,288	65,467	(125,188)	2,051,382
Share option scheme-value of employee services	-	-	-	1,074	-	-	1,074
Share option scheme-issued shares	-	-	18,575	(8,615)	-	-	9,960
Currency translation differences	-	-	-	-	-	(10,296)	(10,296)
Dividend distribution to shareholders	-	-	(191,101)	-	-	-	(191,101)
Appropriation of statutory reserves (Note (a))	-	-	-	-	26,643	-	26,643
<b>Balance at 30 June 2021</b> (Unaudited)	<u>81,023</u>	<u>-</u>	<u>1,842,266</u>	<u>7,747</u>	<u>92,110</u>	<u>(135,484)</u>	<u>1,887,662</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.

### 13 TRADE AND OTHER PAYABLES

	<b>30 June 2022 (Unaudited)</b>	31 December 2021 (Audited)
Trade payables ( <i>Note (a)</i> )		
— Related parties	<b>18,610</b>	14,188
— Third parties	<b>402,262</b>	428,098
	<u><b>420,872</b></u>	<u>442,286</u>
Other payables		
— Deposits	<b>252,916</b>	257,253
— Property maintenance funds	<b>113,432</b>	103,349
— Utilities	<b>39,806</b>	22,461
— Amounts due to related parties	<b>21,487</b>	19,086
— Payables due to the then shareholders of newly-acquired subsidiaries	–	2,915
— Payables for acquisitions of subsidiaries	<b>46,630</b>	41,399
— Others	<b>33,329</b>	30,535
	<u><b>507,600</b></u>	<u>476,998</u>
Accrued payroll	<b>76,315</b>	101,553
Other tax payables	<b>60,155</b>	52,520
	<u><b>1,064,942</b></u>	<u>1,073,357</u>
Total	<u><b>1,064,942</b></u>	<u>1,073,357</u>
Less: non-current portion of other payables	<u><b>(1,548)</b></u>	<u>(20,486)</u>
Current portion of trade and other payables	<u><b>1,063,394</b></u>	<u>1,052,871</u>

As at 30 June 2022 and 31 December 2021, the carrying amounts of trade and other payables approximated their fair values.

- (a) As at 30 June 2022 and 31 December 2021, the aging analysis of the trade payables based on invoice date were as follows:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
0-180 days	<b>262,614</b>	340,648
181-365 days	<b>105,463</b>	56,341
1 to 2 years	<b>44,172</b>	37,636
2 to 3 years	<b>7,861</b>	6,251
Over 3 years	<b>762</b>	1,410
	<b>420,872</b>	442,286

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

#### **14 DIVIDENDS**

A final dividend in respect of the year ended 31 December 2021 of HK\$0.337 per ordinary share, approximately HK\$427,164,000 (equivalent to RMB362,193,000) was declared by the Board at the Annual General Meeting held on 10 May 2022. The final dividend has been distributed out of the Company's share premium and paid in cash.

An interim dividend of HK\$0.211 per ordinary share for the six months ended 30 June 2022 has been proposed by the Board at the Board Meeting held on 22 August 2022 and is subject to approval by the Company's shareholders at an extraordinary general meeting expected to be held on 15 September 2022. The interim dividend will be distributed out of the Company's share premium.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

Over the years, we have successfully expanded our business from property management and value-added services to lifestyle services and commercial property management and consultation services. Our business now consists of three major segments. For the six months ended 30 June 2022 (the “**Period**”), the Group continuously optimised its income structure and steadily enhanced its operating efficiency. During the Period, the Group’s revenue amounted to RMB1,565.3 million, representing an increase of 0.1% as compared with RMB1,563.8 million in the corresponding period in 2021. Net profit was RMB301.5 million, representing an increase of 11.3% as compared with RMB270.8 million in the corresponding period in 2021.

**Property management services and value-added services.** We have provided traditional property management services such as security, cleaning, maintenance and greening services since 1994, and continuously upgraded the concierge services by focusing on customers’ needs. Over the years, we have expanded our service offerings to include value-added services aimed at elevating the living quality of the residents in the properties we manage. To build modern interactive and intelligent environments in communities, we provide intelligent community solutions to property developers as well as residents. To enhance the happiness of our residents, we offer “Happy Hour” community activities and organise a “Happiness Committee” for our residents to build a better life for them. Furthermore, utilising our strong network of property buyers with purchasing power, we provide property agency services to property developers found within buyers and sellers. Further, as part of our value-added services, we also provide personalised services and intelligent community solutions to VIPs of the Central China Consumers Club, which is an exclusive group of high-net-worth customers. As at 30 June 2022, our property management and value-added services covered all 18 prefecture-level cities (and also 101 of the 102 county-level cities) in Henan as well as 7 other provinces, including Shaanxi, Shanxi, Hebei, Anhui, Hubei, Xinjiang and Hainan, and we served more than 2.4 million property owners and residents in 803 properties. We manage a diversified portfolio of properties, including residential properties, shopping malls, cultural tourism complexes, commercial apartments, office buildings, schools, hospitals, city services, factories and properties of governmental agencies. As at 30 June 2022, the gross floor area (“**GFA**”) under management and contracted GFA reached 142.1 million square metres (“**sq.m.**”) and 254.7 million sq.m. respectively, representing a respective growth of 4.6% and 7.5% as compared with that as at 31 December 2021.

**Lifestyle services.** Lifestyle services include products and services we offer on our Jianye+ (建業+) platform, travel services, and management services we provide in Cuisine Henan Foodcourts (建業大食堂). The Jianye+ (建業+) platform is an O2O one-stop service platform which integrates our internal and external, online and offline resources in order to provide our customers with more convenient and more affordable goods and services. The Jianye+ (建業+) platform provides three main online services: (i) membership benefits; (ii) concierge services; and (iii) goods and services from One Family Community (一家公社). As at 30 June 2022, we cooperated with over 1,019 suppliers, some of which were well-known brands that were listed on NASDAQ or the Stock Exchange. We also offer a wide range of benefits, including exclusive offers with hotels, malls and restaurants in Henan. Our travel services offer four distinct types of tours to customers, namely leisure tours, corporate tours, sports and health tours and educational tours. The five Cuisine Henan Foodcourts (建業大食堂) we manage hosted over 203 vendors as at 30 June 2022, offering a wide variety of food options to consumers.

**Commercial property management and consultation services.** Unlike property management services where we offer a series of traditional property management services to property developers, property owners and property occupants, our commercial property management and consultation services focus on enhancing the value of properties by streamlining operations of a property to reduce costs and attracting business to increase income. Our commercial property management and consultation services comprise (i) hotel management, (ii) commercial asset management and (iii) cultural tourism complex management. For hotels, we manage a hotel's overall operations, supervise hotel operations performed by an existing operator and provide consultancy services. For other commercial assets, we provide pre-opening consultation and post-opening management services. For commercial asset management, our Company primarily manages shopping malls by providing two main categories of services: (i) pre-opening consultation, which includes services such as market research on vendor and clientele demographics, financial analysis, vendor solicitation and management and strategic planning; and (ii) post-opening management services, which includes services such as vendor management, sales and operation management, and training management. As for cultural tourism complex management, our Company's services include the branding and overall operations management, consultancy services, technical support on technology research and promotion (including the selection and assessment of seeds to be used), agricultural product sale, agricultural product planting and project planning. For cultural tourism complexes, our services include overall operations and consultancy services. In each area, we strive to help our clients achieve asset value appreciation and sustainable development. As at 30 June 2022, our portfolio of commercial properties under management consisted of five cultural tourism complexes (with an aggregate site area of approximately 10.5 million sq.m.), one shopping malls (with a total GFA of approximately 0.03 million sq.m.) and ten hotels (with a total GFA of approximately 0.3 million sq.m.).

## Prospects And Strategies

As time goes by, the property management industry ushers in a new chapter of development amid challenges and changes. At the current stage of historical development, in the face of profound changes unseen in a century, we can only strengthen our confidence, stay true to our original aspirations, face up to challenges, continuously enhance our competitiveness, and respond to uncertainties in the context with corporate development resilience. In the meantime, we should see the development opportunities arising from the property service management industry under the background of favourable policies, repeated technical calculations, and people's general pursuit of a better life. Only by improving internal strength and seizing the opportunities can we embrace changes and open up a new pattern in the emerging strategic opportunity period.

In the second half of the year, the Group will focus on the following key strategic initiatives:

**Adhering to the essence of service and building core competitiveness.** Service is the foundation of the property management industry. The value of property management lies in satisfying people's yearning for a better life with high-quality service. In the era of intertwined certainties and uncertainties, we should get back to the essence and build the moat for corporate development with "service power".

**Increasing efforts to expand business and maintaining leading position in advantages of scale.** Currently, the property management industry still sees rapid development. Under the market logic that scale is the basis, the Group, benefitting from the release of policies, will step up efforts on the expansion of property management business and further consolidate the advantages of scale.

**Focusing on digital intelligent transformation to gain new development momentum.** The traditional property management model that relies on "people" is no longer suitable for the development of the times. Relying on science and technology and digital management tools, we can break through the limitations of time and space, effectively optimise the management model, reduce costs and increase efficiency to achieve sustainable development. The Group is committed to completing the transformation and upgrading of digital intelligence and subverting the traditional pattern to stimulate the corporate development.



## FINANCIAL REVIEW

### Revenue

During the Period, the Group recorded a revenue of RMB1,565.3 million (the corresponding period of 2021: RMB1,563.8 million), representing an increase of 0.1% as compared with the corresponding period in the last year. The revenue of the Group were generated from three main business segments: (i) property management and value-added services; (ii) lifestyle services; and (iii) commercial property management and consultation services.

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

	For the six months ended 30 June			
	2022		2021	
	Revenue		Revenue	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management and value-added services	<b>1,395,013</b>	<b>89.1</b>	1,286,090	82.2
Lifestyle services	<b>105,627</b>	<b>6.8</b>	206,025	13.2
Commercial property management and consultation services	<b>64,628</b>	<b>4.1</b>	71,712	4.6
<b>Total</b>	<b><u>1,565,268</u></b>	<b><u>100.0</u></b>	<b><u>1,563,827</u></b>	<b><u>100.0</u></b>

### Property management and value-added services

During the Period, the revenue from our property management and value-added services amounted to RMB1,395.0 million (the corresponding period of 2021: RMB1,286.1 million), representing an increase of 8.5% as compared to the corresponding period in the last year. The increase was primarily attributable to an increase in our total GFA under management from 115.0 million sq.m. as at 30 June 2021 to 142.1 million sq.m. as at 30 June 2022, resulting in an increase of revenue from property management.

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

	For the six months ended 30 June			
	2022		2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property management services	<b>819,580</b>	<b>58.8</b>	615,195	47.8
Value-added services:				
Community value-added services	<b>304,518</b>	<b>21.8</b>	358,629	27.9
Value-added services to non-property owners	<b>270,915</b>	<b>19.4</b>	312,266	24.3
<b>Total</b>	<b><u>1,395,013</u></b>	<b><u>100.0</u></b>	<u>1,286,090</u>	<u>100.0</u>

During the Period, revenue from property management services amounted to RMB819.6 million (the corresponding period of 2021: RMB615.2 million), representing an increase of 33.2% as compared to the corresponding period in last year, which was mainly attributable to the increase in property management income as a result of the increase in the GFA under management of the Group's property management from 115.0 million sq.m. as at 30 June 2021 to 142.1 million sq.m. as at 30 June 2022.

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

During the Period, revenue from community value-added services amounted to RMB304.5 million (the corresponding period of 2021: RMB358.6 million), representing a decrease of 15.1% as compared to the corresponding period in last year, which was mainly attributable to decrease of revenue from the intelligent community business to RMB155.8 million during the Period from RMB218.6 million for the corresponding period in last year, due to the impact of the sluggish real estate market in China.

During the Period, revenue from value-added services to non-property owners amounted to RMB270.9 million (the corresponding period of 2021: RMB312.3 million), representing a decrease of 13.2% as compared to the corresponding period in last year, which was mainly attributable to decrease of revenue from pre-launch intermediary services to RMB30.4 million during the Period from RMB81.1 million for the corresponding period in last year, due to the impact from the real estate industry.

As of 30 June 2022, the total GFA under management of the Group was 142.1 million sq.m., representing an increase of 6.2 million sq.m. or 4.6% as compared with 135.9 million sq.m. as of 31 December 2021. 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 of 2021: 1.79 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 2022		As at 31 December 2021	
	GFA '000 sq.m.	%	GFA '000 sq.m.	%
The CCRE Group and its associates or joint ventures	65,130	45.8	62,766	46.2
Third-party property developers	77,000	54.2	73,117	53.8
<b>Total</b>	<b>142,130</b>	<b>100.0</b>	<b>135,883</b>	<b>100.0</b>

### Lifestyle Services

For lifestyle services, we offer a wide range of lifestyle services, which include (i) products and services we offer on our Jianye+ (建業+) platform, (ii) travel services, and (iii) management services we provide in Cuisine Henan Foodcourts (建業大食堂). During the Period, the revenue from our lifestyle services amounted to RMB105.6 million (the corresponding period of 2021: RMB206.0 million), representing a decrease of 48.7% as compared with the corresponding period in the last year. Such decrease was mainly attributable to the low consumer confidence among residents due to the impact of the resurgence of the pandemic and the economic situation, resulting in the decrease of revenue from the “Jianye+” platform.

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

	<b>For the six months ended 30 June</b>			
	<b>2022</b>		<b>2021</b>	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Jianye+	<b>96,861</b>	<b>91.7</b>	170,080	82.5
Travel services	<b>3,395</b>	<b>3.2</b>	28,191	13.7
Cuisine Henan Foodcourts	<b>5,371</b>	<b>5.1</b>	7,754	3.8
<b>Total</b>	<b><u>105,627</u></b>	<b><u>100.0</u></b>	<u>206,025</u>	<u>100.0</u>

### **Commercial Property Management and Consultation Services**

For commercial property management and consultation services, we offer services in respect of (i) hotel management; (ii) commercial asset management; and (iii) cultural tourism complex management. During the Period, the revenue from our commercial property management and consultation services reached RMB64.6 million (the corresponding period of 2021: RMB71.7 million), representing a decrease of 9.9% as compared to the corresponding period in last year. Such decrease was mainly attributable to the decrease of revenue from the cultural tourism complex management to RMB40.1 million during the Period from RMB54.4 million for the corresponding period in last year.

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

	<b>For the six months ended 30 June</b>			
	<b>2022</b>		<b>2021</b>	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Hotel management	<b>4,633</b>	<b>7.2</b>	4,519	6.4
Commercial property management	<b>19,886</b>	<b>30.8</b>	12,800	17.8
Cultural tourism complex management	<b>40,109</b>	<b>62.0</b>	54,393	75.8
<b>Total</b>	<b><u>64,628</u></b>	<b><u>100.0</u></b>	<u>71,712</u>	<u>100.0</u>

## Cost of Sales

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

During the Period, cost of sales of the Group was RMB1,067.7 million (the corresponding period of 2021: RMB1,062.0 million), which was not changed significantly as compared with that of the corresponding period in last year.

## Gross Profit And Gross Profit Margin

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

	For the six months ended 30 June			
	2022		2021	
	<i>Gross profit</i>	<i>margin</i>	<i>Gross profit</i>	<i>margin</i>
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management and value-added services:				
Property management services	155,209	18.9	113,482	18.4
Community value-added services	128,636	42.2	127,404	35.5
Value-added services to non-property owners	129,584	47.8	141,296	45.2
	413,429	29.6	382,182	29.7
Lifestyle services	36,072	34.1	70,784	34.4
Commercial property management and consultation services	48,069	74.4	48,837	68.1
<b>Total</b>	<b>497,570</b>	<b>31.8</b>	<b>501,803</b>	<b>32.1</b>

During the Period, the gross profit of the Group was RMB497.6 million (the corresponding period of 2021: RMB501.8 million), representing a decrease of 0.8% as compared to the corresponding period in last year. The gross profit margin of the Group decreased from approximately 32.1% for the corresponding period in last year to approximately 31.8% for the Period, which was mainly attributable to the decrease in gross profit margins of the lifestyle services segment.

The gross profit margin of our property management and value-added services decreased slightly from 29.7% for the corresponding period in last year to 29.6% for the Period, which remained at a similar level.

The gross profit margin of our lifestyle services for the Period and the corresponding period in last year was approximately 34.1% and approximately 34.4% respectively. The decrease was mainly due to the decrement in the gross profit margin of the “Jianye+” platform.

The gross profit margin of our commercial property management and consultation services increased from approximately 68.1% for the corresponding period in last year to approximately 74.4% for the Period, mainly due to the increase of the gross profit margin of the cultural-tourism complex business.

### **Selling and Marketing Expenses**

During the Period, the selling and marketing expenses of the Group amounted to RMB17.4 million, representing a decrease of 32.8% as compared with RMB25.8 million in the corresponding period in last year, and accounting for approximately 1.1% of our revenue, which was a decrease of 0.6 percentage points as compared with the corresponding period in last year. In order to improve its 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 RMB104.5 million, representing a decrease of 28.3% as compared with RMB145.8 million in the corresponding period in last year, and accounting for approximately 6.7% of our revenue, which was a decrease of 2.6 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 business hospitality, office expenses and travel expenses.

## **Other Income**

During the Period, other income of the Group amounted to RMB44.9 million (the corresponding period of 2021: RMB18.5 million), representing an increase of 142.9% as compared with the corresponding period in last year, which was mainly due to increase in the interest income from the third parties.

## **Income Tax**

During the Period, income tax expense of the Group amounted to RMB96.6 million (the corresponding period of 2021: RMB73.6 million). The income tax rate for the Period was 24.3% (the corresponding period of 2021: 21.4%), representing an increase of 2.9 percentage points as compared with the corresponding period of 2021, mainly due to the higher proportion of profits generated by the non-HNTE subsidiaries of the Group.

## **Profits**

During the Period, the net profit of the Group amounted to RMB301.5 million, representing an increase of 11.3% as compared with RMB270.8 million in the corresponding period in last year. The net profit margin was 19.3%, representing an increase of 2.0 percentage points as compared with 17.3% in the corresponding period in last year, which was mainly due to the effective control over sales, marketing and administrative expenses during the Period. During the Period, the profit attributable to owners of the Company amounted to RMB289.8 million, representing an increase of 11.4% as compared with RMB260.2 million in the corresponding period in last year. Basic earnings per share was RMB0.23 (corresponding period for 2021: RMB0.21).

## **Financial Resources Management and Capital Structure**

We have adopted comprehensive treasury policies and internal control measures to review and monitor our financial resources. As at 30 June 2022, the Group's cash and cash equivalents amounted to approximately RMB1,969.5 million (31 December 2021: approximately RMB2,264.4 million). As at 30 June 2022, the Group has a total of bank borrowings of RMB75.7 million (31 December 2021: nil). Subsequent to the Period, the Board has resolved to recommend the declaration and payment of an interim dividend of approximately RMB231.9 million in total to the shareholders of the Company in relation to the six months ended 30 June 2022, which will be distributed out of the Company's share premium account and is subject to shareholders' approval.

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 2022, the gearing ratio was 2.5% (31 December 2021: nil).

### **Trade and Other Receivables**

As at 30 June 2022, trade and other receivables amounted to RMB2,440.5 million, representing an increase of 13.3% as compared with that of RMB2,153.7 million as at 31 December 2021, which was primarily attributable to the slow-down in collection of receivables of the Group, which was impacted by the real estate industry and the economic situation.

### **Trade and Other Payables**

As at 30 June 2022, trade and other payables amounted to RMB928.5 million, representing an increase of 1.0% as compared with that of RMB919.3 million as at 31 December 2021, 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 2022, borrowings amounted to RMB75.7 million, while the Group had no borrowings as at 31 December 2021, which was attributable to 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 during the Period, and was included in the Group's consolidated statements.



## 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 2022, the Group has used approximately RMB519.5 million of the proceeds. 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 RMB'000	Actual expenditures as at 30 June 2022 RMB'000	Unused net proceeds as at 30 June 2022 RMB'000	Time frame
1. Strategic investment, cooperation and acquisition		60%	1,253,216	126,694	1,126,522	
	1.1 Acquiring property management service providers	40%	835,478	108,502	726,976	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	111,013	202,291	
	2.1 Developing and optimising software and our cloud system	5%	104,435	50,337	54,098	Between one year to three and a half years after Listing
	2.2 Improving and expanding our facilities and equipment	4%	83,548	1,966	81,582	Between one year to three and a half years after Listing
	2.3 Expansion of scale and diversity of membership resources	4%	83,548	49,707	33,841	Between one year to three and a half years after Listing
	2.4 Expansion of our user base	2%	41,773	9,003	32,770	Between one year to three and a half years after Listing
3. Investment in advanced information technology systems		15%	313,304	84,416	228,888	
	3.1 Building intelligence communities and upgrading facilities	7%	146,209	81,534	64,675	Between one year to three and a half years after Listing
	3.2 Developing our financial sharing system	2.5%	52,217	1,665	50,552	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	197,365	11,505	Between one to three years after Listing
		100%	2,088,694	519,488	1,569,206	

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

### **Pledge of Assets**

As at 30 June 2022, the Group did not have any pledged assets for its loan guarantee.

### **Major Acquisition and Disposals**

In January 2022, the Group acquired 51% equity interests in Henan Tianming, at a cash consideration of RMB33,660,000. Henan Tianming is a property management company located in Zhengzhou City, Henan Province, the PRC.

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

### **Major Investment**

As at 30 June 2022, the Group did not hold any significant investment.

### **Contingent Liabilities and Capital Commitment**

As at 30 June 2022, 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 2022, we had 6,576 full time employees, substantially all of whom were located in Henan province.

As a value-driven and strategy-oriented enterprise, the Company is undergoing a series of organisational changes in 2022, resulting in a flatter overall management operation. The organisation's management positions are open for recruitment, and young people with strength and commitment are selected to take up the positions. At the same time, a fund for entrepreneurship and innovation is set up to help everyone in the co-creation and sharing, so as to stimulate all staff to take the initiative to participate in the changes and achieve organisational vitality.

In addition, the Company takes professional ethics and professional ability as important standards for selecting and employing employees and strengthens employee training and continuous education to constantly improve their quality. 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 Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") with the exception of code provision C.2.1 as addressed below.

Code provision C.2.1 — Pursuant to this code provision, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the Period and up to 14 February 2022, Mr. Wang Jun was the chairman of the Board and the chief executive officer of the Company, responsible for formulating and executing our business strategies, annual operational and financial plans of the Company.

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

On 14 February 2022, Mr. Shi Shushan (“**Mr. Shi**”) was appointed by the Board as the chief executive officer of the Group in place of Mr. Wang Jun. Mr. Shi is responsible for implementing business strategies and operational management formulated by the Board.

Following the appointment of Mr. Shi as the chief executive officer, the Company has complied with code provision C.2.1 of the Corporate Government Code.

## **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 2,499,000 Shares on the Stock Exchange during the Period, with a total consideration of approximately HK\$10,167,000. The Company cancelled 1,605,000 Shares and 1,818,000 Shares in May and July 2022, respectively (which included certain Shares repurchased last year, and all Shares repurchased during the Period). Details of the Shares repurchased are as follows:

Month of purchase in 2022	Number of Shares purchase	Price Consideration per Share		Aggregate consideration paid HK\$
		Highest price paid HK\$	Lowest price paid HK\$	
March	681,000	4.32	4.05	2,933,818
April	<u>1,818,000</u>	4.09	3.76	<u>7,233,588</u>
	<u>2,499,000</u>			<u>10,167,406</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.

## CHANGES SUBSEQUENT TO 31 DECEMBER 2021

There were no other significant changes in the Group's financial position or from the information for the year ended 31 December 2021 disclosed under the Management Discussion and Analysis section in the annual report of the Company for the year ended 31 December 2021.

## 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 2022. The audit committee has agreed with the management of the Company on the interim result of the Group for the Period.

## **EVENTS AFTER THE REPORTING PERIOD**

There were no significant events subsequent to 30 June 2022 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 HK21.1 cents per share for the six months ended 30 June 2022 (the corresponding period of 2021: HK14.5 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 Friday, 30 September 2022 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Wednesday, 21 September 2022.

## **CLOSURE OF THE REGISTER OF MEMBERS**

The proposed dividend is subject to approval by the Company's shareholders at an extraordinary general meeting expected to be held on Thursday, 15 September 2022. The Company will publish a circular on or around 26 August 2022.

### **(i) For determining the Shareholders who qualify for the Interim Dividend**

For the purpose of determining the Shareholders who qualify for the Interim Dividend, the register of members of the Company will be closed on Wednesday, 21 September 2022, on which no transfer of Shares will be registered.

In order to qualify for the Interim Dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 20 September 2022.

### **(ii) For determining the identity of the Shareholders who are entitled to attend the EGM**

For the determining the identity of the Shareholders who are entitled to attend the EGM, the register of members of the Company will be closed from Friday, 9 September 2022 to Thursday, 15 September 2022, both days inclusive, during which no transfer of Shares will be registered.

In order to be eligible to attend the EGM, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 8 September 2022.

**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](http://www.ccnewlife.com.cn)) and the Stock Exchange (<http://www.hkexnews.hk>). The Company's interim report for the six months ended 30 June 2022 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, 22 August 2022

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