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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)**

**(1) ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2023  
(2) PROPOSED AMENDMENTS TO THE ARTICLES  
OF ASSOCIATION  
(3) RESUMPTION OF TRADING**

**FINANCIAL HIGHLIGHTS**

- Revenue for the year ended 31 December 2023 amounted to RMB2,844.7 million, a decrease of 9.6% compared with 2022.
- Gross profit for the year amounted to RMB757.1 million, a decrease of 27.4% compared with 2022. Gross profit margin for the year was 26.6%, a decrease of 6.5 percentage points compared with 2022.
- Net loss for the year amounted to RMB577.9 million, as compared with net profit of RMB571.2 million in 2022. Net loss margin for the year was 20.3%, as compared with net profit margin of 18.1% in 2022.
- Loss attributable to shareholders of the Company for the year amounted to RMB574.4 million, as compared with net profit attributable to shareholders of RMB562.3 million in 2022.
- GFA under management was 181.8 million sq.m. and contracted GFA reached 288.3 million sq.m. as of 31 December 2023, representing an increase of 16.0% and 6.2% respectively, compared with 31 December 2022.
- Basic losses per share for the year was RMB0.45, as compared with basic earnings per share of RMB0.44 in 2022.
- The Board does not recommend a final dividend for the year.

## ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of Central China New Life Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 with comparative figures for the preceding financial year as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2023*

*(All amounts in RMB thousands unless otherwise stated)*

	Note	Year ended 31 December	
		2023	2022
		RMB'000	RMB'000
Revenue	4	2,844,655	3,148,141
Cost of sales	5	<u>(2,087,563)</u>	<u>(2,104,945)</u>
<b>Gross profit</b>		<b>757,092</b>	1,043,196
Selling and marketing expenses	5	(17,866)	(32,088)
Administrative expenses	5	(197,831)	(238,832)
Net impairment losses on financial and contract assets		(1,222,352)	(77,949)
Other income		19,029	56,842
Other (losses)/gains — net		<u>(34,099)</u>	<u>8,242</u>
<b>Operating (loss)/profit</b>		<b>(696,027)</b>	759,411
Finance cost — net		(430)	(468)
Share of net profit of associates accounted for using the equity method		<u>282</u>	<u>237</u>
<b>(Loss)/profit before income tax</b>		<b>(696,175)</b>	759,180
Income tax credit/(expenses)	6	<u>118,269</u>	<u>(188,016)</u>
<b>(Loss)/profit for the year</b>		<b><u>(577,906)</u></b>	<b><u>571,164</u></b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2023

(All amounts in RMB thousands unless otherwise stated)

		Year ended 31 December	
		2023	2022
	Note	RMB'000	RMB'000
<b>(Loss)/profit for the year attributable to:</b>			
— Shareholders of the Company		(574,369)	562,260
— Non-controlling interests		(3,537)	8,904
		<u>(577,906)</u>	<u>571,164</u>
<b>Other comprehensive income for the year, net of tax</b>			
Items that may be reclassified to profit or loss			
— Currency translation differences		<u>1,818</u>	<u>34,765</u>
<b>Total comprehensive income for the year</b>		<u>(576,088)</u>	<u>605,929</u>
<b>Total comprehensive income for the year attributable to:</b>			
— Shareholders of the Company		(572,551)	597,025
— Non-controlling interests		(3,537)	8,904
		<u>(576,088)</u>	<u>605,929</u>
<b>(Loss)/earnings per share for profit attributable to the shareholders of the Company (expressed in RMB per share)</b>			
— Basic (loss)/earnings per share	7	(0.45)	0.44
— Diluted (loss)/earnings per share	7	(0.45)	0.44

## CONSOLIDATED BALANCE SHEET

As at 31 December 2023

(All amounts in RMB thousands unless otherwise stated)

		As at 31 December	
	Note	2023 RMB'000	2022 RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in associates		4,765	6,078
Property, plant and equipment	9	52,419	51,022
Intangible assets	10	251,893	271,081
Financial assets at fair value through profit or loss		3,835	44,078
Other receivables and prepayments	11	50,359	75,746
Deferred income tax assets		327,685	58,201
		<u>690,956</u>	<u>506,206</u>
<b>Current assets</b>			
Inventories		12,691	14,454
Contract assets		13,200	23,887
Trade and other receivables and prepayments	11	2,465,991	2,708,691
Financial assets at fair value through profit or loss		40,547	27,165
Restricted cash		7,137	5,326
Cash and cash equivalents		1,620,556	2,049,079
		<u>4,160,122</u>	<u>4,828,602</u>
<b>Total assets</b>		<u><b>4,851,078</b></u>	<u><b>5,334,808</b></u>
<b>Equity</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital	12	11,538	11,337
Other reserves	13	958,607	1,238,079
Retained earnings		1,084,638	1,693,148
		<u>2,054,783</u>	<u>2,942,564</u>
<b>Non-controlling interests</b>		<u>107,566</u>	<u>116,555</u>
<b>Total equity</b>		<u><b>2,162,349</b></u>	<u><b>3,059,119</b></u>

## CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2023

(All amounts in RMB thousands unless otherwise stated)

		As at 31 December	
	Note	2023	2022
		RMB'000	RMB'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings		27,000	52,000
Lease liabilities		9,899	4,722
Deferred income tax liabilities		33,522	38,045
Other payables	14	1,273	1,457
Contract liabilities		67,104	56,048
		<u>138,798</u>	<u>152,272</u>
<b>Current liabilities</b>			
Borrowings		25,000	22,000
Lease liabilities		5,945	7,077
Trade and other payables	14	1,384,284	1,245,189
Contract liabilities		758,678	588,236
Current income tax liabilities		376,024	260,915
		<u>2,549,931</u>	<u>2,123,417</u>
<b>Total liabilities</b>		<u>2,688,729</u>	<u>2,275,689</u>
<b>Total equity and liabilities</b>		<u>4,851,078</u>	<u>5,334,808</u>

## 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 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 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").

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors of the Company on 23 April 2024.

### 2 BASIS OF PREPARATION

#### (a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS) and the disclosure requirements of the Hong Kong Companies Ordinance (HKCO) Cap. 622.

#### (b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets measured at fair value.

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

The Group has applied the following standards and amendments for the first time for their annual reporting year commencing 1 January 2023 and there is no material impact on the Group's consolidated financial statement:

- Insurance Contracts (new standard) — HKFRS 17
- Amendments to HKFRS 17
- Comparative Information — Initial Application of HKFRS 17 and HKFRS 9
- Definition of Accounting Estimates — amendments to HKAS 8

- International Tax Reform — Pillar Two Model Rules — amendments to HKAS 12
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction — amendments to HKAS 12
- Disclosure of Accounting Policies — Amendments to HKAS 1 and HKFRS Practice Statement 2

**(d) New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions:

		<b>Effective for accounting periods beginning on or after</b>
HKAS 1	Classification of Liabilities as Current or Non-current (amendments)	1 January 2024
HKAS 1	Non-current Liabilities with Covenants (amendments)	1 January 2024
HK Int 5 (Revised)	Hong Kong Interpretation (Revised) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (Revised))	1 January 2024
HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements (amendments)	1 January 2024
HKAS 21	Lack of Exchangeability (amendments)	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

### 3 SEGMENT INFORMATION

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

During the year ended 31 December 2023 and 2022, 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. With the impact of the macroeconomic situation and the downturn of the property market, the profit before tax and revenue of lifestyle services and commercial services have decreased correspondingly. The CODM of the Company decides not to identify each forementioned service line as reportable segments and reviews the operating results of the integrated business as a whole to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one reportable segment, which is used to make strategic decisions.

The Group mainly operates its businesses in the PRC and earns substantially all of the revenue from external customers attributed to the PRC. As at 31 December 2023, substantially all of the non-current assets of the Group were located in the PRC. Therefore, no geographical segments are presented.

### 4 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:

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Property management and related services	<b>2,185,943</b>	1,980,540
Installation and decoration services	<b>272,177</b>	266,773
Sales of goods	<b>241,388</b>	206,058
Consulting services and commercial property management income	<b>91,402</b>	275,415
Commission income	<b>36,403</b>	234,485
Others	<b>17,342</b>	184,870
	<b><u>2,844,655</u></b>	<u>3,148,141</u>
Timing of revenue recognition		
— over time	<b>2,444,914</b>	2,507,996
— at a point in time	<b>399,741</b>	640,145
	<b><u>2,844,655</u></b>	<u>3,148,141</u>

For the year ended 31 December 2023 and 2022, revenues from CCRE Group contributed 10% and 29% 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.



## 5 EXPENSES BY NATURE

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Employee benefit expenses	548,091	645,373
Security charges	406,402	431,848
Greening and cleaning expenses	403,511	403,706
Construction and installation costs	231,599	211,205
Cost of goods sold	223,537	185,461
Utilities	188,319	169,476
Maintenance costs	98,644	93,998
Depreciation and amortisation charges	48,822	61,090
Impairment of goodwill	–	22,496
Professional service fees	36,602	27,819
Office expenses	22,138	28,571
Traveling and entertainment expenses	14,500	10,380
Taxes and other levies	8,652	10,541
Auditor's remuneration		
— Audit service	6,500	4,600
— Non-audit services	690	840
Others	65,253	68,461
	<u>2,303,260</u>	<u>2,375,865</u>

## 6 INCOME TAX (CREDIT)/EXPENSES

### Overseas income tax

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

### Hong Kong profits tax

Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was provided as the Group did not have assessable profit in Hong Kong for the year ended 31 December 2023 and 2022.

### PRC withholding income tax

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

For the year ended 31 December 2023, the immediate holding company of the PRC subsidiaries of the Group became qualified as Hong Kong resident enterprises and has been fulfilling the requirements under the tax treaty arrangements between the PRC and Hong Kong. Therefore 5% withholding tax rate has been applied.

### **PRC corporate income tax**

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

The general corporate income tax rate in the PRC is 25% according to the CIT Law effective on 1 January 2008. Four subsidiaries of the Group are qualified as “High and New Technology Enterprise” and can enjoy a preferential income tax rate of 15% (2022:15%). Certain of the Group’s subsidiaries enjoy the preferential income tax treatment for Small and Micro Enterprise with the income tax rate of 20% and are eligible to have their tax calculated based on 12.5% or 25% of their taxable income.

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b>RMB’000</b>	RMB’000
Current income tax		
— PRC corporate income tax	<b>143,238</b>	196,822
— PRC withholding income tax	<b>12,500</b>	–
Deferred income tax		
— PRC corporate income tax	<u>(274,007)</u>	<u>(8,806)</u>
	<u><b>(118,269)</b></u>	<u>188,016</u>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group entities as follows:

	<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
(Loss)/profit before income tax	<u>(696,175)</u>	<u>759,180</u>
Tax charge at effective rate applicable to profits in the respective group entities	<b>(134,894)</b>	184,055
Tax effects of:		
— Utilisation of previously unrecognised tax losses	—	(1,692)
— Additional tax deductions for research and development costs	<b>(2,546)</b>	(3,416)
— Tax losses and deductible temporary differences for which no deferred income tax asset was recognised	<b>2,856</b>	1,609
— Expenses not deductible for tax purposes	<b>1,715</b>	7,456
— Share-based compensation	<b>2,304</b>	193
— Additional tax deductions for salaries for the disabled hiring	<b>(133)</b>	(130)
— Associates' results reported net of tax	<b>(71)</b>	(59)
— Withholding tax	<b>12,500</b>	—
Income tax expenses	<u><b>(118,269)</b></u>	<u>188,016</u>

The effective income tax rate was 19% and 25% excluding the effect of withholding tax for the years ended 31 December 2023 and 2022, respectively.

## 7 (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

The basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year ended 31 December 2023 and 2022.

	<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
(Loss)/profit attributable to shareholders of the Company (RMB'000)	<u><b>(574,369)</b></u>	<u>562,260</u>
Weighted average number of ordinary shares in issue (in thousands)	<u><b>1,277,907</b></u>	<u>1,268,570</u>
Basic (loss)/earnings per share attributable to shareholders of the Company during the year (expressed in RMB per share)	<u><b>(0.45)</b></u>	<u>0.44</u>

**(b) Diluted (loss)/earnings per share**

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

For the years ended 31 December 2023 and 2022, the Company has one category of potentially dilutive shares, share base payments. The calculation for share base payments is determined by the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the purchase price of the award shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share base payments. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
(Loss)/profit attributable to shareholders of the Company ( <i>RMB'000</i> )	<u><b>(574,369)</b></u>	<u>562,260</u>
Weighted average number of ordinary shares in issue (in thousands)	<b>1,277,907</b>	1,268,570
Adjustments for share options (in thousands) (i)	<u>–</u>	<u>12,974</u>
Weighted average number of ordinary shares for the calculation of diluted earnings per share (in thousands)	<u><b>1,277,907</b></u>	<u>1,281,544</u>
Diluted (loss)/earnings per share attributable to shareholders of the Company during the year (expressed in RMB per share)	<u><b>(0.45)</b></u>	<u>0.44</u>

- (i) As the Group incurred losses for the year ended 31 December 2023, the 21,800,000 shares granted and remained unvested and 540,000 options granted and remained unexercised are not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. These options could potentially dilute basic earnings per share in the future.

## 8 DIVIDENDS

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Interim dividend paid ( <i>Note (b)</i> )	<b>103,089</b>	242,018
Proposed final dividend ( <i>Note (a)</i> )	<u>–</u>	<u>223,172</u>

- (a) A final dividend in respect of year ended 31 December 2022 of HK\$0.1910 per ordinary share, approximately HK\$243,998,000 (equivalent to RMB223,172,000) was declared by the board at the Annual General Meeting held on 11 May 2023. The final dividend has been distributed out of the Company's share premium and paid in cash.
- (b) An interim dividend in respect of six months ended 30 June 2023 of HK\$0.0871 per ordinary share, approximately HK\$113,275,000 (equivalent to RMB103,089,000) was proposed by the Board at the Board Meeting held on 21 August 2023. The interim dividend has been distributed out of the Company's share premium and paid in cash.
- (c) The Board did not propose any final dividend for the year ended 31 December 2023.

## 9 PROPERTY, PLANT AND EQUIPMENT

	<b>Equipment and furniture</b>	<b>Machinery</b>	<b>Vehicles</b>	<b>Right-of- use assets</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Year ended 31 December 2022</b>					
Opening net book amount	21,449	13,660	7,686	52,263	95,058
Additions	7,965	5,363	2,301	11,671	27,300
Acquisition of subsidiaries	261	175	359	–	795
Disposals	(336)	(620)	(28)	(29,615)	(30,599)
Depreciation charge	(12,631)	(5,629)	(3,970)	(19,901)	(42,131)
Currency translation	–	–	–	599	599
<b>Closing net book amount</b>	<u>16,708</u>	<u>12,949</u>	<u>6,348</u>	<u>15,017</u>	<u>51,022</u>
<b>As at 31 December 2022</b>					
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>
<b>Net book amount</b>	<u><u>16,708</u></u>	<u><u>12,949</u></u>	<u><u>6,348</u></u>	<u><u>15,017</u></u>	<u><u>51,022</u></u>
<b>Year ended 31 December 2023</b>					
Opening net book amount	<b>16,708</b>	<b>12,949</b>	<b>6,348</b>	<b>15,017</b>	<b>51,022</b>
Additions	<b>6,539</b>	<b>3,085</b>	<b>3,181</b>	<b>19,004</b>	<b>31,809</b>
Disposals	<b>(51)</b>	<b>(56)</b>	<b>(714)</b>	<b>(531)</b>	<b>(1,352)</b>
Depreciation charge	<b>(10,840)</b>	<b>(4,874)</b>	<b>(2,477)</b>	<b>(10,735)</b>	<b>(28,926)</b>
Currency translation	–	–	–	(134)	(134)
<b>Closing net book amount</b>	<u><b>12,356</b></u>	<u><b>11,104</b></u>	<u><b>6,338</b></u>	<u><b>22,621</b></u>	<u><b>52,419</b></u>
<b>As at 31 December 2023</b>					
Cost	<b>67,556</b>	<b>26,484</b>	<b>17,053</b>	<b>88,224</b>	<b>199,317</b>
Accumulated depreciation	<u><b>(55,200)</b></u>	<u><b>(15,380)</b></u>	<u><b>(10,715)</b></u>	<u><b>(65,603)</b></u>	<u><b>(146,898)</b></u>
<b>Net book amount</b>	<u><u><b>12,356</b></u></u>	<u><u><b>11,104</b></u></u>	<u><u><b>6,338</b></u></u>	<u><u><b>22,621</b></u></u>	<u><u><b>52,419</b></u></u>

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

## 10 INTANGIBLE ASSETS

	<b>Goodwill</b> <i>RMB'000</i>	<b>Platform and know- how</b> <i>RMB'000</i>	<b>Order- Backlog and customer relationship</b> <i>RMB'000</i>	<b>Software and others</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Year ended 31 December 2022</b>					
Opening net book amount	127,138	33,047	111,247	2,601	274,033
Additions	–	–	–	7,073	7,073
Acquisition of subsidiaries	9,947	–	23,476	16	33,439
Disposals	–	(2,009)	–	–	(2,009)
Amortisation	–	(3,157)	(14,945)	(857)	(18,959)
Impairment	(22,496)	–	–	–	(22,496)
<b>Closing net book amount</b>	<u>114,589</u>	<u>27,881</u>	<u>119,778</u>	<u>8,833</u>	<u>271,081</u>
<b>As at 31 December 2022</b>					
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>
<b>Net book amount</b>	<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>
<b>Year ended 31 December 2023</b>					
Opening net book amount	<b>114,589</b>	<b>27,881</b>	<b>119,778</b>	<b>8,833</b>	<b>271,081</b>
Additions	–	–	–	708	708
Amortisation	<u>–</u>	<u>(3,648)</u>	<u>(14,947)</u>	<u>(1,301)</u>	<u>(19,896)</u>
<b>Closing net book amount</b>	<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>
<b>As at 31 December 2023</b>					
Cost	<b>137,085</b>	<b>38,027</b>	<b>151,608</b>	<b>15,298</b>	<b>342,018</b>
Accumulated amortisation and impairment	<u>(22,496)</u>	<u>(13,794)</u>	<u>(46,777)</u>	<u>(7,058)</u>	<u>(90,125)</u>
<b>Net book amount</b>	<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>

## 11 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables ( <i>Note (a)</i> )		
— Related parties	1,694,099	1,692,151
— Third parties	<u>1,277,318</u>	<u>936,228</u>
	2,971,417	2,628,379
Note receivables	244	20
Less: allowance for impairment of trade receivables	<u>(1,307,882)</u>	<u>(201,707)</u>
	<u>1,663,779</u>	<u>2,426,692</u>
Other receivables		
— Deposits ( <i>Note (c)</i> )	565,412	31,799
— Amounts due from related parties	132,542	103,760
— Loans to third parties ( <i>Note (b)</i> )	55,153	75,243
— Utilities	30,093	30,184
— Amounts due from the non-controlling interests of subsidiaries	5,920	7,874
— Others	<u>13,360</u>	<u>5,150</u>
	802,480	254,010
Less: allowance for impairment of other receivables	<u>(107,860)</u>	<u>(6,315)</u>
	<u>694,620</u>	<u>247,695</u>
Prepayments		
— Security charges and cleaning expenses	117,597	75,493
— Others	<u>40,354</u>	<u>34,557</u>
	<u>157,951</u>	<u>110,050</u>
Total	<u>2,516,350</u>	<u>2,784,437</u>
Less: non-current portion of other receivables and prepayments	<u>(50,359)</u>	<u>(75,746)</u>
Current portion of trade and other receivables and prepayments	<u><u>2,465,991</u></u>	<u><u>2,708,691</u></u>



- (a) Trade receivables mainly arise from property management services and related value-added services.

Property management services income are received in accordance with the terms of the relevant services agreements. Service income from property management service is due for payment by the residents upon the issuance of demand note.

The related value-added services to property developers are usually due for payment upon the issuance of document of settlement.

As at 31 December 2023 and 2022, the aging analysis of the trade receivables based on recognition date of trade receivables were as follows:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Less than 1 year	<b>954,885</b>	1,928,217
1 to 2 years	<b>1,425,763</b>	568,389
2 to 3 years	<b>487,991</b>	89,684
3 to 4 years	<b>69,592</b>	23,769
Over 4 years	<b>33,186</b>	18,320
	<b><u>2,971,417</u></b>	<u>2,628,379</u>

As at 31 December 2023, trade and other receivables were mainly denominated in RMB.

As at 31 December 2023, the fair values of trade and other receivables approximated their carrying amounts.

- (b) As at 31 December 2023, the Group provided loans to third parties amounted to RMB55,153,000, which bear interest at rates of 5.6% to 12% per annum and will mature within two years.
- (c) As at 31 December 2023, deposits of RMB537,000,000 paid to third parties for exclusive residential properties, parking space or retail shops sales agency services (2022: nil), which are refundable with a contract period of 12 months.

## 12 SHARE CAPITAL

	Number of ordinary shares	Share capital <i>HK\$'000</i>	Equivalent share capital <i>RMB'000</i>
<b>Authorised</b>			
As at 31 December 2022 and 31 December 2023	5,000,000,000	50,000	42,795
<b>Issued</b>			
As at 1 January 2022	1,268,966,000	12,310	11,247
Share option scheme-issued shares	15,341,000	154	138
Cancellation of shares	(5,581,000)	(56)	(48)
As at 31 December 2022	<u>1,278,726,000</u>	<u>12,408</u>	<u>11,337</u>
As at 1 January 2023	<b>1,278,726,000</b>	<b>12,408</b>	<b>11,337</b>
Issue of shares in connection with 2023 Share Award Scheme ( <i>Note (a)</i> )	<u>21,800,000</u>	<u>218</u>	<u>201</u>
As at 31 December 2023	<u><b>1,300,526,000</b></u>	<u><b>12,626</b></u>	<u><b>11,538</b></u>

- (a) Issue of 21,800,000 ordinary shares on 8 September 2023 with nominal value of HK\$0.01 per share to the appointed trustee of the Company pursuant to the 2023 Share Award Scheme.

## 13 OTHER RESERVES

	Share premium RMB'000	Treasury shares RMB'000	Capital reserves RMB'000	Employee share-based compensation reserves RMB'000	Statutory reserves RMB'000	Foreign currency translation RMB'000	Total other reserves RMB'000
<b>Balance at 1 January 2022</b>	1,692,488	(3,883)	81,023	6,798	125,325	(147,371)	1,754,380
Share option scheme-value of employee services	-	-	-	829	-	-	829
Share option scheme-issued shares	15,978	-	-	(7,368)	-	-	8,610
Repurchase of shares of the Company (Note b)	-	(14,054)	-	-	-	-	(14,054)
Cancellation of shares (Note b)	(17,889)	17,937	-	-	-	-	48
Currency translation differences	-	-	-	-	-	34,765	34,765
Dividend distribution to shareholders	(604,217)	-	-	-	-	-	(604,217)
Appropriation of statutory reserves (Note (a))	-	-	-	-	57,718	-	57,718
<b>Balance at 31 December 2022</b>	<u>1,086,360</u>	<u>-</u>	<u>81,023</u>	<u>259</u>	<u>183,043</u>	<u>(112,606)</u>	<u>1,238,079</u>
<b>Balance at 1 January 2023</b>	<b>1,086,360</b>	<b>-</b>	<b>81,023</b>	<b>259</b>	<b>183,043</b>	<b>(112,606)</b>	<b>1,238,079</b>
Share award scheme-value of employee services	-	-	-	13,964	-	-	13,964
Issue of shares in connection with 2023 Share Award Scheme	-	(201)	-	-	-	-	(201)
Repurchase of shares of the Company (Note b)	-	(2,933)	-	-	-	-	(2,933)
Currency translation differences	-	-	-	-	-	1,818	1,818
Dividend distribution to shareholders	(326,261)	-	-	-	-	-	(326,261)
Appropriation of statutory reserves (Note (a))	-	-	-	-	34,141	-	34,141
<b>Balance at 31 December 2023</b>	<u>760,099</u>	<u>(3,134)</u>	<u>81,023</u>	<u>14,223</u>	<u>217,184</u>	<u>(110,788)</u>	<u>958,607</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.

(b) Treasury shares

	Year ended 31 December			
	2023		2022	
	Number of treasury shares	Amounts RMB'000	Number of treasury shares	Amounts RMB'000
At the beginning of the year	–	–	924,000	3,883
Shares repurchased (i)	<b>1,250,000</b>	<b>2,933</b>	4,657,000	14,054
Shares issued and held by a trustee under 2023 Share Award Scheme (ii)	<b>21,800,000</b>	<b>201</b>	–	–
Shares cancelled	–	–	(5,581,000)	(17,937)
At the end of the year	<b><u>23,050,000</u></b>	<b><u>3,134</u></b>	<u>–</u>	<u>–</u>

- (i) The Company repurchased 1,250,000 shares of its own ordinary shares during the year ended 31 December 2023 (2022: 4,657,000 shares). The total purchased consideration was approximately HK\$3,316,000 (equivalent to RMB2,933,000) and was recognised as treasury shares in other reserves.
- (ii) On 29 May 2023, the Board of the Company approved and adopted the Share Award Scheme for Eligibles of the Group, including directors and certain key employees (the “2023 Share Award Scheme”). The 2023 Share Award Scheme is the share-based incentive scheme that the Company has in place to motivate its employees. Employees are not entitled to dividends on any awarded shares until these shares are transferred to them at the end of the vesting period.

The Group has entered into a trust deed and appointed a trustee for the purpose of administering the 2023 Share Award Scheme and holding shares awarded or to be awarded to the employees (the “Awarded Shares”) before vesting. On 8 September 2023, the Company allotted and issued 21,800,000 new shares to the trustee to hold on trust. The Awarded Shares of 30%, 30% and 40% will be vested on 12 months, 24 months and 36 months from date of grant if the vesting condition can be fulfilled and the purchase price of the Awarded Shares granted is nil.

## 14 TRADE AND OTHER PAYABLES

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	<b>RMB'000</b>
Trade payables ( <i>Note (a)</i> )		
— Related parties	<b>35,693</b>	31,288
— Third parties	<b>568,973</b>	545,518
	<b>604,666</b>	576,806
Other payables		
— Deposits	<b>301,973</b>	250,905
— Amounts due to related parties ( <i>Note (b)</i> )	<b>16,085</b>	14,286
— Payables for acquisitions of subsidiaries	<b>41,135</b>	47,108
— Other third parties	<b>213,128</b>	184,080
	<b>572,321</b>	496,379
Accrued payroll	<b>126,212</b>	124,483
Other taxes payables	<b>82,358</b>	48,978
	<b>1,385,557</b>	1,246,646
Less: non-current portion of other payables	<b>(1,273)</b>	(1,457)
Current portion of trade and other payables	<b>1,384,284</b>	1,245,189

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

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

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	<b>RMB'000</b>
Less than 1 year	<b>395,136</b>	471,796
1 to 2 years	<b>120,183</b>	66,640
2 to 3 years	<b>58,877</b>	35,038
Over 3 year	<b>30,470</b>	3,332
	<b>604,666</b>	576,806

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

## 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, including property management services, community value-added services and value-added services to non-property owners and the Group has been continuously optimising its income structure. During 2023, the Group's revenue amounted to RMB2,844.7 million, representing a decrease of 9.6% as compared with RMB3,148.1 million in 2022. Net loss was RMB577.9 million, as compared to net profit of RMB571.2 million in 2022.

**Property management services:** The Group has been providing traditional property management services such as security, cleaning, maintenance and greening services since 1994. In 2023, the Group continued to strengthen the quality of its property services, enhance the service experience of owners, and provide refined, precise and people-oriented services around the “security, cleaning, landscaping, warranty and customer services”. We strive to provide owners with a higher-quality, more comfortable and sustainable living environment, to truly care for the owners and serve the owners. As at 31 December 2023, the Group's property management services covered all 18 prefecture-level cities in Henan Province as well as outside Henan Province (including 7 provinces of Shaanxi, Shanxi, Hebei, Anhui, Hubei, Xinjiang and Hainan), and the Group served more than 2.6 million property owners and residents in 1,066 properties. The Group manages a diversified portfolio of properties, including residential properties, shopping malls, cultural tourism complexes, commercial apartments, office buildings, schools, hospitals, city services, factories, parks and properties of governmental agencies. As at 31 December 2023, the GFA under management and contracted GFA reached 181.8 million sq.m. and 288.3 million sq.m. respectively, representing a respective growth of 16.0% and 6.2% as compared with that as at 31 December 2022.

**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. Value-added community services include the provision of smart community solutions by the Group to property developers and residents for the creation of modern, interactive and intelligent environments within the community. In addition, the Group focuses on online platform operation and offline scenario-based community retailing. Through the Jianye+ platform online, the Group focuses on product categories based on customer needs to create a localised living platform of Central China that is “nice to look at, fun to play, and easy to use”, and to build a new retail business

system for the community of Jianye in an all-round way. At the same time, the Group integrates high quality resources to provide owners with one-stop whole-house renovation, basic decoration, balcony sealing services, etc., to meet the expectations of owners in the new lifestyle of home services, providing owners with time-saving, worry-saving, energy-saving, money-saving, trouble-saving new experience services, to create a happy home life for owners.

**Value-added services to non-property owners:** The Group's value-added services to non-property owners focus on enhancing the value of properties by meeting customers' requirements through professional services. Value-added services to non-property owners include early intervention services, that is, according to the industry management and customer requirements, upon accepting an entrustment for product development, we 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.

## OUTLOOK

Property management enterprises actively embraced market changes and sought more stable development in the long run by means of quality services while the overall scale of the industry grew steadily in 2023. At the same time, the capital market accelerated its adjustment. High valuations continued to be cleared, and the Industry valuations returned to a relatively rational level. Due to the gradual implementation of proactive fiscal policies and prudent monetary policies by the government, the economy is relatively likely to grow steadily step by step. Meanwhile, the adjustment of real estate policies should stimulate market demands and provide impetus for economic growth. Property management enterprises are constantly innovating and driving for healthier and more sustainable development.

The year 2024 marks the 30th anniversary of the founding of the Group. Throughout three decades of operation, the Group's adherence to long-term value has played a key role in its stability amidst the ups and downs of the industry. We continued to work on regional markets, improve our business presence on a case-by-case basis, tap local demands, and efficiently

penetrate key regions with quality services so as to further enhance our competitiveness in regional markets.

The Group will be committed to implementing the following key strategic measures in 2024:

### **Sticking to service first and improving the quality of our property management services**

Along with continuously updated industry standards, traditional property management enterprises are constantly moving towards safer and higher standards of operation. Property management enterprises serve as an important part of the grassroots governance of the society. The Group will put property management services first and improve the quality of basic services as per cost-effective service standards. By designating the year 2024 as the year for quality improvement of property management services, the Company aims to enhance its strategic position, focus on the core of basic services, and keep satisfying the service expectations of customers. Moreover, the Group will consolidate customer loyalty to increase its brand value, develop our core differentiated values, and prepare for the more competitive market environment.

### **Updating lifestyle services and enriching corresponding service categories**

With a focus on lifestyle services, the Group will proactively dig into the lifestyle needs of property owners, continuously enrich the service categories, and develop a robust supply chain for lifestyle services. In addition, the Group will extend services related to property owners' life, refine online and offline service scenarios, and make every effort to create a comfortable zone of life for property owners.

### **Expanding service scope and increasing gross margins of investment and business development**

Given the gradual increase in the scale of the property management industry and continuous extension of service boundaries, the current market competition has been shifting from an incremental market to a stock market. As for investment and business development, the Group will stick to high-quality development route and focus on quality expansion. Taking operating requirements such as costs into account, the Group has been developing business selectively and purposefully, eliminating loss-incurring projects, prioritising revenue stabilisation and quality improvement, and continuously refining the development our investment and business development so as to increase the profit margins of projects.



## FINANCIAL REVIEW

### Revenue

The Group is principally engaged in the provision of property management services and related value-added services. For the year ended 31 December 2023, the Group recorded a revenue of RMB2,844.7 million (2022: RMB3,148.1 million), representing a year-on-year decrease of 9.6%. The revenue of the Group was generated from three main business lines: (i) property management services; (ii) community value-added services; and (iii) value-added services to non-property owners.

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

	Year ended 31 December			
	2023		2022	
	Revenue		Revenue	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property management services	<b>1,992,212</b>	<b>70.0</b>	1,717,375	54.6
Community value-added services	<b>658,915</b>	<b>23.2</b>	738,597	23.4
Value-added services to non-property owners	<b>193,528</b>	<b>6.8</b>	692,169	22.0
<b>Total/Overall</b>	<b><u>2,844,655</u></b>	<b><u>100.0</u></b>	<b><u>3,148,141</u></b>	<b><u>100.0</u></b>

### Property Management Services

During the year, the revenue from our property management services amounted to RMB1,992.2 million (2022: RMB1,717.4 million), representing a year-on-year increase of 16.0%. The increase was on a par with an increase in total GFA under management.

As of 31 December 2023, the total GFA under management of the Group was 181.8 million sq.m., representing an increase of 25.1 million sq.m. or 16.0% as compared with 31 December 2022. The increase in GFA under management was primarily driven by securing more new projects, particularly from third-party property developers. During the year, the average property management fee rate charged by the Group mildly increased to approximately RMB1.74 per sq.m./month (2022: 1.72 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 31 December 2023		As at 31 December 2022	
	GFA		GFA	
	'000 sq.m.	%	'000 sq.m.	%
The CCRE Group and its associates or joint ventures	<b>74,158</b>	<b>40.8</b>	68,469	43.7
Third-party property developers	<b>107,685</b>	<b>59.2</b>	88,247	56.3
<b>Total</b>	<b>181,843</b>	<b>100.0</b>	156,716	100.0

### Community Value-Added Services

The Group provides a range of community value-added services, primarily including intelligent community solutions, in-park sales, turnkey and move-in furnishing and lifestyle services. During the year, revenue from community value-added services amounted to RMB658.9 million (2022: RMB738.6 million), representing a year-on-year decline of 10.8%. The decrease was mainly driven by weak sales in the real estate sector, which prompted the Group to strategically refocus on its core business activities. As part of this strategic realignment, the Group ceased operations at the Central China Consumers Club, leading to a decrease in related revenue of RMB165.5 million during the year. Meanwhile, due to the decrease in deliveries of property, the revenue from the intelligent community business decreased by RMB 54.8 million or 22.5% to RMB 188.5 million. In response to such revenue decline, the Group prioritised other community value-added services and expanded the range of services to meet the diverse needs of property owners. Particularly, revenue from in-park and the “Jianye+” platform sales increased by RMB113.8 million or 142.3% to RMB193.7 million.

### Value-Added Services To Non-Property Owners

The Group provides a range of value-added services to non-property owners, primarily including pre-launch intermediary services, on-site management and commercial property management and consultation services. During the year, revenue from value-added services to non-property owners amounted to RMB193.5 million (2022: RMB692.2 million), representing a year-on-year decrease of 72.0%. Such decrease was primarily due to strategic adjustments made by the Group in its value-added business for non-property owners, specifically shifting

focus away from areas where the recovery of receivables from related parties was slower. As a result, the business scale of value-added services to non-property owners shrank. Particularly, revenue in property agency services and on-site management decreases by RMB198.1 million and RMB 57.4 million during the year.

## Cost of Sales

The Group's cost of sales primarily consists of employee benefit expenses, outsourcing labour 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 year, cost of sales of the Group amounted to RMB2,087.6 million (2022: RMB2,104.9 million), representing a year-on-year decrease of 0.8%. The decrease was primarily due to the cost of sales decreasing in line with the decrease in revenue as mentioned above.

## Gross Profit and Gross Profit Margin

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

	For the year ended 31 December			
	2023		2022	
	Gross profit	Gross profit	Gross profit	Gross profit
	margin	margin	margin	margin
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	496,188	24.9	373,937	21.8
Community value-added services	202,710	30.8	277,193	37.5
Value-added services to non-property owners	58,194	30.1	392,066	56.6
<b>Total</b>	<b>757,092</b>	<b>26.6</b>	<b>1,043,196</b>	<b>33.1</b>

During the year, the gross profit of the Group was RMB757.1 million (2022: RMB1,043.2 million), representing a year-on-year decrease of 27.4%. The gross profit margin of the Group decreased from approximately 33.1% as of 31 December 2022 to approximately 26.6% as of 31 December 2023, representing a year-on-year decrease of 6.5 percentage points. The

decrease in gross profit margin was primarily attributable to the decreased gross profit margin from value-added services to non-property owners, which had higher gross profit margins and was partially offset by a modest increase in the gross profit margin of property management services due to the scale effect resulting from the increase in the GFA under management during the year.

The gross profit margin of property management services improved by 3.1 percentage points from approximately 21.8% as of 31 December 2022 to approximately 24.9% as of 31 December 2023, which was mainly attributable to the scale effect arising from the continuous increase in the total GFA under management as mentioned above.

The gross profit margin of community value-added services decreased to approximately 30.8% as of 31 December 2023 from approximately 37.5% as of 31 December 2022. Such decrease was mainly due to a change in the revenue mix, with a lower proportion of high gross profit revenue, such as revenue in Central China Consumers Club.

The gross profit margin of value-added services to non-property owners decreased to approximately 30.1% as of 31 December 2023 from approximately 56.6% as of 31 December 2022, mainly due to a change in the revenue mix, with a lower proportion of high gross profit revenue, such as revenue in property agency service.

### **Selling and Marketing Expenses**

During the year, the selling and marketing expenses of the Group amounted to RMB17.9 million, representing a decrease of 44.3% as compared with RMB32.1 million in 2022, and accounting for approximately 0.6% of the revenue, which was a decrease of 0.4 percentage points from 2022. This was mainly attributable to strict control of various expenses, cost reduction and efficiency improvement, necessitated by a cautious approach to the business environment.

### **Administrative Expenses**

During the year, the administrative expenses of the Group amounted to RMB197.8 million, representing a decrease of 17.2% as compared with RMB238.8 million in 2022, and accounting for approximately 7.0% of the revenue, which was decrease of 0.6 percentage points from 2022. This was mainly attributable to the strict control of all types of expenditures, cost reductions and efficiency gains.

## **Net Impairment Losses on Financial Assets**

During the year, the net impairment loss on financial assets of the Group amounted to RMB1,222.4 million (2022: RMB77.9 million), representing a significant increase of 1,468.1% as compared to 2022. The significant increase in net impairment losses on financial assets was primarily attributable to credit exposure to relevant receivables of real estate developers. Particularly in the one half of 2023, CCRE declared a suspension of payments to all offshore creditors and initiated a restructuring process with advisory services. In light of the heightened credit risk associated with receivables from these real estate developers exacerbated by a liquidity crisis during a downturn in the industry, the Group recognised a provision for impairment based on the principle of prudence.

## **Other Income**

During the year, other income of the Group amounted to RMB19.0 million (2022: RMB56.8 million), representing a year-on-year decrease of 66.5% from 2022. The decrease was mainly attributable to a decrease in interest income from loans to external parties.

## **Other (Losses)/Gains — Net**

During the year, the net other loss on financial assets of the Group amounted to RMB34.1 million (2022: other gains of RMB8.2 million), which was primarily due to the decrease in the fair value of US dollar-denominated bonds held by the Group.

## **Income Tax Credits/(Expenses)**

During the year, the Group's income tax credit amounted to RMB118.3 million (2022: income tax expense of RMB188.0 million) and the income tax rate for the year was 18.8% (2022: 24.8%), which was mainly attributable to the increase in the Group's provision for credit impairment losses on a prudent basis, leading to the corresponding increase in deferred income tax credit.

## **(Loss)/Profit**

During the year, the Group recorded a net loss of RMB577.9 million (2022: net profit of RMB571.2 million). The net loss margin was 20.3% (2022: net profit margin of 18.1%), because the Group made a provision for credit impairment losses based on prudence due to the downturn in the real estate sector. The loss attributable to shareholders of the Company for the year amounted to RMB574.4 million (2022: net profit attributable to shareholders of RMB562.3 million). Basic losses per share amounted to RMB0.45 (2022: basic earnings per share amounted to RMB0.44).

## **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 31 December 2023, the Group's cash and cash equivalents amounted to approximately RMB1,620.6 million (31 December 2022: approximately RMB2,049.1 million). As at 31 December 2023, the Group's bank borrowings amounted to RMB52.0 million (31 December 2022 : RMB74.0 million). The Board does not recommend a final dividend for 2023 (2022: approximately RMB218.0 million).

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 of the corresponding date divided by the total equity as of the same date. As of 31 December 2023, the gearing ratio was 2.4% (31 December 2022: 2.4%).

### **Trade and Other Receivables**

As at 31 December 2023, trade and other receivables amounted to RMB2,466.0 million, representing a decrease of 9.0% as compared with RMB2,708.7 million as at 31 December 2022. Such decrease was mainly attributable to the recognition of an impairment of RMB1,222.4 million out of the principle of prudence, partially offset by the increase of RMB537.0 million deposits receivables from third-party property developers to secure exclusive rights to market and sell residential units, parking spaces, and retail outlets developed by these third parties, a strategic move to expand business operations against the backdrop of overall downturn in the real estate industry.

### **Trade and Other Payables**

As at 31 December 2023, trade and other payables amounted to RMB1,384.3 million, representing an increase of 11.2% as compared with RMB1,245.2 million as at 31 December 2022. The increase in trade and other payables was primarily due to the expansion of the Group's scale, reflected in the increased GFA under management, and the greater subcontracting of services to independent third-party service providers.

## Borrowings

As at 31 December 2023, the borrowings were RMB52.0 million, a decrease of 29.7% from RMB74.0 million as at 31 December 2022, which was a bank loan incurred by Henan Tianming Property Management Co., Ltd. (“**Henan Tianming**”) prior to its acquisition by the Group, and since the equity interest of the company was acquired by the Group in 2022, its results were included in the Group’s consolidated statement of accounts in that year. The decrease in borrowings during the year was mainly due to the repayment of borrowings during the Year.

## 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, 16 March 2022 and 14 November 2023 relating to the update 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. 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 of 31 December 2023, the Group has used approximately RMB582.8 million of the proceeds. As of 31 December 2023, the Company has not yet utilised the net proceeds of approximately RMB1,505.9 million.

The table below sets forth the allocation and status of utilisation of the proceeds and the time frame of the use of the unutilised proceeds:

Major Categories	Sub-categories	Respective percentage of total proceeds	Respective amount of total proceeds (RMB'000)	Net proceeds used during 2023 (RMB'000)	Actual expenditures as at 31 December 2023 (RMB'000)	Unused net proceeds as at 31 December 2023 (RMB'000)	Time frame
1. Strategic investments, 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
	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





## **Reasons for Extending the Expected Timeline for the Use of Proceeds**

As disclosed in the Company's announcement dated 14 November 2023, since the outbreak of Coronavirus Disease 2019 (the "COVID-19") in early 2020, the Company had 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 had adopted a prudent developmental approach to business expansion, prioritising in balancing of its management scale and the quality of its services. In addition, the Company continued to explore development paths that align with the Company's areas of strength in order to maximise the expected returns to the Company's Shareholders. Consequently, the Company had not yet utilised the net proceeds as then intended. Notwithstanding the foregoing, the Company is still committed to utilise the unutilised net proceeds towards its various business objectives as set out in the Prospectus. As a result, the Company extended the expected timeline of the use of unutilised proceeds as set out in such announcement.

The Board considers that the extension of the expected timeline for full utilisation of the proceeds will not have any material adverse impact on the existing business and operations of the Group and is in the best interest of the Company and its Shareholders as a whole. Save for the above, there is no other change in the use of proceeds from the Global Offering.

## **Pledge of Assets**

As of 31 December 2023, the Group did not have any pledged assets for its loan guarantee.

## **Major Acquisition and Disposals**

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

## **Major Investment or Future Plans for Major Investment**

As of 31 December 2023, the Group did not hold any significant investment and had no specific plan for significant investments or capital assets.

## **Contingent Liabilities and Capital Commitment**

As of 31 December 2023, the Group did not have any significant contingent liabilities and capital commitment.

## **Events after the Reporting Period**

There are no significant events subsequent to 31 December 2023 which would materially affect the Group's operating and financial performance as of the date of this announcement.

## **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 31 December 2023, we had 5,267 full time employees, substantially all of whom were located in Henan province.

At the beginning of 2023, the Company underwent a new organisational change that flattened the organisation structure, aiming to enhance the overall efficiency and responsiveness of the organisation through flattened management, by accelerating message communication and boosting decision-making efficiency and execution. In order to adapt to this new organisational structure, the Company comprehensively reorganised and optimised the authority and responsibility process. These efforts enabled the Company to execute a smoother top-down management, streamlining and expediting workflows, resulting in increased work efficiency. With the organisational changes, the Company has made corresponding adjustments to its management system to better match the new operating mechanism.

The Company has also adopted certain share option schemes and a share reward scheme to motivate and reward its employees.

In terms of talent development, the Company has always regarded professional ethics and work ability as the core criteria for employee selection and recruitment. We recognise that the professionalism and ethics of our employees are the foundation of the Company's long-term development. Therefore, the Company continuously strengthens its internal training system and encourages and supports its employees to participate in continuing education, so as to promote their all-round growth and development and enhance their overall quality. In addition, the Company provides a clear promotion path for employees' career planning. Depending on the personal ability of the employee and the Company's business development direction, we will plan an appropriate development path for each employee.

In terms of remuneration package, the Company makes reasonable adjustments based on external market levels and ensures fairness and competitiveness of remuneration through internal business-oriented assessment. We have also established a performance appraisal system with a strong correlation between performance and pay, which motivates employees by setting clear performance indicators. At the same time, the Company has also introduced various incentives to establish a performance-oriented compensation incentive mechanism.

## **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 year ended 31 December 2023, 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 C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in Appendix 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 during the year ended 31 December 2023.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the year ended 31 December 2023, the Board recognised that the repurchase of Shares could increase the net asset value and/or earnings per share, so the Company repurchased a total of 1,250,000 shares on the Stock Exchange during the year ended 31 December 2023, with a total consideration of approximately HK\$3,316,385. Details of the shares repurchased are as follows:

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

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

## REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee has discussed with the management and the external auditor of the Company and has reviewed the annual results of the Group for the year ended 31 December 2023 together with the accounting standards and practices adopted by the Group. The Audit Committee has agreed with the management of the Company on the annual results of the Group for the year ended 31 December 2023.

## SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated balance sheet, and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's external auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did

not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for 2023 (2022: HK19.1 cents per share). The Company paid an interim dividend of HK8.71 cents per share for the six months ended 30 June 2023 (the corresponding period in 2022: HK21.1 cents per share), which were paid out of the Company's share premium account.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company (the “**2024 AGM**”) will be held on Friday, 31 May 2024 and the notice thereof will be published and despatched to the shareholders of the Company in a manner as required by the Listing Rules.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purposes of determining shareholders' eligibility to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Tuesday, 28 May 2024 to Friday, 31 May 2024 (both days inclusive), during which period no transfer of shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan chai, Hong Kong, no later than 4:30 p.m. on Monday, 27 May 2024, for registration.

## **PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY**

This annual 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 annual report for the year ended 31 December 2023 will be despatched to the shareholders and published on the aforesaid websites in due course.

## **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The Board proposed to amend the existing articles of association of the Company (the “**Articles of Association**”) in order to, among other things, (i) reflect and align with the latest regulatory requirement in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules which took effect from 31 December 2023; and (ii) align with other relevant requirements of the Listing Rules and company law of the Cayman Islands and incorporate certain corresponding and housekeeping amendments (collectively, the “**Proposed Amendments**”).

The Proposed Amendments are subject to the approval of the Shareholders by way of a special resolution to be proposed at the 2024 AGM. A circular of the 2024 AGM containing, among other things, details of the Proposed Amendments, together with a notice of the 2024 AGM, will be despatched to the Shareholders in due course.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Company’s shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Tuesday, 2 April 2024, pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Company’s shares with effect from 9:00 a.m. on Wednesday, 24 April 2024.

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

Hong Kong, 23 April 2024

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