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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 ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

AND

UPDATE ON EXPECTED TIMELINE FOR USE OF PROCEEDS

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2021 amounted to RMB3,598.9 million, an increase of 35.6% compared with 2020.
- Gross profit for the year amounted to RMB1,183.2 million, an increase of 37.5% compared with 2020. Gross profit margin for the year was 32.9%, an increase of 0.5 percentage points compared with 2020.
- Net profit for the year amounted to RMB653.4 million, an increase of 48.2% compared with 2020. Net profit margin for the year was 18.2%, an increase of 1.6 percentage points compared with 2020.
- Profit attributable to shareholders of the Company for the year amounted to RMB619.6 million, an increase of 45.2% compared with 2020.
- Basic earnings per share for the year was RMB0.49, an increase of RMB0.11 compared with 2020.
- The Board recommended to declare a final dividend of HK\$33.7 cents per share for the year ended 31 December 2021.

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 2021 with comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

(All amounts in RMB thousands unless otherwise stated)

		Year ended 31 December	
		2021	2020
	Note	RMB'000	RMB'000
Revenue	3	3,598,918	2,654,499
Cost of sales	4	<u>(2,415,696)</u>	<u>(1,793,782)</u>
Gross profit		1,183,222	860,717
Selling and marketing expenses	4	(57,091)	(52,919)
Administrative expenses	4	(229,667)	(273,366)
Net impairment losses on financial assets		(101,499)	(15,258)
Other income		34,519	17,547
Other (losses)/gains — net		<u>(15,162)</u>	<u>6,546</u>
Operating profit		814,322	543,267
Finance income-net		12,159	13,643
Share of post-tax losses of associates accounted for using the equity method		<u>(427)</u>	<u>(1)</u>
Profit before income tax		826,054	556,909
Income tax expenses	5	<u>(172,666)</u>	<u>(116,165)</u>
Profit for the year		<u>653,388</u>	<u>440,744</u>
Profit for the year attributable to:			
— Shareholders of the Company		619,559	426,587
— Non-controlling interests		<u>33,829</u>	<u>14,157</u>
		<u>653,388</u>	<u>440,744</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2021

(All amounts in RMB thousands unless otherwise stated)

		Year ended 31 December	
		2021	2020
	Note	RMB'000	RMB'000
Profit for the year		653,388	440,744
Other comprehensive loss for the year, net of tax			
Items that may be reclassified to profit or loss			
— Currency translation differences		<u>(22,183)</u>	<u>(125,188)</u>
Total comprehensive income for the year		<u>631,205</u>	<u>315,556</u>
Total comprehensive income for the year attributable to:			
— Shareholders of the Company		597,376	301,399
— Non-controlling interests		<u>33,829</u>	<u>14,157</u>
		<u>631,205</u>	<u>315,556</u>
Earnings per share for profit attributable to the shareholders of the Company (expressed in RMB per share)			
— Basic earnings per share	6	0.49	0.38
— Diluted earnings per share	6	<u>0.48</u>	<u>0.37</u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

(All amounts in RMB thousands unless otherwise stated)

		As at 31 December	
		2021	2020
	Note	RMB'000	RMB'000
Assets			
Non-current assets			
Investments in associates		5,841	970
Property, plant and equipment	8	95,058	56,313
Intangible assets	9	274,033	87,706
Other receivables and prepayments	10	33,439	67,127
Deferred income tax assets		43,438	10,749
		<u>451,809</u>	<u>222,865</u>
Current assets			
Inventories		17,562	8,896
Contract assets		23,889	3,817
Trade and other receivables and prepayments	10	2,221,945	1,328,541
Financial assets at fair value through profit or loss		55,456	467,041
Restricted cash		1,907	1,035
Cash and cash equivalents		2,264,412	2,217,784
		<u>4,585,171</u>	<u>4,027,114</u>
Total assets		<u><u>5,036,980</u></u>	<u><u>4,249,979</u></u>
Equity			
Equity attributable to shareholders of the Company			
Share capital	11	11,247	11,057
Other reserves	12	1,754,380	2,051,382
Retained earnings		1,188,606	628,905
		<u>2,954,233</u>	<u>2,691,344</u>
Non-controlling interests		<u>102,295</u>	<u>26,006</u>
Total equity		<u><u>3,056,528</u></u>	<u><u>2,717,350</u></u>

CONSOLIDATED BALANCE SHEET (CONTINUED)*As at 31 December 2021**(All amounts in RMB thousands unless otherwise stated)*

		As at 31 December	
		2021	2020
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Liabilities			
Non-current liabilities			
Other payables	13	20,486	–
Lease liabilities		21,810	10,333
Contract liabilities		86,574	50,437
Deferred income tax liabilities		26,639	3,977
		<u>155,509</u>	<u>64,747</u>
Current liabilities			
Lease liabilities		28,373	10,876
Trade and other payables	13	1,052,871	937,251
Contract liabilities		544,352	423,847
Current income tax liabilities		199,347	95,908
		<u>1,824,943</u>	<u>1,467,882</u>
Total liabilities		<u>1,980,452</u>	<u>1,532,629</u>
Total equity and liabilities		<u>5,036,980</u>	<u>4,249,979</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 (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").

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 16 March 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 consolidated 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

Basis of preparation

(i) 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.

(ii) Historical cost convention

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

(iii) 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 2021 and there is no material impact on the Group's consolidated financial statement:

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

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 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:

		Effective for accounting periods beginning on or after
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous contracts – cost of fulfilling a contract	1 January 2022
Annual Improvements	Annual Improvements to HKFRS Standards 2018-2020 Cycle	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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.

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 revenues from external customers attributed to the PRC. As at 31 December 2021, substantially all of the non-current assets of the Group were located in the PRC. Therefore, no geographical segments are presented.

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

(a) Segment results

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

Interest income and finance cost 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 are as follows:

For the year ended 31 December 2021

	Property management and value-added services RMB'000	Lifestyle services RMB'000	Commercial property management and consultation services RMB'000	Group RMB'000
Segment revenue	3,128,585	542,121	152,220	3,822,926
Inter-segment revenue	<u>(87,794)</u>	<u>(135,131)</u>	<u>(1,083)</u>	<u>(224,008)</u>
Revenue from external customers	<u>3,040,791</u>	<u>406,990</u>	<u>151,137</u>	<u>3,598,918</u>
Timing of revenue recognition				
— at a point in time	774,769	337,968	23,010	1,135,747
— over time	2,266,022	69,022	128,127	2,463,171
Segment results	670,286	159,420	31,802	861,508
Other income				34,519
Other losses-net				(15,162)
Unallocated operating costs				(66,970)
Finance income — net				<u>12,159</u>
Profit before income tax				826,054
Income tax expenses				<u>(172,666)</u>
Profit for the year				<u><u>653,388</u></u>
Depreciation	34,271	3,958	2,167	40,396
Amortisation	<u>15,963</u>	<u>1,572</u>	<u>-</u>	<u>17,535</u>

For the year ended 31 December 2020

	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	2,383,564	438,813	100,013	2,922,390
Inter-segment revenue	<u>(185,024)</u>	<u>(72,431)</u>	<u>(10,436)</u>	<u>(267,891)</u>
Revenue from contracts with customers	<u>2,198,540</u>	<u>366,382</u>	<u>89,577</u>	<u>2,654,499</u>
Timing of revenue recognition				
— at a point in time	717,109	288,566	12,167	1,017,842
— over time	1,481,431	77,816	77,410	1,636,657
Segment results	511,385	71,068	9,986	592,439
Other income				17,547
Other gains-net				6,546
Unallocated operating costs				(73,266)
Finance income-net				<u>13,643</u>
Profit before income tax from continuing operations				556,909
Income tax expenses				<u>(116,165)</u>
Profit for the year				<u><u>440,744</u></u>
Depreciation	17,389	2,074	1,652	21,115
Amortisation	<u>3,563</u>	<u>1,527</u>	<u>—</u>	<u>5,090</u>

4 EXPENSES BY NATURE

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Employee benefit expenses	745,388	737,698
Construction and installation costs	409,963	253,508
Greening and cleaning expenses	361,732	236,071
Security charges	349,480	230,668
Cost of goods sold	311,993	245,158
Utilities	120,959	87,327
Maintenance costs	94,580	36,997
Depreciation and amortisation charges	57,931	26,205
Outsourcing tourism services costs	56,004	52,525
Professional service fees	31,954	23,933
Office expenses	27,146	26,093
Outsourcing labor costs	23,361	17,244
Traveling and entertainment expenses	21,485	27,758
Promotion expenses	16,497	24,828
Taxes and other levies	14,071	10,768
Community activities costs	11,414	15,425
Listing expenses	–	17,257
Auditor's remuneration		
— Audit services	4,000	3,700
— Non-audit services	1,653	849
Others	42,843	46,055
	<u>2,702,454</u>	<u>2,120,067</u>

5 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 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 year ended 31 December 2021 (2020: same).

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 year, 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 first qualified as “High and New Technology Enterprises” (“HNTE”) in 2018 and renewed in 2021. Jiyuan City Zhongbang Environmental Sanitation Co., Ltd. (“Jiyuan Zhongbang”) was qualified as HNTE in 2019. Henan One Family Network Technology Co., Ltd. (“One Family Network”) 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.

	Year ended 31 December	
	2021	2020
	<i>RMB’000</i>	<i>RMB’000</i>
Current income tax	208,439	120,729
Deferred income tax	(35,773)	(4,564)
	<u>172,666</u>	<u>116,165</u>

6 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 year (excluding treasury shares).

	Year ended 31 December	
	2021	2020
Profit attributable to shareholders of the Company (<i>RMB’000</i>)	<u>619,559</u>	<u>426,587</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>1,262,888</u>	<u>1,114,716</u>
Basic earnings per share attributable to shareholders of the Company during the year (expressed in RMB per share)	<u>0.49</u>	<u>0.38</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.

	Year ended 31 December	
	2021	2020
Profit attributable to shareholders of the Company (<i>RMB'000</i>)	<u>619,559</u>	<u>426,587</u>
Weighted average number of ordinary shares in issue (in thousands)	1,262,888	1,114,716
Adjustments for share options (in thousands)	<u>30,014</u>	<u>41,850</u>
Weighted average number of ordinary shares for the calculation of diluted earnings per share (in thousands)	<u>1,292,902</u>	<u>1,156,566</u>
Diluted earnings per share attributable to shareholders of the Company during the year (expressed in RMB per share)	<u>0.48</u>	<u>0.37</u>

7 DIVIDENDS

An interim dividend in respect of the six months ended 30 June 2021 of HK\$0.145 per ordinary share, approximately HK\$184,140,000 (equivalent to approximately RMB149,732,000) was declared by the board of directors of the Company on 12 August 2021 (the corresponding period of 2020: RMB73,455,000) and paid in cash.

A final dividend in respect of year ended 31 December 2020 of HK\$0.18 per ordinary share, approximately HK\$226,304,000 (equivalent to approximately RMB191,101,000) was declared at the Annual General Meeting held on 7 May 2021. The final dividend has been distributed out of the Company's share premium and paid in cash.

A final dividend in respect of year ended 31 December 2021 of HK\$0.337 per ordinary share have been proposed by the board of directors of the Company and are subject to the approval of the shareholders at the Annual General Meeting to be held on 10 May 2022. The final dividend will be distributed out of the Company's share premium. These consolidated financial statements have not reflected these dividends payable.

8 PROPERTY, PLANT AND EQUIPMENT

	Equipment and furniture	Machinery	Vehicles	Right-of-use asset	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2020					
Opening net book amount	7,646	4,967	2,017	3,452	18,082
Additions	13,175	3,451	4,046	35,021	55,693
Acquisition of subsidiaries	2,002	1,630	983	–	4,615
Disposals	(30)	–	–	–	(30)
Depreciation charge	(8,167)	(1,454)	(1,056)	(10,438)	(21,115)
Currency translation	–	–	–	(932)	(932)
Closing net book amount	<u>14,626</u>	<u>8,594</u>	<u>5,990</u>	<u>27,103</u>	<u>56,313</u>
As at 31 December 2020					
Cost	37,793	11,885	8,976	43,839	102,493
Accumulated depreciation	<u>(23,167)</u>	<u>(3,291)</u>	<u>(2,986)</u>	<u>(16,736)</u>	<u>(46,180)</u>
Net book amount	<u>14,626</u>	<u>8,594</u>	<u>5,990</u>	<u>27,103</u>	<u>56,313</u>
Year ended 31 December 2021					
Opening net book amount	14,626	8,594	5,990	27,103	56,313
Additions	16,647	7,342	4,903	45,802	74,694
Acquisition of subsidiaries	2,889	1,788	391	–	5,068
Disposals	(177)	(29)	(127)	–	(333)
Depreciation charge	(12,536)	(4,035)	(3,471)	(20,354)	(40,396)
Currency translation	–	–	–	(288)	(288)
Closing net book amount	<u>21,449</u>	<u>13,660</u>	<u>7,686</u>	<u>52,263</u>	<u>95,058</u>
As at 31 December 2021					
Cost	57,013	20,882	13,942	87,985	179,822
Accumulated depreciation	<u>(35,564)</u>	<u>(7,222)</u>	<u>(6,256)</u>	<u>(35,722)</u>	<u>(84,764)</u>
Net book amount	<u>21,449</u>	<u>13,660</u>	<u>7,686</u>	<u>52,263</u>	<u>95,058</u>

No property, plant and equipment were restricted or pledged as at 31 December 2021 (31 December 2020: same).

9 INTANGIBLE ASSETS

	Goodwill	Platform and know-how	Order- Backlog and customer relationship	Software and others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2020					
Opening net book amount	42,319	17,926	11,895	810	72,950
Additions	–	–	–	663	663
Acquisition of subsidiaries	12,361	–	6,822	–	19,183
Amortisation	–	(2,286)	(2,071)	(733)	(5,090)
Closing net book amount	<u>54,680</u>	<u>15,640</u>	<u>16,646</u>	<u>740</u>	<u>87,706</u>
As at 31 December 2020					
Cost	54,680	19,549	20,216	4,502	98,947
Accumulated amortisation	–	(3,909)	(3,570)	(3,762)	(11,241)
Net book amount	<u>54,680</u>	<u>15,640</u>	<u>16,646</u>	<u>740</u>	<u>87,706</u>
Year ended 31 December 2021					
Opening net book amount	54,680	15,640	16,646	740	87,706
Additions	–	–	–	2,999	2,999
Acquisition of subsidiaries	72,458	21,316	107,918	–	201,692
Disposals	–	(829)	–	–	(829)
Amortisation	–	(3,080)	(13,317)	(1,138)	(17,535)
Closing net book amount	<u>127,138</u>	<u>33,047</u>	<u>111,247</u>	<u>2,601</u>	<u>274,033</u>
As at 31 December 2021					
Cost	127,138	40,036	128,134	7,501	302,809
Accumulated amortisation	–	(6,989)	(16,887)	(4,900)	(28,776)
Net book amount	<u>127,138</u>	<u>33,047</u>	<u>111,247</u>	<u>2,601</u>	<u>274,033</u>

10 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables (<i>Note (a)</i>)		
— Related parties	1,137,223	859,368
— Third parties	<u>657,831</u>	<u>341,538</u>
	1,795,054	1,200,906
Note receivables	600	4,500
Less: allowance for impairment of trade receivables	<u>(84,468)</u>	<u>(28,775)</u>
	<u>1,711,186</u>	<u>1,176,631</u>
Other receivables		
— Amounts due from related parties	306,623	40,190
— Utilities	21,187	6,932
— Deposits	29,829	8,355
— Deposits for potential acquisition of a subsidiary	100,000	—
— Amounts due from the non-controlling interests of subsidiaries	23,943	—
— Others	<u>7,060</u>	<u>7,196</u>
	488,642	62,673
Less: allowance for impairment of other receivables	<u>(46,125)</u>	<u>(956)</u>
	<u>442,517</u>	<u>61,717</u>
Prepayments		
— Security charges and cleaning expenses	67,840	63,794
— Acquisition of equity interests	—	62,000
— Others	<u>33,841</u>	<u>31,526</u>
	<u>101,681</u>	<u>157,320</u>
Total	<u>2,255,384</u>	<u>1,395,668</u>
Less: non-current portion of other receivables and prepayments	<u>(33,439)</u>	<u>(67,127)</u>
Current portion of trade and other receivables and prepayments	<u><u>2,221,945</u></u>	<u><u>1,328,541</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 2021 and 2020, the aging analysis of the trade receivables based on recognition date of trade receivables were as follows:

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
0–180 days	1,258,325	856,153
181–365 days	272,320	200,751
1 to 2 years	184,506	111,347
2 to 3 years	54,453	17,325
3 to 4 years	14,185	10,009
Over 4 years	11,265	5,321
	<u>1,795,054</u>	<u>1,200,906</u>

11 SHARE CAPITAL

	Number of ordinary shares	Share capital <i>HK\$'000</i>	Equivalent share capital <i>RMB'000</i>
Authorised			
As at 1 January 2020	38,339,000	383	338
Increase of authorised shares	<u>4,961,661,000</u>	<u>49,617</u>	<u>42,457</u>
As at 31 December 2020	<u><u>5,000,000,000</u></u>	<u><u>50,000</u></u>	<u><u>42,795</u></u>
As at 1 January 2021 and 31 December 2021	<u><u>5,000,000,000</u></u>	<u><u>50,000</u></u>	<u><u>42,795</u></u>
Issued			
As at 1 January 2020	38,339,000	3	3
Issue of shares in connection with the capitalisation issue	861,661,000	8,617	7,885
Issue of shares in connection with the Company's listing	345,000,000	3,450	3,159
Share option scheme-issued shares (<i>Note (a)</i>)	<u>1,215,000</u>	<u>12</u>	<u>10</u>
As at 31 December 2020	<u><u>1,246,215,000</u></u>	<u><u>12,082</u></u>	<u><u>11,057</u></u>
As at 1 January 2021	1,246,215,000	12,082	11,057
Share option scheme-issued shares (<i>Note (a)</i>)	23,719,000	238	198
Cancellation of shares (<i>Note (b)</i>)	<u>(968,000)</u>	<u>(10)</u>	<u>(8)</u>
As at 31 December 2021	<u><u>1,268,966,000</u></u>	<u><u>12,310</u></u>	<u><u>11,247</u></u>

- (a) During the year ended 31 December 2021, 23,719,000 pre-IPO share options were exercised at a price of HK\$0.62 with received proceeds of HK\$14,706,000 (equivalent to approximately RMB12,269,000) (2020: 1,215,000 pre-IPO share options). The weighted average price at the time of exercise was HK\$7.14 per share (2020: HK\$6.74 per share).

(b) Treasury shares

	Number of treasurey shares	Amounts RMB'000
As at 1 January 2021		
Shares repurchased (<i>Note (i)</i>)	1,892,000	8,143
Shares cancelled (<i>Note (ii)</i>)	(968,000)	(4,260)
	<hr/>	<hr/>
As at 31 December 2021	924,000	3,883
	<hr/> <hr/>	<hr/> <hr/>

- (i) The Company repurchased 1,892,000 shares of its own ordinary shares during the year ended December 2021 (2020: nil). The total purchased consideration was approximately HK\$9,902,000 (equivalent to RMB8,143,000) and was recognised as treasury shares in other reserves.
- (ii) The Company cancelled 785,000 shares and 183,000 shares in November and December 2021, respectively. Accordingly, the issued share capital and share premium were reduced by the amounts of the shares cancelled.

12 OTHER RESERVES

	Capital reserves <i>RMB'000</i>	Treasury shares <i>RMB'000</i>	Share premium <i>RMB'000</i>	Employee share-based compensation reserves <i>RMB'000</i>	Statutory reserves <i>RMB'000</i>	Foreign currency translation <i>RMB'000</i>	Total other reserves <i>RMB'000</i>
Balance at 1 January 2020	82,840	–	9,432	9,382	21,643	–	123,297
Issue of shares in connection with the capitalisation issue	–	–	(7,885)	–	–	–	(7,885)
Issue of shares in connection with the Company's listing	–	–	2,085,535	–	–	–	2,085,535
Share option scheme-value of employee services	–	–	–	6,447	–	–	6,447
Share option scheme-issued shares	–	–	1,165	(541)	–	–	624
Currency translation differences	–	–	–	–	–	(125,188)	(125,188)
Acquisition of equity interest from non-controlling interests	(1,817)	–	–	–	–	–	(1,817)
Dividend distribution to shareholders	–	–	(73,455)	–	–	–	(73,455)
Appropriation of statutory reserves (Note (a))	–	–	–	–	43,824	–	43,824
Balance at 31 December 2020	<u>81,023</u>	<u>–</u>	<u>2,014,792</u>	<u>15,288</u>	<u>65,467</u>	<u>(125,188)</u>	<u>2,051,382</u>
Balance at 1 January 2021	81,023	–	2,014,792	15,288	65,467	(125,188)	2,051,382
Share option scheme-value of employee services	–	–	–	2,220	–	–	2,220
Share option scheme-issued shares	–	–	22,781	(10,710)	–	–	12,071
Repurchase of shares of the Company	–	(8,143)	–	–	–	–	(8,143)
Cancellation of shares	–	4,260	(4,252)	–	–	–	8
Currency translation differences	–	–	–	–	–	(22,183)	(22,183)
Dividend distribution to shareholders	–	–	(340,833)	–	–	–	(340,833)
Appropriation of statutory reserves (Note (a))	–	–	–	–	59,858	–	59,858
Balance at 31 December 2021	<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>

(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

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables (<i>Note (a)</i>)		
— Related parties	14,188	9,658
— Third parties	428,098	297,919
	<u>442,286</u>	<u>307,577</u>
Other payables		
— Deposits	257,253	160,146
— Property maintenance funds	103,349	98,587
— Utilities	22,461	20,311
— Amounts due to related parties	19,086	23,770
— Payables due to the then shareholders of newly-acquired subsidiaries	2,915	12,938
— Payables for acquisitions of subsidiaries	41,399	5,095
— Others	30,535	25,466
	<u>476,998</u>	<u>346,313</u>
Accrued payroll	101,553	237,144
Other taxes payables	52,520	46,217
	<u>1,073,357</u>	<u>937,251</u>
Less: non-current portion of other payables	<u>(20,486)</u>	—
Current portion of trade and other payables	<u>1,052,871</u>	<u>937,251</u>

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

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

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
0-180 days	340,648	282,175
181-365 days	56,341	16,503
1 to 2 years	37,636	7,286
2 to 3 years	6,251	373
Over 3 years	1,410	1,240
	<hr/>	<hr/>
	442,286	307,577
	<hr/> <hr/>	<hr/> <hr/>

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. In 2021, with rapid growth in its business, the Group continuously optimised its income structure and steadily enhanced its operating efficiency. During the period, the Group's revenue amounted to RMB3,598.9 million, representing an increase of 35.6% as compared with RMB2,654.5 million in 2020. Net profit was RMB653.4 million, representing an increase of 48.2% as compared with RMB440.7 million in 2020.

Property management services and value-added services. We have provided traditional property management services such as security, cleaning and greening services since 1994, and over the years, we have expanded our service offerings to include value-added services aimed at elevating the living quality of the residents in the properties we manage. To build modern interactive and intelligent environments in communities, we provide intelligent community solutions to property developers as well as residents. Furthermore, 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 of 31 December 2021, our property management and value-added services covered all 18 prefecture-level cities (and also 100 of the 102 county-level cities) in Henan as well as 7 other provinces, including Shannxi, Shandong, Hebei, Anhui, Hubei, Xinjiang and Hainan, and we served more than 2.1 million property owners and residents in 729 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, parks and properties of governmental agencies. As of 31 December 2021, the gross floor area (“GFA”) under management and contracted GFA reached 135.9 million square metres (“sq.m”). and 236.8 million sq.m. respectively, representing a respective growth of 35.9% and 26.9% as compared with that as at 31 December 2020.

Lifestyle services. Lifestyle services include products and services we offer on our Jianye+ (建業+) platform, travel services, and management services we provide in Cuisine Henan Foodcourts (建業大食堂). The Jianye+ (建業+) platform is an O2O one-stop service platform which integrates our internal and external, online and offline resources in order to provide our customers with more convenient and more affordable goods and services. The Jianye+ (建業+) platform provides three main online services: (i) membership benefits; (ii) concierge services; and (iii) goods and services from One Family Community (一家公社). As of 31 December 2021, we were cooperating with over 1,000 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 six Cuisine Henan Foodcourts (建業大食堂) we manage hosted over 239 vendors as of 31 December 2021, offering a wide variety of food options to consumers.

Commercial property management and consultation services. Unlike property management services where we offer a series of traditional property management services to property developers, property owners and property occupants, our commercial property management and consultation services focus on enhancing the value of properties by streamlining operations of a property to reduce costs and attracting business to increase income. Our commercial property management and consultation services comprise (i) hotel management, (ii) commercial asset management and (iii) cultural tourism complex management. For hotels, we manage a hotel's overall operations, supervise hotel operations performed by an existing operator and provide consultancy services. For other commercial assets, we provide pre-opening consultation and post-opening management services. For commercial asset management, our Company primarily manages shopping malls by providing two main categories of services: (i) pre-opening consultation, which includes services such as market research on vendor and clientele demographics, financial analysis, vendor solicitation and management and strategic planning; and (ii) post-opening management services, which includes services such as vendor management, sales and operation management, and training management. As for cultural tourism complex management, our Company's services include the branding and overall operations management, consultancy services, technical support on technology research and promotion (including the selection and assessment of seeds to be used), agricultural product sale, agricultural product planting and project planning. For cultural tourism complexes, our services include overall operations and consultancy services. In each area, we strive to help our clients achieve asset value appreciation and sustainable development. As of 31 December 2021, our portfolio of commercial properties under management consisted of five cultural tourism complexes (with an aggregate site area of approximately 10.6 million sq.m.), seven shopping malls (with a total GFA of approximately 0.7 million sq.m.) and ten hotels (with a total GFA of approximately 0.3 million sq.m.).

BUSINESS OUTLOOK

As a new lifestyle services provider, the Group possesses a more extensive service system and portfolio of products and services as compared to traditional property management companies. With the high-net-worth, high purchase frequency and high stickiness of the Group's customers, the consumption pattern of the Group's customers are characterized by increasing consumption power and diversified needs. Therefore, the Group is able to build an enriched and high-quality supply ecosystem to provide its customers with a one-stop convenient and enriched life by leveraging its strength in high quality, high density and rich resources.

Property management services are the foundation and cornerstone of the Group and also the primary driver for the continuous development of the Group. The size of GFA under management is one of the crucial factors in the valuation of a property management company in the capital market. In order to maintain our leading position in central China region, the Group will continue to strengthen its efforts on property development by focusing on mergers and acquisitions.

Technology empowerment is the only way to reduce costs and increase efficiency. We will focus on increasing investment in intelligent properties, evaluating the achievement of technology investment, and integrating organizational management to achieve the goal of cost reduction and efficiency enhancement as soon as possible.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2021, the Group recorded a revenue of RMB3,598.9 million (2020: RMB2,654.5 million), representing an increase of 35.6% as compared with 2020. 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 business segment for the record period:

	Year ended 31 December			
	2021		2020	
	Revenue		Revenue	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Property management and value added services	3,040,791	84.5	2,198,540	82.8
Lifestyle services	406,990	11.3	366,382	13.8
Commercial property management and consultation services	151,137	4.2	89,577	3.4
Total revenue	<u>3,598,918</u>	<u>100.0</u>	<u>2,654,499</u>	<u>100.0</u>

Property management and value-added services

During the year, the revenue from our property management and value-added services reached RMB3,040.8 million (2020: RMB2,198.5 million), representing an increase of 38.3% as compared to last year. The increase was primarily attributable to (i) an increase in our total GFA under management from 100.0 million sq.m. as of 31 December 2020 to 135.9 million and sq.m. as of 31 December 2021, resulting in an increase of revenue from property management; and (ii) the increase of business volume for value-added services such as intelligent communities and turnkey and move-in furnishing, resulting in an increase of revenue from value-added services.

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

	Year ended 31 December			
	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	1,326,194	43.6	860,267	39.1
Value-added services:				
Community value-added services	864,453	28.4	623,702	28.4
Value-added services to non-property owners	850,144	28.0	714,571	32.5
Total	<u>3,040,791</u>	<u>100.0</u>	<u>2,198,540</u>	<u>100.0</u>

During the year, revenue from property management services amounted to RMB1,326.2 million (2020: RMB860.3 million), representing an increase of 54.2% as compared to 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 100.0 million sq.m. as at 31 December 2020 to 135.9 million sq.m. as at 31 December 2021.

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

During the year, revenue from community value-added services amounted to RMB864.5 million (2020: RMB623.7 million), representing an increase of 38.6% as compared to last year, which was mainly attributable to (i) an increase of revenue by RMB51.1 million from the turnkey and move-in furnishing business starting in the second half of 2020 (2020: RMB71.1 million); and (ii) active expansion of intelligent community business, revenue of which increased from RMB363.9 million in 2020 to RMB483.9 million in 2021.

Revenue from value-added services to non-property owners amounted to RMB850.1 million (2020: RMB714.6 million), representing an increase of 19.0% as compared to last year, which was mainly attributable to the increase in revenue from pre-launch intermediary services and on-site management from RMB261.0 million in 2020 to RMB342.7 million in 2021 as a result of active expansion of third-party business.

As of 31 December 2021, the total GFA under management of the Group was 135.9 million sq.m., representing an increase of 35.9 million sq.m. or 35.9% as compared with 100.0 million sq.m. as of 31 December 2020. The increase was mainly attributable to the increase in projects delivered by Central China Real Estate Limited (“CCRE”) and its subsidiaries (the “CCRE Group”) and its associates or joint ventures. For the year ended 31 December 2021, the average property management fee rate charged by the Group was approximately RMB1.73 per sq.m./month (2020: 1.81 per sq.m./month).

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

	As of 31 December 2021		As of 31 December 2020	
	GFA '000 sq.m.	%	GFA '000 sq.m.	%
The CCRE Group and its associates or joint ventures	62,766	46.2	54,917	54.9
Third-party property developers	73,117	53.8	45,101	45.1
Total	<u>135,883</u>	<u>100.0</u>	<u>100,018</u>	<u>100.0</u>

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 year, the revenue from our lifestyle services reached RMB407.0 million (2020: RMB366.4 million), representing an increase of 11.1% as compared to last year. The increase was primarily attributable to the increase of registered users on our Jianye+ (建業+) platform from approximately 3.7 million as of 31 December 2020 to approximately 5.8 million as of 31 December 2021, and the increase in revenue was due to the growth in user base and user consumption.

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

	Year ended 31 December			
	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Jianye+	335,666	82.5	286,529	78.2
Travel services	60,135	14.8	54,810	15.0
Cuisine Henan Foodcourts	11,189	2.7	25,043	6.8
Total	<u>406,990</u>	<u>100.0</u>	<u>366,382</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 year, the revenue from our commercial property management and consultation services reached RMB151.1 million (2020: RMB89.6 million), representing an increase of 68.7% as compared to last year. The increase was mainly attributable to the addition of two new cultural and tourism complexes, namely “Jianye Film Town” and “Unique Henan” in 2021.

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

	Year ended 31 December			
	2021		2020	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Hotel management	9,619	6.4	8,162	9.1
Commercial property management	25,744	17.0	26,781	29.9
Cultural tourism complex management	115,774	76.6	54,634	61.0
Total	<u>151,137</u>	<u>100.0</u>	<u>89,577</u>	<u>100.0</u>

Cost of Sales

Our 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, 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 year, the cost of sales of the Group was RMB2,415.7 million (2020: RMB1,793.8 million), representing an increase of 34.7% as compared to last year. This was mainly because the Group was in a rapid development stage, and the cost of sales increased correspondingly with the increase in revenue of the Group.

Gross Profit and Gross Profit Margin

The following table sets forth our gross profit and gross profit margin by business segment during the year:

	Year ended 31 December			
	2021		2020	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Property management and value-added services:				
Property management services	245,511	18.5	149,908	17.4
Community value-added services	310,122	35.9	209,470	33.6
Value-added services to non-property owners	<u>421,978</u>	<u>49.6</u>	<u>327,722</u>	<u>45.9</u>
	977,611	32.1	687,100	31.3
Lifestyle services	108,116	26.6	119,867	32.7
Commercial property management and consultation services	<u>97,495</u>	<u>64.5</u>	<u>53,750</u>	<u>60.0</u>
Total	<u>1,183,222</u>	<u>32.9</u>	<u>860,717</u>	<u>32.4</u>

During the year, the gross profit of the Group was RMB1,183.2 million (2020: RMB860.7 million), representing an increase of 37.5% as compared to last year. The gross profit margin of the Group was approximately 32.9% for the year ended 31 December 2021, which was at a roughly similar level as approximately 32.4% for the year ended 31 December 2020.

The gross profit margin of our property management and value-added services increased from 31.3% for the year ended 31 December 2020 to 32.1% for the year ended 31 December 2021, which was mainly attributable to the increase in the GFA under management, where economies of scale led to an increase of 0.8 percentage points for the gross profit margin of our property management services.

The gross profit margin of our lifestyle services decreased from approximately 32.7% for the year ended 31 December 2020 to approximately 26.6% for the year ended 31 December 2021. The decrease was mainly attributable to the decrease in gross profit margin of Cuisine Henan Foodcourt due to the impact of the pandemic and flood in Zhengzhou.

The gross profit margin of our commercial property management and consultation services increased from approximately 60.0% for the year ended 31 December 2020 to approximately 64.5% for the year ended 31 December 2021. The increase was mainly attributable to the further enhancement of cost-saving and control awareness, and cost reduction and efficiency improvement conducted among hotel management business and commercial management business.

Selling and Marketing Expenses

During the year, the selling and marketing expenses of the Group amounted to RMB57.1 million, representing an increase of 7.9% as compared with RMB52.9 million in 2020, and accounting for approximately 1.6% of our revenue, which was a decrease of 0.4 percentage points as compared with 2020. This was mainly attributable to (i) an increase in the number of employees we hired due to the expansion in our business scale; and (ii) an increase in salaries, employee benefits and other expenses paid to our sales, sales support and marketing personnel, which was in line with our revenue growth and business expansion.

Administrative Expenses

During the year, the administrative expenses of the Group amounted to RMB229.7 million, representing a decrease of 16.0% as compared with RMB273.4 million in 2020, and accounting for approximately 6.4% of our revenue, which was a decrease of 3.9 percentage points as compared with 2020. This was mainly attributable to an increase in investment in digital intelligence during the year which results in the improved management efficiency and less administrative expenses.

Other Income

During the year, other income of the Group amounted to RMB34.5 million (2020: RMB17.5 million), representing an increase of 96.7% as compared with 2020. The above increase was mainly due to the increase in the government subsidies received by the Group during the year.

Income Tax

During the year, income tax expense of the Group amounted to RMB172.7 million (2020: RMB116.2 million). The income tax rate remained relatively stable at 20.9% (2020: 20.9%).

Profit

During the year, the net profit of the Group amounted to RMB653.4 million, representing an increase of 48.2% as compared with RMB440.7 million in 2020. The net profit margin was 18.2%, representing an increase of 1.6 percentage points as compared with 16.6% in 2020. This was mainly due to the fact that, while the business of the Group underwent rapid growth, management efficiency was improved and management costs were reduced. During the year, the profit attributable to owners of the Company amounted to RMB619.6 million, representing an increase of 45.2% as compared with RMB426.6 million in 2020. Basic earnings per share amounted to RMB0.49 (2020: RMB0.38).

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 2021, the Group's cash and cash equivalents amounted to approximately RMB2,264.4 million (31 December 2020: approximately RMB2,217.8 million). The increase was mainly attributable to cash inflow from the Company's operations. The Group maintained a net cash position as at 31 December 2021 without any borrowings. Subsequent to the reporting period, the Company has declared a final dividend of approximately RMB345.9 million in total to the shareholders of the Company, which will be paid out of the Company's share premium account.

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 2021, the gearing ratio was nil.

Trade and Other Receivables

As of 31 December 2021, trade and other receivables amounted to RMB2,153.7 million, representing an increase of 73.9% as compared with that of RMB1,238.3 million as of 31 December 2020, which was primarily attributable to the scale expansion of the Group.

Trade and Other Payables

As of 31 December 2021, trade and other payables amounted to RMB919.3 million, representing an increase of 40.6% as compared with that of RMB653.9 million as of 31 December 2020, which was primarily attributable to (i) the scale expansion of the Group due to the increase in the GFA under management and subcontracting of more services to independent third-party service providers; and (ii) the expansion of the intelligent community solution business under the property management services and value-added services segment.

Proceeds From the Listing

References are made to (i) the prospectus (the “**Prospectus**”) of the Company dated 5 May 2020 relating to the global offering (the “**Global Offering**”); (ii) the annual report of the Company for the year ended 31 December 2020; and (iii) the announcement dated 8 July 2021 relating to the update on expected timeline for use of proceeds (the “**Announcement**”). 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 2021, the Group has used approximately RMB454.4 million of the proceeds.

Update on expected timeline for use of proceeds

As at the date of this announcement, the Company has not yet utilised the net proceeds of approximately RMB1,634.3 million. The Board, having considered the reasons set out in “Reasons for the Extending the Expected Timeline for Use of Proceeds” below, resolved to further extend the expected timeline of the use of the unutilised net proceeds.

The table below sets forth the allocation and status of utilisation of the proceeds and the updated 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	Unused net	Time frame (as disclosed in the Announcement)	Updated time frame
				expenditures as at 31 December 2021 (RMB'000)	proceeds as at 31 December 2021 (RMB'000)		
1. Strategic investments, cooperation and acquisition		60%	1,253,216	102,409	1,150,807		
	1.1 Acquiring property management service providers	40%	835,478	84,217	751,261	Between one year to two years after Listing	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 two years after Listing	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 to two years after Listing	Between one year to three and a half years after Listing

Major Categories	Sub-categories	Respective percentage of total proceeds	Respective amount of total proceeds (RMB'000)	Actual expenditures as at 31 December 2021 (RMB'000)	Unused net proceeds as at 31 December 2021 (RMB'000)	Time frame (as disclosed in the Announcement)	Updated time frame
2. Enhancement of our Jianye+ (建業+) platform to optimise user experience		15%	313,304	100,519	212,785		
	2.1 Developing and optimising software and our cloud system	5%	104,435	41,193	63,242	Between one to two years after Listing	Between one year to three and a half years after Listing
	2.2 Improving and expanding our facilities and equipment	4%	83,548	1,938	81,610	Between one to two years after Listing	Between one year to three and a half years after Listing
	2.3 Expansion of scale and diversity of membership resources	4%	83,548	48,639	34,909	Between one to two years after Listing	Between one year to three and a half years after Listing
	2.4 Expansion of our user base	2%	41,773	8,749	33,024	Between one to three years after Listing	Between one year to three and a half years after Listing
3. Investing in advanced information technologies system		15%	313,304	73,913	239,391		
	3.1 Building intelligence communities and upgrading facilities	7%	146,209	71,928	74,281	Between one to two years after Listing	Between one year to three and a half years after Listing
	3.2 Developing our financial sharing system	2.5%	52,217	768	51,449	Between one to two years after Listing	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 to three years after Listing	Between one year to three and a half years after Listing
	3.4 Achieving digitalized documentation	1.5%	31,330	209	31,121	Between one to two years after Listing	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	177,559	31,311	Between one to three years after Listing	
		100%	2,088,694	454,400	1,634,294		

The updated expected timeline is based on the estimation made by the Board which might be subject to changes in accordance with the change in market conditions from time to time.

Reasons for the Extending the Expected Timeline for Use of Proceeds

As disclosed in the Announcement, since the outbreak of Coronavirus Disease 2019 (the “**COVID-19**”) in early 2020, a series of precautionary and quarantine control measures have been implemented in the PRC. In addition, Henan experienced a rare torrential rain-caused floods, causing suspension of water and power supply, shortage in materials, and people trapped waiting for rescue in July 2021. In face of flood and pandemic, it was the Group’s first priority to response quickly to their impacts brought to the community in order to maintain our service quality.

As a result, the Company was yet to utilise the net proceeds as the development of the COVID-19 on global economic conditions changed rapidly. Notwithstanding the foregoing, as the situation of the pandemic is getting better and is currently under control in the PRC, the Company is still committed to utilise the unutilised net proceeds of RMB1,634.3 million towards its various business objectives as set out in the Prospectus and the 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 2021, the Group did not have any pledged assets for its loan guarantee.

Major Acquisition and Disposals

In January 2021, the Group acquired 51% equity interests in Taihua Jinye Life Service. Co. Ltd. (“**Taihua Jinye**”) at a total consideration of RMB95,281,000. Taihua Jinye is a property management company located in Hengshui City, Hebei Province, the PRC. In March 2021, the Group acquired 65% equity interests in Henan Jin Guanxia Property Management Co., Ltd. (“**Jin Guanxia**”) at a total consideration of RMB5,720,000. Jin Guanxia is a property management company located in Zhengzhou City, Henan Province, the PRC. In August 2021, the Group acquired 51% equity interests in Luoyang Zhonghong Zhuoyue Property Management Co., Ltd. (“**Zhonghong Zhuoyue**”) at a total consideration of RMB16,556,000. Zhonghong Zhuoyue is a property management company located in Luoyang City, Henan Province, the PRC.

Save as disclosed in this announcement, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, affiliates and joint venture enterprises, nor was there any plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

Major Investment

As of 31 December 2021, the Group did not hold any significant investment.

Contingent Liabilities And Capital Commitment

As of 31 December 2021, the Group did not have any significant contingent liabilities and capital commitment.

Events After the Reporting Period

Acquisition of equity interest in Henan Tianming

Pursuant to an equity transfer agreement entered into by the Group and the shareholders of Henan Tianming Property Management Co., Ltd. (“**Henan Tianming**”) on 31 December 2021, the Group acquired 51% equity interest in Henan Tianming at a cash consideration of RMB33.66 million. Henan Tianming had an aggregate gross floor area under management of approximately 4.007 million sq.m.. The acquisition was completed in January 2022. Since then, Henan Tianming has become an indirect non wholly-owned subsidiary of the Group.

Save as the above, there are no significant events subsequent to 31 December 2021 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 2021, we had 6,007 full time employees, substantially all of whom were located in Henan province.

In order to promote healthy competition among employees and motivate them to deliver their best performance, the Company has further optimised its existing remuneration and incentive system and established a performance-oriented management concept and remuneration and

incentive system, according to which the remuneration levels, remuneration adjustment and job transfer of employees will be determined based on their performance appraisal results. The overall remuneration system of the Company will also be adjusted regularly with reference to the prevailing market remuneration level to ensure the external competitiveness and internal equity of the remunerations of our employees and provide guarantees for retaining and attracting talent.

In addition, the Company has formulated and implemented human resource policies which are conducive to the sustainable development of the Company. Adhering to the talent concept of “professional spirit and professional quality”, the Company takes professional ethics and professional ability as important standards for selecting and employing employees and strengthens employee training and continuous education to constantly improve their quality. Meanwhile, the Company also places high emphasis on the career development of its employees. It assists employees to plan out their career paths according to their expertise and capabilities, provides them with various career channels and development opportunities, and cultivates and retains talent for key posts to promote the continuous improvement of its organising ability.

CORPORATE GOVERNANCE PRACTICES

The Company has always valued the superiority, steadiness and rationality of having a sound system of corporate governance and is committed to continuously improving its corporate governance and disclosure practices. During the year ended 31 December 2021, 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 year ended 31 December 2021, 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 believes that vesting the roles of both chairman and chief executive officer in Mr. Wang Jun has the benefit of ensuring consistency and continuous leadership within the Group and also maximises the effectiveness and efficiency of overall planning and execution of its strategies. The Board considers that the balance of power and authority, accountability and independent decision-making under its present arrangement will not be impaired in light of the diverse background and experience of its three independent non-executive Directors. Further, the Audit Committee of the Company comprises exclusively of independent non-executive Directors has free and direct access to the Company’s external auditors and

independent professional advisers when it considers necessary. Therefore, our Directors consider that the deviation from Code Provision C.2.1 of the Corporate Governance Code was appropriate in such circumstance.

On 14th 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 CG 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 during the year ended 31 December 2021.

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

For the year ended 31 December 2021, 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 1,892,000 shares on the Stock Exchange during the year ended 31 December 2021, with a total consideration of approximately HK\$9,902,000. The Company cancelled 785,000 shares and 183,000 shares in November and December 2021, respectively.

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 2021.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Annual Results, including the accounting principles and practices adopted by the Group, and discussed auditing, risk management and internal control systems and financial reporting matters with the management as well as reviewed the consolidated financial statements for the year ended 31 December 2021.

REVIEW OF ANNUAL RESULTS

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 2021 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 2021.

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 2021 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 resolved to recommend a final dividend of HK\$33.7 cents (equivalent to RMB27.3 cents) per share for the year ended 31 December 2021 (for the year ended 31 December 2020: HK\$18.0 cents), which will be paid out of the company's share premium account.

HK\$14.5 cents per share (for the six months ended 30 June 2020: HK\$6.6 cents) was distributed as interim dividend for the six months ended 30 June 2021.

ANNUAL GENERAL MEETING

The 2021 AGM will be held on Tuesday, 10 May 2022 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 2021 AGM, the register of members of the Company will be closed from Wednesday, 4 May 2022 to Tuesday, 10 May 2022 (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 Tuesday, 3 May 2022, for registration.

For the purposes of determining the entitlement of the shareholders to the proposed final Dividend, the register of members of the Company will be closed on Monday, 16 May 2022, which no transfer of shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan chai, Hong Kong, no later than 4:30 p.m. on Friday, 13 May 2022, 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) and the Stock Exchange (<http://www.hkexnews.hk>). The Company's annual report for the year ended 31 December 2021 will be despatched to the shareholders and published on the aforesaid websites in due course.

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

Hong Kong, 16 March 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.

This announcement is available for viewing on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.ccnewlife.com.cn.