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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 2022

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2022 amounted to RMB3,148.1 million, a decrease of 12.5% compared with 2021.
- Gross profit for the year amounted to RMB1,043.2 million, a decrease of 11.8% compared with 2021. Gross profit margin for the year was 33.1%, an increase of 0.2 percentage points compared with 2021.
- Net profit for the year amounted to RMB571.2 million, a decrease of 12.6% compared with 2021. Net profit margin for the year was 18.1%, which is basically on par with the 2021 level of 18.2%.
- Profit attributable to shareholders of the Company for the year amounted to RMB562.3 million, a decrease of 9.2% compared with 2021.
- GFA under management was 156.7 million sq.m. and contracted GFA reached 271.5 million sq.m. as of 31 December 2022, representing increases of 15.3% and 14.6% respectively, compared with 2021.
- Basic earnings per share for the year was RMB0.44, a decrease of RMB0.05 compared with 2021.
- The Board recommended to declare a final dividend of HK\$19.1 cents per share for the year ended 31 December 2022. Such final dividend is expected to be paid out of the Company's share premium account and will be subject to shareholders' approval.

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 2022 with comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

(All amounts in RMB thousands unless otherwise stated)

		Year ended 31 December	
		2022	2021
	Note	RMB'000	RMB'000
Revenue	3	3,148,141	3,598,918
Cost of sales	4	<u>(2,104,945)</u>	<u>(2,415,696)</u>
Gross profit		1,043,196	1,183,222
Selling and marketing expenses	4	(32,088)	(57,091)
Administrative expenses	4	(238,832)	(229,667)
Net impairment losses on financial and contract assets		(77,949)	(101,499)
Other income		56,842	34,519
Other gains/(losses) — net		<u>8,242</u>	<u>(15,162)</u>
Operating profit		759,411	814,322
Finance (costs)/income — net		(468)	12,159
Share of net profit/(loss) of associates accounted for using the equity method		<u>237</u>	<u>(427)</u>
Profit before income tax		759,180	826,054
Income tax expenses	5	<u>(188,016)</u>	<u>(172,666)</u>
Profit for the year		<u>571,164</u>	<u>653,388</u>
Profit for the year attributable to:			
— Shareholders of the Company		562,260	619,559
— Non-controlling interests		<u>8,904</u>	<u>33,829</u>
		<u>571,164</u>	<u>653,388</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2022

(All amounts in RMB thousands unless otherwise stated)

		Year ended 31 December	
		2022	2021
	Note	RMB'000	RMB'000
Other comprehensive income for the year, net of tax			
Items that may be reclassified to profit or loss			
— Currency translation differences		<u>34,765</u>	<u>(22,183)</u>
Total comprehensive income for the year		<u>605,929</u>	<u>631,205</u>
Total comprehensive income for the year attributable to:			
— Shareholders of the Company		<u>597,025</u>	597,376
— Non-controlling interests		<u>8,904</u>	<u>33,829</u>
		<u>605,929</u>	<u>631,205</u>
Earnings per share for profit attributable to the shareholders of the Company (expressed in RMB per share)			
— Basic earnings per share	6	0.44	0.49
— Diluted earnings per share	6	<u>0.44</u>	<u>0.48</u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2022

(All amounts in RMB thousands unless otherwise stated)

		As at 31 December	
		2022	2021
	Note	RMB'000	RMB'000
Assets			
Non-current assets			
Investments in associates		6,078	5,841
Property, plant and equipment	8	51,022	95,058
Intangible assets	9	271,081	274,033
Financial assets at fair value through profit or loss		44,078	–
Other receivables and prepayments	10	75,746	33,439
Deferred income tax assets		58,201	43,438
		<u>506,206</u>	<u>451,809</u>
Current assets			
Inventories		14,454	17,562
Contract assets		23,887	23,889
Trade and other receivables and prepayments	10	2,708,691	2,221,945
Financial assets at fair value through profit or loss		27,165	55,456
Restricted cash		5,326	1,907
Cash and cash equivalents		2,049,079	2,264,412
		<u>4,828,602</u>	<u>4,585,171</u>
Total assets		<u><u>5,334,808</u></u>	<u><u>5,036,980</u></u>
Equity			
Equity attributable to shareholders of the Company			
Share capital	11	11,337	11,247
Other reserves	12	1,238,079	1,754,380
Retained earnings		1,693,148	1,188,606
		<u>2,942,564</u>	<u>2,954,233</u>
Non-controlling interests		<u>116,555</u>	<u>102,295</u>
Total equity		<u><u>3,059,119</u></u>	<u><u>3,056,528</u></u>

CONSOLIDATED BALANCE SHEET (CONTINUED)*As at 31 December 2022**(All amounts in RMB thousands unless otherwise stated)*

		As at 31 December	
	<i>Note</i>	2022	2021
		RMB'000	RMB'000
Liabilities			
Non-current liabilities			
Borrowings		52,000	–
Lease liabilities		4,722	21,810
Deferred income tax liabilities		38,045	26,639
Other payables	<i>13</i>	1,457	20,486
Contract liabilities		56,048	86,574
		<hr/>	<hr/>
		152,272	155,509
Current liabilities			
Borrowings		22,000	–
Lease liabilities		7,077	28,373
Trade and other payables	<i>13</i>	1,245,189	1,052,871
Contract liabilities		588,236	544,352
Current income tax liabilities		260,915	199,347
		<hr/>	<hr/>
		2,123,417	1,824,943
Total liabilities		<hr/> 2,275,689 <hr/>	<hr/> 1,980,452 <hr/>
Total equity and liabilities		<hr/> 5,334,808 <hr/>	<hr/> 5,036,980 <hr/>

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 24 March 2023.

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 2022 and there is no material impact on the Group's consolidated financial statements:

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

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 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 17	Insurance Contracts	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendment to HKAS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
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 2022, substantially all of the non-current assets of the Group were located in the PRC. Therefore, no geographical segments are presented.

The CODM assesses the performance of the operating segments mainly based on the measure of operating profit excluding other income, other gains/(losses) (unrelated to revaluation of contingent consideration receivables) and finance (costs)/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.

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 2022

	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	2,886,821	221,616	91,564	3,200,001
Inter-segment revenue	<u>(5,583)</u>	<u>(39,598)</u>	<u>(6,679)</u>	<u>(51,860)</u>
Revenue from external customers	<u>2,881,238</u>	<u>182,018</u>	<u>84,885</u>	<u>3,148,141</u>
Timing of revenue recognition				
— at a point in time	467,652	171,938	555	640,145
— over time	2,413,586	10,080	84,330	2,507,996
Segment results	736,197	12,571	32,378	781,146
Other income				56,842
Other losses — net				(24,228)
Unallocated operating costs				(54,112)
Finance costs — net				<u>(468)</u>
Profit before income tax				759,180
Income tax expenses				<u>(188,016)</u>
Profit for the year				<u><u>571,164</u></u>
Depreciation	37,434	3,350	1,347	42,131
Amortisation	17,662	1,297	—	18,959
Impairment of goodwill	<u>22,496</u>	<u>—</u>	<u>—</u>	<u>22,496</u>

For the year ended 31 December 2021

	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	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>

4 EXPENSES BY NATURE

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Employee benefit expenses	645,373	745,388
Security charges	431,848	349,480
Greening and cleaning expenses	403,706	361,732
Construction and installation costs	211,205	409,963
Cost of goods sold	185,461	311,993
Utilities	169,476	120,959
Maintenance costs	93,998	94,580
Depreciation and amortisation charges	61,090	57,931
Impairment of goodwill	22,496	–
Professional service fees	27,819	31,954
Office expenses	28,571	27,146
Taxes and other levies	10,541	14,071
Traveling and entertainment expenses	10,380	21,485
Promotion expenses	9,968	16,497
Community activities costs	8,408	11,414
Outsourcing tourism services costs	7,962	56,004
Auditor's remuneration		
— Audit service	4,600	4,000
— Non-audit services	840	1,653
Outsourcing labor costs	3,267	23,361
Others	38,856	42,843
	<u>2,375,865</u>	<u>2,702,454</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 2022 (2021: 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 qualified as “High and New Technology Enterprises” (“HNTE”) in 2018 and renewed in 2021. Jiyuan City Zhongbang Environmental Sanitation Co., Ltd. was qualified as HNTE in 2019 and renewed in 2022. Henan One Family Network Technology Co., Ltd. and Song Yun (Beijing) Information Service Co., Ltd. were qualified as HNTE in 2020 and renewed in 2022. Accordingly, these four subsidiaries of the Group are entitled to a preferential income tax rate of 15% for a three-year period. Certain of the Group’s subsidiaries enjoy the preferential income tax treatment for Small and Micro Enterprise with the income tax rate of 20% and are eligible to have their tax calculated based on 12.5% or 25% of their taxable income.

	Year ended 31 December	
	2022	2021
	<i>RMB’000</i>	<i>RMB’000</i>
Current income tax	196,822	208,439
Deferred income tax	(8,806)	(35,773)
	<u>188,016</u>	<u>172,666</u>

6 EARNINGS PER SHARE

(a) Basic earnings per share

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 ended 31 December 2022 and 2021 (excluding treasury shares).

	Year ended 31 December	
	2022	2021
Profit attributable to shareholders of the Company (<i>RMB’000</i>)	<u>562,260</u>	<u>619,559</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>1,268,570</u>	<u>1,262,888</u>
Basic earnings per share attributable to shareholders of the Company during the year (expressed in RMB per share)	<u>0.44</u>	<u>0.49</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	
	2022	2021
Profit attributable to shareholders of the Company (<i>RMB'000</i>)	<u>562,260</u>	<u>619,559</u>
Weighted average number of ordinary shares in issue (in thousands)	1,268,570	1,262,888
Adjustments for share options (in thousands)	<u>12,974</u>	<u>30,014</u>
Weighted average number of ordinary shares for the calculation of diluted earnings per share (in thousands)	<u>1,281,544</u>	<u>1,292,902</u>
Diluted earnings per share attributable to shareholders of the Company during the year (expressed in RMB per share)	<u>0.44</u>	<u>0.48</u>

7 DIVIDENDS

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

An interim dividend in respect of the six months ended 30 June 2022 of HK\$0.211 per ordinary share, approximately HK\$267,592,000 (equivalent to approximately RMB242,024,000) was declared by the Board at the Extraordinary General Meeting held on 26 August 2022. The interim 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 2022 of HK\$0.191 per ordinary share, approximately HK\$243,998,000 (equivalent to approximately RMB217,956,000) 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 11 May 2023. 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 assets	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 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>
Year ended 31 December 2022					
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
Closing net book amount	<u>16,708</u>	<u>12,949</u>	<u>6,348</u>	<u>15,017</u>	<u>51,022</u>
As at 31 December 2022					
Cost	61,070	23,460	15,045	71,869	171,444
Accumulated depreciation	<u>(44,362)</u>	<u>(10,511)</u>	<u>(8,697)</u>	<u>(56,852)</u>	<u>(120,422)</u>
Net book amount	<u>16,708</u>	<u>12,949</u>	<u>6,348</u>	<u>15,017</u>	<u>51,022</u>

No property, plant and equipment is restricted or pledged as security for borrowings as at 31 December 2022 (31 December 2021: 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 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>
Year ended 31 December 2022					
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)
Closing net book amount	<u>114,589</u>	<u>27,881</u>	<u>119,778</u>	<u>8,833</u>	<u>271,081</u>
As at 31 December 2022					
Cost	137,085	38,027	151,608	14,590	341,310
Accumulated amortisation and impairment	(22,496)	(10,146)	(31,830)	(5,757)	(70,229)
Net book amount	<u>114,589</u>	<u>27,881</u>	<u>119,778</u>	<u>8,833</u>	<u>271,081</u>

10 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Trade receivables (<i>Note (a)</i>)		
— Related parties	1,692,151	1,137,223
— Third parties	936,228	657,831
	2,628,379	1,795,054
Note receivables	20	600
Less: allowance for impairment of trade receivables	(201,707)	(84,468)
	2,426,692	1,711,186
Other receivables		
— Loans to third parties (<i>Note (b)</i>)	75,243	–
— Amounts due from related parties	103,760	306,623
— Utilities	30,184	21,187
— Deposits	31,799	29,829
— Deposits for potential acquisition	–	100,000
— Amounts due from the non-controlling interests of subsidiaries	7,874	23,943
— Others	5,150	7,060
	254,010	488,642
Less: allowance for impairment of other receivables	(6,315)	(46,125)
	247,695	442,517
Prepayments		
— Security charges and cleaning expenses	75,493	67,840
— Others	34,557	33,841
	110,050	101,681
Total	2,784,437	2,255,384
Less: non-current portion of other receivables and prepayments	(75,746)	(33,439)
Current portion of trade and other receivables and prepayments	2,708,691	2,221,945

- (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 2022 and 2021, the aging analysis of the trade receivables based on recognition date of trade receivables were as follows:

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
0–180 days	1,433,836	1,258,325
181–365 days	494,381	272,320
1 to 2 years	568,389	184,506
2 to 3 years	89,684	54,453
3 to 4 years	23,769	14,185
Over 4 years	18,320	11,265
	<u>2,628,379</u>	<u>1,795,054</u>

As at 31 December 2022, trade and other receivables were mainly denominated in RMB.

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

- (b) As at 31 December 2022, the Group provided loans to third parties amounted to RMB75,243,000, which bear interest at rates of 5.6% to 12.0% per annum and will mature within three years.

11 SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000	Equivalent share capital RMB'000
Authorised			
As at 1 January 2021	38,339,000	383	338
Increase of authorised shares	4,961,661,000	49,617	42,457
As at 31 December 2021	<u>5,000,000,000</u>	<u>50,000</u>	<u>42,795</u>
As at 1 January 2022 and 31 December 2022	<u>5,000,000,000</u>	<u>50,000</u>	<u>42,795</u>
Issued			
As at 1 January 2021	1,246,215,000	12,082	11,057
Share option scheme-issued shares	23,719,000	238	198
Cancellation of shares (<i>Note (b)</i>)	(968,000)	(10)	(8)
As at 31 December 2021	<u>1,268,966,000</u>	<u>12,310</u>	<u>11,247</u>
As at 1 January 2022	1,268,966,000	12,310	11,247
Share option scheme-issued shares (<i>Note (a)</i>)	15,341,000	154	138
Cancellation of shares (<i>Note (b)</i>)	<u>(5,581,000)</u>	<u>(56)</u>	<u>(48)</u>
As at 31 December 2022	<u>1,278,726,000</u>	<u>12,408</u>	<u>11,337</u>

- (a) During the year ended 31 December 2022, 15,341,000 pre-IPO share options were exercised at a price of HK\$0.62 with received proceeds of HK\$9,511,000 (equivalent to approximately RMB8,748,000). The average related price at the time of exercise was HK\$3.46 per share.

(b) Treasury shares

	Year ended 31 December			
	2022		2021	
	Number of treasury shares	Amounts <i>RMB'000</i>	Number of treasury shares	Amounts <i>RMB'000</i>
At the beginning of the year	924,000	3,883	–	–
Shares repurchased (<i>Note (i)</i>)	4,657,000	14,054	1,892,000	8,143
Shares cancelled (<i>Note (ii)</i>)	(5,581,000)	(17,937)	(968,000)	(4,260)
At the end of the year	<u>–</u>	<u>–</u>	<u>924,000</u>	<u>3,883</u>

- (i) The Company repurchased 4,657,000 shares of its own ordinary shares during the year ended December 2022 (2021: 1,892,000 shares). The total purchased consideration was approximately HK\$16,485,000 (equivalent to RMB14,054,000) and was recognised as treasury shares in other reserves.
- (ii) The Company cancelled 5,581,000 shares during the year ended December 2022. Accordingly, the issued share capital and share premium were reduced by the amounts of the shares cancelled.

12 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
Balance at 1 January 2021	2,014,792	–	81,023	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	(4,252)	4,260	–	–	–	–	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>1,692,488</u>	<u>(3,883)</u>	<u>81,023</u>	<u>6,798</u>	<u>125,325</u>	<u>(147,371)</u>	<u>1,754,380</u>
Balance at 1 January 2022	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 11(b))	–	(14,054)	–	–	–	–	(14,054)
Cancellation of shares	(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
Balance at 31 December 2022	<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>

(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	
	2022	2021
	RMB'000	RMB'000
Trade payables (<i>Note (a)</i>)		
— Related parties	31,288	14,188
— Third parties	545,518	428,098
	<u>576,806</u>	<u>442,286</u>
Other payables		
— Deposits	250,905	257,253
— Property maintenance funds	99,730	103,349
— Utilities	36,009	22,461
— Amounts due to related parties (<i>Note(b)</i>)	14,286	19,086
— Payables for acquisitions of subsidiaries	47,108	41,399
— Others	48,341	33,450
	<u>496,379</u>	<u>476,998</u>
Accrued payroll	124,483	101,553
Other taxes payables	48,978	52,520
	<u>1,246,646</u>	<u>1,073,357</u>
Less: non-current portion of other payables	<u>(1,457)</u>	<u>(20,486)</u>
Current portion of trade and other payables	<u>1,245,189</u>	<u>1,052,871</u>

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

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
0–180 days	359,539	340,648
181–365 days	112,257	56,341
1 to 2 years	66,640	37,636
2 to 3 years	35,038	6,251
Over 3 years	3,332	1,410
	<u>576,806</u>	<u>442,286</u>

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

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 2022, the Group continuously optimised its income structure. During 2022, the Group's revenue amounted to RMB3,148.1 million, representing a decrease of 12.5% from RMB3,598.9 million in 2021. Net profit was RMB571.2 million, representing a decrease of 12.6% from RMB653.4 million in 2021.

Property management 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 2022, 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, Shanxi, Hebei, Anhui, Hubei, Xinjiang and Hainan, and we served more than 2.4 million property owners and residents in 883 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 2022, the gross floor area (“GFA”) under management and contracted GFA reached 156.7 million square metres (“sq.m.”) and 271.5 million sq.m., respectively, representing a respective growth of 15.3% and 14.6% as compared with that as at 31 December 2021.

Lifestyle services. Lifestyle services include products and services we offer on our Jianye+ (建業+) platform, travel services, and management services we provide in Cuisine Henan Foodcourts (建業大食堂). The Jianye+ (建業+) platform is an O2O one-stop service platform which integrates our internal and external, online and offline resources in order to provide our customers with more convenient and more affordable goods and services. The Jianye+ (建業+) platform provides three main online services: (i) membership benefits; (ii) concierge services; and (iii) goods and services from One Family Community (一家公社). As of 31 December 2022, we were cooperating with over 1,100 suppliers, some of which were well-known brands that were listed on NASDAQ or the Stock Exchange. We also offer a wide range of benefits, including exclusive offers with hotels, malls and restaurants in Henan. Our travel services

offer four distinct types of tours to customers, namely leisure tours, corporate tours, sports and health tours and educational tours. The five Cuisine Henan Foodcourts (建業大食堂) we manage hosted over 259 vendors as of 31 December 2022, offering a wide variety of food options to consumers.

Commercial property management and consultation services. Unlike property management services where we offer a series of traditional property management services to property developers, property owners and property occupants, our commercial property management and consultation services focus on enhancing the value of properties by streamlining operations of a property to reduce costs and attracting business to increase income. Our commercial property management and consultation services comprise (i) hotel management, (ii) commercial asset management and (iii) cultural tourism complex management. For hotels, we manage a hotel's overall operations, supervise hotel operations performed by an existing operator and provide consultancy services. For other commercial assets, we provide pre-opening consultation and post-opening management services. For commercial asset management, our Company primarily manages shopping malls by providing two main categories of services: (i) pre-opening consultation, which includes services such as market research on vendor and clientele demographics, financial analysis, vendor solicitation and management and strategic planning; and (ii) post-opening management services, which includes services such as vendor management, sales and operation management, and training management. As for cultural tourism complex management, our Company's services include the branding and overall operations management, consultancy services, technical support on technology research and promotion (including the selection and assessment of seeds to be used), agricultural product sale, agricultural product planting and project planning. For cultural tourism complexes, our services include overall operations and consultancy services. In each area, we strive to help our clients achieve asset value appreciation and sustainable development. As of 31 December 2022, our portfolio of commercial properties under management consisted of five cultural tourism complexes (with an aggregate site area of approximately 10.5 million sq.m.) 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 characterised 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.

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 organisational management to achieve the goal of cost reduction and efficiency enhancement as soon as possible.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2022, the Group recorded revenue of RMB3,148.1 million (2021: RMB3,598.9 million), representing a year-on-year decrease of 12.5%. 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 during the year:

	Year ended 31 December			
	2022		2021	
	Revenue	%	Revenue	%
	(RMB'000)		(RMB'000)	
Property management and value added services	2,881,238	91.5	3,040,791	84.5
Lifestyle services	182,018	5.8	406,990	11.3
Commercial property management and consultation services	84,885	2.7	151,137	4.2
Total revenue	3,148,141	100.0	3,598,918	100.0

Property management and value-added services

During the year, revenue from property management and value-added services amounted to RMB2,881.2 million (2021: RMB3,040.8 million), representing a year-on-year decrease of 5.3%. The decrease was primarily attributable to impacts of resurgence of the pandemic and downturn of the real estate market in China on value-added services to non-property owners.

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

	Year ended 31 December			
	2022		2021	
	(RMB'000)	%	(RMB'000)	%
Property management services	1,717,375	59.6	1,326,194	43.6
Value-added services:				
Community value-added services	652,055	22.6	864,453	28.4
Value-added services to non-property owners	511,808	17.8	850,144	28.0
Total	2,881,238	100.0	3,040,791	100.0

During the year, revenue from property management services amounted to RMB1,717.4 million (2021: RMB1,326.2 million), representing a year-on-year increase of 29.5%, which was mainly attributable to the increase in the GFA of properties under management of the Group from 135.9 million sq.m. as at 31 December 2021 to 156.7 million sq.m. as at 31 December 2022.

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

During the year, revenue from community value-added services amounted to RMB652.1 million (2021: RMB864.5 million), representing a year-on-year decrease of 24.6%. The decrease was mainly attributable to: (1) a decrease of RMB86.4 million in the revenue from the turnkey and move-in furnishing business in 2022 (2021: RMB122.1 million); and (2) a decrease of RMB163.9 million in the revenue from the intelligent community business in 2022 (2021: RMB483.9 million).

Revenue from value-added services to non-property owners amounted to RMB511.8 million (2021: RMB850.1 million), representing a year-on-year decrease of 39.8%. The decrease was primarily attributable to the decline in revenue from pre-launch intermediary services and on-site management from RMB342.7 million in 2021 to RMB205.7 million in 2022 as a result of the resurgence of the pandemic and downturn of the real estate market in China.

As of 31 December 2022, the total GFA under management of the Group was 156.7 million sq.m., representing an increase of 20.8 million sq.m. or 15.3% as compared with 135.9 million sq.m. as of 31 December 2021. The increase was mainly attributable to the increase in projects delivered by third party developers, Central China Real Estate Limited (“**CCRE**”) and its subsidiaries (the “**CCRE Group**”) and its associates or joint ventures. For the year ended 31 December 2022, the average property management fee rate charged by the Group was approximately RMB1.72 per sq.m./month (for the year ended 31 December 2021: RMB1.73 per sq.m./month).

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

	As of 31 December 2022		As of 31 December 2021	
	GFA '000 sq.m.	%	GFA '000 sq.m.	%
The CCRE Group and its associates or joint ventures	68,469	43.7	62,766	46.2
Third-party property developers	88,247	56.3	73,117	53.8
Total	156,716	100.0	135,883	100.0

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, revenue from lifestyle services amounted to RMB182.0 million (2021: RMB407.0 million), representing a year-on-year decrease of 55.3%. The number of registered users on our Jianye+ (建業+) platform grew from approximately 5.8 million as of 31 December 2021 to approximately 8.1 million as of 31 December 2022, and the decrease in revenue was due to the resurgence of the pandemic and weakening purchase intention.

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

	Year ended 31 December			
	2022		2021	
	(RMB'000)	%	(RMB'000)	%
Jianye+	170,900	93.9	335,666	82.5
Travel services	3,933	2.2	60,135	14.8
Cuisine Henan Foodcourts	7,185	3.9	11,189	2.7
Total	182,018	100.0	406,990	100.0

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, revenue from commercial property management and consultation services reached RMB84.9 million (2021: RMB151.1 million), representing a year-on-year decrease of 43.8%. Such decrease was mainly attributable to the decrease of revenue from the cultural tourism complex management to RMB55.4 million from RMB115.8 million for 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			
	2022		2021	
	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%
Hotel management	9,547	11.3	9,619	6.4
Commercial property management	19,980	23.5	25,744	17.0
Cultural tourism complex management	55,358	65.2	115,774	76.6
Total	84,885	100.0	151,137	100.0

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, cost of sales of the Group was RMB2,104.9 million (2021: RMB2,415.7 million), representing a year-on-year decrease of 12.9%. This is mainly attributable to a decrease in cost of sales in accordance with the decrease in revenue due to the resurgence of the pandemic and downturn of the real estate market in China.

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			
	2022		2021	
	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %
Property management and value-added services:				
Property management services	373,937	21.8	245,511	18.5
Community value-added services	286,252	43.9	310,122	35.9
Value-added services to non-property owners	<u>277,616</u>	<u>54.2</u>	<u>421,978</u>	<u>49.6</u>
	937,805	32.6	977,611	32.1
Lifestyle services	39,804	21.9	108,116	26.6
Commercial property management and consultation services	<u>65,587</u>	<u>77.3</u>	<u>97,495</u>	<u>64.5</u>
Total	<u>1,043,196</u>	<u>33.1</u>	<u>1,183,222</u>	<u>32.9</u>

During the year, the gross profit of the Group was RMB1,043.2 million (2021: RMB1,183.2 million), representing a decrease of 11.8% as compared with last year. The gross profit margin of the Group increased from 32.9% as of 31 December 2021 to 33.1% as of 31 December 2022.

The gross profit margin of our property management and value-added services increased from 32.1% for the year ended 31 December 2021 to 32.6% for the year ended 31 December 2022, and the increase of 0.5 percentage points was mainly driven by economies of scale as a result of the increase in the GFA under management in 2022.

The gross profit margin of our lifestyle services dropped to 21.9% for the year ended 31 December 2022 from 26.6% for the year ended 31 December 2021. The drop was mainly attributable to the decline in gross profit margin of the Jianye+ platform due to the impact of the pandemic.

The gross profit margin of our commercial property management and consultation services increased from approximately 64.5% for the year ended 31 December 2021 to approximately 77.3% for the year ended 31 December 2022. 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 RMB32.1 million, representing a decrease of 43.8% as compared with RMB57.1 million in 2021, and accounting for approximately 1.0% of the revenue, which was a decrease of 0.6 percentage points from 2021. This was mainly attributable to strict control of various expenses, cost reduction and efficiency improvement.

Administrative Expenses

During the year, the administrative expenses of the Group amounted to RMB238.8 million, representing an increase of 4.0% as compared with RMB229.7 million in 2021, and accounting for approximately 7.6% of the revenue, which was mainly attributable to the impairment of goodwill of an acquired subsidiary.

Other Income

During the year, other income of the Group amounted to RMB56.8 million (2021: RMB34.5 million), representing a year-on-year increase of 64.7% from 2021. The increase was mainly attributable to an increase in interest income from loans to external parties.

Income Tax

During the year, income tax expense of the Group amounted to RMB188.0 million (2021: RMB172.7 million), and the income tax rate was 24.8% (2021: 20.9%).

Profit

During the year, the net profit of the Group amounted to RMB571.2 million, representing a decrease of 12.6% as compared with RMB653.4 million in 2021. The net profit margin reached 18.1%, which is basically on par with the 2021 level of 18.2%. During the year, the profit attributable to shareholders of the Company amounted to RMB562.3 million, representing a decrease of 9.2% as compared with RMB619.6 million in 2021. Basic earnings per share amounted to RMB0.44 (2021: RMB0.49).

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 2022, the Group's cash and cash equivalents amounted to approximately RMB2,049.1 million (31 December 2021: approximately RMB2,264.4 million). As at 31 December 2022, the Group's bank borrowings amounted to RMB74.0 million (31 December 2021 : nil). Subsequent to the reporting period, the Company has declared a final dividend of approximately RMB218.0 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 2022 , the gearing ratio was 2.4% (31 December 2021: nil).

Trade and Other Receivables

As at 31 December 2022, trade and other receivables amounted to RMB2,674.4 million, representing an increase of 24.2% as compared with RMB2,153.7 million as at 31 December 2021, which was primarily attributable to the fact that the Group was affected by the impact of the greater environment of the real estate industry and the economic situation, thereby slowing down the receipt of receivables.

Trade and Other Payables

As at 31 December 2022, trade and other payables amounted to RMB1,073.2 million, representing an increase of 16.7% as compared with RMB919.3 million as at 31 December 2021, which was primarily attributable to 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.

Borrowings

As at 31 December 2022, the borrowings were RMB74.0 million, whereas the Group had no borrowings as at 31 December 2021, mainly due to the bank borrowings of Henan Tianming Property Management Co., Ltd. (“**Henan Tianming**”) incurred prior to its acquisition by the Group, of which the equity interests were acquired by the Group during 2022 and the results of which have been included in the consolidated statements of the Group.

Proceeds From The Listing

References are made to (i) the prospectus of the Company dated 5 May 2020 relating to the global offering; (ii) the annual report of the Company for the year ended 31 December 2020; and (iii) the announcements dated 8 July 2021 and 16 March 2022 relating to the updates on expected timeline for use of proceeds. The Company’s ordinary shares were listed on the main board of Hong Kong Stock Exchange (the “**Listing**”) on 15 May 2020. 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 2022, the Group has used approximately RMB550.3 million of the proceeds. As of 31 December 2022, the Company has not yet utilised the net proceeds of approximately RMB1,538.3 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 2022 (RMB'000)	Actual expenditures as at 31 December 2022 (RMB'000)	Unused net proceeds as at 31 December 2022 (RMB'000)	Time frame
1.	Strategic investments, cooperation and acquisition	60%	1,253,216	30,315	132,723	1,120,493	
	1.1 Acquiring property management service providers	40%	835,478	30,315	114,531	720,947	Between one year to three and a half years after Listing
	1.2 Acquiring companies that will expand our portfolio	10%	208,869	–	–	208,869	Between one year to three and a half years after Listing
	1.3 Acquiring other companies that can bring synergies to our business, in particular, our value-added services	10%	208,869	–	18,192	190,677	Between one year to three and a half years after Listing
2.	Enhancement of our Jianye+(建業+) platform to optimise user experience	15%	313,304	14,096	114,615	198,689	
	2.1 Developing and optimizing software and our cloud system	5%	104,435	12,681	51,875	50,560	Between one year to three and a half years after Listing
	2.2 Improving and expanding our facilities and equipment	4%	83,548	32	1,969	81,579	Between one year to three and a half years after Listing
	2.3 Expansion of scale and diversity of membership resources	4%	83,548	1,072	49,711	33,837	Between one year to three and a half years after Listing
	2.4 Expansion of our user base	2%	41,773	311	9,060	32,713	Between one year to three and a half years after Listing

Major Categories	Sub-categories	Respective percentage of total proceeds	Respective amount of total proceeds (RMB'000)	Net proceeds used during 2022 (RMB'000)	Actual expenditures as at 31 December 2022 (RMB'000)	Unused net proceeds as at 31 December 2022 (RMB'000)	Time frame
3.	Investing in advanced information technologies system	15%	313,304	20,233	94,137	219,167	
	3.1 Building intelligence communities and upgrading facilities	7%	146,209	19,272	91,200	55,009	Between one year to three and a half years after Listing
	3.2 Developing our financial sharing system	2.5%	52,217	951	1,720	50,497	Between one year to three and a half years after Listing
	3.3 Developing a process control and KPI integration system	4%	83,548	–	1,008	82,540	Between one year to three and a half years after Listing
	3.4 Achieving digitalised documentation	1.5%	31,330	–	209	31,121	Between one year to three and a half years after Listing
4.	General working capital						
	Working capital and other general corporate purposes	10%	208,870	31,311	208,870	–	
		100%	2,088,694	95,945	550,345	1,538,349	

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

Pledge of Assets

As of 31 December 2022, the Group did not have any pledged assets for its loan guarantee.

Major Acquisition and Disposals

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

Save for the above, the Group did not have any major acquisition and disposals of subsidiaries and associated companies during 2022.

Major Investment

As of 31 December 2022, the Group did not hold any significant investment.

Contingent Liabilities And Capital Commitment

As of 31 December 2022, 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 2022 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 2022, we had 6,086 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.

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

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 2022, 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. From 1 January 2022 to 14 February 2022, Mr. Wang Jun was the chairman of the Board and the chief executive officer of the Company, responsible for formulating and executing our business strategies, annual operational and financial plans of the Company.

The Board believed that vesting the roles of both chairman and chief executive officer in Mr. Wang Jun 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 considered 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 and has free and direct access to the Company’s external auditors and independent professional advisers when it considers necessary. Therefore, our Directors considered that the deviation from Code Provision C.2.1 of the Corporate Governance Code was appropriate in such circumstance.

On 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 2022.

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

For the year ended 31 December 2022, 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 4,657,000 shares on the Stock Exchange during the year ended 31 December 2022, with a total consideration of approximately HK\$16,485,000. The Company cancelled 1,605,000 shares, 1,818,000 shares and 2,158,000 shares in May, July and December 2022, respectively. Details of the Shares repurchased are as follows:

Month of purchase in 2022	Number of Shares purchase	Price Consideration per Share		Aggregate consideration paid HK\$
		Highest price paid HK\$	Lowest price paid HK\$	
March	681,000	4.32	4.05	2,933,818
April	1,818,000	4.09	3.76	7,233,588
September	2,158,000	3.35	2.51	6,317,130
	<u>4,657,000</u>			<u>16,484,536</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 2022.

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 2022 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 2022.

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 2022 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 (the "**Final Dividend**") of HK\$19.1 cents (equivalent to RMB17.0 cents) per share for the year ended 31 December 2022 (for the year ended 31 December 2021: HK\$33.7 cents), which will be paid out of the company's share premium account.

The Final Dividend is proposed to be paid on or around Wednesday, 31 May 2023 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 19 May 2023.

HK\$21.1 cents per share (for the six months ended 30 June 2021: HK\$14.5 cents) was distributed as interim dividend for the six months ended 30 June 2022.

ANNUAL GENERAL MEETING

The 2023 AGM will be held on Thursday, 11 May 2023 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 2023 AGM, the register of members of the Company will be closed from Monday, 8 May 2023 to Thursday, 11 May 2023 (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 Friday, 5 May 2023, 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 from Wednesday, 17 May 2023 to Friday, 19 May 2023 (both days inclusive), which no transfer of shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Tuesday, 16 May 2023, 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 2022 will be despatched to the shareholders and published on the aforesaid websites in due course.

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

Hong Kong, 24 March 2023

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