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## CENTRAL CHINA MANAGEMENT COMPANY LIMITED

中原建業有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9982)**

### ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

#### FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2022 (the “**Period**”) amounted to RMB378.1 million, a decrease of 40.4% as compared to the corresponding period of 2021.
- Net profit for the Period amounted to RMB204.4 million, a decrease of 43.6% as compared to the corresponding period of 2021. Net profit margin for the Period was 54.0%.
- Basic earnings per share for the Period amounted to RMB6.21 cents, a decrease of RMB5.78 cents as compared to the corresponding period of 2021.
- The Board declared an interim dividend of HK5.81 cents per ordinary share of the Company (“**Share**”) for the Period.

## INTERIM RESULTS

The board of directors (the “**Board**” and the “**Directors**”) of CENTRAL CHINA MANAGEMENT COMPANY LIMITED (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2022 (the “**Period**”) with comparative figures for the corresponding period of 2021 as follows. The interim results have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and approved by the Board.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

		Six months ended 30 June	
		2022	2021
	Note	RMB'000	RMB'000
<b>Revenue</b>	3	<b>378,149</b>	634,829
Other income	4	<b>23,014</b>	8,289
Personnel costs	5(b)	<b>(69,526)</b>	(92,351)
Depreciation and amortisation expenses	5(c)	<b>(10,037)</b>	(7,310)
Listing expenses		–	(23,469)
Other operating expenses		<b>(32,463)</b>	(30,091)
Impairment losses on trade and other receivables and contract assets		<b>(23,385)</b>	(6,082)
Finance costs	5(a)	<b>(120)</b>	(246)
Share of loss of an associate		<b>(271)</b>	(269)
<b>Profit before taxation</b>	5	<b>265,361</b>	483,300
Income tax	6	<b>(61,002)</b>	(120,877)
<b>Profit for the period</b>		<b>204,359</b>	362,423
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>204,359</b>	362,423
<b>Earnings per share</b>	7		
Basic and diluted ( <i>RMB cents</i> )		<b>6.21</b>	11.99

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022 — unaudited

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
<b>Profit for the period</b>	<b>204,359</b>	<b>362,423</b>
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>		
<i>Item that will not be reclassified to profit or loss:</i>		
Equity investments at fair value through other comprehensive income — net movement in fair value reserve (non-recycling)	(3,894)	—
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	3,154	11,193
<b>Other comprehensive income for the period</b>	<b>(740)</b>	<b>11,193</b>
<b>Total comprehensive income for the period</b>	<b>203,619</b>	<b>373,616</b>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*At 30 June 2022 — unaudited*

		At <b>30 June 2022</b> <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment		<b>14,016</b>	20,212
Intangible assets		<b>8,247</b>	9,628
Interest in an associate		<b>2,230</b>	2,501
Other financial assets		<b>4,182</b>	8,076
Deferred tax assets		<b>15,555</b>	10,158
		<b>44,230</b>	50,575
<b>Current assets</b>			
Contract assets		<b>376,067</b>	300,500
Trade and other receivables	8	<b>258,042</b>	568,150
Cash and cash equivalents	9	<b>2,045,291</b>	1,975,806
		<b>2,679,400</b>	2,844,456
<b>Current liabilities</b>			
Trade and other payables	10	<b>107,861</b>	128,258
Contract liabilities		<b>310,264</b>	393,249
Lease liabilities		<b>3,774</b>	4,464
Current taxation		<b>45,068</b>	47,822
		<b>466,967</b>	573,793
<b>Net current assets</b>		<b>2,212,433</b>	2,270,663
<b>Total assets less current liabilities</b>		<b>2,256,663</b>	2,321,238

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(Continued)**At 30 June 2022 — unaudited*

	At <b>30 June 2022</b> <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
<i>Note</i>		
<b>Non-current liabilities</b>		
Lease liabilities	<u>795</u>	<u>1,609</u>
<b>NET ASSETS</b>	<u><b>2,255,868</b></u>	<u><b>2,319,629</b></u>
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>26,990</b>	27,035
Reserves	<u><b>2,228,878</b></u>	<u>2,292,594</u>
<b>Total equity attributable to equity shareholders of the Company</b>	<u><b>2,255,868</b></u>	<u><b>2,319,629</b></u>
<b>TOTAL EQUITY</b>	<u><b>2,255,868</b></u>	<u><b>2,319,629</b></u>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

*(Expressed in Renminbi unless otherwise indicated)*

Central China Management Company Limited (“the Company”) was incorporated in the Cayman Islands on 22 October 2020, as an exempted company with limited liability under the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands (the “Companies Act”). Its principal place of business is at Room 7701A, 77th Floor, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong and has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 31 May 2021 (the “Listing Date”). This interim financial report as at and for the six months ended 30 June 2022 comprises the Company and its subsidiaries (together, the “Group”) which are principally engaged in the provision of project management services in Henan and other provinces in the People’s Republic of China (the “PRC”).

### 1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 30 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

## 2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. None of these developments have had a material impact on this interim financial report.

## 3 REVENUE AND SEGMENT REPORTING

### (a) Revenue

The principal business of the Group is provision of project management services.

#### (i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines of customers is as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
<b>Revenue from contracts with customers within the scope of HKFRS 15 and recognised over time</b>		
— Provision of project management services	<u>378,149</u>	<u>634,829</u>

### (b) Segment reporting

#### (i) Services from which reportable segments derive their revenue

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more focused on the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance on project management services. Resources are allocated based on what is beneficial for the Group in enhancing its project management services activities as a whole rather than any specific service. Performance assessment is based on the results of the Group as a whole. Therefore, management considers there is only one operating segment under the requirements of HKFRS 8, Operating segments.

#### (ii) Geographical information

No geographical information is shown as the revenue and profit from operations of the Group is substantially derived from activities in the PRC.

#### 4 OTHER INCOME

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income on financial assets measured at amortised cost	17,354	6,645
Others	5,660	1,644
	<u>23,014</u>	<u>8,289</u>

#### 5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
(a) Finance costs		
Interest on lease liabilities	<u>120</u>	<u>246</u>

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
(b) Personnel cost		
Salaries, wages and other benefits	64,999	86,007
Contributions to defined contribution retirement plan	4,112	5,014
Equity settled share-based payment expenses	<u>415</u>	<u>1,330</u>
	<u>69,526</u>	<u>92,351</u>



	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
<b>(c) Other items</b>		
Depreciation charge		
— owned property, plant and equipment	4,351	2,286
— right-of-use assets	4,250	4,282
	<u>8,601</u>	<u>6,568</u>
Amortisation cost of intangible assets	<u>1,436</u>	<u>742</u>

## 6 INCOME TAX

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
<b>Current tax</b>		
PRC Corporate Income Tax	57,656	122,516
Withholding tax	8,743	—
	<u>66,399</u>	<u>122,516</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>(5,397)</u>	<u>(1,639)</u>
	<u>61,002</u>	<u>120,877</u>

- (i) Pursuant to the rules and regulations of the Cayman Island and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) The income tax rate applicable to group entities incorporated in Hong Kong for the income subject to Hong Kong Profits Tax is 16.5% during the period. No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the period.
- (iii) PRC Corporate Income Tax (“CIT”)

Pursuant to the Enterprise Income Tax Law of PRC and the respective regulations of Hainan Free Trade Port (the “Hainan FTP”), except for Zhongyuan Central China (Hainan) Management Services Limited Company (“Zhongyuan Jianye (Hainan)”), which enjoys a preferential income tax rate of 15% during the period, the other subsidiaries which operate in Mainland China are subject to CIT at a statutory rate of 25%.

(iv) Withholding tax

Withholding taxes are levied on the Company's subsidiary in Hong Kong ("Hong Kong subsidiary") in respect of dividend distributions arising from profit of PRC subsidiaries earned after 1 January 2008 and interest on inter-company balance received by Hong Kong subsidiary from PRC subsidiaries on 5%.

## 7 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB204,359,000 (six months ended 30 June 2021:RMB362,423,000) and the weighted average of 3,289,348,476 ordinary shares (2021:3,021,811,453 shares) in issue during the Period.

### (b) Diluted earnings per share

There were no dilutive potential shares outstanding during the six months ended 30 June 2022 and 2021.

## 8 TRADE AND OTHER RECEIVABLES

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Trade debtors and bills receivable	181,081	219,932
Less: allowance for credit losses	(33,336)	(21,659)
Trade debtors and bills receivable, net of loss allowance	147,745	198,273
Amounts due from related parties	27,709	27,510
Other debtors	79,118	337,758
Financial assets measured at amortised cost	254,572	563,541
Deposits and prepayments	3,470	4,609
	258,042	568,150

Amounts due from related parties are unsecured, interest-free and have no fixed terms of payment.

All of the trade and other receivables are expected to be recovered or recognised as expense within one year or on demand.

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable, based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Within 3 months	57,472	126,499
3 months to 6 months	29,319	27,292
6 months to 1 year	51,641	36,574
over 1 year	9,313	7,908
	<u>147,745</u>	<u>198,273</u>

Trade debtors and bills receivable are due when the receivables are recognised.

9 CASH AND CASH EQUIVALENTS

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Cash and cash equivalents	<u>2,045,291</u>	<u>1,975,806</u>

10 TRADE AND OTHER PAYABLES

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Amounts due to related parties	36,078	38,856
Other creditors and accrued charges	<u>71,783</u>	<u>89,402</u>
	<u>107,861</u>	<u>128,258</u>

Amounts due to related parties are unsecured, interest-free and have no fixed terms of payment.

All of the trade and other payables are expected to be settled within one year or on demand.

## 11 DIVIDENDS

### (a) Dividends payable to equity shareholders attributable to the interim period

An interim dividend of HK\$5.81 cents per ordinary share for the Period has been resolved to declare by the Board. The interim dividend has not been recognised as a liability at the end of the reporting period.

### (b) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period:

	2022 RMB'000	2021 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK\$9.90 cents (equivalent to RMB8.01 cents) per ordinary share (six months ended 30 June 2021:Nil)	<u>263,541</u>	<u>–</u>

## 12 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the Period, the Board declared an interim dividend. Further details are disclosed in note 11(a).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OPERATION REVIEW**

#### **I. Macro Environment**

Since 2022, due to various unexpected factors, including the recurring pandemic in many places and the crisis in Ukraine, China's economic development environment became more complex, severe and uncertain. Given the unusual, complicated and difficult situation, the central government of the PRC had an insight into events home and abroad, and efficiently coordinated the pandemic prevention and control as well as economic and social development — coordinating development and safety and insisting on the principle of progressing while maintaining stability as the first priority — which created a positive and favourable environment for corporate development. In the first half of 2022, the China's total GDP was RMB56.26 trillion, with an actual growth rate of 2.5%. Henan Province's total GDP was RMB3.08 trillion, a year-on-year increase of 3.1%. Based on economic indicators, the national economic growth rate slowed down, while positive factors continued to increase in Henan Province's economic operation, showing an overall trend of “accelerated recovery, stabilisation and improvement”.

In the first half of 2022, against the backdrop of severe and complex external environment and the increasing pressure from economic downturn, the PRC's central government reiterated the positioning that housing is for accommodation and not for speculation, to safeguard the accommodation needs of the people. It explored new development models, insisted on placing equal emphasis on leasing and sale, accelerated development of long-term leasing market, and promoted the construction of indemnificatory housing. In terms of specific policies implemented, gradually, there was increasing policy relief for the property market from central to local levels. Policies were imposed based on the actual situation in the relevant local market, with nearly 500 times of local policy optimisation in the first half of the year, hitting a record high for the same period in history. Policies in the industry were easing. Favourable policies were also announced in 18 municipalities in Henan Province. These policies target the real estate sector on two levels: reducing the burden on home buyers and providing relief to businesses.

#### **II. Project Management Market**

In the midst of high property development costs, tightening financing environment and declining industry profits, the real estate industry is seeking to transform from “benefiting from land resources” and “benefiting from the financial sector” to “benefiting from management”. With the advantages of being asset-light, highly profitable and cycle-resistant, project management has become an important option for many real estate companies to explore new models. In conjunction with the national and provincial “14th

Five-Year” Plan policies, the direction of supply-side reform in the real estate industry is becoming clearer, promoting the construction of indemnificatory rental housing, and urban renewal may become a trend. Meanwhile, with accelerated market integration, demand from small and medium enterprises for project management business has gradually increased.

In recent years, the PRC’s central government and local authorities have issued intensive policies to speed up the development of indemnificatory rental housing. China has initially planned to add 6.5 million units of indemnificatory rental housing in 40 key cities during the “14th Five-Year” Plan period, of which 2.4 million units are planned to be completed by 2022. As a result, there will be an explosive growth in indemnificatory rental housing, providing a good opportunity for the overall project management market to develop.

Currently, there were over 40 branded real estate enterprises engaged in project management business. Project management has been generating greater interest in the capital markets. Further, insurance real estate companies have been actively seeking viable capital project management. For example, in July 2022, China Aoyuan Group Limited (stock code: 3883) (being a real estate company) signed a strategic cooperation and construction agreement with Greentown Management Holdings Company Limited (stock code: 9979) (being a project management company like the Group) for the construction of Guangzhou Yunhe Mansion, which plans on leveraging Greentown Management’s brand, management and resources, and where Greentown Management will construct such project on behalf of China Aoyuan.

In 2022, Henan Zhongyuan Central China City Development Co., Ltd. (“**Zhongyuan Jianye**”) (the Group’s principal operating subsidiary) was awarded the “2022 China Outstanding Agent-Construction Operation Real Estate Companies”, which reflects the value of the “Jianye (建業)” brand and the Group’s effective asset-light business model. Since its listing, the Group has grown to become a national leader in the project management industry and has continued to receive recognition from its partners in the market. In the first half of 2022, the overall results declined due to subjective and objective factors such as the resurgence of the pandemic, the crisis in Ukraine, liquidity risks in the real estate industry and the over-focusing on commercial project management. In the rest of the year, we will lay a solid foundation under the warming market and policy situation, speed up the implementation of government project management, capital project management and management consulting businesses. We will explore new business models of “problematic property relief”, promote business diversification, enhance risk resistance and maintain sustainable, stable and healthy business development.

### **III. Project Development During the Period**

During the Period, the Group had nine newly contracted projects, representing a year-on-year decrease of 82.7%, with a newly contracted gross floor area (“GFA”) of 1,116,762 square metre (“sq.m”), representing a year-on-year decrease of 80.5%. Eight newly contracted projects were located in Henan with a newly contracted GFA of 1,049,662 sq.m, and one newly contracted project was located in a province other than Henan with a newly contracted GFA of 67,100 sq.m. The contracted sales for projects under the Group’s management amounted to RMB11.02 billion, representing a year-on-year decrease of 34.5%, with a contracted sales GFA of 1,813,295 sq.m, representing a year-on-year decrease of 36.0%. As of 30 June 2022, the Group had 266 projects under management with an aggregate GFA of 31,413,390 sq.m, 241 of which were in Henan with an aggregate GFA of 28,760,429 sq.m, and 25 in provinces other than Henan with an aggregate GFA of 2,652,961 sq.m.

### **IV. “Greater Central China” Strategy**

In 2021, the Group officially initiated the “Greater Central China” strategy. It has now achieved great results — establishing four urban companies in Shanxi, Xinjiang, Hainan and Tianjin. The Group’s projects under management cover six provinces and autonomous region outside Henan, including Anhui, Shanxi, Shaanxi, Hebei, Xinjiang and Hainan. The Group’s “Greater Central China” strategy has a great competitive advantage and is highly compatible with the Greater Central China market, providing the Group with excellent room for development.

### **V. Outlook and Future Business Plan and Strategy**

In the second half of 2022, we believe policies will remain positive and the consumption will continue to pick up as the economy recovers and the effects of various positive real estate policies become apparent. Guided by the “Greater Central China” strategy, the Group will continue to establish the “full process refined project management” capability, improve its core competitiveness, dare to explore and adopt an proactive approach to further expand its business in external provinces and increase its market share in China’s project management market while consolidating its overwhelmingly leading position in Henan. Moreover, based on the solid foundation laid in various aspects, we will enhance research in business models, and step up efforts on government project management, capital project management, bailout for problematic projects and other businesses in the second half of this year, to promote business diversification, aiming to maintain sustainable, stable and healthy business development.

During the second half of 2022, the Company will focus on the following key strategic initiatives:

***1. In respect of investment expansion, we will diversify our business models and accelerate expansion outside the province***

Actions will be taken to promote the diversification of business models and develop businesses in key regions outside Henan. First, we will sign strategic cooperation agreements with financial institutions, asset management companies and government investment platforms to broaden access to projects and focus our resources on government project management and capital project management business to promote business diversification, with substantial results expected to be achieved in the second half of 2022. Second, we will sort out and integrate resources of existing partners to build an alliance of investors. We will actively explore the establishment of a capital project management platform with the characteristics of the Group to meet the development needs of the asset-light industry, with a view to stimulating the investment enthusiasm of partners and increasing the Group's ability to secure and develop projects via platform operation. Third, according to the current research results and project implementation in markets outside Henan, we will concentrate the advantageous resources on the relatively well-performing real estate markets in Shanxi, Shaanxi, Hebei and other provinces to achieve a powerful breakthrough.

***2. In respect of management system, we will optimise the organisational structure and target establishment of a long-acting system***

In order to promote the healthy development of asset-light business, a three-level flat management structure of "headquarter, cities and project groups" will be set up with the goal of "focusing on headquarter, specialising in urban companies and activating project groups". First, the capable and efficient headquarter, which should effectively play a leading role in development, will summarise and promote excellent experience in a timely manner, rectify problems with cases, lift management standards to improve operating efficiency, and explore innovative business models to promote high-quality development. Second, urban companies will be streamlined to reduce decision-making procedures, strengthen professional capabilities, provide effective support for front-line operation and management, and do a good job in investment expansion of new projects in regions. Last but not least, front-line project groups are formed to improve the granularity of project operation and management. The focus will fall on project operation and management, ensuring the quality of projects to be implemented, and improving the efficiency and benefits of project operation.



**3. *In respect of strengthening the core competitiveness, we will improve fine management and enhance product and service capabilities***

The focus is to take seven key actions to improve sound management in the whole process of projects. We will continue to strengthen sound management based on work classification, and will carry out level-to-level management to ensure the headquarters' in-depth management on group-level projects and empower the front line. Based on management practices, we will optimise the mechanism of managing projects by "type, item and level", to establish a standardised management system and an operation guide.

Continuous efforts will be made to enhance products and service capabilities. The Group will draw on product innovations and promote their applications and advance product iteration projects in the second half of this year to continuously improve product competitiveness. A standardised management mechanism should be put in place based on the achievements in full process management in demonstration areas, and widely promoted in the second half of this year. In terms of service capabilities, customer service personnel should better manage risks before they become problems and strengthen customer complaint and satisfaction management throughout lifecycles, striving to facilitate the continuous growth of customer satisfaction. Meanwhile, a partner classification and grading management mechanism should be in place to improve "management" and "service" and enhance satisfaction among partners.

**4. *In respect of cost reduction and efficiency improvement, we will focus on fine cost management to enhance our internal management capability***

We will effectively conduct management from cost reduction, quality improvement and efficiency increase to improve operating benefits. On the one hand, efforts will be made to optimise and innovate the organisational structure, integrate all departments in the construction process, and clarify the priorities and objectives and tasks of cost reduction, quality improvement and efficiency increase at all management levels. On the other hand, with our excellent measures of cost reduction, quality improvement and efficiency increase, we will set specific targets and plans regarding these measures during the sound management in the whole process of projects, with a view to effectively creating better benefits for partners.

## FINANCIAL ANALYSIS

For the Period, the Group achieved:

### Revenue

The Group generated revenue and received management fees from the provision of project management services. Primary factors affecting our revenue include scale of our business, number of projects and total contracted GFA under our management, milestones and progress of projects under our management and our sales strategy. During the Period, the revenue amounted to RMB378.1 million, a year-on-year decrease of 40.4% as compared with that of RMB634.8 million in the corresponding period in 2021. The decline in revenue is primarily due to a year-on-year decline in newly contracted GFA and contracted sales of projects under management, affected by the resurgence of the pandemic and the continued downturn in the real estate market, all of which affected the development progress of projects under management. Below is the Group's revenue divided by whether projects under management are based in Henan province:

	Six months ended 30 June				
	2022		2021		Change
	<i>RMB'000</i>	<i>% of revenue</i>	<i>RMB'000</i>	<i>% of revenue</i>	<b>increase/ (decrease)</b>
Projects in Henan province	<b>334,101</b>	<b>88.4%</b>	596,195	93.9%	(44.0%)
Projects outside Henan province	<b>44,048</b>	<b>11.6%</b>	38,634	6.1%	14.0%
Total	<b>378,149</b>	<b>100.0%</b>	634,829	100.0%	(40.4%)

### Other Income

Other income is primarily interest income on financial assets measured at amortised cost. During the Period, other income amounted to RMB23.0 million, an increase of RMB14.7 million as compared with that of RMB8.3 million in the corresponding period in 2021. The increase is primarily due to a year-on-year rise of RMB10.7 million in the interest income on financial assets measured at amortised cost.

## **Personnel Cost**

Personnel cost is the Group's largest cost item which primarily comprises base salary and bonus, social insurance and other benefits as well as equity settled shared-based payment by Central China Real Estate Limited, a former holding company of the Group, paid to the Group's employees. Such cost does not include salary, bonus, social insurance and housing funds, and other benefits and fees paid to the Group's employees who are seconded to relevant project companies in connection with real property development projects managed by us, which are borne by respective project owners and paid by the project owners to the seconded personnel directly. During the Period, personnel cost amounted to RMB69.5 million, representing a decrease of 24.7% as compared with that of RMB92.4 million for the corresponding period in 2021. The decrease is primarily due to a drop in the number of employees during the Period due to the adjustment of the Group's organisational structure.

## **Other Operating Expenses**

Other operating expenses primarily comprise corporate overhead and business, office and travelling expenses. During the Period, other operating expenses amounted to RMB32.5 million, representing an increase of 7.9% as compared with that of RMB30.1 million for the corresponding period in 2021. The increase is mainly due to (i) the addition of licensing fee of RMB7.5 million; (ii) the decrease in business and travelling expenses as business expansion was impacted by the pandemic and market factors; and (iii) the drop in corporate overhead and office expense as the number of employees fell due to the adjustment of the Group's organisational structure.

## **Profit for the Period**

During the Period, net profit amounted to RMB204.4 million, representing a decrease of 43.6% as compared with that of RMB362.4 million for the corresponding period in 2021.

## **Trade and Other Receivables**

Trade and other receivables amounted to RMB258.0 million as of 30 June 2022, representing a decrease of 54.6% from RMB568.2 million as of 31 December 2021. This is mainly attributed to the receipt of the amount due from project owners of RMB274.1 million for investment and expansion during the Period.

### **Contract Assets**

Contract assets amounted to RMB376.1 million as of 30 June 2022, representing an increase of 25.1% from RMB300.5 million as of 31 December 2021. This is mainly due to the decline in the contracted sales of the Group's projects under management affected by the pandemic and the real estate market. Contract assets will be converted into the cash inflow from the Group's operating activities in the future.

### **Trade and Other Payables**

Trade and other payables amounted to RMB107.9 million as of 30 June 2022, representing a decrease of 15.9% from RMB128.3 million as of 31 December 2021. This is mainly due to a decline in the service fees charged on behalf of related parties for its provision of property management services to customers of the Group.

### **Contract Liabilities**

Contract liabilities amounted to RMB310.3 million as of 30 June 2022, representing a decrease of 21.1% from RMB393.2 million as of 31 December 2021. Contract liabilities represent the payments received before the related project management service is provided. The decrease during the Period is primarily due to a decline in payments received.

## Proceeds from the Listing

The Shares were listed on the Main Board of Hong Kong Stock Exchange (the “**Listing**”) on 31 May 2021, with a total of 328,172,000 Shares issued pursuant to the global offering. After deducting the underwriting fees and relevant expenses, net proceeds from the Listing amounted to approximately HK\$915.8 million (equivalent to RMB751.4 million). The following table sets out the intended use and actual use of the net proceeds as of 30 June 2022:

Use of proceeds	Allocation of use of the net proceeds <i>RMB million</i>	Percentage of total net proceeds	Actual use as of 30 June 2022 <i>RMB million</i>	Unutilised net proceeds as at 30 June 2022 <i>RMB million</i>	Timetable
<b>1. Expanding into new markets in the “Greater Central China” region and new service offerings</b>	<b>300.5</b>	<b>40.0%</b>	<b>21.0</b>	<b>279.5</b>	
1.1 Setting up of new regional branch offices	75.1	10.0%	2.3	72.8	One to three years after Listing
1.2 Recruitment of new staffs to our new branches	180.4	24.0%	11.7	168.7	One to three years after Listing
1.3 Brand promotion	22.5	3.0%	4.9	17.6	One to three years after Listing
1.4 Recruitment of new staffs and efforts in developing new service offerings (including both government projects and capital projects)	22.5	3.0%	2.1	20.4	One to three years after Listing
<b>2. Pursuing strategic investments and acquisitions</b>	<b>270.6</b>	<b>36.0%</b>	<b>–</b>	<b>270.6</b>	One to three years after Listing
<b>3. Enhancing the information technology system</b>	<b>105.2</b>	<b>14.0%</b>	<b>10.0</b>	<b>95.2</b>	One to three years after Listing
<b>4. General working capital</b>	<b>75.1</b>	<b>10.0%</b>	<b>75.1</b>	<b>–</b>	One to two years after Listing
<b>Total</b>	<b>751.4</b>	<b>100.0%</b>	<b>106.1</b>	<b>645.3</b>	

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

We have adopted comprehensive treasury policies and internal control measures to review and monitor the Group's financial resources.

As at 30 June 2022, the cash and cash equivalents amounted to RMB2,045.3 million (31 December 2021: RMB1,975.8 million). The Group maintained at net cash position as at 30 June 2022 without any borrowings. The Company paid a final dividend of RMB263.5 million in total during the Period.

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 30 June 2022, the gearing ratio was nil.

### **Debt**

During the Period, the Group had no significant borrowings.

### **Foreign Exchange Risk**

The Group conducts substantially all of its business in China and in Renminbi. Therefore, the Group is exposed to minimum foreign exchange risks. However, the depreciation or appreciation of RMB and HKD against foreign currencies may have impact on the Group's results. Currently, the Group does not hedge foreign exchange risks, but will continue to closely monitor its exposure to foreign exchange risks. The management will consider hedging foreign exchange risks when the Group becomes materially affected by such risks.

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

As at 30 June 2022, the Group did not have any significant contingent liabilities and capital commitment.

### **Pledge of Assets**

During the Period, the Group did not have any pledged assets.

### **Major Acquisition and Disposals**

During the Period, the Group did not have any major acquisition and disposals.

## **Major Investment**

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

## **Employment and Remuneration Policies**

As at 30 June 2022, the Group had 1,058 full-time employees, including 729 employees assigned to relevant project companies to carry out property development projects under the Group's management.

The Group's sustainable development depends on the ability and loyalty of employees. The Group has established a transparent evaluation system for all employees seeking career development in various business units. A performance-based compensation structure was set up to reward employees for their performance. The Group also continues to optimise existing remuneration incentive mechanism according to its development strategy and market standards, to promote the healthy competition within the Group, maximise the potential of employees and retain and attract excellent talents.

In addition, the Group values the importance of providing employees with comprehensive and sustainable trainings to improve their business skills, enhance their risk management capabilities and help them demonstrate high standards of diligence and dedication. It provided employees with various internal and external trainings with different emphasis based on their tenure. Through these initiatives, our team members can acquire updates on the industry trend, thereby supporting our sustainable expansion with a vibrant and stable talent pool.

## **CORPORATE GOVERNANCE PRACTICES**

The Group is committed to achieving high corporate governance standards to safeguard the interests of its stakeholders. The Company has applied the principles in the Corporate Governance Code (“**CG Code**”) in Appendix 14 of the Listing Rules by conducting its business by reference to the principles of the CG Code and emphasising such principles in the Company's governance framework.

To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the CG Code during the Period.

## 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 all Directors had complied with the required standard as set out in the Model Code during the Period.

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

During the Period, the Board recognized that the repurchase of Shares could increase the net asset value and/or earnings per share, so the Company repurchased a total of 4,192,000 Shares on the Stock Exchange from April to June 2022, with a total consideration of approximately HK\$4,975,853 (including the transaction cost). Details of the Shares repurchased but not cancelled are as follows:

Date of Repurchase	Number of Shares Repurchased	Price per Share	
		Highest (HK\$)	Lowest (HK\$)
1 April 2022	320,000	1.22	1.22
12 April 2022	370,000	1.27	1.23
18 May 2022	350,000	1.15	1.12
26 May 2022	256,000	1.18	1.11
27 May 2022	250,000	1.14	1.12
30 May 2022	420,000	1.16	1.13
31 May 2022	250,000	1.19	1.14
1 June 2022	670,000	1.19	1.16
14 June 2022	380,000	1.26	1.20
17 June 2022	246,000	1.23	1.16
27 June 2022	250,000	1.16	1.16
28 June 2022	430,000	1.18	1.15

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Period.



## REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the Listing Rules and the CG Code. As at the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely Mr. Zhu Baoguo, Mr. Xu Ying and Mr. Siu Chi Hung. Mr. Siu Chi Hung is the chairman of the Audit Committee. The Audit Committee of the Company has discussed with the management and external auditors the accounting principles and policies adopted by the Group and has reviewed the Group's unaudited interim consolidated financial statements for the Period. The interim financial report for the Period is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity", issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in the interim report to be sent to shareholders of the Company (the "**Shareholders**").

## INTERIM DIVIDEND

The Board has resolved to declare an interim dividend (the "**Interim Dividend**") of HK5.81 cents per Share for the Period. The Interim Dividend will be paid on or around Friday, 4 November 2022 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 26 October 2022.

## CLOSURE OF THE REGISTER OF MEMBERS

For the purpose of determining the entitlement of the Shareholders to the Interim Dividend, the register of members of the Company will be closed from Monday, 24 October 2022 to Wednesday, 26 October 2022. In order to qualify for the Interim Dividend, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 21 October 2022, for registration. The Interim Dividend will be paid on or around Friday, 4 November 2022.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The announcement has been published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.centralchinamgt.com](http://www.centralchinamgt.com)). The interim report for the six months ended 30 June 2022 (containing all information set forth in Appendix 16 to the Listing Rules) will be dispatched to Shareholders in due course and will be published on the aforesaid websites of the Stock Exchange and the Company.

By Order of the Board  
**CENTRAL CHINA MANAGEMENT COMPANY LIMITED**  
**Wu Po Sum**  
*Chairman*

Hong Kong, 30 August 2022

*As at the date of this announcement: (1) the chairman and non-executive Director is Mr. Wu Po Sum; (2) the executive Directors are Mr. Hu Bing and Mr. Ma Xiaoteng; (3) the non-executive Director is Ms. Wu Wallis (alias Li Hua); and (4) the independent non-executive Directors are Mr. Zhu Baoguo, Mr. Xu Ying and Mr. Siu Chi Hung.*