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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

- The revenue for the year ended 31 December 2021 (the “**Year**”) amounted to RMB1,301.4 million, an increase of 13.0% as compared to 2020.
- Net profit for the Year amounted to RMB770.2 million, an increase of 13.0% as compared to 2020. The net profit margin for the Year was 59.2%.
- Core net profit* for the Year amounted to RMB784.9 million, an increase of 13.9% as compared to 2020.
- Basic earnings per share for the Year amounted to RMB24.39 cents, an increase of RMB1.42 cents from 2020.
- The Board has recommended a final dividend of HK9.90 cents per ordinary share for the Year.

* *Excluding the listing expenses and related tax effects*

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of CENTRAL CHINA MANAGEMENT COMPANY LIMITED (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (the “**Group**”) for the Year with comparative figures for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

For the year ended 31 December 2021

(Expressed in Renminbi (“**RMB**”))

	Note	Year ended 31 December	
		2021	2020
		RMB'000	RMB'000
Revenue	2	1,301,449	1,152,082
Other income	3	34,910	5,787
Personnel cost	4(b)	(196,859)	(168,468)
Depreciation and amortisation expenses	4(c)	(18,177)	(12,916)
Listing expenses		(19,711)	(10,448)
Other operating expenses		(72,330)	(38,539)
Impairment losses on trade and other receivables and contract assets		(15,482)	(13,774)
Finance costs	4(a)	(413)	(389)
Share of loss of an associate		(509)	(998)
Profit before taxation	4	1,012,878	912,337
Income tax	5	(242,723)	(230,867)
Profit for the year		770,155	681,470
Attributable to:			
Equity shareholders of the Company		770,155	681,470
Earnings per share			
— Basic and diluted (<i>RMB cents</i>)	6	24.39	22.97

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

(Expressed in RMB)

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit for the year	<u>770,155</u>	<u>681,470</u>
Other comprehensive income for the year (after tax and reclassification adjustments)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>(95)</u>	<u>16</u>
Other comprehensive income for the year	<u>(95)</u>	<u>16</u>
Total comprehensive income for the year	<u><u>770,060</u></u>	<u><u>681,486</u></u>
Attributable to:		
Equity shareholders of the Company	<u><u>770,060</u></u>	<u><u>681,486</u></u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

(Expressed in RMB)

		As at 31 December	
		2021	2020
	Note	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	7	20,212	24,342
Intangible assets	7	9,628	1,128
Interest in an associate	9	2,501	3,010
Other financial assets	10	8,076	–
Deferred tax assets	16(b)	10,158	6,531
		<u>50,575</u>	<u>35,011</u>
Current assets			
Contract assets	11(a)	300,500	238,149
Trade and other receivables	12	568,150	1,017,292
Cash and cash equivalents	13	1,975,806	384,599
		<u>2,844,456</u>	<u>1,640,040</u>
Current liabilities			
Trade and other payables	14	128,258	113,885
Contract liabilities	11(b)	393,249	474,949
Lease liabilities	15	4,464	7,281
Current taxation	16(a)	47,822	66,473
		<u>573,793</u>	<u>662,588</u>
Net current assets		<u>2,270,663</u>	<u>977,452</u>
Total assets less current liabilities		<u>2,321,238</u>	<u>1,012,463</u>
Non-current liabilities			
Lease liabilities	15	1,609	5,071
NET ASSETS		<u>2,319,629</u>	<u>1,007,392</u>
CAPITAL AND RESERVES			
Share capital	17(a)	27,035	–*
Reserves		2,292,594	1,007,392
Total equity attributable to equity shareholders of the Company		<u>2,319,629</u>	<u>1,007,392</u>
TOTAL EQUITY		<u>2,319,629</u>	<u>1,007,392</u>

* The balance represents amount less than RMB1,000.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB)

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 (the “Shares”) were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 31 May 2021 (the “Listing Date”). The Group is principally engaged in the provision of project management services in Henan and other provinces in the People’s Republic of China (the “PRC”).

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation and functional and presentation currency

Prior to the incorporation of the Company and completion of the reorganisation as mentioned below (the “Reorganisation”), the project management business of the Group (the “Listing Business”) was carried out by Henan Zhongyuan Central China City Development Company Limited (“Zhongyuan Jianye”) and certain other subsidiaries of Central China Real Estate Limited (the “Other CCRE Operating Entities”). Apart from the project management business, these entities are also engaged in the real estate development and investment business (the “Non-Listing Business”) either through separate legal entities or divisions thereof.

To rationalise the corporate structure in preparation of the listing of the Shares on The Stock Exchange of Hong Kong Limited, the Group underwent the Reorganisation. As part of the Reorganisation, Zhongyuan Jianye disposed of its equity interests in four invested entities engaging in the Non-Listing Business (the “Excluded Entities”). Meanwhile, the project management business previously operated by Other CCRE Operating Entities was also transferred to the Group by way of assignment of the existing uncompleted project management contracts owned by these entities to Zhongyuan Jianye.

The financial information of the Excluded Entities has been excluded since the beginning of the periods presented as if Zhongyuan Jianye had never held any equity interests in such entities. Cash flows in connection with the investments in and the disposal of the Excluded Entities are reflected as capital distributions to and capital contributions from the shareholders as appropriate.

Upon completion of the Reorganisation, the Company became the holding company of the subsidiaries now comprising the Group. The Reorganisation involved inserting several newly formed investment holding entities with no substantive operations as the new holding companies of the project management business. There were no changes in the economic substance of the ownership and the project management business before and after the Reorganisation. Accordingly, the consolidated financial statements for the years presented have been prepared as a continuation of the financial statements of the project management business with its assets and liabilities recognised and measured on a carry-over basis. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the financial statements.

The consolidated financial statements for the year ended 31 December 2021 comprise the Group and the Group’s interest in an associate. The consolidated financial statements are presented in RMB rounded to the nearest thousand except as otherwise indicated, while the Company’s functional currency is the Hong Kong dollar (“HK\$”). The measurement basis used in the preparation of the financial statements is the historical cost basis except for the investments in financial assets stated at fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) **Changes in accounting policies**

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform — phase 2*
- Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*

Other than the amendment to HKFRS 16, 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 effect on how the Group's results and financial position for the current or prior years have been prepared or presented in the consolidated financial statements.

2 REVENUE AND SEGMENT REPORTING

(a) **Revenue**

The principal activities of the Group are provision of project management services.

(i) *Revenue from contracts with customers is as follows:*

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS15 and recognised over time		
— Provision of project management services	<u>1,301,449</u>	<u>1,152,082</u>

The Group's customer base is diversified and includes no customer with whom transactions have exceeded 10% of the Group's revenues.

(ii) *Revenue expected to be recognised in the future arising from provision of project management services*

As at 31 December 2021, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB3,102,923,000 (2020: RMB2,790,191,000). This amount represents revenue expected to be recognised in the future from project management service contracts entered into by the customers with the Group. The Group will recognise the expected revenue in future by measuring the progress towards complete satisfaction of the performance obligation, which is expected to occur over the next 48 months (2020: next 48 months).

The above amount does not include any amounts of incentive fee that the Group may earn in the future by meeting the conditions set out in the Group's project management service contracts with customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those bonuses.

(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 service. Resources are allocated based on what is beneficial for the Group in enhancing its project management service 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 all derived from activities in the PRC.

3 OTHER INCOME

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income on financial assets measured at amortised cost	33,043	5,458
Others	1,867	329
	<u>34,910</u>	<u>5,787</u>

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
(a) Finance costs		
Interest on lease liabilities	<u>413</u>	<u>389</u>
(b) Personnel cost		
Salaries, wages and other benefits	183,949	165,267
Contributions to defined contribution retirement plan	9,493	2,030
Equity settled share-based payment expenses	<u>3,417</u>	<u>1,171</u>
	<u>196,859</u>	<u>168,468</u>

Employees of the Group's PRC subsidiaries are required to participate in defined contribution retirement schemes which are administered and operated by the local municipal government. The PRC subsidiaries contribute funds which are calculated on certain percentage of the average Employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group also participates in a Mandatory Provident Fund Scheme ("the MPF Scheme") for all qualifying employees in Hong Kong. The Group's and employee's contributions to the MPF Scheme are based on 5% of the relevant income of the relevant employee (up to a cap of monthly relevant income of HK\$30,000) and in accordance with the requirements of the Mandatory Provident Fund Schemes Ordinance and related regulations.

The Group has no other material obligation for the payment of retirement benefits associated with these schemes beyond the annual contributions described above.

	<i>Note</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
(c) Other items			
Depreciation charge	7		
— owned property, plant and equipment		8,209	6,012
— right-of-use assets		<u>8,065</u>	<u>5,646</u>
		<u>16,274</u>	<u>11,658</u>
Amortisation cost of intangible assets	7	<u>1,903</u>	<u>1,258</u>
Auditor's remuneration		<u>3,919</u>	<u>1,612</u>

5 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

		2021	2020
		RMB'000	RMB'000
Current tax			
PRC Corporate Income Tax	(iii)	246,350	234,311
Deferred tax			
Origination and reversal of temporary differences		<u>(3,627)</u>	<u>(3,444)</u>
		<u>242,723</u>	<u>230,867</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) Income tax rate applicable to Group entities incorporated in Hong Kong for the income subject to Hong Kong Profits Tax during the years is 8.25% on the first HK\$2 million of estimated assessable profit and at 16.5% on the estimated assessable profits above HK\$2 million.
- (iii) 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 year, the other subsidiaries which operate in mainland China are subject to Corporate Income Tax ("CIT") at a statutory rate of 25%.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

		2021	2020
		RMB'000	RMB'000
Profit before taxation		<u>1,012,878</u>	<u>912,337</u>
Tax on profit before tax, calculated at 25%		253,220	228,084
Difference in tax rates for parent company and certain subsidiaries		(16,832)	–
Tax effect of non-deductible expenses		<u>6,335</u>	<u>2,783</u>
Income tax expense		<u>242,723</u>	<u>230,867</u>

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2021 is based on the profit attributable to equity shareholders of the Company of RMB770,155,000 and the weighted average of 3,158,084,620 ordinary shares in issue during the year, comprising:

- (i) 1 ordinary share in issue at 1 January 2021;
- (ii) 2,967,116,119 ordinary shares issued pursuant to the capitalisation issue immediately prior to the completion of the initial public offering, as if these ordinary shares were outstanding throughout the year; and
- (iii) 328,172,000 ordinary shares issued on the Listing Date by initial public offering; and
- (iv) 5,582,000 ordinary shares repurchased by the Company in December 2021.

The basic earnings per share for the year ended 31 December 2020 was calculated based on the profit attributable to equity shareholders of the Company of RMB681,470,000 and the weighted average of 2,967,116,119 ordinary shares, as if 2,967,116,119 ordinary shares issued pursuant to the capitalisation issue immediately prior to the completion of the initial public offering were outstanding throughout the year ended 31 December 2020.

Weighted average number of ordinary shares:

	2021	2020
Issued ordinary share at 1 January	1	–
Issuance of share upon the incorporation of the Company	–	–*
Effect of capitalisation issue	2,967,116,119	2,967,116,119
Effect of Shares issued by initial public offering on 31 May 2021	191,433,667	–
Effect of Shares repurchased	(465,167)	–
	<u>3,158,084,620</u>	<u>2,967,116,119</u>

* The amount represents the weighted number less than 1 share.

(b) Diluted earnings per share

There were no dilutive potential shares outstanding during the years ended 31 December 2021 and 2020.

7 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(a) Reconciliation of carrying amount of property, plant and equipment

	Properties leased for own use <i>RMB'000</i>	Motor Vehicles <i>RMB'000</i>	Furniture, fixtures and equipment <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Total <i>RMB'000</i>
Cost					
At 1 January 2020	15,298	5,028	3,980	8,277	32,583
Additions	8,385	608	1,638	1,000	11,631
Disposals	<u>(1,809)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,809)</u>
At 31 December 2020	21,874	5,636	5,618	9,277	42,405
Additions	2,089	547	467	9,041	12,144
Disposals	<u>(1,676)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,676)</u>
At 31 December 2021	<u>22,287</u>	<u>6,183</u>	<u>6,085</u>	<u>18,318</u>	<u>52,873</u>
Accumulated depreciation:					
At 1 January 2020	(3,809)	(996)	(2,179)	(1,230)	(8,214)
Charge for the year	(5,646)	(1,143)	(1,322)	(3,547)	(11,658)
Written back on disposals	<u>1,809</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,809</u>
At 31 December 2020	(7,646)	(2,139)	(3,501)	(4,777)	(18,063)
Charge for the year	(8,065)	(1,292)	(1,135)	(5,782)	(16,274)
Written back on disposals	<u>1,676</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,676</u>
At 31 December 2021	<u>(14,035)</u>	<u>(3,431)</u>	<u>(4,636)</u>	<u>(10,559)</u>	<u>(32,661)</u>
Net book value:					
At 31 December 2021	<u>8,252</u>	<u>2,752</u>	<u>1,449</u>	<u>7,759</u>	<u>20,212</u>
At 31 December 2020	<u>14,228</u>	<u>3,497</u>	<u>2,117</u>	<u>4,500</u>	<u>24,342</u>

(b) Right-of-use assets

The analysis of the net book value of the Group's right-of-use assets is as follows:

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i>
Properties leased for own use, carried at depreciated cost	<i>(i)</i>	8,252	14,228

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2021 RMB'000	2020 <i>RMB'000</i>
Depreciation charge of right-of-use assets:		
Properties leased for own use	8,065	5,646
Interest on lease liabilities <i>(note 4(a))</i>	413	389
Expense relating to short-term leases	3,169	2,514

During the year, additions to right-of-use assets were RMB2,089,000 (2020: RMB8,385,000). This amount included the capitalised lease payments payable under new tenancy agreements.

(i) Properties leased for own use

The Group has leased a number of properties as its office and employee dormitory through tenancy agreements. The leases typically run for an initial period of 2 to 5 years. Some leases include an option to renew the lease and all terms should be renegotiated towards the end of the lease term. None of the leases includes variable lease payments.

(c) Intangible assets

	Software <i>RMB'000</i>
Cost:	
At 1 January 2020	4,770
Additions	<u>573</u>
At 31 December 2020	<u><u>5,343</u></u>
Additions	<u>10,403</u>
At 31 December 2021	<u><u>15,746</u></u>
Accumulated amortisation:	
At 1 January 2020	(2,957)
Charge for the year	<u>(1,258)</u>
At 31 December 2020	<u><u>(4,215)</u></u>
Charge for the year	<u>(1,903)</u>
At 31 December 2021	<u><u>(6,118)</u></u>
Net book value:	
At 31 December 2021	<u><u>1,128</u></u>
At 31 December 2020	<u><u>9,628</u></u>

8 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particular of two subsidiaries which principally affects the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of Incorporation and business	Registered and paid-up capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
Henan Zhongyuan Central China City Development Co., Ltd. 河南中原建業城市發展有限公司	The PRC	RMB800,000,000/ RMB350,000,000	–	100%	Project management services
Zhongyuan Central China (Hainan) Management Services Co., Ltd. 中原建業(海南)管理服務有限公司	The PRC	RMB10,000,000/ –	–	100%	Project management services

Note:

The above subsidiaries are PRC limited liability companies. These official names of the entities are in Chinese. The English names are translated by management only for the purpose of these financial statements as no English names have been registered or available.

9 INTEREST IN AN ASSOCIATE

The following list contains an associate of the Group, which is an unlisted corporate entity, whose quoted market price is not available:

Name of company	Date and place of incorporation/ establishment	Registered and paid-up capital	Effective interest held by the Group		Principal activities
			As at 31 December 2021	2020	
Biyang Jianheng Real Estate Development Co., Ltd 泌陽縣建恒房地產開發有限公司	12 September 2019 The PRC	RMB20,000,000/ RMB20,000,000	20%	20%	Property development

Note:

The entity is a PRC limited liability company. The official name of the entity is in Chinese. The English name is for identification purpose only.

The associate mentioned above is accounted for using the equity method in the consolidated financial statements.

The information of the associate is as below:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of the associate in the consolidated financial statements	<u>2,501</u>	<u>3,010</u>

Amounts of the Group's share of the associate's

loss from continuing operations	509	998
Other comprehensive income	<u>–</u>	<u>–</u>
Total comprehensive loss	<u>509</u>	<u>998</u>

10 OTHER FINANCIAL ASSETS

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Investment in unlisted securities	<u>8,076</u>	<u>–</u>

Note:

- (i) The Group's investment in unlisted securities represented an investment in a private equity fund. The Group designated the unlisted securities at FVOCI (non-recycling), as it does not intend to dispose of this investment in the foreseeable future.

11 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Contract assets		
Project management service	<u>300,500</u>	<u>238,149</u>

All of contract assets are expected to be recovered within one year.

(b) **Contract liabilities**

Contract liabilities

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Project management service		
— Billings in advance of performance	<u>393,249</u>	<u>474,949</u>

Movements in contract liabilities

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
At 1 January	474,949	398,784
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(442,898)	(307,639)
Increase in contract liabilities as a result of billing in advance of project management service	<u>361,198</u>	<u>383,804</u>
At 31 December	<u>393,249</u>	<u>474,949</u>

As at 31 December 2021, the amount of billings in advance of performance and advance payments received expected to be recognised as income after more than one year is RMB99,236,000 (2020: RMB100,146,000). All of the other contract liabilities are expected to be recognised as income within one year.

12 TRADE AND OTHER RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade debtors and bills receivable	219,932	156,748
Less: allowance for credit losses	<u>(21,659)</u>	<u>(14,779)</u>
Trade debtors and bills receivable, net of loss allowance	198,273	141,969
Amounts due from related parties	27,510	869,213
Other debtors	<u>337,758</u>	<u>3,630</u>
Financial assets measured at amortised cost	<u>563,541</u>	<u>1,014,812</u>
Deposits and prepayments	<u>4,609</u>	<u>2,480</u>
	<u>568,150</u>	<u>1,017,292</u>

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:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	126,499	89,414
3 months to 6 months	27,292	25,311
6 months to 1 year	36,574	21,145
over 1 year	7,908	6,099
	<u>198,273</u>	<u>141,969</u>

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

(b) Other debtors

As at 31 December 2021, other debtors mainly represented advances to third parties of RMB317,552,000, which are interest bearing at 15% per annum, unsecured and expected to be recovered within one year.

13 CASH AND CASH EQUIVALENTS

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents	<u>1,975,806</u>	<u>384,599</u>

14 TRADE AND OTHER PAYABLES

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note</i>	
Amounts due to related parties	38,856	17,415
Other creditors and accrued charges	89,402	96,470
	<u>128,258</u>	<u>113,885</u>

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

15 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	31 December 2021		31 December 2020	
	Present value of the minimum lease payments <i>RMB'000</i>	Total minimum lease payments <i>RMB'000</i>	Present value of the minimum lease payments <i>RMB'000</i>	Total minimum lease payments <i>RMB'000</i>
Within 1 year	4,464	4,641	7,281	7,750
After 1 year but within 2 years	1,609	1,628	3,799	4,012
After 2 years but within 5 years	–	–	1,272	1,324
	<u>1,609</u>	<u>1,628</u>	<u>5,071</u>	<u>5,336</u>
	<u>6,073</u>	<u>6,269</u>	<u>12,352</u>	13,086
Less: total future interest expenses		(196)		(734)
Present value of lease liabilities		<u>6,073</u>		<u>12,352</u>

16 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	Total <i>RMB'000</i>
At 1 January 2020	52,067
Charged to profit or loss (<i>note 5(a)</i>)	234,311
Tax paid	(214,206)
Deemed contribution from the parent company	<u>(5,699)</u>
At 31 December 2020 and 1 January 2021	66,473
Charged to profit or loss (<i>note 5(a)</i>)	246,350
Tax paid	<u>(265,001)</u>
At 31 December 2021	<u>47,822</u>

	2021	2020
	RMB'000	RMB'000
Representing:		
Current taxation	<u>47,822</u>	<u>66,473</u>

(b) Deferred tax assets

(i) Movement of each component of deferred tax assets

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Credit loss allowance
	<i>RMB'000</i>
At 1 January 2020	3,087
Credited to profit or loss (<i>note 5(a)</i>)	<u>3,444</u>
At 31 December 2020 and 1 January 2021	6,531
Credited to profit or loss (<i>note 5(a)</i>)	<u>3,627</u>
At 31 December 2021	<u>10,158</u>

(ii) Reconciliation to the consolidated statement of financial position

	2021	2020
	RMB'000	RMB'000
Representing:		
Deferred tax assets	<u>10,158</u>	<u>6,531</u>

(c) Deferred tax liabilities not recognised:

As at 31 December 2021, taxable temporary differences relating to undistributed profits of the Company's PRC subsidiaries amounted to RMB1,450,319,000 (2020: RMB737,905,000). No deferred tax liability was recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has determined that it is probable that these will not be distributed in the foreseeable future.

17 CAPITAL, RESERVES AND DIVIDENDS

(a) Share Capital

	As at 31 December			
	2021		2020	
	Number of	Amount	Number of	Amount
	shares	HK\$	shares	HK\$
Authorised share capital				
<i>(Note (i))</i>	10,000,000,000	100,000,000	38,000,000	380,000
	As at 31 December			
	2021		2020	
	Number of	Amount	Number of	Amount
	shares	RMB'000	shares	RMB'000
Ordinary shares, issued and fully paid:				
At 1 January 2021/22 October 2020 (date of incorporation)	1	—*	1	—*
Capitalisation issue <i>(Note (ii))</i>	2,967,116,119	24,343	—	—
Issuance of shares by initial public offering <i>(Note (iii))</i>	328,172,000	2,692	—	—
At 31 December	3,295,288,120	27,035	1	—*

* The balances represent amounts less than RMB1,000.

Notes:

- (i) The Company was incorporated on 22 October 2020 in the Cayman Islands as an exempted company with limited liability. Upon incorporation, the Company's authorised share capital was HK\$380,000 divided into 38,000,000 shares with a par value of HK\$0.01 each, of which 1 share was issued and allotted, credited as fully paid.

On 12 May 2021, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares to HK\$100,000,000 divided into 10,000,000,000 shares.

- (ii) Immediately prior to the completion of the initial public offering, the Company allotted and issued 2,967,116,119 ordinary shares, credited as fully paid at par value, to CCRE by way of capitalisation of HK\$29,671,161 (equivalent to approximately RMB24,343,000) from the share premium account of the Company on the Listing Date.
- (iii) 328,172,000 ordinary shares of par value of HK\$0.01 each were issued at a price of HK\$3.00 per ordinary share upon the listing of the Shares on the Stock Exchange. The proceeds of HK\$3,281,720 (equivalent to approximately RMB2,692,000), representing the par value, were credited to the Company's share capital. The remaining proceeds, net of share issuance expenses, of approximately HK\$949,317,000 (equivalent to approximately RMB778,831,000) were credited to the Company's share premium account.

(b) Dividends

(i) Dividend payable to equity shareholders of the Company attributable to the year

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Interim dividend declared and paid of HK\$8.60 cents (equivalent to RMB7.16 cents) per ordinary share (2020: Nil)	<u>235,813</u>	<u>–</u>

A final dividend of HK\$9.90 cents per share for the year ended 31 December 2021 has been proposed by the Board. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period, which will be distributed out of the Company's share premium.

18 COMMITMENTS

Capital commitments outstanding at 31 December 2021 and 2020 not provided for in the financial statements were as follows:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Contracted for	<u>3,253</u>	<u>3,494</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

I. Business Overview

In 2021, as the Group's major market, Henan, was affected by flood and the COVID pandemic (the “**Pandemic**”), the overall real estate industry was affected by various factors including tightening macro policies and industry regulations, while the Group's operations maintained a healthy level in general with high year-on-year increase of new expansion area, contracted sales, net profit and net profit margin as compared to the previous year, which fully demonstrated the competitive edge of the project management business.

During the Year, the Group had 87 newly contracted projects, representing a year-on-year increase of 8.8%. The newly contracted gross floor area (“**GFA**”) was 10,021,905 square metres (“**sq.m**”), representing a year-on-year increase of 16.7%, and the contracted sales for projects under the Group's management amounted to RMB40,275 million, representing a year-on-year increase of 17.4%. The contracted sales GFA was 6,261,669 sq.m, representing a year-on-year increase of 9.8%, ranking the first in the industry. As of 31 December 2021, 261 projects were under the Group's management with an aggregate GFA of 30,974,377 sq.m. During the Year, the Group had 11 newly contracted projects in provinces other than Henan with a newly contracted GFA of 1,302,742 sq.m. As of 31 December 2021, the Group had conducted business in 119 cities and counties, including 100 cities and counties in Henan and 19 cities and counties in provinces other than Henan.

The business scale increased continuously. As of 31 December 2021, the Group had a more diversified business model and had six government project management projects with a contracted GFA of 790,000 sq.m, and one capital project management project with a contracted GFA of 200,000 sq.m.

II. Macro Environment

In 2021, the first year of recovery from the Pandemic, China's Gross Domestic Product (GDP) grew by 8.1% year-on-year with stable progress in China's overall economy. Due to the strong resilience of its economy, China overperformed other major global economies in this respect, which created a positive and favourable environment for business development, despite the base effect, floods, the recurrent Pandemic and other factors.

Guided by the policies that “houses are for accommodation, not for speculation” and three goals of “stabilising land prices, house prices and market expectations”, China continued to impose strict policies to regulate the real estate industry in 2021. In the 2022 Economic Work Conference, the central government of China proposed new requirements for the real estate industry that “it shall explore new development models, place equal emphasis on house rental and acquisition, accelerate the development of housing for long-term rent, and promote the construction of indemnificatory housing”, and encouraged that “cities shall facilitate virtuous circle and healthy development of the real estate industry based on their actual circumstances”. In general, these policies are conducive to making the industry “back on track” to achieve the fundamental target of “affordable houses for all people”, and also help recover people’s confidence in the real estate industry gradually through the policy of “stable development”.

III. Project Management Market

As the real estate industry enters the favourable era for project management business, the traditional development logic of the industry has changed. As a vital model in the transformation of ecological chain of the industry, the project management business is gradually on the market’s radar for its features such as being asset-light, not driven by capital and with low leverage, no reliance on financing, high profit margin as well as being counter-cyclical.

In connection with the national and provincial “14th Five-Year” Plan, the supply of real estate industry had a more definite reform direction: promoting the construction of indemnificatory rental housing and urban renewal may become a trend. Meanwhile, under the accelerating integration of markets, the demand for small-to-medium project management businesses will gradually increase. According to China Index Academy, the penetration of the project management industry reached 4.8% in 2021. Compared to the United State’s and Europe’s project management industry penetration of approximately 30%, China’s project management industry penetration has room to further grow up to 5.2 times. The overall industry has a promising prospect.

In 2021, Zhongyuan Jianye (the Group’s principal operating subsidiary) was honoured as one of the “Outstanding Companies in China for Real Estate Project Management Operations in 2021” and “2021 Leading Brand of China Real Estate Project Management” by China Index Academy. This shows the asset-light business model of the Group has been well recognised in the market.

IV. “Greater Central China” Strategy

On July 2021, the State Council published the “Opinion on the Promotion of High-Quality Development of Central China in New Era of the State Council of the Central Committee of the Communist Party of China”, proposing 21 measures to facilitate the growth of Central China region. In 2021, the Group has officially initiated the “Greater Central China” strategy to carry out project management business in the Greater Central China region within a radius of 500 kilometres, with Zhengzhou as the centre. This region offers huge market opportunities and the “Greater Central China” strategy of the Group is also in line with the development strategy of China in Central China, which allows the Group to grow and prosper. In 2021, the Group organized different activities for “Central China Tours for Medias in Provinces other than Henan”, such as introducing the Group’s projects in Central China to the media of Anhui province, a reverse roadshow for Anhui media and an online event for Hubei media, which facilitated the promotion of the Group’s brand in the markets in provinces other than Henan and effectively supported the business development in these provinces. Looking forward, the Group will keep implementing the “Greater Central China” strategy. In addition to exploiting markets in Henan, the Group will explore and achieve greater breakthrough in business in the Greater Central China region.

V. Future Business Plan and Strategy

In 2022, guided by the “Greater Central China” strategy, the Group will continue to enhance ability of “full process refined project management”, improve the core competitiveness, take bold initiative to explore and adopt an aggressive approach to further expand the Group’s business in provinces other than Henan and increase market share in China’s project management market while further consolidating the Group’s overwhelmingly leading position in Henan. In 2022, the Group will focus on the following key strategies and plans:

1. *Achieve new breakthroughs in business expansion into provinces other than Henan*

First, the Group will deeply enhance the research in markets other than Henan, in particular in the Greater Central China region, to form replicable experience. Second, the Group will gradually formulate a standard for the management and control of project operation in local markets in accordance with actual circumstances in different markets outside Henan, to promote the project operation outside Henan from a more objective perspective. Third, the Group will enhance support for the investment team in terms of personnel allocation and incentive by improving policy protection mechanism outside Henan. Fourth, the Group will facilitate the brand marketing and project execution outside Henan. Fifth, the Group will cultivate quality partners based on the principle of “classification and grade management for partners” to jointly use resources outside Henan.

2. *Facilitate the diversified development of business model*

First, the Group will deepen research on business layout in higher-tier cities, and on various forms of properties including residential products in order to develop capabilities for comprehensive project management services aimed at all property categories within five years. Second, the Group will gradually establish mature business models for government project management and capital project management with financial institutions, asset companies, and government investment platforms. Third, the Group will effectively sort out and integrate resources of existing partners to build an alliance of investors. The Group seeks to develop a platform for project management with capital contribution that is distinctive of the Group and satisfies development needs of the asset-light industry.

3. *Constantly facilitate cost reduction, quality improvement and efficiency enhancement*

First, the Group will constantly improve project effectiveness and per capita efficiency through full implementation of “full process refined project management”. Second, the Group will keep boosting product innovation and improving product quality, and it also advocates innovation that caters to the market and restricted by costs. Third, the Group will enhance the promotion and application of new materials, technologies and craftsmanship, and improve the systematization and standardization of project management.

4. Actively explore and promote digital and intelligent construction

The digital and intelligent construction is the key to the improvement of management efficiency. The Group continues to construct and upgrade systems, and improve decision-making efficiency by leveraging on digitalised technologies. Also, the Group will deeply analyse and explore customers' information based on the digital and intelligent method, and innovate product research and improve customer services level in accordance with customers' needs. Furthermore, the Group will keep improving refined management and accumulating management experience based on existing full process refined project management practices, speed up digital and intelligent construction for the Group's wider operations and explore the establishment of its "Digital SaaS Platform for Project Management Services".

5. Enhance the standards for internal control and compliance

To ensure its business's sustainability, the Group, as a leader in the project management industry, will continue to explore management methods, which also set more strict requirements for compliance. First, the Group will comprehensively sort out and improve various management systems and files, and practically improve the compliance of various tasks. Second, the Group will strengthen business research, clearly sort out the rights and responsibilities of all parties in the project cooperation process, and clarify business regulations and management boundaries. Third, the Group will conduct compliance-related business trainings with business partners to jointly improve compliance awareness and to maintain high standards.

VI. OUTLOOK

In the favourable era for project management business, the traditional real estate industry has already stepped into the stage of relying on existing resources, and the development of the real estate development sector is gradually facing limitation. The project management industry, however, has a great potential and promising outlook with high net profit margin. Based on the "full process refined project management systems", the Group continues to enhance fundamental management ability, diversify business models, enhance product and service standard and forge core competitiveness, to be the leading enterprise in the property management industry.

FINANCIAL ANALYSIS

For the Year, the Group achieved:

Revenue

The Group generated revenue and received management fees from the provision of project management services. Principal factors affecting revenue include the business size, number of projects under management and total contracted GFA, and milestones and progress of projects under management as well as the sale strategies. During the Year, revenue amounted to RMB1,301.4 million, representing an increase of 13.0% from RMB1,152.1 million in 2020. The revenue increased primarily due to an increase in the number of projects under management and total contracted GFA under management. Below is the Group's revenue divided by whether projects under management are based in Henan Province:

	For the Year ended 31 December				Changes Increase/ (decrease)
	2021	% of	2020	% of	
	<i>RMB'000</i>	revenue	<i>RMB'000</i>	revenue	
Projects in Henan Province	1,208,028	92.8%	1,112,711	96.6%	8.6%
Projects outside Henan Province	93,421	7.2%	39,371	3.4%	137.3%
Total	<u>1,301,449</u>	<u>100.0%</u>	<u>1,152,082</u>	<u>100.0%</u>	<u>13.0%</u>

Other Income

Other income is primarily interest income on financial assets measured at amortised cost. During the Year, other income was RMB34.9 million, an increase of RMB29.1 million from RMB5.8 million in 2020. The increase was mainly due to an increase in interest income on financial assets measured at amortised cost by RMB27.6 million as compared to that in 2020.

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 payments by Central China Real Estate Limited (previously the holding company of the Group) paid to the Group's employees. Such cost does not include salary, bonus, social insurance and housing provident 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 Year, personnel cost amounted to RMB196.9 million, representing an increase of 16.9% from RMB168.5 million in 2020. Personnel cost increased primarily due to a rise in the number of employees deployed for larger GFA under management.

Listing Expenses

Listing expenses primarily comprise professional fees paid to external financial, legal and reporting accountants in connection with the Company's Listing. During the Year, listing expenses amounted to RMB19.7 million, representing 1.5% of revenue.

Other Operating Expenses

Other operating expenses primarily comprise corporate overhead and business, office and travelling expenses. During the Year, other operating expenses amounted to RMB72.3 million, a surge of 87.7% from RMB38.5 million in 2020. The increase was mainly because of the increased business, office and travelling expenses due to (i) the increased number of employees deployed for larger GFA under management; (ii) fewer restrictions on business travel under the Pandemic compared with 2020; and (iii) the addition of other operating expenses, i.e. licensing fee of RMB8.8 million.

Income Tax

During the Year, income tax expense amounted to RMB242.7 million, representing an increase of 5.1% from RMB230.9 million in 2020. The effective income tax rate was 24.0%, down 1.3 percentage points from the effective tax rate of 25.3% in 2020. The decline is mainly due to the fact that the Group's subsidiary, Zhongyuan Jianye (Hainan), enjoyed the 15% corporate income tax rate in 2021 because of the preferential policy as it was registered in Hainan FTP.

Profit for the Year

During the Year, net profit amounted to RMB770.2 million, representing an increase of 13.0% from RMB681.5 million in 2020. After excluding listing expenses and the related tax effect, the core net profit for the Year amounted to RMB784.9 million, representing a growth of 13.9% from RMB689.3 million in 2020.

Trade and Other Receivables

Trade and other receivables amounted to RMB568.2 million as of 31 December 2021, representing a decrease of 44.2% from RMB1,017.3 million as of 31 December 2020. This was mainly attributable to the receipt of the amount due from related parties of RMB843.2 million as well as advances to project owners of RMB317.6 million, which cooperated with the Group in investing and developing projects outside Henan Province during the Year. The balance of trade receivables rose from RMB142.0 million as of 31 December 2020 to RMB198.3 million as of 31 December 2021, up 39.7%, primarily due to an increase in the projects under management and business expansion.

Contract Assets

Contract assets amounted to RMB300.5 million as of 31 December 2021, representing an increase of 26.2% from RMB238.1 million as of 31 December 2020. It is primarily due to an increase in the projects under management and a longer development cycle of projects. 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 RMB128.3 million as of 31 December 2021, representing an increase of 12.6% from RMB113.9 million as of 31 December 2020. It is primarily due to an increase in service fees collected on behalf of the related parties for the provision of property management services to the Group's customers.

Contract Liabilities

Contract liabilities amounted to RMB393.2 million as of 31 December 2021, representing a decrease of 17.2% from RMB474.9 million as of 31 December 2020. It is primarily due to an increase in recognising revenue during the Year that was included in the contract liabilities at the beginning of the Year.

Proceeds from the Listing

The Shares were listed on the Main Board of the Stock Exchange of Hong Kong (the “Listing”) on 31 May 2021 (the “Listing Date”), 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 31 December 2021:

Use of proceeds	Allocation of use of the net proceeds <i>RMB million</i>	Percentage of total net proceeds	Actual use as of 31 December 2021 <i>RMB million</i>	Unutilised net proceeds as at 31 December 2021 <i>RMB million</i>	Timetable
1. Expanding into new markets in the “Greater Central China” region and new service offerings	300.5	40.0%	12.1	288.4	
1.1 Setting up of new regional branch offices	75.1	10.0%	1.6	73.5	One to three years after Listing
1.2 Recruitment of new staffs to new branches	180.4	24.0%	9.1	171.3	One to three years after Listing
1.3 Brand promotion	22.5	3.0%	0.3	22.2	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%	1.1	21.4	One to three years after Listing
2. Pursuing strategic investments and acquisitions	270.6	36.0%	—	270.6	One to three years after Listing
3. Enhancing the information technology system	105.2	14.0%	2.5	102.7	One to three years after Listing
4. General working capital	75.1	10.0%	37.5	37.6	One to two years after Listing
Total	751.4	100.0%	52.1	699.3	

Financial Resources Management and Capital Structure

The Group has adopted comprehensive treasury policies and internal control measures to review and monitor its financial resources.

As of 31 December 2021, cash and cash equivalents amounted to RMB1,975.8 million (31 December 2020: RMB384.6 million). The Group maintained at net cash position as of 31 December 2021 without any borrowings. The Company paid an interim dividend of RMB235.8 million in total during the Year.

The gearing ratio is calculated as total borrowings divided by total equity, and the sum of long-term and short-term interest bearing bank loans and other loans as of the corresponding date divided by the total equity as of the same date. As of 31 December 2021, the gearing ratio was nil.

Debt

During the Year, the Group had no significant borrowings.

Foreign Exchange Risk

The Group conducts substantially all of its business in China and in RMB. Therefore, the Group is exposed to minimum foreign exchange risks. However, the depreciation or appreciation of RMB and HK\$ 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 31 December 2021, the Group did not have any significant contingent liabilities and capital commitment.

Pledge of Assets

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

Major Acquisitions and Disposals

During the Year, the Group did not have any major acquisitions and disposals.

Major Investment

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

Events After The Reporting Period

Subsequent to 31 December 2021 and up to the date of this results announcement, no important event affecting the Group has occurred.

Employment and Remuneration Policies

As at 31 December 2021, the Group had 1,238 full-time employees, including 774 employees assigned to relevant project companies to carry out property development projects under the Group's management.

The Company's sustainable growth depends on the ability and loyalty of employees. The management of the Company, who understands the importance of realising the personal value of employees, 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 Company also adjusted compensation from time to time in accordance with its development strategies and market standards. Efforts have been made to promote the healthy competition within the Company, maximise the potential of employees, continuously optimise the current compensation incentive system to retain and attract excellent talents.

In addition, the Company recognises the importance of providing employees with comprehensive and sustainable training programmes 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 training programmes with different emphasis based on their tenure. Besides internal training, third-party training institutions were also invited to provide online and offline training for the Group's employees. Through these measures, team members can get access to the latest information on industry trends and market developments. So a stable talent pool full of cohesion and vitality will support the Company's long-term and sustainable development.

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 to 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 (as amended from time to time) during the period from the Listing Date to 31 December 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) in Appendix 10 to the Listing Rules as the code of conduct for the Directors in their dealings in the Company’s securities. Having made specific enquires with each Director, the Company confirmed that the Directors had complied with the required standard as set out in the Model Code for the period from the Listing Date to 31 December 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Year, 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 5,582,000 Shares on the Stock Exchange in December 2021, with a total consideration of approximately HK\$8,605,000 (including transaction costs). The repurchased Shares had been cancelled on 8 March 2022.

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.

REVIEW OF ANNUAL 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 (the “**Audit Committee**”). 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 has discussed with the management and external auditors the accounting principles and policies adopted by the Group and has reviewed the Group's audited consolidated results for the Year.

SCOPE OF WORK OF KPMG

The financial figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the Year set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other 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 the auditor.

ANNUAL GENERAL MEETING

The 2022 annual general meeting of the Company (the "**2022 AGM**") will be held on Tuesday, 10 May 2022. Notice of the 2022 AGM will be published and issued to shareholders of the Company in due course.

FINAL DIVIDEND

The Board has resolved to recommend a final dividend (the "**Final Dividend**") of HK9.90 cents per ordinary share for the year ended 31 December 2021, which will be paid out of the Company's share premium account. The Final Dividend shall be subject to the approval of the 2022 AGM and such dividend is expected to be paid on or before Monday, 20 June 2022 to the shareholders of the Company whose names appear on the register of members of the Company on Monday, 23 May 2022.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders' eligibility to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Wednesday, 4 May 2022 to Tuesday, 10 May 2022 (both days inclusive), during which period no transfer of Shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan chai, Hong Kong, no later than 4:30 p.m. on Tuesday, 3 May 2022, for registration.

For the purposes of determining the entitlement of the shareholders to the proposed Final Dividend, the register of members of the Company will be closed from Thursday, 19 May 2022 to Monday, 23 May 2022 (both days inclusive), during 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 Wednesday, 18 May 2022, for registration.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The announcement has been published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.centralchinamgt.com). The annual report for the Year (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, 15 March 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.