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 2023

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2023 (the "**Period**") amounted to RMB382.4 million, an increase of 1.1% as compared to the corresponding period of 2022.

- Net profit for the Period amounted to RMB191.4 million, a decrease of 6.5% as compared to the corresponding period of 2022. Net profit margin for the Period was 50.0%.

- Basic earnings per share for the Period amounted to RMB5.64 cents, a decrease of RMB0.58 cents as compared to the corresponding period of 2022.

- The Board declared an interim dividend of HK$3.74 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 2023 with comparative figures for the corresponding period of 2022 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 2023 — unaudited

		Six months ended 30 June	
		2023	2022
			(Note)
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**382,402**	378,149
Other net income	*4*	**17,391**	23,014
Personnel costs	*5(b)*	**(67,121)**	(69,526)
Depreciation and amortisation expenses	*5(c)*	**(7,504)**	(10,037)
Other operating expenses		**(40,402)**	(32,463)
Impairment losses on trade and other receivables and contract assets		**(40,143)**	(23,385)
Finance costs	*5(a)*	**(112)**	(120)
Share of loss of an associate		**(249)**	(271)
Profit before taxation	*5*	**244,262**	265,361
Income tax	*6*	**(52,874)**	(60,769)
Profit for the period		**191,388**	204,592
Attributable to:			
Equity shareholders of the Company		**191,822**	204,592
Non-controlling interests		**(434)**	–
Profit for the period		**191,388**	204,592
Earnings per share	*7*		
Basic and diluted *(RMB cents)*		**5.64**	6.22

Note: The Group has applied amendments to HKAS 12 and comparative information is restated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023 — unaudited

	Six months ended 30 June	
	2023	2022
		(Note)
	RMB'000	*RMB'000*
Profit for the period	**191,388**	204,592
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income — net movement in fair value reserve (non-recycling)	**(2,027)**	(3,894)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**17,831**	3,154
Other comprehensive income for the period	**15,804**	(740)
Total comprehensive income for the period	**207,192**	203,852
Attributable to:		
Equity shareholders of the Company	**207,626**	203,852
Non-controlling interests	**(434)**	–
Total comprehensive income for the period	**207,192**	203,852

Note: The Group has applied amendments to HKAS 12 and comparative information is restated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023 — unaudited

	Note	**At 30 June 2023** *RMB'000*	At 31 December 2022 *(Note)* *RMB'000*
Non-current assets			
Investment property and property, plant and equipment	*8*	**16,887**	12,027
Intangible assets		**3,140**	5,585
Interest in an associate		**1,981**	2,230
Other financial assets		**2,867**	4,894
Deferred tax assets		**26,496**	17,934
		51,371	42,670
Current assets			
Contract assets		**417,008**	425,028
Trade and other receivables	*9*	**1,047,946**	661,121
Cash and cash equivalents	*10*	**1,655,482**	1,564,617
		3,120,436	2,650,766
Current liabilities			
Trade and other payables	*11*	**216,616**	116,201
Contract liabilities		**273,114**	291,968
Lease liabilities		**2,474**	2,462
Current taxation		**121,450**	104,234
		613,654	514,865
Net current assets		**2,506,782**	2,135,901
Total assets less current liabilities		**2,558,153**	2,178,571

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 June 2023 — unaudited

	Note	**At 30 June 2023** ***RMB'000***	At 31 December 2022 *(Note)* *RMB'000*
Non-current liabilities			
Lease liabilities		**7,410**	636
Deferred tax liabilities		**28**	143
		7,438	779
NET ASSETS		**2,550,715**	2,177,792
CAPITAL AND RESERVES			
Share capital		**30,019**	26,990
Reserves		**2,521,130**	2,150,802
Total equity attributable to equity shareholders of the Company		**2,551,149**	2,177,792
Non-controlling interests		**(434)**	–
TOTAL EQUITY		**2,550,715**	2,177,792

Note: The Group has applied amendments to HKAS 12 and comparative information is restated.

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 2023 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 24 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 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 2022 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.

The interim financial report 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 HKICPA.

2 CHANGES IN ACCOUNTING POLICIES

New and amended HKFRSs

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

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform — Pillar Two model rules*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim results announcement. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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	
	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15 and recognised over time		
— Provision of project management services	**382,402**	378,149

(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 NET INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Interest income on financial assets measured at amortised cost	**28,047**	17,354
Government grants	**8,000**	5,000
Net exchange (loss)/gain	**(17,679)**	431
Others	**(977)**	229
	17,391	23,014

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
(a) Finance costs		
Interest on lease liabilities	**112**	120

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*

(b) Personnel cost

	2023	2022
Salaries, wages and other benefits	**63,033**	64,999
Contributions to defined contribution retirement plan	**3,793**	4,112
Equity settled share-based payment expenses	**295**	415
	67,121	69,526

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*

(c) Other items

	2023	2022
Depreciation charge		
— owned property, plant and equipment	**1,879**	4,351
— right-of-use assets	**2,888**	4,250
— investment property	**292**	–
	5,059	8,601
Amortisation cost of intangible assets	**2,445**	1,436

6 INCOME TAX

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax	**61,551**	57,656
Withholding tax	**–**	8,743
	61,551	66,399
Deferred tax		
Origination and reversal of temporary differences	**(8,677)**	(5,630)
	52,874	60,769

(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%.

(v) Pillar Two income tax

The Group incorporated a holding entity in Hong Kong, which has recently enacted new tax laws to implement the Pillar Two model rules published by the OECD. The new tax laws take effect from 1 January 2025. When these laws take effect, the Group expects to be subject to a new top-up tax in Hong Kong in relation to its operations in Mainland China, where the additional tax deductions in connection with government support would result in an effective tax rate of lower than 15%. As the new tax laws are not yet effective, the Group does not expect any current tax impact for the year ending 31 December 2023 (2022: Nil).

The group has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and would account for the tax as current tax when incurred.

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 RMB191,822,000 (six months ended 30 June 2022: RMB204,592,000) and the weighted average of 3,399,662,584 ordinary shares (2022: 3,289,348,476 shares) in issue during the interim period.

(b) Diluted earnings per share

There were no dilutive potential shares outstanding during the six months ended 30 June 2023 and 2022.

8 INVESTMENT PROPERTY AND PROPERTY, PLANT AND EQUIPMENT

Right-of-use assets

During the six months ended 30 June 2023, the Group entered into a number of lease agreements for offices and employee dormitories, and therefore recognised the additions to right-of-use assets of RMB9,243,000 (six months ended 30 June 2022: RMB1,817,000). None of the leases includes variable lease payments. As at 30 June 2023, lease liabilities due to Central China Real Estate Limited and its subsidiaries (together "CCRE Group") was RMB5,979,000 (31 December 2022: RMB905,000).

9 TRADE AND OTHER RECEIVABLES

	At 30 June 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Trade debtors and bills receivable	**200,045**	194,160
Less: allowance for credit losses	**(47,686)**	(38,756)
Trade debtors and bills receivable, net of loss allowance	**152,359**	155,404
Amounts due from related parties *(Note (a))*	**28,780**	30,761
Amounts due from non-controlling interest *(Note (a))*	**14,664**	–
Other debtors *(Note(d))*	**684,422**	466,540
Financial assets measured at amortised cost	**880,225**	652,705
Deposits and prepayments *(Note (b))*	**167,721**	8,416
	1,047,946	661,121

Notes:

(a) Amounts due from related parties and non-controlling interests are unsecured, interest-free and have no fixed terms of payment.

(b) Deposits and prepayments mainly included RMB50,000,000 paid for a potential acquisition, RMB50,000,000 paid to real estate sales agencies for marketing services, and RMB60,000,000 paid to Songyue Asset Management Co., Ltd. (嵩岳資產管理有限公司) for intended investment cooperation.

(c) As at 30 June 2023, RMB92,936,000 of trade and other receivables, net of loss allowance, were secured by bills receivables and properties held by certain customers. The Group does not have the right to sell or re-pledge the properties held as collateral in the absence of default by the customers.

(d) As at 30 June 2023, other debtors mainly represented interest bearing advances to third parties of RMB669,383,000 (as at 31 December 2022: RMB428,530,000) with an interest rate from 10% to 14% (2022: 14%) per annum, unsecured and expected to be recovered within one year.

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 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Within 3 months	**38,101**	94,025
3 months to 6 months	**90,642**	28,438
6 months to 1 year	**16,988**	16,324
over 1 year	**6,628**	16,617
	152,359	155,404

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

10 CASH AND CASH EQUIVALENTS

	At 30 June 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Cash and cash equivalents	**1,655,482**	1,564,617

11 TRADE AND OTHER PAYABLES

	At 30 June 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Amounts due to related parties	**22,159**	35,658
Amounts due to non-controlling interest	**1,510**	–
Dividends payables	**81,894**	–
Other creditors and accrued charges	**111,053**	80,543
	216,616	116,201

Amounts due to related parties and non-controlling interests 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.

12 DIVIDENDS

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

An interim dividend of HK$3.74 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 subsequently paid:

	2023	2022
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid subsequently, of HK$2.70 cents (equivalent to RMB2.49 cents) per ordinary share (six months ended 30 June 2022: HK$9.90 cents (equivalent to RMB8.01 cents) per ordinary share)	**81,894**	263,541

13 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) On 7 August 2023, the Company announced that a share award scheme was approved by Extraordinary General Meeting of the Group to grant a total of 65,500,000 awarded shares to various employee participants.

(b) After the end of reporting period, the board of directors of the Company declared an interim dividend. Further details are disclosed in note 12(a).

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

I. Macro Environment

In response to the challenging economic conditions both domestically and internationally, the central government has proactively implemented accommodating policies. It has consistently prioritised stability in economic growth, employment, and prices as the overarching goal. The government has supported the reasonable housing demands of homebuyers, enhanced financial oversight of pre-sale funds, and concurrently relaxed policies concerning down payment requirements, loan interest rates, and purchase restrictions. These measures aimed to alleviate market pressures, ensure market stability, and promoted the advancement of the real estate industry.

In terms of national policies, in response to the challenging domestic and global economic conditions, the central government has proactively implemented relaxation policies in the first half of the year. This included appropriately loosening down payment requirements, loan interest rates, and purchase restrictions. These measures have effectively alleviated market pressures and ensured market stability. The policies released by the central government were mostly focused on optimizing and adjusting the existing system or aimed at regulating market order. Nonetheless, these policies were primarily implemented to stabilize the real estate market rather than directly drive its growth.

In terms of market performance, the overall performance of the real estate market in the first half of 2023 started with an upturn and then a downturn. In the first quarter, the real estate market witnessed improved dynamics as pent-up demand was unleashed and early-stage policies took effect. Particularly during February and March, some cities experienced a short-term boom. However, as the previously unmet demands were fulfilled, homebuyers' desire to purchase homes rapidly diminished in the second quarter. Moreover, the market's recovery failed to sustain due to the fact that the support provided by real estate policies fell short of expectations. During the first half of 2023, Henan Province implemented a more relaxed property market policy that primarily focused on the supply and demand aspects, which assisted the restoration of market expectations. Municipalities have proactively loosened restrictions on the property market, aiming to optimize its operating environment and promote a healthy order within the property market.

II. Project Management Market

Over the past five years, the growth rate of newly contracted gross floor area (GFA) of the project management business has consistently outperformed the industry, demonstrating its robust anti-cyclical ability. At present, close to 70 real estate enterprises have started the project management business. In light of the slow recovery of the real estate market, government-led urban investment enterprises continued to hold a significant proportion of land acquisitions, with local state-owned enterprises providing support. Among the TOP 100 land acquisitions, local state-owned enterprises accounted for more than 80%. Land acquisition projects of urban investment enterprises have a low market entry rate and insufficient development capacity, thus requiring project management services to operate. According to China Index Academy (CIA), as of May 2023, in the designated development lands of 22 cities, projects of the central state-owned enterprise had a market rate of 68.3%, 57.9% of private enterprises, 88.2% of mixed ownership enterprises, while projects of the local state-owned enterprises had a market rate of only 27.9%. In 2022, local state-owned enterprises intensified their efforts in land acquisitions, accounting for more than 40% of the total number of lands acquired and the corresponding amount. However, the market rate of projects undertaken by local state-owned enterprises remained less than 10%. In the future, the project management market is expected to exhibit tremendous potential, particularly in the areas of government project management and capital project management.

At the same time, due to the significant expansion of the project management industry in recent years, the real estate industry media, industry research institutes, and other organizations have started to generate dedicated reports focusing on the field of project management. For instance, the CRIC Research Institute published a specialized report on the project management industry for the year 2022, while CIA and EH Consulting have commenced quarterly rankings of contract sizes and research findings pertaining to the project management industry in 2023. With the increasing focus on the project management industry, competition within the sector is becoming progressively intense. In March 2023, Zhongyuan Jianye was recognised as one of the "2023 China Outstanding Project Management Operation Enterprises" for its strong business operations, exemplary delivery capabilities, and highly regarded customer reputation. Additionally, Zhongyuan Jianye was commended for its innovative business model and influential brand presence.

III. "Greater Central China" Strategy

Under the guidance of the "Greater Central China" Strategy, Zhongyuan Jianye was dedicated to six core indicators and remained committed to deriving benefits through refined management practices. Zhongyuan Jianye accelerated the structural adjustment of the business model and increased the expansion of the government project management. In addition, Zhongyuan Jianye also made steady improvements in product control capabilities, refined the product control system, and fostered a mind-set of creating unique products. Furthermore, Zhongyuan Jianye made continuous strides in enhancing the quality of project operations and intensified its efforts in identifying and resolving risks and challenges arising from projects. Moreover, Zhongyuan Jianye dedicated itself to reinforcing brand maintenance and implementing a closed-loop management system for addressing customer complaints. Besides, Zhongyuan Jianye demonstrated a strong commitment to conducting innovative research and enhancing the management system of our partners, thereby fulfilling our role as a new growth catalyst for them.

In the first half of 2023, the Group successfully maintained its absolute leading position in the provincial market. It diligently executed various foundational tasks, continuously improving its capability in "fine management across the entire project process". Upholding integrity and embracing innovation, the Group pursued excellence in practical work and further optimized its business models. These efforts were made with the goal of ensuring the continued sound and healthy development of the Group's business. In addition, 2023 marked the inaugural year of the Group's Partner Council, a significant milestone that signifies the start of a new journey for the Group.

IV. Project Development During the Period

During the period, 40 new project management projects were signed, representing a year-on-year increase of 344.4%. The newly contracted GFA amounted to 5,238,200 square meters (m^2), representing a year-on-year increase of 369.1%. There were 34 new contracts signed in Henan with a newly contracted GFA of 4,568,900 m^2. There were 6 new contracts signed beyond Henan with a newly contracted GFA of 669,300 m^2. Contracted sales of the Group's projects under management amounted to RMB13.1 billion, representing a year-on-year increase of 18.9%, with a contracted GFA sold of 2,070,595 m^2, increased by 14.2% year-on-year. As of 30 June 2023, the Group had 278 projects under management with a GFA under management of 33,460,230 m^2, of which 247 projects with a total GFA of 30,169,388 m^2 were in Henan and 31 projects with a total GFA of 3,290,842 m^2 were beyond Henan. Zhongyuan Jianye focused on the third and fourth tier markets in the Greater Central China region, with a cumulative presence in 128 counties and cities in and beyond Henan. In particular, Zhongyuan Jianye has established presence in 104 counties and cities in Henan, including 17 prefecture-level cities, 1 prefectural county-level city, and 86 counties and county-level cities; and 24 counties and cities beyond Henan, including 6 prefecture-level cities (including 1 consulting project) and 18 county-level cities.

V. Outlook and Future Business Plan and Strategy

The Group firmly upholds the principle of "Good People and Good Land" as its guiding philosophy for cooperation. It operates primarily through commercial project management, government project management, capital project management, and specialized management consulting services. The Group will accelerate the structural adjustment of the business model and increase the expansion of the government project management. In addition, it will also make steady improvements in product control capabilities, refine the product control system, and foster a mind-set of creating unique products. Furthermore, the Group will make continuous strides in enhancing the quality of project operations and intensify its efforts in identifying and resolving risks and challenges arising from projects. Moreover, the Group will dedicate itself to reinforcing brand maintenance and implementing a closed-loop management system for addressing customer complaints. Besides, it will demonstrate a strong commitment to conducting innovative research and enhancing the management system of our partners, thereby fulfilling our role as a new growth catalyst for them. Meanwhile, the Group will actively offer project management services to small and medium-sized developers in Henan. This initiative aims to expand brand influence and share management approaches. By engaging in deep collaboration with partners, the Group seeks to address the lack of management experience among small and medium-sized developers and enhance overall project management standards, project quality, and operational efficiency. This approach ensures timely project delivery and mitigates the risk of delays. Through establishing a community of common interests with synergistic advantages, risk sharing, and a shared interest in success, we can generate substantial value for partners and the community, promoting urbanization construction and advancement in China.

During the second half of 2023, the Company will focus on the following key strategic initiatives:

1. Innovation of business development models in investment expansion

The Group will explore the innovation of the investment model and the charging mode of the "fixed-sum contract", especially for the government project management projects. This initiative aims to enhance the Company's overall competitiveness while safeguarding our revenue.

In relation to project investments, the Group will explore various development models such as "city operation, area development, and one or two levels of linkage (investment)". Additionally, we aim to introduce capital companies or high-quality general contractors to provide financial support for government project management projects to facilitate the expansion of our project management business.

The Group is committed to strengthening its ability to invest in governmental platform companies in and beyond Henan. With a strong emphasis on company honour, project awards, project management performance, and professional titles, the Group aims to enhance its overall competitiveness in winning bids, based on the success of enterprises like Greentown and Blue City, which have an established track record in early-stage construction of government project management projects.

2. Improvement of the service management in products and services

The Group will exercise full-cycle risk control to ensure product quality. The Group will diligently implement comprehensive risk control measures throughout the entire project process and establish risk files. We are dedicated to identifying, documenting, and resolving any issues that arise during the development process to ensure the delivery of flawless products to our customers.

The Group will maintain strong relationships with the community and customers to facilitate the monetization of our products. We have further refined and consistently iterated our customer maintenance system, conducting standardized maintenance practices to enhance our brand and facilitate project marketing.

The product delivery capability of "6321" has been developed, incorporating a 6-month risk assessment, a 3-month joint self-inspection, a 2-month delivery activation, and a 1-month quality improvement investigation.

3. Establishment of the core competitiveness of our products through management mechanisms

The Group will develop a standardized and serialized product system that incorporates the unique characteristics of Zhongyuan Jianye. We will establish stringent product disciplines, diligently adhere to product standardization and serialization requirements. Additionally, we will create a highly competitive professional management team capable of independently undertaking design management consulting and design general contracting management services, enabling us to generate even greater value.

We will strengthen the construction and implementation of the design supplier database to ensure product standardization and realize cost reduction and efficiency improvement. We will dedicate ourselves to product innovation while prioritizing cost optimization to enhance the core competitiveness of our products.

A design supply chain resource integration platform for Zhongyuan Jianye has been developed to seek quality design resources for win-win cooperation. Through this initiatives, we can realize the brand value of Zhongyuan Jianye.

4. ***Establishment of an edge in cost control for cost reduction and efficiency enhancement***

We will improve construction cost standardization. Product standardization and cost standardization are interconnected, with each promoting the other. To achieve cost standardization, we implement various procedures encompassing accounting subjects, contract interfaces, cost lists, contract templates, and procurement prices. This approach enables us to continuously enhance controllable costs, gradually reduce uncontrollable costs, increase the proportion of standardized construction costs, and ultimately achieve a structural construction cost measurement.

We will accelerate the construction of a centralized supplier database. Firstly, the Group encourages introduction of suppliers from internal personnel and proactively seeks out external sources for suppliers. Secondly, the entire workforce within the Group is mobilized to strengthen their efforts in constructing the supplier database. The Group aims to ensure the completion of the coating and rock wool system construction, along with the establishment of a centralized supplier database for key materials and equipment such as doors, windows, elevators, entry doors, fire doors, password locks, corrugated pipes, check wells, switches, and sockets by the end of the year. This will result in a cost reduction of RMB30/m^2 per unit.

We will reduce costs, improve quality and increase efficiency through innovation. First, we will enhance communication and facilitate “reverse engineering disclosure” with our suppliers. This will help improve the professional capabilities of our cost personnel, allowing us to extend our cost control efforts and expand our profit margin. Second, we will explore the establishment of the Zhongyuan Jianye Purchasing Alliance to proactively secure our demand and enhance the execution of procurement. By doing so, we aim to achieve significant cost reductions across a wider range of purchases while improving both quality and efficiency.

VI. Outlook

In recent years, the project management industry has witnessed a tremendous surge in scale, with the market for project management services experiencing rapid growth. The scope of project management services continues to expand, leading to a more segmented market, and paving the way for the emergence of innovative project management models. As one of the industry leaders, our Group is committed to strengthening our sense of responsibility. In the future, we will continuously push the boundaries of our business and expand our scope of services. Through ongoing improvements in our business models and innovative service management, we aim to provide superior project management services and generate value for our partners. Our dedication lies in offering high-quality project management products and creating comfortable living environments for our customers. By doing so, we are actively promoting the real estate industry's smooth transition towards new development models.

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 RMB382.4 million, a year-on-year increase of 1.1% as compared with that of RMB378.1 million in the corresponding period in 2022. Below is the Group's revenue divided by whether projects under management are based in Henan Province:

Revenue	For the six months ended 30 June				
	2023		2022		**Change**
	RMB'000	***% of revenue***	*RMB'000*	*% of revenue*	**increase/ (decrease)**
Projects in Henan Province	**358,393**	**93.7%**	334,101	88.4%	7.3%
Projects outside Henan Province	**24,009**	**6.3%**	44,048	11.6%	(45.5%)
Total	**382,402**	**100.0%**	378,149	100.0%	1.1%

Other Net Income

Other net income primarily comprises interest income on financial assets measured at amortised cost, government grants and net exchange gain or loss. During the Period, other net income amounted to RMB17.4 million, a decrease of RMB5.6 million as compared with that of RMB23.0 million in the corresponding period in 2022. The decrease was mainly attributable to the increase in foreign exchange losses of RMB18.1 million, which offset the increase in interest income on financial assets measured at amortised cost of RMB10.7 million.

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 RMB67.1 million, representing a decrease of 3.5% as compared with that of RMB69.5 million for the corresponding period in 2022. 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, office and travelling expenses. During the Period, other operating expenses amounted to RMB40.4 million, representing an increase of 24.5% as compared with that of RMB32.5 million for the corresponding period in 2022. The increase was mainly due to the increase in travel expenses after the recovery from the pandemic.

Profit for the Period

During the Period, net profit amounted to RMB191.4 million, representing a decrease of 6.5% as compared with that of RMB204.6 million for the corresponding period in 2022.

Trade and Other Receivables

Trade and other receivables amounted to RMB1,047.9 million as of 30 June 2023, representing an increase of 58.5% from RMB661.1 million as of 31 December 2022. Such increase was mainly due to (i) an increase in advances to third parties of RMB240.0 million; and (ii) an increase in prepayments and deposits of RMB159.3 million as the Group strived to develop its business model.

Contract Assets

Contract assets amounted to RMB417.0 million as of 30 June 2023, representing a decrease of 1.9% from RMB425.0 million as of 31 December 2022. Contract assets will be converted into the cash inflow for the Group's operating activities in the future.

Trade and Other Payables

Trade and other payables amounted to RMB216.6 million as of 30 June 2023, representing an increase of 86.4% from RMB116.2 million as of 31 December 2022. This was mainly due to the fact that the final dividend of RMB81.9 million for the year 2022 had not been paid during the Period, which was scheduled to be paid on 31 July 2023.

Contract Liabilities

Contract liabilities amounted to RMB273.1 million as of 30 June 2023, representing a decrease of 6.5% from RMB292.0 million as of 31 December 2022. Contract liabilities represent the payments received before the related project management service is provided. The decrease during the Period was 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 2023:

Use of proceeds	Allocation of use of the net proceeds *RMB million*	Percentage of total net proceeds *%*	Net proceeds utilised during the Period *RMB million*	Actual use as of 30 June 2023 *RMB million*	Unutilised net proceeds as at 30 June 2023 *RMB million*	Timetable
1. Expanding into new markets in the "Greater Central China" region and new service offerings	**300.5**	**40.0%**	**10.6**	**37.4**	**263.1**	
1.1 Setting up of new regional branch offices	75.1	10.0%	1.0	4.2	70.9	One to three years after Listing
1.2 Recruitment of new staffs to our new branches	180.4	24.0%	4.0	19.6	160.8	One to three years after Listing
1.3 Brand promotion	22.5	3.0%	5.2	10.7	11.8	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%	0.4	2.9	19.6	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%**	**1.6**	**11.6**	**93.6**	One to three years after Listing
4. General working capital	**75.1**	**10.0%**	**–**	**75.1**	**–**	One to two years after Listing
Total	**751.4**	**100.0%**	**12.2**	**124.1**	**627.3**	

Subscription of New Shares

On 18 November 2022 (after trading hours), the Company (as issuer) entered into twelve subscription agreements with twelve high net worth independent subscribers in respect of the subscription of an aggregate of 343,140,000 Shares at the subscription price and net subscription price of HK$0.80 per Share (the "**Subscriptions**"). The Subscriptions have been completed on 3 May 2023.

The Directors are of the view that the Subscriptions will benefit the Group's long term development by providing a good opportunity to raise additional funds to strengthen the financial position and to broaden the Company's shareholder base and capital base to facilitate the future growth and development of its business as well as to increase the trading liquidity of the Shares. In particular, the Directors believe the Subscriptions represent a desirable opportunity for the Company to scale up the Group's government project management business and capital project management business, while allowing the Group to preserve its existing internal cash resources.

The net proceeds from the Subscriptions (after deducting all applicable costs and expenses of the Subscriptions) amounted to approximately HK$274,069,150. The following table sets out the intended use and actual use of the net proceeds from the Subscriptions as of 30 June 2023:

Use of proceeds	**Allocation of use of the proceeds from the Subscriptions**		**Percentage of the proceeds from the Subscriptions**	**Net proceeds utilised during the Period**	**Actual use as of 30 June 2023**	**Unutilised net proceeds as at 30 June 2023**	**Timetable**
	(HK$ million)	*(RMB million)*	*(%)*			*(HK$ million)*	
Development of government project management business	137.0	123.5	50.0%	–	–	137.0	Within 3 years after completion of the Subscriptions
Development of capital project management business	123.3	111.1	45.0%	–	–	123.3	Within 3 years after completion of the Subscriptions
General working capital	13.7	12.4	5.0%	–	–	13.7	Within 2 years after completion of the Subscriptions
Total	274.1	247.0	100.0%	–	–	274.1	

For details of the Subscriptions, please refer to the announcements of the Company dated 18 November 2022 and 16 December 2022.

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 2023, the cash and cash equivalents amounted to RMB1,655.5 million (31 December 2022: RMB1,564.6 million). The Group maintained at net cash position as at 30 June 2023 without any borrowings.

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 2023, the gearing ratio was nil.

Material Lending Transactions

As at 30 June 2023, the Group had other debtors amounting to RMB684.4 million, mainly consisting of advances to third parties of RMB429.4 million. Such advances to third parties represent loans made by the Company to four strategic customers (being independent third parties) in the principal amounts of RMB100 million, RMB100 million, RMB120 million and RMB109.4 million, for a term of one year (commencing from 1 December 2022) at 14.0% interest per annum (payable every six months). The loan receivables are unguaranteed and unsecured. Details of these four loans are set out in the announcement of the Company dated 13 April 2023.

As the highest applicable percentage ratio in respect of each of these four loans exceeded 5% but was less than 25%, each of these four loans constituted a discloseable transaction of the Company and were all subject to the reporting and announcement requirements but exempted from the Shareholders' approval requirement under Chapter 14 of the Listing Rules. Further, as each of the applicable percentage ratios in respect of each of these four loans was below 8%, none of these four loans constituted an advance to an entity that needs to be disclosed under Rules 13.13 to 13.15 of the Listing Rules.

The background and reasons for each of the loans are similar. All of the counterparty borrowers are the Group's existing customers who have also in the past cooperated with the Company on multiple projects, with a focus on developing land parcels in the Central China region. The Company's continued cooperation with such customers is consistent with the Company's "Greater Central China" strategy. Therefore, the Company considers such customers to be of a strategic nature.

The main purpose of each loan has been to assist such customers to successfully acquire and develop the relevant land parcel(s), which will result in a win-win situation for both the Company and the customer, as the Company will be engaged as the project management service provider for the relevant land parcel(s).

Further, the Company operates an asset-light business model. Granting such loans also allowed the Company to make better use of its idle cash, given that such cash would increase the Company's ability to acquire more project management contracts (as mentioned above), as well as provide an additional source of income by way of the 14.0% annual interest. Such loans were also relatively short term (being one year).

Prior to entering into each of the loans, the Company conducted a credit risk assessment in line with its internal policy, which included assessing and monitoring historical settlement records and past business cooperation experience with such strategic customers, conducting analysis and projections for the relevant project, as well as taking into account current market conditions and forecasts of future economic conditions. In addition, the Company considered: (i) its good and mutually beneficial relationship with such customers, given the Company has provided such customers with project management services for several other projects in the past, and such customers rely on the Company to develop their projects and ultimately sustain their businesses (given their lack of property development experience and/or capabilities); (ii) as discussed above, the main purpose of the loans is to assist customers to successfully acquire and develop the relevant land parcel(s), which will result in a win-win situation for both the Company and the customers, as the Company will be engaged as the project management service provider for the relevant land parcel(s); and (iii) such existing customers have paid all fees/expenses payable to the Company in relation to their projects on time, and where applicable, repaid their loans owed to the Company on time.

Having considered the above, the Directors (including the independent non-executive Directors) consider that each of the loans had been entered into on terms that are fair and reasonable which was in the interests of the Company and the Shareholders as a whole.

As at 30 June 2023 and as at the date of this report, the full principal loan amounts remained outstanding as they have not yet become due. The Group monitors the exposures and manages the loans based on historical settlement records and past experience, current conditions and forecasts of future economic conditions. Pursuant to HKFRS 9's expected credit losses model, the credit risk on the loans has not increased significantly since initial recognition, and the Group measures the loss allowance for them at an amount equal to 12-month expected credit loss. The Group recorded loss allowance for loan receivables in relation to the loans in the aggregate amount of approximately RMB17.9 million for the Period, which the Directors consider to be immaterial.

For the avoidance of doubt, save as disclosed above, none of the Group's advances to third parties were discloseable pursuant to Chapters 13, 14 or 14A of the Listing Rules.

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 2023, 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 2023, the Group did not hold any significant investment.

Employment and Remuneration Policies

As at 30 June 2023, the Group had 914 full-time employees, including 591 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, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities. All the Shares repurchased in 2022 have been cancelled on 3 May 2023.

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 (the "**Audit Committee**"). As at the date of this report, 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.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend (the "**Interim Dividend**") of HK$3.74 cents per Share for the Period. The Interim Dividend will be paid on or around Friday, 29 December 2023 to the Shareholders whose names appear on the register of members of the Company on Monday, 18 December 2023.

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 Thursday, 14 December 2023 to Monday, 18 December 2023. 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 Wednesday, 13 December 2023, for registration. The Interim Dividend will be paid on or around Friday, 29 December 2023.

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) and the Company (www.centralchinamgt.com). The interim report for the six months ended 30 June 2023 (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, 24 August 2023

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, Mr. Chen Aiguo and Mr. Duan Juwei; (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.