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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)**

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO  
THE ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

Reference is made to the annual results announcement (the “**2023 Annual Results Announcement**”) of Central China Management Company Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) for the year ended 31 December 2023 published on 9 January 2025. Unless otherwise defined herein, capitalised terms used herein shall have the meaning ascribed to them in the 2023 Annual Results Announcement.

This announcement is made by the Company to provide supplemental information to the 2023 Annual Results Announcement regarding the impairment losses on trade and other receivables and contract assets recognised by the Group for the year ended 31 December 2023.

## BREAKDOWN OF IMPAIRMENT LOSSES ON TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

The breakdown of impairment losses on trade and other receivables and contract assets of the Group for the two years ended 31 December 2022 and 2023 is set out as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Impairment losses on		
— trade receivables	95,096	17,287
— contract assets	12,972	12,166
— other receivables	<u>3,461</u>	<u>7,180</u>
	<u>111,529</u>	<u>36,633</u>

## BASIS OF THE IMPAIRMENT ASSESSMENTS

### Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables and contract assets. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with sound credit rating for which the Group considers to have low credit risk.

The Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. There is no significant concentration of credit risk within the Group.

#### (i) *Trade receivables and contract assets*

There is no significant concentration of credit risk within the Group. The trade receivables are due upon the date of the billing. The Group measures loss allowances for trade receivables and contract assets, including bills receivable and trade-related amount due from related parties, at an amount equal to lifetime expected credit losses (“ECLs”), which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables, including bills receivable and trade-related amount due from related parties:

	<b>2023</b>		
	<b>Expected loss rate</b>	<b>Gross carrying amount</b> <i>RMB'000</i>	<b>Expected credit loss allowance</b> <i>RMB'000</i>
Within 6 months	25.63%	258,833	66,328
6 months to 1 year	47.29%	115,758	54,742
Over 1 year	59.22%	<u>21,905</u>	<u>12,972</u>
		<u><u>396,496</u></u>	<u><u>134,042</u></u>
	<b>2022</b>		
	<b>Expected loss rate</b>	<b>Gross carrying amount</b> <i>RMB'000</i>	<b>Expected credit loss allowance</b> <i>RMB'000</i>
Within 6 months	6.6%	131,958	8,693
6 months to 1 year	31.6%	24,695	7,795
Over 1 year	57.5%	<u>39,075</u>	<u>22,458</u>
		<u><u>195,728</u></u>	<u><u>38,946</u></u>

The following table provides information about the Group's exposure to credit risk and ECLs for contract assets:

	<b>2023</b>			<b>2022</b>		
	<b>Expected loss rate</b>	<b>Gross carrying amount</b> <i>RMB'000</i>	<b>Expected credit loss allowance</b> <i>RMB'000</i>	<b>Expected loss rate</b>	<b>Gross carrying amount</b> <i>RMB'000</i>	<b>Expected credit loss allowance</b> <i>RMB'000</i>
Contract assets	25.63%	<u><u>168,530</u></u>	<u><u>43,187</u></u>	6.6%	<u><u>455,243</u></u>	<u><u>30,215</u></u>

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of customers that had a good track record with the Group. Based on past experience, management believed that no impairment allowance was necessary in respect of these balances as there had been no significant change in credit quality and the balances were still considered fully recoverable.

Movement in the loss allowance account in respect of trade receivables and contract assets during the year is as follows:

	<b>2023</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January	----- 69,161	----- 39,708
Impairment losses recognised during the year	----- 108,068	----- 29,453
At 31 December	<u>177,229</u>	<u>69,161</u>

**(ii) Credit risk arising from other receivables**

In respect of other receivables, the Group monitors the exposures and manages them based on historical settlement records and past experience, current conditions and forecasts of future economic conditions.

At each reporting date, the Group measures the expected credit losses of other receivables in following ways:

If, at the reporting date, the credit risk on other receivables has not increased significantly since initial recognition, the Group measures the loss allowance for other receivables at an amount equal to 12-month expected credit loss. The Group measures the loss allowance for other receivables at an amount equal to the lifetime expected credit loss if the credit risk on other receivables has increased significantly since initial

recognition and no impairment loss has occurred. The Group measures the loss allowance for other receivables at an amount equal to the lifetime expected credit loss if impairment losses has occurred since initial recognition.

The Directors believe that there is no material credit risk inherent in the Group's outstanding balance of deposits and prepayments. Therefore, the expected loss rate of deposits and prepayments is assessed to be immaterial and no loss allowance provision is made for these deposits and prepayments during the year ended 31 December 2023 and 2022.

The following table provides information about the Group's exposure to credit risk and ECLs for other receivables, including non-trade related amount due from related parties:

	2023			2022		
	Expected loss rate	Gross carrying amount	Expected credit loss allowance	Expected loss rate	Gross carrying amount	Expected credit loss allowance
		RMB'000	RMB'000		RMB'000	RMB'000

For other receivables that the credit risk has not increased significantly since initial recognition

1.46%	<u>857,396</u>	<u>12,536</u>	1.80%	<u>504,998</u>	<u>9,075</u>
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Expected loss rates are based on historical loss experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of other receivables during the year is as follows:

	<b>2023</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January	-----9,075	-----1,895
Impairment losses recognised during the year	-----3,461	-----7,180
At 31 December	<u>12,536</u>	<u>9,075</u>

Save as disclosed in this announcement, the remaining contents of the 2023 Annual Result Announcement remain unchanged.

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

Hong Kong, 15 January 2025

*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; and (3) the independent non-executive Directors are Mr. Xu Ying, Mr. Liu Dianchen and Ms. Yan Yingchun.*