C&D Property Management Group Co., Ltd
建發物業管理集團有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 2156)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

HIGHLIGHTS

1. The revenue of the Group for the Year was approximately RMB1,028.6 million, representing an increase of approximately 28.4% from approximately RMB801.3 million for the year ended 31 December 2019.

2. The gross profit of the Group for the Year was approximately RMB251.7 million, representing an increase of approximately 37.2% from approximately RMB183.4 million for the year ended 31 December 2019. The gross profit margin for the Year was approximately 24.5%, while that for the year ended 31 December 2019 was approximately 22.9%, representing a year-on-year increase of 1.6 percentage points.

3. The profit of the Group for the Year was approximately RMB106.8 million, representing an increase of approximately 56.4%, as compared with approximately RMB68.3 million for the year ended 31 December 2019. Meanwhile, the profit attributable to equity holders of the Company for the Year was approximately RMB106.1 million, representing an increase of approximately 55.6% as compared with approximately RMB68.2 million for the year ended 31 December 2019.

4. The contracted GFA of the property management services of the Group as at 31 December 2020 was approximately 47.2 million sq.m., representing an increase of approximately 36.0% as compared with approximately 34.7 million sq.m. as at 31 December 2019.

5. The net cash inflow from operating activities of the Group for the Year amounted to approximately RMB286.7 million, representing an increase of approximately 84.6% as compared with approximately RMB155.3 million for the year ended 31 December 2019.

6. The Board recommended not to declare a final dividend for the Year.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The board (the "Board") of directors (the "Directors") of C&D Property Management Group Co., Ltd (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group" or "we") for the year ended 31 December 2020 (the "Year") together with the comparative figures for the year ended 31 December 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020** *RMB'000*	2019 *RMB'000*
Revenue	*4*	**1,028,574**	801,330
Cost of sales		**(776,894)**	(617,933)
Gross profit		**251,680**	183,397
Other income		**26,243**	7,943
Selling and marketing expenses		**(1,716)**	(552)
Administrative and other operating expenses		**(136,708)**	(114,040)
Provision for expected credit losses allowance on trade and other receivables, net		**(259)**	(1,663)
Finance income, net		**15,683**	20,835
Listing-related expenses		**(9,787)**	–
Share of results of associates		**(1,262)**	(2,257)
Profit before income tax		**143,874**	93,663
Income tax expense	*8*	**(37,036)**	(25,378)
Profit for the year		**106,838**	68,285
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**207**	–
Total comprehensive income for the year		**107,045**	68,285
Profit for the year attributable to:			
— Equity holders of the Company		**106,118**	68,181
— Non-controlling interests		**720**	104
		106,838	68,285
Profit and total comprehensive income attributable to:			
— Equity holders of the Company		**106,325**	68,181
— Non-controlling interests		**720**	104
		107,045	68,285
Earnings per share attributable to the equity holders of the Company (expressed in RMB per share)			
Basic and diluted	*9*	**0.09**	0.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	**2020** **RMB'000**	2019 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**27,328**	9,063
Right-of-use assets		**21,415**	7,784
Interests in associates		**–**	13,423
Goodwill		**578**	–
Other financial assets		**–**	34,190
Deferred tax assets		**3,874**	5,892
		53,195	70,352
Current assets			
Inventories		**2,139**	3,415
Trade and other receivables	*5*	**135,087**	77,217
Amounts due from related parties	*7(a)*	**31**	1,344,229
Restricted bank deposits		**20,219**	726
Cash and cash equivalents		**886,159**	57,121
		1,043,635	1,482,708
Current liabilities			
Trade and other payables	*6*	**446,923**	313,488
Contract liabilities	*4(a)*	**178,186**	119,353
Amounts due to related parties	*7(b)*	**5,333**	322
Income tax payables		**32,644**	30,717
Lease liabilities		**4,914**	2,787
		668,000	466,667
Net current assets		**375,635**	1,016,041
Total assets less current liabilities		**428,830**	1,086,393

	2020	2019
	RMB'000	*RMB'000*
Non-current liabilities		
Lease liabilities	**9,242**	4,852
Receipts under securitisation arrangements	**–**	902,774
Deferred tax liabilities	**4,935**	1,343
	14,177	908,969
Net assets	**414,653**	177,424
CAPITAL AND RESERVES		
Share capital	**9,982**	12
Reserves	**393,821**	176,308
Equity attributable to the equity holders of the Company	**403,803**	176,320
Non-controlling interests	**10,850**	1,104
Total equity	**414,653**	177,424

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL INFORMATION AND REORGANISATION

1.1 General information

C&D Property Management Group Co., Ltd (the "Company", formerly known as Li Chi International Limited and C&D Property Development Group Co., Ltd) was incorporated as a company with limited liability in the British Virgin Islands ("BVI") on 4 May 2016. The address of the registered office of the Company is 2/F, Palm Grove House, P.O. Box 3340, Road Town, Tortola, BVI and its principal place of business in Hong Kong is located at Room 3517, 35/F, Wu Chung House, 213 Queen's Road East, Wan Chai, Hong Kong.

The Company is an investment holding company and has not carried out any business since its incorporation. The Company and its subsidiaries (collectively, the "Group") are principally engaged in the provision of property management services, community value-added and synergy services and the value-added services to non-property owners in the People's Republic of China (the "PRC") (the "Listing Business").

On 23 December 2020, the board of directors of C&D International Investment Group Limited ("C&D International") declared a special dividend to be satisfied by way of a distribution in specie to its then qualifying shareholders of an aggregate of 1,176,711,106 shares of the Company, in proportion to their respective shareholdings in C&D International as at 28 December 2020 (the "C&D International Distribution").

On 31 December 2020 ("Listing Date"), the Company has its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing").

The C&D International Distribution was completed upon the Listing. Prior to the C&D International Distribution, the immediate holding company of the Company was C&D International, an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on the Stock Exchange; after the C&D International Distribution, the Company's immediate holding company is Well Land International Limited ("Well Land"), a company incorporated in BVI with limited liability; C&D Real Estate Corporation Limited* (建發房地產集團有限公司) ("C&D Real Estate") which was incorporated in the PRC with limited liability is the Company's intermediate holding company, whereas the directors of the Company regard Xiamen C&D Corporation Limited* (廈門建發集團有限公司) ("Xiamen C&D"), a state-owned enterprise incorporated in the PRC with limited liability, as the Company's ultimate holding company and controlling party.

The consolidated financial statements for the year ended 31 December 2020 were approved for issue by the Board of Directors on 26 March 2021.

1.2 Reorganisation

Prior to the completion of the reorganisation on 29 June 2020 (the "Reorganisation"), C&D International indirectly owned the companies operating the Listing Business ("Operating Companies") and other companies, which are engaged in commercial assets management and entrusted construction services (the "Excluded Companies"). Details of the Reorganisation are more fully explained in the section headed "History, Reorganisation and corporate structure" in the listing document of the Company dated 28 December 2020.

In the preparation of the listing of the Company's shares on the Main Board of the Stock Exchange, the Reorganisation was undertaken pursuant to which the Company and its subsidiaries engaged in the Listing Business were transferred to the Company and the Excluded Companies were transferred to C&D International. The Reorganisation mainly involved the following steps:

(a) On 25 May 2020, Xiamen Yiyuexin Management Consultancy Company Limited* (廈門怡悦新管理諮詢有限公司) ("Xiamen Yiyuexin"), a wholly owned subsidiary, entered into equity transfer agreements with Xiamen Pinchuan Real Estate Consulting Co., Ltd* (廈門品傳置業顧問有限公司) ("Xiamen Pinchuan"), a fellow subsidiary, pursuant to which Xiamen Pinchuan agreed to sell and Xiamen Yiyuexin agreed to purchase 5% equity interests in Chengdu Yijiayuan Property Management Company Limited* (成都怡家園物業管理有限公司) ("Chengdu Yijiayuan") and 10% equity interests in Changsha Yisheng Property Management Company Limited* (長沙怡盛物業管理有限公司) ("Changsha Yisheng") at total cash considerations of approximately RMB984,000 ("Chengdu Yijiayuan Acquisition") and RMB545,000 ("Changsha Yisheng Acquisition") respectively. Chengdu Yijiayuan Acquisition and Changsha Yisheng Acquisition were completed on 11 June 2020 and 12 June 2020 respectively and Chengdu Yijiayuan and Changsha Yisheng became wholly owned subsidiaries.

(b) On 25 May 2020, Xiamen Yiyuexin entered into an equity transfer agreement with a fellow subsidiary, Shanghai Zhaorui Investment Development Co., Ltd.* (上海兆瑞投資發展有限公司) ("Shanghai Zhaorui"), pursuant to which Shanghai Zhaorui agreed to sell and Xiamen Yiyuexin agreed to purchase 5% equity interests in Shanghai Yixiang Property Management Company Limited* (上海怡祥物業管理有限公司) ("Shanghai Yixiang") at a total cash consideration of approximately RMB48,000 ("Shanghai Yixiang Acquisition"). Shanghai Yixiang Acquisition was completed on 18 June 2020 and Shanghai Yixiang became wholly owned subsidiary.

(c) In June 2020, all equity interests of the entities including Xiamen C&D Guangyue Business Management Limited* (廈門建發廣悦商業管理有限公司), Xiamen C&D Zhaocheng Construction and Operation Management Co., Ltd.* (廈門建發兆誠建設運營管理有限公司), Shanghai C&D Zhaoyu Asset Management Co., Ltd.* (上海建發兆昱資產管理有限公司), Xiamen Zhaoxu Construction Development Co., Ltd.* (廈門兆旭建設發展有限公司), Xiamen Wanxinlian Commercial Factoring Co., Ltd.* (廈門萬鑫聯商業保理有限公司), Xiamen Lihe Engineering Management Co., Ltd.* (廈門利和工程管理有限公司), Xiamen Liyue Enterprise Management Co., Ltd.* (廈門利悦企業管理有限公司), Xiamen Zhaoyang Housing Expropriation Service Co., Ltd.* (廈門兆陽房屋征遷服務有限公司), Xiamen C&D Yipin Cultural Development Co., Ltd.* (廈門建發一品文化發展有限公司), Xiamen C&D Home Furnishing Co., Ltd.* (廈門建發家居有限公司) (together with "Excluded Companies") were transferred to the C&D International at total cash considerations of approximately RMB291,301,000 and Xiamen C&D Youkehui Network Technology Co., Ltd.* (廈門建發優客會網絡科技有限公司) was transferred to Xiamen C&D at a total cash consideration of approximately RMB32,000 and such equity transfers were completed on 29 June 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation

Pursuant to the Reorganisation, the companies now comprising the Group, engaging in the Listing Business were under common control of Xiamen C&D, the ultimate holding company, immediately before and after the Reorganisation. Accordingly, the Reorganisation is regarded as a business combination under common control, and for the purpose of this report, the consolidated financial statements have been prepared using the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as if the current group structure had been in existence throughout the year presented, or since the date when the combining companies first came under the control of Xiamen C&D, whichever is a shorter period. The consolidated financial statements have been prepared as if the transfer of the Excluded Companies had taken place at the beginning of the year presented (i.e. 1 January 2019). Accordingly, the results of the Excluded Companies during the year and all assets and liabilities directly related to the Excluded Companies have been excluded in the consolidated financial statements.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the years ended 31 December 2020 and 2019 include the results and cash flows of all companies now comprising the Group but excluding the results of the Excluded Companies from the earliest date presented or since the date when the subsidiaries and/or business first came under the common control of Xiamen C&D, where this is a shorter period.

The consolidated statement of financial position of the Group as at 31 December 2019 have been prepared to present the assets and liabilities of the combining companies using the existing book values from the Xiamen C&D's perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of combination under common control, to the extent of the continuation of the controlling party's interest.

For companies acquired from a third party during the year ended 31 December 2020, they are included in the consolidated financial statements from the date of the acquisition and accounted for using acquisition method as set out in note 2.3.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

2.2 Basis of preparation

These consolidated 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 HKICPA and the accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting periods commencing from 1 January 2020 including amendments to HKFRS 3 "Definition of a Business" ("HKFRS 3") have been early adopted by the Group in the preparation of the consolidated financial statements. The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

The significant accounting policies were consistent with those applied to the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the changes in accounting policies in relation to the adoption of new and amended HKFRSs and the impacts on the Group's consolidated financial statements if any, are disclosed in Note 3.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit and loss ("FVTPL") which are stated at fair value. The Company's functional currency is Hong Kong Dollars ("HK$"). However, the consolidated financial statements are presented in Renminbi ("RMB"), as the directors of the Company consider that RMB is the functional currency of the primary economic environment in which most of the transactions of the Listing Business in the PRC are denominated and settled in and this presentation is more useful for its current and potential investors. The consolidated financial statements are presented in thousands of RMB ("RMB'000") unless otherwise stated.

It should be noted that accounting estimates and assumptions are used in preparation of consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Non-controlling interests in the results and equity of subsidiaries are presented separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position.

(i) Business combinations under common control

The consolidated financial statements incorporates the financial statement items of the entities or businesses in which the common control combination occurs as if they had been combined from the date when the entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquirer's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated.

(ii) Business combinations not under common control

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by HKFRSs. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interests recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference, after reassessment, is recognised directly in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

(iii) Change in ownership interests

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified or permitted by applicable HKFRSs.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iv) Separate financial statements

Investment in a subsidiary is accounted for at cost less impairment loss. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investment in a subsidiary is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee's net assets including goodwill in the consolidated statement of financial position.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not early applied the following new and amended standards, amendments and interpretations ("new and amended HKFRSs") which have been issued but are not yet effective:

HKFRS 17	Insurance Contract and related amendments[4]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[6]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 16	COVID-19-Related Rent Concessions[1]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[3]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[3]
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020[3]
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination[6]

1 Effective for annual periods beginning on or after 1 June 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after 1 January 2022
4 Effective for annual periods beginning on or after 1 January 2023
5 Effective date to be determined
6 Effective for business combinations/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

The directors anticipate that all of the new and amended HKFRSs will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the new and amended HKFRSs. These new and amended HKFRSs are not expected to have a material impact on the consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Group.

During the years ended 31 December 2020 and 2019, the Group is principally engaged in the provision of property management services and value-added services in the PRC. Management reviews the operating results of the business as one operating segment to make about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is monitored to make strategic decision.

Revenue mainly comprises proceeds from property management services and value-added services. An analysis of the Group's revenue by category for the year ended 31 December 2020 is as follows:

	2020	2019
	RMB'000	*RMB'000*
Revenue from customers and recognised over time		
Property management services	**578,461**	486,314
Value-added services		
— Community value-added and synergy services	**68,763**	51,562
— Value-added services to non-property owners	**329,585**	234,795
	976,809	772,671
Revenue from customers and recognised at point in time		
Community value-added and synergy services	**51,765**	28,659
	1,028,574	801,330

Information about major customers

For the year ended 31 December 2020, revenue from entities controlled by Xiamen C&D and its associates contributed to 35% (2019: 32%) of the Group's revenue. Other than entities controlled by Xiamen C&D and associates of Xiamen C&D, the Group had a large number of customers and none of whom contributed 10% or more of the Group's revenue.

Geographical information

The principal operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC during the years ended 31 December 2020 and 2019. As at 31 December 2020 and 2019, substantially all of the specified non-current assets (other than deferred tax assets and financial assets at FVTPL) of the Group were located in the PRC.

(a) Contract liabilities

The Group recognises the following revenue-related contract liabilities:

	2020	2019
	RMB'000	*RMB'000*
Property management services	**127,248**	89,162
Community value-added and synergy services	**50,938**	30,191
	178,186	119,353

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. Such liabilities increased as a result of the growth of the Group's business.

(b) Revenue recognised in relation to contract liabilities

The following table shows the revenue recognised during the year ended 31 December 2020 related to carried-forward contract liabilities:

	2020	2019
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the year		
Property management services	**87,594**	37,571
Community value-added and synergy services	**27,060**	18,590
	114,654	56,161

(c) Unsatisfied performance obligations

For property management services, the Group recognises revenue in the amount that equals to the right to invoice which correspond directly with the value to the customer of the Group's performance to date on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligation for these types of contracts. For value-added services to non-property owners, the Group expects that the majority of the contract amounts allocated to unsatisfied performance obligations will be recognised as revenue from providing services during the next reporting period.

For community value-added and synergy services, the transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations as at 31 December 2020 is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within one year	**14,026**	6,847
More than one year	**–**	5,845
	14,026	12,692

5. TRADE AND OTHER RECEIVABLES

	Notes	2020 RMB'000	2019 RMB'000
Trade receivables			
— Third parties		**69,229**	52,751
— Related parties		**28,242**	779
		97,471	53,530
Less: Provision for expected credit losses ("ECL") allowance of trade receivables		**(7,266)**	(7,483)
	(a)	**90,205**	46,047
Other receivables			
Deposits		**5,568**	5,795
Prepayments		**6,940**	3,558
Other receivables		**6,394**	4,659
Payment on behalf of property owners		**24,263**	17,081
Value-added tax receivables		**3,401**	1,285
		46,566	32,378
Less: Provision for ECL allowance of other receivables		**(1,684)**	(1,208)
	(b)	**44,882**	31,170
		135,087	77,217

(a) Trade receivables

Trade receivables mainly arise from property management services managed under lump-sum basis and value-added services.

Property management services income under lump-sum basis are received in accordance with the term of the relevant property service agreements. Service income from property management services is due for payment by property owners upon rendering of services.

Income from value-added services other than smart community services are received in accordance with the terms of the relevant services agreements, and due for payment upon the issuance of invoice. Smart community services income are received in accordance with the terms of the relevant service agreements, and the Group normally allows credit period ranged from 5 days to 60 days to its customers.

The Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables, whether determined on an individual or collective basis.

The ageing analysis of trade receivables, net of ECL allowance, based on invoice date, is as follows:

	2020	2019
	RMB'000	*RMB'000*
0–180 days	**51,459**	27,141
181–365 days	**27,769**	9,673
1–2 years	**8,136**	5,742
2–3 years	**2,093**	2,081
3–4 years	**580**	1,026
4–5 years	**168**	384
	90,205	46,047

(b) Other receivables

The balances mainly represent the payments on behalf of property owners in respect of utilities and maintenance costs of the properties.

6. TRADE AND OTHER PAYABLES

		2020	2019
	Note	***RMB'000***	*RMB'000*
Trade payables			
— Third parties	*(a)*	**27,783**	17,649
Other payables			
Accrued charges and other payables		**85,005**	47,287
Amounts collected on behalf of property owners		**92,011**	63,900
Deposit received		**96,506**	63,153
Interest payables		**–**	9,140
Value-added tax payable		**17,120**	9,730
Staff costs and welfare accruals		**128,498**	102,629
		419,140	295,839
		446,923	313,488

(a) The credit terms of trade payables vary according to the terms agreed with different suppliers. The ageing analysis of the trade payables based on invoice date, is as follows:

	2020	2019
	RMB'000	*RMB'000*
0 to 30 days	**18,729**	9,198
31 to 60 days	**3,720**	4,021
61 to 90 days	**2,388**	1,595
Over 90 days	**2,946**	2,835
	27,783	17,649

7. AMOUNTS DUE FROM/(TO) RELATED PARTIES

(a) Amounts due from related parties

	2020	2019
	RMB'000	*RMB'000*
Ultimate holding company	**–**	140
Companies controlled by Xiamen C&D	**31**	1,342,671
Associates of Xiamen C&D	**–**	1,418
	31	1,344,229

(b) Amounts due to related parties

	2020	2019
	RMB'000	*RMB'000*
Ultimate holding company	**2,526**	–
Companies controlled by Xiamen C&D	**508**	322
Associates of Xiamen C&D	**2,299**	–
	5,333	322

As at 31 December 2020, the amounts due from/(to) related parties are non-trade nature, unsecured, interest-free and repayable on demand. As at 31 December 2019, the amounts due from/(to) related parties are non-trade nature, unsecured, interest-free and repayable on demand, except for amounts due from related parties of RMB812,620,000, which were bearing interests ranging from 6.3% to 6.8% per annum.

8. INCOME TAX EXPENSE

	2020	2019
	RMB'000	*RMB'000*
Current income tax		
PRC Enterprise Income Tax ("EIT")	**31,735**	26,260
Deferred tax	**5,301**	(882)
Total income tax expense	**37,036**	25,378

Notes:

(a) BVI Income tax

Pursuant to the relevant rules and regulations of the BVI, the Group is not subject to any income tax in the BVI during the years ended 31 December 2020 and 2019.

(b) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not derive any assessable profit arising in Hong Kong during the years ended 31 December 2020 and 2019.

(c) PRC EIT

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2020 and 2019, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate was 25% for the years ended 31 December 2020 and 2019.

Pursuant to the relevant laws and regulation in the PRC, certain of the Group's PRC entities which are qualified as small low-profit enterprises enjoyed a preferential tax rate of 20% for the years ended 31 December 2020 and 2019. In addition, in accordance with the "Notice on Preferential Income Tax Policies Applicable to Small Low-profit Enterprises", the small and low-profit enterprises with annual taxable income of less than RMB1,000,000 for the years ended 31 December 2020 and 2019, were also entitled a tax concession for 20% of its taxable income.

9. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue or deemed to be in issue during the years ended 31 December 2020 and 2019. The earnings per share is calculated using the weighted average number of ordinary shares of 1,176,711,106 shares issued during the Reorganisation as if the Reorganisation had been completed on 1 January 2019 for meaningful comparison purpose.

	2020	2019
Profit for the year attributable to equity holders of the Company *(RMB'000)*	**106,118**	68,181
Basic earnings per share *(note) (RMB)*	**0.09**	0.06

(b) Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share as the Group has no dilutive potential ordinary shares for the years ended 31 December 2020 and 2019.

10. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

In January 2020, dividends of RMB1,020,000 and RMB465,000 have been proposed, approved and paid by the subsidiaries of the Company, Chengdu Yijiayuan and Changsha Yisheng respectively, to their then shareholder, Xiamen Pinchuan.

MANAGEMENT DISCUSSION AND ANALYSIS

1. MARKET REVIEW

The outbreak of COVID-19 has impacted on China's macroeconomy and certain industries such as property development and service during early 2020. Benefited from effective control of the epidemic by the Chinese government, the macroeconomy in the PRC recovered orderly and the business environment for the service industry gradually improved. The outbreak of COVID-19 did not have any material adverse impact on our business operation and financial positions for the Year. To prevent the spread of COVID-19 in properties under our management, since late January 2020, we have quickly set up epidemic prevention and control leadership teams at all levels and formulated contingency plans. We took a series of preventive measures such as regular disinfection, measuring body temperature of property owners/residents and visitors, implementing strict access control, and using our mobile application "Huishenghuo* (慧生活)" to provide contactless door unlocking services to protect the safety of property owners and residents in properties under our management. Our prevention efforts were broadly recognised by property owners and relevant government departments. Meanwhile, we have established health profile for our employees and provided sufficient epidemic prevention supplies for resumption of business. During the Year, no employee was infected by COVID-19 during the whole epidemic prevention work.

In 2020, as people's living standard improved, the requirement for living environment and quality kept rising and quality of property service has become more and more concerning. The real estate industry has transformed from simply providing after-sales services for real estate to intervening in many major segments such as real estate development and sales and after-sales services, taking substantial part in real estate consumption. The Company developed new businesses in smart communities, community elderly care services, asset management, and online shopping platforms by utilising its resources under management. The Company has also leveraged on its reputation for quality services to attract more partners and continue to expand its business scale to facilitate its steady and rapid development.

2. BUSINESS REVIEW

(1) Overview

In May 2020, we were honoured as one of the "Top 100 Property Management Companies in the PRC" by China Index Academy and ranked 36th in terms of overall strength in the industry, with five places improved as compared with 2019. Through upholding our service philosophy of "exploring new service values to make a better living experience (開拓服務新價值，讓生活更美好)", we envisage to become an outstanding property management services provider in the PRC and are committed to becoming "a first class urban service operator in the PRC (國內一流的城市空間運營服務商)".

As at 31 December 2020, our property management portfolio covered 26 cities across 11 province(s), municipality(ies) and autonomous region(s) in the PRC, including tier-one cities, such as Beijing, Shanghai, Guangzhou and Shenzhen. Our contracted GFA was approximately 47.2 million sq.m., among which, the GFA under management reached approximately 25.6 million sq.m.. As at 31 December 2020, we provided services to over 160,000 property units.

Our three main business lines, namely, (i) property management services; (ii) community value-added and synergy services; and (iii) value-added services to non-property owners, have formed an integrated service offering to our customers and have covered the entire value chain of property management.

(2) Property Management Services

We provided a range of property management services to property owners and residents of our managed properties as well as property developers, including greening, gardening and order maintenance for public areas, cleaning, parking management, repair and maintenance services for public facilities, etc.. Our property management portfolio covered residential properties and non-residential properties, including commercial and office buildings, industrial parks, government buildings and public facilities, hospitals and schools, etc.. We charged property management fees primarily on a lump-sum basis, with a comparatively fewer amount of total revenue charged on a commission basis.

For the Year, our Group's revenue from property management services was approximately RMB578.5 million, representing an increase of approximately 19.0% from approximately RMB486.3 million for the year ended 31 December 2019. The increase in revenue from property management services was primarily driven by the fast growth of our total GFA under management.

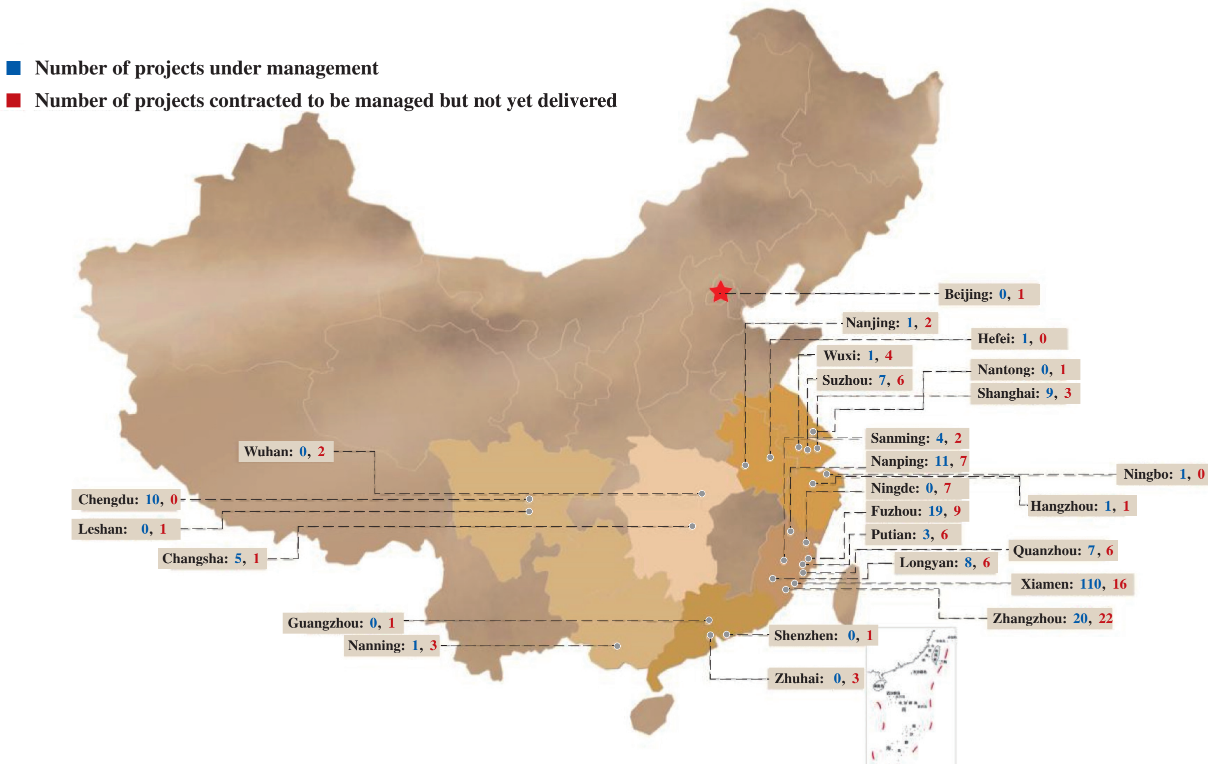
GFA and the number of projects

As at 31 December 2020, we had contracted GFA of approximately 47.2 million sq.m., and our number of contracted projects was 330, representing an increase of approximately 36.0% and 23.1% respectively as compared with those as at 31 December 2019 (as at 31 December 2019: approximately 34.7 million sq.m., and 268). As at 31 December 2020, the GFA under management reached approximately 25.6 million sq.m., and number of projects under management was 219, representing an increase of approximately 23.7% and 12.3% respectively as compared with those as at 31 December 2019 (as at 31 December 2019: approximately 20.7 million sq.m., and 195).

Geographic Coverage

As at 31 December 2020, we had 330 contracted projects covering 26 cities across 11 province(s), municipality(ies) and autonomous region(s) in the PRC, with 219 projects under management, covering 18 cities, serving over 160,000 property units.

The map below illustrates the geographic coverage of the properties under our management as at 31 December 2020 in terms of (i) contracted GFA; and (ii) GFA under management, respectively:



The table below sets out the Group's contracted GFA and GFA under management by geographic region as at 31 December 2020 and 2019:

	As at 31 December			
	2020		2019	
	Contracted GFA	**GFA under management**	Contracted GFA	GFA under management
	'000 sq.m.	***'000 sq.m.***	*'000 sq.m.*	*'000 sq.m.*
Haixi *(Note 1)*	**23,284**	**14,066**	18,824	12,259
South-eastern China *(Note 2)*	**10,330**	**5,550**	8,061	4,280
Eastern China *(Note 3)*	**7,255**	**3,107**	3,813	1,942
Central China *(Note 4)*	**4,728**	**2,813**	2,970	2,191
Southern China *(Note 5)*	**1,636**	**105**	1,019	–
Total	**47,233**	**25,641**	34,687	20,672

Notes:

(1) As at 31 December 2020 and 2019, Haixi included Xiamen, Longyan, Zhangzhou, Quanzhou and Putian.

(2) As at 31 December 2020, South-eastern China included Fuzhou, Nanping, Sanming, Ningde and Beijing. As at 31 December 2019, South-eastern China included Fuzhou, Nanping, Sanming and Ningde.

(3) As at 31 December 2020, Eastern China included Shanghai, Suzhou, Ningbo, Wuxi, Hefei, Hangzhou, Nanjing and Nantong. As at 31 December 2019, Eastern China included Shanghai, Suzhou, Wuxi, Hefei, Nanjing and Huzhou.

(4) As at 31 December 2020, Central China included Changsha, Chengdu, Wuhan and Leshan. As at 31 December 2019, Central China included Changsha, Chengdu and Wuhan.

(5) As at 31 December 2020 and 2019, Southern China included Nanning, Guangzhou, Zhuhai and Shenzhen.

Source of Projects

As at 31 December 2020, the contracted GFA for property management services with Xiamen C&D and its subsidiaries, associates and joint ventures (excluding our Group) ("Xiamen C&D Group") was approximately 27.2 million sq.m., representing an increase of approximately 38.8% from approximately 19.6 million sq.m. as at 31 December 2019.

While maintaining close business relationship with Xiamen C&D Group, we also further expanded the scale of our property management service business and increased our market shares in the industry through multiple channels. As at 31 December 2020, our contracted GFA for property management services to independent third parties was approximately 20.0 million sq.m., representing an increase of approximately 32.5% from approximately 15.1 million sq.m. as at 31 December 2019.

The table below sets out the Group's GFA under management as at 31 December 2020 and 2019 and the breakdown of our revenue from our property management services derived from property projects by property developers for each of the years ended 31 December 2020 and 2019:

	As at 31 December or for the year ended 31 December					
	2020			2019		
	GFA under management *'000 sq.m.*	**Revenue** *RMB'000*	**% of revenue**	GFA under management *'000 sq.m.*	Revenue *RMB'000*	% of revenue
Xiamen C&D Group	**15,167**	**340,616**	**58.9**	11,240	293,302	60.3
Independent third parties	**10,474**(Note)	**237,845**	**41.1**	9,432(Note)	193,012	39.7
Total	**25,641**	**578,461**	**100.0**	20,672	486,314	100.0

Note: The GFA under management included C&D Yibai Elderly Care Centre* (建發溢佰養老中心) ("Yibai Centre") operated by the Group.

Types of the Managed Properties

We historically focused on providing property management services to residential communities in the PRC, but we also endeavoured to diversify our property management portfolio by extending our services to an increasing variety of non-residential properties, including commercial and office buildings, industrial parks, government buildings and public facilities, hospitals and schools. As at 31 December 2020, our contracted GFA for non-residential properties was approximately 3.3 million sq.m., representing an increase of approximately 3.1% from approximately 3.2 million sq.m. as at 31 December 2019.

The table below sets out the GFA under management as at 31 December 2020 and 2019 and the breakdown of our revenue from our property management services by type of property for each of the years ended 31 December 2020 and 2019:

	As at 31 December or for the year ended 31 December					
	2020			2019		
	GFA under management *'000 sq.m.*	**Revenue** *RMB'000*	**% of revenue**	GFA under management *'000 sq.m.*	Revenue *RMB'000*	% of revenue
Residential	**23,173**	**425,136**	**73.5**	17,927	348,203	71.6
Non-residential	**2,468**(Note)	**153,325**	**26.5**	2,745	138,111	28.4
Total	**25,641**	**578,461**	**100.0**	20,672	486,314	100.0

Note: The decrease in GFA under management of non-residential properties as at 31 December 2020 as compared with that as at 31 December 2019 was mainly attributable to our voluntary non-renewal of certain property management service contracts as we reallocated our resources to more profitable contracts to optimise our property management portfolio.

Revenue Model

We generally determined the revenue model of property management services based on the following factors, including but not limited to: (i) the type(s), scale(s) and location(s) of properties to be managed; (ii) the nature and scope of the services to be provided; (iii) expected personnel and material inputs; and (iv) arm's length negotiation with our customers. During the Year, we mainly charged property management fees on a lump-sum basis, while a few property management service projects were charged on commission basis.

The table below sets out the GFA under management as at 31 December 2020 and 2019 and the breakdown of our revenue from our property management services by revenue model for each of the years ended 31 December 2020 and 2019:

	As at 31 December or for the year ended 31 December					
	2020			2019		
	GFA under management *'000 sq.m.*	**Revenue** *RMB'000*	**% of revenue**	GFA under management *'000 sq.m.*	Revenue *RMB'000*	% of revenue
Lump-sum basis	**24,944**	**552,449**	**95.5**	19,965	456,286	93.8
Commission basis	**697**	**26,012**	**4.5**	707	30,028	6.2
Total	**25,641**	**578,461**	**100.0**	20,672	486,314	100.0

(3) Community Value-added and Synergy Services

We provided community value-added and synergy services mainly by ourselves or third-party sub-contractors or service companies. The services mainly included: (i) home living services, such as housekeeping and cleaning services, repair and maintenance services and community group-purchasing services; (ii) home beauty services, providing turn-key move-in services (拎包入住服務) with one-stop home beauty solutions for overall design, interior home furnishing and appliances installation, etc.; (iii) real estate brokerage and asset management services, including services for secondary sales or rental transactions of properties and/or car parking spaces; (iv) value-added services for public areas, including leasing out public areas and advertising spots; (v) elderly-care & health value-added services, mainly including the operation of the Yibai Centre; and (vi) smart community services, mainly design and construction services of smart property management services and operation of our mobile application "Huishenghuo* (慧生活)".

For the Year, the Group's revenue from community value-added and synergy services was approximately RMB120.5 million, representing an increase of approximately 50.2% from approximately RMB80.2 million for the year ended 31 December 2019. The increase was mainly due to the increase of our management area which brought about a growing customer base and continued provision of diversified services. For example, we launched our online shopping platform "C&D Property Zhenxuan* (建發物業臻選)" to provide a better customer experience for property owners and residents and enhance their satisfaction and loyalty.

The table below sets out the breakdown of our revenue derived from the provision of different types of community value-added and synergy services for each of the years ended 31 December 2020 and 2019:

	For the year ended 31 December			
	2020		2019	
	Revenue *RMB'000*	*%*	Revenue *RMB'000*	*%*
Smart community services	**22,510**	**18.7**	21,245	26.5
Home living services	**40,798**	**33.8**	22,865	28.5
Home beauty services	**11,596**	**9.6**	3,984	5.0
Real estate brokerage and asset management services	**10,238**	**8.5**	5,056	6.3
Value-added services for public areas	**31,809**	**26.4**	27,071	33.7
Elderly-care & health value-added services *(Note)*	**3,577**	**3.0**	–	–
Total	**120,528**	**100.0**	80,221	100.0

Note: As Xiamen Bairui Health Industry Company Limited* (廈門市佰睿健康產業有限公司) ("Xiamen Bairui"), the operating subsidiary responsible for operation of the Yibai Centre, became our subsidiary on 29 June 2020, the revenue from elderly-care & health value-added services before the completion of acquisition was not included in the table above.

(4) Value-added Services to Non-property Owners

We mainly provided (i) consultancy services to property developers and other non-property owners during the property development and construction stages on aspects such as project design and construction materials from the perspective of property management and operation and requirement of the property owners; and (ii) reception, order maintenance and cleaning services to property developers and other non-property owners at the pre-sales centres.

For the Year, the Group's revenue from value-added services to non-property owners was approximately RMB329.6 million, representing an increase of approximately 40.4% from approximately RMB234.8 million for the year ended 31 December 2019. The increase was mainly due to an increase in number of projects developed by cooperative property developers which in turn resulted in an increased demand for value-added services to non-property owners.

The table below sets out the breakdown of our revenue from our value-added services to non-property owners for each of the years ended 31 December 2020 and 2019:

	For the year ended 31 December			
	2020		2019	
	Revenue *RMB'000*	*%*	Revenue *RMB'000*	*%*
Consultancy services	**3,866**	**1.2**	1,790	0.8
Reception, order maintenance and cleaning services	**325,719**	**98.8**	233,005	99.2
Total	**329,585**	**100.0**	234,795	100.0

3. FINANCIAL REVIEW

Revenue

For the Year, due to our continuous business development, the Group's revenue was approximately RMB1,028.6 million, representing an increase of approximately 28.4% from approximately RMB801.3 million for the year ended 31 December 2019.

The table below sets out the revenue of the Group by business line for each of the years ended 31 December 2020 and 2019:

	For the year ended 31 December			
	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
Property management services	**578,461**	**56.3**	486,314	60.7
Community value-added and synergy services	**120,528**	**11.7**	80,221	10.0
Value-added services to non-property owners	**329,585**	**32.0**	234,795	29.3
Total	**1,028,574**	**100.0**	801,330	100.0

The property management services were our largest source of revenue. During the Year, the revenue from property management services was approximately RMB578.5 million, accounting for approximately 56.3% of the Group's total revenue. The increase in revenue from property management services was primarily driven by the fast growth of our total GFA under management. During the Year, our total GFA under management increased from approximately 20.7 million sq.m. as at 31 December 2019 to approximately 25.6 million sq.m. as at 31 December 2020, which was resulted from both our steady cooperation with cooperative property developers and our efforts to expand the third-party customer base.

The revenue from community value-added and synergy services increased by approximately 50.2% from approximately RMB80.2 million for the year ended 31 December 2019 to approximately RMB120.5 million for the Year, which was mainly due to the increase of our management area which brought about a growing customer base and continued provision of diversified services. During the Year, the Group further optimised the business structure, and revenue from community value-added and synergy services maintained a constant upward trend.

The revenue from value-added services to non-property owners increased by approximately 40.4% from approximately RMB234.8 million for the year ended 31 December 2019 to approximately RMB329.6 million for the Year, which was mainly due to an increase in number of projects developed by cooperative property developers which in turn resulted in an increased demand for value-added services to non-property owners. During the Year, the Group continued to strengthen cooperation with developers to provide innovative services, assist marketing as well as provide professional and quality services.

Cost of sales

Cost of sales increased by approximately 25.7% from approximately RMB617.9 million for the year ended 31 December 2019 to approximately RMB776.9 million for the Year, primarily due to the increase of various kinds of costs as a result of the scale-up of our business. The increase in cost of sales was mainly due to the increase of our management scale.

Gross profit

As a result of the above principal factors, the Group's gross profit increased by approximately 37.2% from approximately RMB183.4 million for the year ended 31 December 2019 to approximately RMB251.7 million for the Year, with gross profit margin of 22.9% and 24.5% respectively. The increase in gross profit margin was mainly due to the optimisation of structure and smart transformation we promoted as well as the concession of social insurance by the government under the COVID-19 epidemic. We will continue to proactively apply technical and administrative measures to enhance operation efficiency and control cost effectively.

Other income

Other income increased from approximately RMB7.9 million for the year ended 31 December 2019 to approximately RMB26.2 million for the Year, mainly due to the gains on change in fair value of financial assets at fair value through profit and loss and the gain on disposal of financial assets measured at fair value through profit and loss in a sum of RMB15.8 million. The gains were resulted from the Group's early redemption of receipts under securitisation arrangements.

Selling and marketing expenses

For the Year, the Group's selling and marketing expenses were approximately RMB1.7 million, representing an increase of approximately 183.3% as compared with approximately RMB0.6 million for the year ended 31 December 2019, mainly due to an increase of advertising expenses, which was the major component of the Group's selling and marketing expenses. The increase of advertising expenses was mainly due to the increase of investment on promotion for business expansion.

Administrative and other operating expenses

The Group's administrative and other operating expenses mainly included staff cost, travelling and entertainment expenses, consultancy fee, telecommunication and utilities, depreciation, office expenses and other expenses (mainly including bank handling fees, gains and losses on disposal of assets and insurance fees).

During the Year, the Group's total administrative and other operating expenses amounted to approximately RMB136.7 million, representing an increase of approximately 19.9% from approximately RMB114.0 million for the year ended 31 December 2019, which was mainly due to the growth of our business volume, increase in headcount and average wages of administration staff as well as increase in office expenses, insurance fees, business tender fees (業務開拓費用) due to expansion of our business scale.

Net provision for ECL allowance on trade and other receivables

The Group's net provision for ECL allowance on trade and other receivables decreased from approximately RMB1.7 million for the year ended 31 December 2019 to approximately to RMB0.3 million for the Year, mainly due to the adoption of a series of measures to actively recover trade receivables from previous years.

Net finance income

The Group's net finance income mainly included interest income on bank deposit, interest income on amounts due from related parties, net of interest charges on receipts under securitisation arrangements, loss on early redemption on receipts under securitisation arrangements and lease liability interest relating to lease liabilities arising from leased properties used for office. During the Year, the Group's net finance income was approximately RMB15.7 million, representing a decrease of approximately 24.5% as compared with approximately RMB20.8 million for the year ended 31 December 2019, mainly due to (1) decrease in interest expense on receipts under securitisation arrangements of approximately RMB19.9 million as the early redemption of receipts under securitisation arrangements; (2) decrease in interest income of approximately RMB9.9 million because of the decrease of the amounts due from related parties as a result of the repayment of the receipts under securitisation arrangements; (3) the Group's early redemption of receipts under securitisation arrangements and incurred losses of approximately RMB15.1 million. The losses were the difference between carrying amounts stated at amortised cost of the receipts under securitisation arrangements and the repayments amounts. The losses and gains on change in fair value of financial assets at fair value through profit and loss and the gain on disposal of financial assets measured at fair value through profit and loss under other incomes in a sum of approximately RMB15.8 million were all resulted from the early redemption of receipts under securitisation arrangements.

Profit before income tax

Due to the combined effect of the abovementioned, for the Year, the profit before income tax was approximately RMB143.9 million, representing an increase of approximately 53.6% as compared with approximately RMB93.7 million for the year ended 31 December 2019.

Income tax expense

Income tax expense increased from approximately RMB25.4 million for the year ended 31 December 2019 to approximately RMB37.0 million for the Year, representing an increase of approximately 45.7%. The increase was mainly attributable to an increase in the Group's profit before tax due to growth of business.

Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company for the Year was approximately RMB106.1 million, representing an increase of approximately 55.6% as compared with approximately RMB68.2 million for the year ended 31 December 2019.

Property, plant and equipment

Property, plant and equipment of the Group mainly consisted of leasehold improvement, electronic equipment and other fixed assets. As at 31 December 2020, the Group's property, plant and equipment amounted to approximately RMB27.3 million, representing an increase of approximately 200.0% from approximately RMB9.1 million as at 31 December 2019, which was mainly due to Xiamen Bairui becoming our subsidiary on 29 June 2020.

Trade and other receivables

The Group's trade and other receivables were mainly from property management services income from properties managed on a lump-sum basis and trade receivables of value-added services as well as other receivables from payments on behalf of property owners in respect of utilities and maintenance costs. As at 31 December 2020, the Group's trade and other receivables were approximately RMB135.1 million, representing an increase of approximately 75.0% as compared with approximately RMB77.2 million as at 31 December 2019, which was mainly due to expansion of our management scale.

Cash and cash equivalents

As at 31 December 2020, the Group's cash and cash equivalents were approximately RMB886.2 million, representing an increase of approximately RMB829.1 million from approximately RMB57.1 million as at 31 December 2019. The increase was mainly due to settlement of our related current account (關聯往來款) and recovery of self fundings in December 2020.

Trade and other payables

The Group's trade and other payables mainly included trade payables, amounts collected on behalf of property owners, received deposits (保證金) and accrued staff costs and welfares. As at 31 December 2020, our trade and other payables were approximately RMB446.9 million, representing an increase of approximately 42.6% from approximately RMB313.5 million as at 31 December 2019, which was mainly due to the increase of our management scale and employees headcounts.

Contract liabilities

Contract liabilities of the Group were service prepayment paid by customers for the services which had not been provided and not been recognised as revenue. As at 31 December 2020, our contract liabilities amounted to approximately RMB178.2 million, representing an increase of approximately 49.2% from approximately RMB119.4 million as at 31 December 2019, primarily due to the increase in projects under management during the Year.

Liquidity and financial resources

The Group continued to satisfy its requirement for working capital, capital expenditure and other capital requirement through cash generated from its operation. During the Year, the Group's net cash from operating activities was approximately RMB286.7 million, representing a significant increase of approximately 84.6% as compared with approximately RMB155.3 million for the year ended 31 December 2019, mainly due to an increase in our operating profits and adoption of a series of measures to accelerate receipt of payments.

As at 31 December 2020, the net current assets of the Group was approximately RMB375.6 million, representing a decrease of approximately RMB640.4 million from net current assets of approximately RMB1,016.0 million as at 31 December 2019, mainly due to the early redemption of receipts under securitisation arrangements of approximately RMB902.8 million in 2020. As at 31 December 2020, the Group's current ratio was approximately 1.6x (total current assets divided by total current liabilities) (as at 31 December 2019: approximately 3.2x).

As at 31 December 2020, the Group's gearing ratio (sum of current liabilities and non-current liabilities divided by sum of current assets and non-current assets) decreased to approximately 62.2% (as at 31 December 2019: approximately 88.6%).

As at 31 December 2020, we did not have any outstanding loan capital, bank overdrafts and liabilities, or other similar indebtedness, debentures, mortgages, charges or loans (as at 31 December 2019: approximately RMB902.8 million).

Contingent liabilities

As at 31 December 2020, the Group had no significant contingent liabilities.

Interest rate risk

As the Group had no significant interest-bearing assets and liabilities for the Year, the Group was not exposed to material risk directly relating to changes in market interest rate.

Foreign exchange risk

The principal activities of the Group were conducted in the PRC, and a majority of the Group's income and expenses were denominated in Renminbi. Therefore, the Group was not exposed to material risk directly relating to foreign exchange rate fluctuation except certain bank balances were denominated in Hong Kong dollars. During the Year, the Group did not enter into contracts to hedge its exposure to foreign exchange risk, but the management will continue to monitor the foreign exchange exposure, and take prudent measures to reduce the foreign exchange risk.

Events After Reporting Period

As at the date of this announcement, the Group did not have material subsequent events after the reporting period.

Employment and remuneration policy

The Group adopted remuneration policies similar to its peers in the industry. The remuneration payable to our staff was fixed by reference to the duties and the prevailing market rates in the region. Discretionary performance bonus after assessments was paid to employees to reward their contributions. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, the Group has participated in different social welfare plans for our employees.

As at 31 December 2020, the Group had 7,488 employees (as at 31 December 2019: 6,557 employees).

4. OUTLOOK AND PROSPECT

Due to the outbreak of COVID-19, macroeconomic conditions and certain industries in the PRC were affected in early 2020. Under the effective control measures of the PRC government, the economic environment and property management industry in PRC (including Fujian Province) have recovered. The Group expects there will be no significant adverse effect on our future business operation. The outbreak changed lifestyle and consumer habits of people in a short period of time and brought many new business opportunities and consumer experience, drawing more attention to property management services. At the end of 2020, the Ministry of Housing and Urban-Rural Development and ten other ministries and commissions jointly issued the "Circular on Strengthening and Improving Residential Property Management (關於加强和改進住宅物業管理工作的通知)". The policy provides comprehensive guidance on quality development of the residential property market and establishes a layout of joint construction, joint administration and sharing, which will facilitate better development of property management enterprises with established management systems and high service quality. The Company will continue to uphold our service philosophy of "exploring new service values to make a better living experience (開拓服務新價值，讓生活更美好)". We are constantly reforming to enhance our core corporate competitiveness, with a view to achieve sustainable effective growth.

(1) Maintaining quality property management services and enhancing core competitiveness

In respect of quality of property management services, the Group will continue to optimise its property management quality to maintain its competitive advantage in quality fundamental property management services. In the future, the Group will continue to grasp its advantages to effectively boost rapid development of the Company.

(2) Optimising of property management services portfolio by further expanding business scale through multiple channels

For expansion of business scale, the Group will continue deeply cultivate in the Fujian province, develop layouts in core cities in Yangtze River Delta and nurture in Southern China. We plan to enhance expansion capability of single project through open tenders; strengthen cooperation with government and state-owned enterprises to solidify our expansion in urban services and other aspects. We will also seek to invest in or acquire other property companies which conform with our brand image and market position and can enrich and optimise our service content and property service portfolio.

(3) Constantly providing diversified quality and in-depth value-added services

The Group will further develop community value-added and synergy services, increase effort to develop at-the-close order (尾盤) sales agency services as well as deeply cultivate in home living services, real estate brokerage and asset management services, etc., and proactively develop online retailing and elderly-care & health value-added services, in order to satisfy the ever-changing demand of property owners and residents to enhance satisfaction and loyalty of customers. The Group also intends to utilise our information technology speciality on property management services and value-added services as well provision of consultancy services to other property management companies, with a view to enhance our business development capability.

(4) Optimising information technology and management process continuously to achieved optimal cost efficiency

The Group will continue to upgrade its information technology system through standardisation, automation and intellectualisation. It will also optimise its management process, including continuous flattening of group structure, so that we can achieve continuation of quality services to customers, enhancement of operational efficiency and effective cost control at the same time.

In summary, the Group will continue to improve its core corporate competitiveness, expand its business scale, improve operational efficiency and profitability, to achieve effective rapid growth and continuously enhance corporate and shareholder values.

FINAL DIVIDEND

The Board recommended not to declare a final dividend for the Year.

ANNUAL GENERAL MEETING

The Company's annual general meeting (the "AGM") will be held on Friday, 21 May 2021. A notice convening the AGM will be published and dispatched to the shareholders of the Company (the "Shareholders") in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining entitlement of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 17 May 2021 to Friday, 21 May 2021 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by 4:30 p.m. on Friday, 14 May 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules for dealings in securities of the Company by its Directors. The Company has made specific enquiries to all Directors and each of them confirmed that they have complied with the required standard set out in the Model Code from the Listing Date and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high corporate governance standards. It believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has complied with all the applicable principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules from the Listing Date and up to the date of this announcement.

Further information on the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the Company's annual report for the Year, which will be released in due course.

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities from the Listing Date and up to the date of this announcement.

REVIEW OF RESULTS BY AUDIT COMMITTEE

The audit committee of the Company (comprising all the four independent non-executive Directors, namely Mr. Lee Cheuk Yin Dannis (committee chairman), Mr. Cheung Kwok Kwan, J.P., Mr. Li Kwok Tai James and Mr. Wu Yat Wai) has reviewed with management the consolidated financial statements of the Company for the Year.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2020 have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited (the "Auditor"), to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on the preliminary announcement.

ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2020 will be dispatched to the Shareholders and available on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

We would like to take this opportunity to express our sincere gratitude to the Shareholders for their continuing support, and our appreciation to all staff members for the dedication and loyalty to the Group.

By Order of the Board
C&D Property Management Group Co., Ltd
Zhuang Yuekai
Chairman and Non-executive Director

Hong Kong, 26 March 2021

As at the date of this announcement, the Board are:

Executive Directors:
Ms. Qiao Haixia *(Chief Executive Officer)*
Mr. Huang Danghui

Non-executive Directors:
Mr. Zhuang Yuekai *(Chairman)*
Mr. Lin Weiguo

Independent non-executive Directors:
Mr. Cheung Kwok Kwan, J.P.
Mr. Lee Cheuk Yin Dannis
Mr. Li Kwok Tai James
Mr. Wu Yat Wai

This announcement is prepared in both English and Chinese; in the event of inconsistency, the English text of the announcement shall prevail over the Chinese text.

* *denotes English translation of the name of a Chinese company, entity and place and is provided for identification purpose only*