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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

HIGHLIGHTS

1. The revenue of the Group for the Period was approximately RMB997.0 million, representing an increase of approximately 49.9% from approximately RMB665.2 million for the corresponding period of the previous year.
2. The gross profit of the Group for the Period was approximately RMB255.6 million, representing an increase of approximately 45.5% from approximately RMB175.7 million for the corresponding period of the previous year. The gross profit margin for the Period was approximately 25.6%, representing a slight decrease as compared with approximately 26.4% for the corresponding period of the previous year.
3. The profit of the Group for the Period was approximately RMB133.3 million, representing an increase of approximately 54.0%, as compared with approximately RMB86.6 million for the corresponding period of the previous year. Meanwhile, the profit attributable to equity holders of the Company for the Period was approximately RMB130.4 million, representing an increase of approximately 50.7% as compared with approximately RMB86.5 million for the corresponding period of the previous year.
4. The contracted GFA of the property management services of the Group as at 30 June 2022 was approximately 80.6 million sq.m., representing an increase of approximately 9.1% as compared with approximately 73.9 million sq.m. as at 31 December 2021.
5. The net cash from operating activities of the Group for the Period amounted to approximately RMB(312.5) million, representing a decrease of approximately RMB299.7 million as compared with approximately RMB(12.8) million for the corresponding period of the previous year.
6. The Board has resolved not to declare an interim dividend for the Period.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the “Board”) of directors (the “Directors”) of C&D Property Management Group Co., Ltd (the “Company”) is pleased to announce the following unaudited interim consolidated results of the Company and its subsidiaries (collectively, the “Group” or “We”) for the six months ended 30 June 2022 (the “Period”) together with the comparative figures for the corresponding period of the previous year.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		For the six months ended 30 June 2022 RMB'000 (Unaudited)	For the six months ended 30 June 2021 RMB'000 (Unaudited)
	<i>Notes</i>		
Revenue	4	997,018	665,188
Cost of sales		<u>(741,369)</u>	<u>(489,443)</u>
Gross profit		255,649	175,745
Other income		5,973	2,988
Selling and marketing expenses		(306)	(759)
Administrative and other operating expenses		(112,795)	(69,092)
Provision for expected credit losses allowance on trade and other receivables, net		(3,638)	(3,470)
Finance income, net		34,300	9,990
Share of results of associates		<u>(3)</u>	<u>90</u>
Profit before income tax		179,180	115,492
Income tax expense	8	<u>(45,845)</u>	<u>(28,906)</u>
Profit for the period		<u>133,335</u>	<u>86,586</u>
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		<u>20,941</u>	<u>(58)</u>
Total comprehensive income for the period		<u>154,276</u>	<u>86,528</u>

	For the six months ended 30 June 2022 RMB'000 (Unaudited)	For the six months ended 30 June 2021 RMB'000 (Unaudited)
Profit for the period attributable to:		
— Equity holders of the Company	130,420	86,533
— Non-controlling interests	2,915	53
	<u>133,335</u>	<u>86,586</u>
Profit and total comprehensive income attributable to:		
— Equity holders of the Company	151,361	86,475
— Non-controlling interests	2,915	53
	<u>154,276</u>	<u>86,528</u>
Earnings per share attributable to the equity holders of the Company (expressed in RMB per share)		
Basic and diluted	<i>9(a)</i> <u>0.10</u>	<u>0.07</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		32,797	30,659
Right-of-use assets		18,383	21,035
Interests in associates		1,867	1,870
Goodwill		57,647	30,705
Intangible assets		17,270	10,069
Deferred tax assets		8,372	7,113
		136,336	101,451
Current assets			
Inventories		13,826	12,260
Trade and other receivables	5	392,154	201,467
Amounts due from related parties	7(a)	530,246	–
Income tax recoverable		–	178
Restricted bank deposits		36,128	35,887
Cash and cash equivalents		1,956,998	2,261,445
		2,929,352	2,511,237
Current liabilities			
Trade and other payables	6	785,721	732,752
Contract liabilities	4(a)	1,071,689	787,299
Amounts due to related parties	7(b)	6,520	1,775
Income tax payables		52,197	38,093
Lease liabilities		4,376	6,284
		1,920,503	1,566,203
Net current assets		1,008,849	945,034
Total assets less current liabilities		1,145,185	1,046,485

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Non-current liabilities		
Lease liabilities	7,352	7,886
Deferred tax liabilities	<u>9,799</u>	<u>7,341</u>
	<u>17,151</u>	<u>15,227</u>
Net assets	<u><u>1,128,034</u></u>	<u><u>1,031,258</u></u>
CAPITAL AND RESERVES		
Share capital	11,286	11,286
Reserves	<u>1,091,504</u>	<u>1,000,123</u>
Equity attributable to the equity holders of the Company	1,102,790	1,011,409
Non-controlling interests	<u>25,244</u>	<u>19,849</u>
Total equity	<u><u>1,128,034</u></u>	<u><u>1,031,258</u></u>

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. GENERAL INFORMATION

C&D Property Management Group Co., Ltd (the “Company”) 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”).

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

The Company’s immediate holding company is C&D International Investment Group Limited (“C&D International”), a company incorporated in the Cayman Islands with limited liability; Well Land International Limited (“Well Land”), a company incorporated in BVI with limited liability, and 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 are the Company’s intermediate holding companies, 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 “Controlling Party”).

2. BASIS OF PREPARATION

The Interim Financial Information is prepared in accordance with Hong Kong Accounting Standards (“HKASs”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

3. ADOPTION OF NEW AND AMENDED HKFRSs (“HKFRSs”)

(i) New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2022

The accounting policies and methods of computation used in the preparation of the Interim Financial Report are consistent with those used in the annual financial statements for the year ended 31 December 2021, except for the adoption of the following new and amended HKFRSs effective as of 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020

The adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

(ii) Issued but not yet effective HKFRSs

The Group has not early applied the following new and amended HKFRSs which have been issued but are not yet effective.

HKFRS 17	Insurance contracts and related amendment ¹
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or Joint Venture ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective date not yet determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the Period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group’s consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by chief operating decision-maker (“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 six months ended 30 June 2022 and 2021, 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 segment to make decisions 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 six months ended 30 June 2022 and 2021 is as follows:

	For the six months ended 30 June	
	2022	2021
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Revenue from customers and recognised over time		
Property management services	475,113	351,813
Value-added services		
— Community value-added and synergy services	84,482	40,063
— Value-added services to non-property owners	338,641	223,547
	898,236	615,423
Revenue from customers and recognised at point in time		
Value-added services		
— Community value-added and synergy services	98,782	49,765
	997,018	665,188

Information about major customers

For the six months ended 30 June 2022, revenue from entities controlled by Xiamen C&D and its associates contributed to 33.2% (For the corresponding period of the previous year: 35%) 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 six months ended 30 June 2022 and 2021. As at 30 June 2022 and 2021, 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:

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Property management services	272,710	184,140
Community value-added and synergy services	792,916	603,159
Value-added services to non-property owners	6,063	–
	<u>1,071,689</u>	<u>787,299</u>

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 six months ended 30 June 2022 brought-forward from contract liabilities:

	For the six months ended 30 June	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
Revenue recognised that was included in contract liabilities at the beginning of the period		
Property management services	165,920	110,763
Community value-added and synergy services	11,295	35,893
	<u>177,215</u>	<u>146,656</u>

(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 30 June 2022 is as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 30 June 2021 RMB'000 (Unaudited)
Within one year	159,858	18,067
More than one year	700,220	2,721
	<u>860,078</u>	<u>20,788</u>

5. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade receivables		
— Third parties	161,911	86,443
— Related parties	110,161	53,631
	<u>272,072</u>	<u>140,074</u>
Less: Provision for ECL allowance of trade receivables	<u>(9,544)</u>	<u>(6,922)</u>
	<i>(a)</i> <u>262,528</u>	<u>133,152</u>
Other receivables		
Deposits	13,305	13,369
Prepayments	29,153	11,804
Other receivables	31,819	7,310
Payment on behalf of property owners	52,063	34,191
Value-added tax receivables	6,798	3,994
Other tax recoverable	—	143
	<u>133,138</u>	<u>70,811</u>
Less: Provision for ECL allowance of other receivables	<u>(3,512)</u>	<u>(2,496)</u>
	<i>(b)</i> <u>129,626</u>	<u>68,315</u>
	<u>392,154</u>	<u>201,467</u>

(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:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
0–180 days	221,854	97,933
181–365 days	17,729	21,056
1–2 years	15,240	11,723
2–3 years	6,225	1,780
3–4 years	1,003	533
4–5 years	477	127
	<u>262,528</u>	<u>133,152</u>

(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

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade payables		
— Third parties	110,115	90,970
— Related parties	2,954	340
	<u>113,069</u>	<u>91,310</u>
	(a)	
Other payables		
Accrued charges and other payables	86,846	86,686
Dividend payables	68,565	—
Amounts collected on behalf of property owners	165,069	112,971
Deposit received	133,319	124,785
Value-added tax payable	16,061	75,784
Other tax payables	844	3,464
Staff costs and welfare accruals	146,847	181,666
Payable in relation to the restricted shares incentive scheme	55,101	56,086
	<u>672,652</u>	<u>641,442</u>
	<u>785,721</u>	<u>732,752</u>

(a) Trade payables

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:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
0 to 30 days	66,769	43,996
31 to 60 days	13,128	8,839
61 to 90 days	7,671	1,951
Over 90 days	25,501	36,524
	<u>113,069</u>	<u>91,310</u>

7. AMOUNTS DUE FROM/(TO) RELATED PARTIES

(a) Amounts due from related parties

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Companies controlled by Xiamen C&D	530,162	–
Associates of Xiamen C&D	84	–
	<u>530,246</u>	<u>–</u>

As at 30 June 2022, amounts due from related parties mainly represented prepayments for the inventory property underwriting agreement entered into between the Company and C&D International and the cost of funds was at an annual interest rate of not less than 5%.

(b) Amounts due to related parties

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Ultimate holding company	–	3
Companies controlled by Xiamen C&D	6,520	1,769
Associates of Xiamen C&D	–	3
	<u>6,520</u>	<u>1,775</u>

As at 30 June 2022 and 31 December 2021, the amounts due from/(to) related parties (except prepayments for amount of underwritten inventory property) are non-trade nature, unsecured, interest-free and repayable on demand.

8. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current income tax		
PRC Enterprise Income Tax ("EIT")	47,403	32,074
Deferred tax	<u>(1,558)</u>	<u>(3,168)</u>
Total income tax expense	<u>45,845</u>	<u>28,906</u>

Notes:

(a) BVI Income tax

Pursuant to the relevant rules and regulations in the BVI, the Group is not subject to any income tax in the BVI during the six months ended 30 June 2022 and 2021.

(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 six months ended 30 June 2022 and 2021.

(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 six months ended 30 June 2022 and 2021, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate was 25% for the six months ended 30 June 2022 and 2021.

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% from 1 January 2022 to 31 December 2022. The portion of annual taxable income amount, which does not exceed RMB1,000,000, shall be computed at a reduced rate of 12.5%, and be subject to EIT at 20%. And the portion of annual taxable income, which exceeds RMB1,000,000 but does not exceed RMB3,000,000, shall be computed at a reduced rate of 25%, and be subject to EIT at 20%.

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 during the six months ended 30 June 2022 and 2021. The earnings per share is calculated by using the weighted average number of ordinary shares of 1,336,261,106 shares issued during the Period as follows:

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Profit for the period attributable to equity holders of the Company (RMB'000)	130,420	86,533
Basic earnings per share (RMB)	0.10	0.07

(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 six months ended 30 June 2022 and 2021.

10. DIVIDENDS

The Board has resolved not to declare interim dividend for the Period (corresponding period of the previous year: Nil).

11. EVENTS AFTER THE REPORTING DATE

Save as disclosed elsewhere in this announcement, no significant events took place subsequent to 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

1. MARKET REVIEW

In the first half of 2022, the macro economy continued to change, and a number of policies were introduced intensively for promoting the diversified development in the property management industry, covering various aspects such as community elderly care, housekeeping and retail. In January 2022, the General Office of the State Council issued the Notice on the “14th Five-Year Plan” for the Construction of Urban and Rural Community Service Systems (《「十四五」城鄉社區服務體系建設規劃的通知》), encouraging the development of community property management service, maintenance, housekeeping, catering, retail and other livelihood service business. In February 2022, the State Council issued the Notice on the “14th Five-Year Plan” for the Development of the National Ageing Career and Senior Care Service System (《「十四五」國家老齡事業發展和養老服務體系規劃的通知》), supporting property management enterprises to take advantage of proximity and cooperate with community elderly care institutions to provide home care services. Under the positive encouragement of the policy, the property management industry is expected to achieve orderly, high-quality and diversified development, and the industry has gradually entered a period of rapid development.

In the first half of 2022, the Company carried out its business activities based on the development strategy of “quality leadership, diversified cultivation, resource integration and intelligent empowerment”. On the basis of continuously consolidating the quality of the property management services, the Company actively developed community value-added and synergy services. In respect of home living, the online shopping platform “C&D Property Zhenxuan* (建發物業臻選)” is enriched and the Group attempted to explore to operate its home living services on its own to improve customer satisfaction and enhance penetration rate. In addition, the Company achieved significant growth in revenue from smart community services, mainly due to an increase in the customer base and application scenarios for its products and services, which significantly increased the number of order and sources of revenue. Meanwhile, the Company actively promoted the implementation of intelligent tools and carried out digital intelligence upgrades in various aspects, such as human resources system, business travel platform and cost system, to continue to improve efficiency and reduce costs for its operation.

2. BUSINESS REVIEW

(1) Overview

In April 2022, we were awarded “Top 100 Property Management Companies in China* (中國物業服務百強企業)” by China Index Academy and ranked 30th in terms of overall industry strength, with two places improved as compared with 2021. In July 2022, we were awarded “2021 Top 100 of Most Valuable Brand of China Property Management Service (2021中國物業服務企業品牌價值100強)” by Shanghai Yiju Real Estate Research Institute* (上海易居房地產研究院) and China Real Estate Appraisal Centre* (中國房地產測評中心). 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 30 June 2022, (i) our property management portfolio covered 57 cities across 16 province(s), municipality(ies) and autonomous region(s) in the PRC, representing an increase of 8 cities from 49 cities covered as at 31 December 2021; (ii) our contracted GFA was approximately 80.6 million sq.m., among which, the GFA under management reached approximately 37.3 million sq.m.; and (iii) we provided services to over 230,000 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

During the Period, our Group’s revenue from property management services was approximately RMB475.1 million, representing an increase of approximately 35.0% from approximately RMB351.8 million for the corresponding period of the previous year. The increase in revenue from property management services was primarily driven by the fast growth of our total GFA under management.

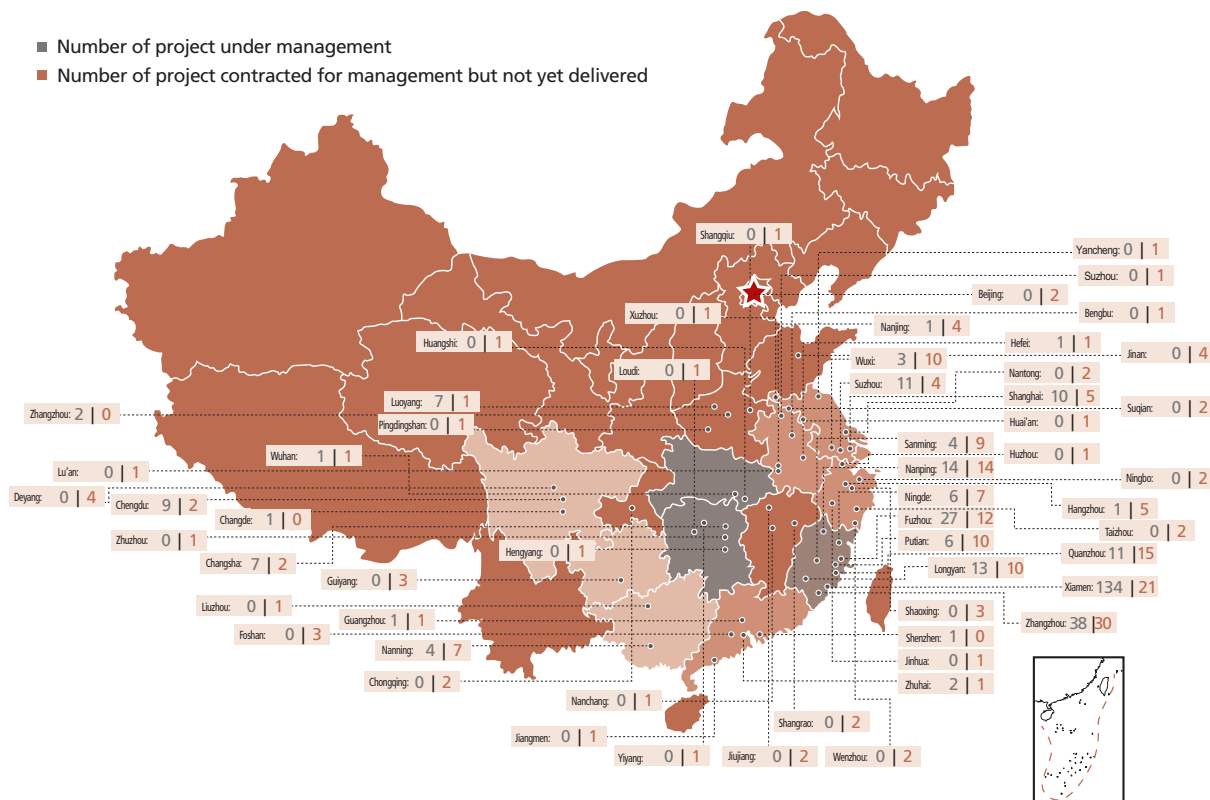
GFA and the number of projects

As at 30 June 2022, we had contracted GFA of approximately 80.6 million sq.m., and our number of contracted projects was 540, representing an increase of approximately 9.1% and 10.4% respectively as compared with those as at 31 December 2021 (as at 31 December 2021: approximately 73.9 million sq.m., and 489). As at 30 June 2022, the GFA under management reached approximately 37.3 million sq.m., and number of projects under management was 315, representing an increase of approximately 12.8% and 12.5% respectively as compared with those as at 31 December 2021 (as at 31 December 2021: approximately 33.0 million sq.m., and 280).

Geographic Coverage

As at 30 June 2022, we had 540 contracted projects covering 57 cities across 16 province(s), municipality(ies) and autonomous region(s) in the PRC, with 315 projects under management, covering 25 cities, serving over 230,000 property units.

The map below illustrates the geographic coverage of the properties under our management as at 30 June 2022 in terms of (i) contracted GFA; and (ii) GFA under management, respectively:



The table below sets out breakdown of the Group's contracted GFA and GFA under management by geographic region as at 30 June 2022 and 31 December 2021:

	As at 30 June 2022		As at 31 December 2021	
	Contracted '000 sq.m.	GFA under management '000 sq.m.	Contracted '000 sq.m.	GFA under management '000 sq.m.
Haixi Cluster (<i>Note 1</i>)	46,951	23,547	42,580	21,180
East China Cluster (<i>Note 2</i>)	16,943	6,198	15,275	5,162
Southeast China Cluster (<i>Note 3</i>)	16,733	7,514	16,016	6,697
	<u>80,627</u>	<u>37,259</u>	<u>73,871</u>	<u>33,039</u>

Notes:

- As at 30 June 2022, cities in the Haixi Cluster included Longyan, Putian, Quanzhou, Xiamen, Zhangzhou, Foshan, Guangzhou, Jiangmen, Shenzhen, Zhuhai, Liuzhou, Nanning, Guiyang, Changde, Hengyang, Loudi, Yiyang, Changsha, Zhuzhou, Jiujiang, Nanchang, Shangrao, Chengdu, Deyang and Chongqing. As at 31 December 2021, cities in the Haixi Cluster included Longyan, Putian, Quanzhou, Xiamen, Zhangzhou, Foshan, Guangzhou, Shenzhen, Zhuhai, Liuzhou, Nanning, Guiyang, Changde, Hengyang, Yiyang, Changsha, Zhuzhou, Jiujiang, Nanchang, Shangrao, Chengdu, Deyang and Chongqing.
- As at 30 June 2022, cities in the East China Cluster comprised Bengbu, Hefei, Liu'an, Suzhou, Beijing, Luoyang, Pingdingshan, Shangqiu, Zhengzhou, Huangshi, Wuhan, Huai'an, Nanjing, Nantong, Suzhou, Suqian, Wuxi, Xuzhou, Yancheng, Jinan and Shanghai. As at 31 December 2021, cities in the East China Cluster comprised Bengbu, Hefei, Liu'an, Suzhou, Beijing, Luoyang, Zhengzhou, Wuhan, Huai'an, Nanjing, Nantong, Suzhou, Suqian, Wuxi, Jinan and Shanghai.
- As at 30 June 2022, cities in the Southeast China Cluster comprised Fuzhou, Ningde, Nanping, Sanming, Hangzhou, Huzhou, Jinhua, Ningbo, Shaoxing, Taizhou and Wenzhou. As at 31 December 2021, cities in the Southeast China Cluster comprised Fuzhou, Ningde, Nanping, Sanming, Hangzhou, Huzhou, Jinhua, Ningbo, Shaoxing and Wenzhou.

Source of Projects

As at 30 June 2022, 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 48.8 million sq.m., representing an increase of approximately 10.9% from approximately 44.0 million sq.m. as at 31 December 2021.

While maintaining close business relationship with Xiamen C&D Group, we also further expanded the scale of our property management service business and market share through mergers and acquisitions, the establishment of joint ventures and other modes. As at 30 June 2022, our contracted GFA for property management services to independent third parties was approximately 31.8 million sq.m., representing an increase of approximately 6.6% from approximately 29.9 million sq.m. as at 31 December 2021.

The table below sets out the Group’s GFA under management as at 30 June 2022 and 30 June 2021 and the breakdown of our revenue from our property management services derived from property projects by property developers which were Xiamen C&D Group and independent third parties for each of the six months ended 30 June 2022 and 2021:

	As at 30 June or for the six months ended 30 June					
	2022			2021		
	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	21,802	267,945	56.4	16,315	209,531	59.6
Independent third parties	15,457	207,168	43.6	11,365	142,282	40.4
Total	<u>37,259</u>	<u>475,113</u>	<u>100.0</u>	<u>27,680</u>	<u>351,813</u>	<u>100.0</u>

Types of the Managed Properties

We focused on providing property management services to residential communities in the PRC, but we also endeavoured to diversify our property management portfolio by actively developing high quality non-residential properties, including commercial and office buildings, industrial parks, government buildings and public facilities, hospitals and schools. As at 30 June 2022, our contracted GFA for non-residential properties was approximately 5.1 million sq.m., representing an increase of approximately 5.8% from approximately 4.8 million sq.m. as at 31 December 2021.

The table below sets out the GFA under management as at 30 June 2022 and 30 June 2021 and the breakdown of our revenue from our property management services by type of property for each of the six months ended 30 June 2022 and 2021:

	As at 30 June or for the six months ended 30 June					
	2022			2021		
	GFA under management '000 sq.m.	Revenue RMB'000	% of revenue	GFA under management '000 sq.m.	Revenue RMB'000	% of revenue
Residential	33,807	352,609	74.2	24,992	269,661	76.6
Non-residential	3,452	122,504	25.8	2,688	82,152	23.4
Total	<u>37,259</u>	<u>475,113</u>	<u>100.0</u>	<u>27,680</u>	<u>351,813</u>	<u>100.0</u>

Revenue Model

We generally determine 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 Period, 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 30 June 2022 and 30 June 2021 and the breakdown of our revenue from our property management services by revenue model for each of the six months ended 30 June 2022 and 2021:

	As at 30 June or for the six months ended 30 June					
	2022			2021		
	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	36,627	461,814	97.2	27,048	340,005	96.6
Commission basis	632	13,299	2.8	632	11,808	3.4
Total	<u>37,259</u>	<u>475,113</u>	<u>100.0</u>	<u>27,680</u>	<u>351,813</u>	<u>100.0</u>

(3) Community Value-added and Synergy Services

During the Period, we provided a variety of 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 and home furniture services, etc.; (iii) real estate brokerage and asset management services, including services for secondary sales or rental transactions of properties and/or car parking spaces, and sales agency services for unsold inventory property units of the property developers; (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 C&D Yibai Elderly Care Centre* (建發溢佰養老中心) providing community elderly-care services, institutional elderly-care services and home respite services; 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)”.

During the Period, the Group’s revenue from community value-added and synergy services was approximately RMB183.3 million, representing an increase of approximately 104.0% from approximately RMB89.8 million for the corresponding period of the previous year. The increase was mainly due to the expansion of our customer base as a result of the increase in the area under management, as well as the diversification of our service offerings. For instance, in respect of home living services, we have consolidated our resources and enriched our online shopping platform “C&D Property Zhenxuan* (建發物業臻選)” to provide customers with higher quality products in the food, wine and daily necessity segments. At the same time, the Group operated its home living services on its own to improve its service offerings and enhance customer satisfaction. For smart community services, the expansion of service applications has significantly broadened the number of orders and source of revenue.

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 six months ended 30 June 2022 and 2021:

	For the six months ended 30 June			
	2022		2021	
	Revenue		Revenue	
	RMB'000	%	RMB'000	%
Home living services	62,413	34.0	30,680	34.2
Smart community services	37,778	20.6	3,169	3.5
Real estate brokerage and asset management services	31,503	17.2	19,524	21.7
Value-added services for public areas	23,944	13.1	19,139	21.3
Elderly-care & health value-added services	16,793	9.2	8,791	9.8
Home beauty services	10,833	5.9	8,525	9.5
Total	<u>183,264</u>	<u>100.0</u>	<u>89,828</u>	<u>100.0</u>

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

During the Period, 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.

During the Period, the Group's revenue from value-added services to non-property owners was approximately RMB338.6 million, representing an increase of approximately 51.5% from approximately RMB223.5 million for the corresponding period of the previous year. 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 six months ended 30 June 2022 and 2021:

	For the six months ended 30 June			
	2022		2021	
	Revenue <i>RMB'000</i>	%	Revenue <i>RMB'000</i>	%
Consultancy services	2,412	0.7	2,087	0.9
Reception, order maintenance and cleaning services	336,229	99.3	221,460	99.1
Total	338,641	100.0	223,547	100.0

3. FINANCIAL REVIEW

Revenue

During the Period, due to our continuous business development, the Group's revenue was approximately RMB997.0 million, representing an increase of approximately 49.9% from approximately RMB665.2 million for the corresponding period of the previous year.

The table below sets out the revenue of the Group by business line for each of the six months ended 30 June 2022 and 2021:

	For the six months ended 30 June			
	2022		2021	
	Revenue <i>RMB'000</i>	%	Revenue <i>RMB'000</i>	%
Property management services	475,113	47.6	351,813	52.9
Community value-added and synergy services	183,264	18.4	89,828	13.5
Value-added services to non-property owners	338,641	34.0	223,547	33.6
Total	997,018	100.0	665,188	100.0

Property management services was our largest source of revenue. During the Period, the revenue from property management services was approximately RMB475.1 million, accounting for approximately 47.6% of the Group's total revenue. The revenue from property management services for the Period increased by approximately 35.0% from approximately RMB351.8 million for the corresponding period of the previous year, which was primarily driven by the fast growth of our total GFA under management. During the Period, our total GFA under management increased from approximately 33.0 million sq.m. as at 31 December 2021 to approximately 37.3 million sq.m. as at 30 June 2022, 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 104.0% from approximately RMB89.8 million for the corresponding period of the previous year to approximately RMB183.3 million for the Period, which was mainly due to the increase of our management area which led to the expansion of our customer base, as well as the diversification of service offerings.

The revenue from value-added services to non-property owners increased by approximately 51.5% from approximately RMB223.5 million for the corresponding period of the previous year to approximately RMB338.6 million for the Period, 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.

Cost of sales

Cost of sales increased by approximately 51.5% from approximately RMB489.4 million for the corresponding period of the previous year to approximately RMB741.4 million for the Period, which was primarily due to the increase of the business scale.

Gross profit

As a result of the above principal factors, the Group's gross profit increased by approximately 45.5% from approximately RMB175.7 million for the corresponding period of the previous year to approximately RMB255.6 million for the Period, with gross profit margin of approximately 26.4% and 25.6%, respectively. The slight decrease in gross profit margin was mainly due to the increase of labour cost.

Other income

Other income was approximately RMB6.0 million for the Period, representing an increase of approximately 99.9% from approximately RMB3.0 million for the corresponding period of the previous year, which was mainly due to granting of government subsidy.

Selling and marketing expenses

During the Period, the Group's selling and marketing expenses were approximately RMB0.3 million, representing a decrease of approximately RMB0.5 million from approximately RMB0.8 million for the corresponding period of the previous year, which was mainly due to the decrease of the promotion expenses.

Administrative and other operating expenses

The Group's administrative and other operating expenses mainly included staff cost (including costs of the 2021 restricted share incentive scheme), 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 Period, the Group's total administrative and other operating expenses amounted to approximately RMB112.8 million, representing an increase of approximately 63.3% from approximately RMB69.1 million for the corresponding period of the previous year, 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, travelling and entertainment expenses, consultancy fee due to expansion of our business scale.

Net provision for expected credit losses (“ECL”) allowance on trade and other receivables

The Group's net provision for ECL allowance on trade and other receivables increased from approximately RMB3.5 million for the corresponding period of the previous year to approximately RMB3.6 million for the Period, representing an increase of approximately RMB0.1 million, which was mainly due to an increase in the trade receivables.

Net finance income

The Group's net finance income mainly included interest income on bank deposit, interest income on amounts due from related parties, and lease liability interest relating to lease liabilities arising from leased properties used for office. During the Period, the Group's net finance income was approximately RMB34.3 million, representing an increase of approximately 243.3% as compared with approximately RMB10.0 million for the corresponding period of the previous year, which was mainly due to the capital cost received in relation to the determined price prepaid by the Company under the inventory property underwriting agreement entered into between the Company and C&D International dated 4 October 2021 (the "Inventory Property Underwriting Agreement").

Profit before income tax

Due to the combined effect of the abovementioned factors, the profit before income tax for the Period was approximately RMB179.2 million, representing an increase of approximately 55.1% as compared with approximately RMB115.5 million for the corresponding period of the previous year.

Income tax expense

Income tax expense increased from approximately RMB28.9 million for the corresponding period of the previous year to approximately RMB45.8 million for the Period, representing an increase of approximately 58.6%. The increase was mainly attributable to an increase in the Group's profit before income 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 Period was approximately RMB130.4 million, representing an increase of approximately 50.7% as compared with approximately RMB86.5 million for the corresponding period of the previous year.

Property, plant and equipment

Property, plant and equipment of the Group mainly consisted of leasehold improvement, office equipment and other fixed assets. As at 30 June 2022, the Group's property, plant and equipment amounted to approximately RMB32.8 million, representing an increase of approximately 7% from approximately RMB30.7 million as at 31 December 2021, which was mainly due to the increase of the demand for office equipment as a result of the scale-up of the business.

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 and residents in respect of utilities and maintenance costs. As at 30 June 2022, the Group's trade and other receivables were approximately RMB392.2 million, representing an increase of approximately 94.6% as compared with approximately RMB201.5 million as at 31 December 2021, which was mainly due to the expansion of our management scale and part of the income from the value-added services to non-property owners had not reached the agreed settlement period.

Cash and cash equivalents

As at 30 June 2022, the Group's cash and cash equivalents were approximately RMB1,957.0 million, representing a decrease of approximately RMB304.4 million (approximately 13.5%) from approximately RMB2,261.4 million as at 31 December 2021, which was mainly due to the prepayment of the determined price paid by the Company pursuant to the Inventory Property Underwriting Agreement.

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 30 June 2022, our trade and other payables were approximately RMB785.7 million, representing an increase of approximately 7.2% from approximately RMB732.8 million as at 31 December 2021, which was mainly due to the declaration of the final dividend for the year ended 31 December 2021 on 25 March 2022.

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 30 June 2022, our contract liabilities amounted to approximately RMB1,071.7 million, representing an increase of approximately 36.1% from approximately RMB787.3 million as at 31 December 2021, which was primarily due to the increase in projects under management and payments received in advance for home furniture services during the Period.

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 Period, the Group's net cash from operating activities was approximately RMB(312.5) million, representing a decrease of approximately RMB299.7 million from approximately RMB(12.8) million for the corresponding period of the previous year, which was mainly due to the prepayment of the determined price by the Company pursuant to the Inventory Property Underwriting Agreement.

As at 30 June 2022, the net current assets of the Group was approximately RMB1,008.8 million, representing an increase of approximately RMB63.8 million from net current assets of approximately RMB945.0 million as at 31 December 2021, which was mainly due to the increase of accounts receivables as a result of the increase of business scale. As at 30 June 2022, the Group's current ratio was approximately 1.5x (total current assets divided by total current liabilities) (as at 31 December 2021: approximately 1.6x).

As at 30 June 2022, the Group's gearing ratio (sum of current liabilities and non-current liabilities divided by sum of current assets and non-current assets) increased to approximately 63.2% (as at 31 December 2021: approximately 60.5%).

As at 30 June 2022, the Group did not have any outstanding loan capital, bank overdrafts and liabilities, or other similar indebtedness, debentures, mortgages, charges or loans (as at 31 December 2021: Nil).

Principal Risks and Uncertainties

Government Policy Risk

The Company's business growth is, and will likely continue to be affected by the PRC government regulations or policies of our industry. The PRC government may introduce regulations or policies to restrict or reduce property development activities and affect the delivery schedule and occupancy rates of the properties the Group provides services. Any such governmental regulations and measures may affect the PRC real estate industry, thus limiting our business growth and resulting in a material adverse effect on our business, financial position and results of operations. The Group will continue to enrich the business structure to ensure a stable property management revenue, thereby minimizing the impact.

Future Acquisition or Expansion Risk

In addition to our organic growth, when suitable opportunities arise, the Company will also explore selective investments or acquisitions of other property management companies in the PRC. However, there can be no assurance that the Company will be able to identify suitable opportunities. Acquisitions involve uncertainties and risks, including but not limited to, potential ongoing financial obligations and unforeseen or hidden liabilities, failure to achieve the intended objectives, benefits or revenue-enhancing opportunities, and diversion of resources and management attention. Even if the Company manages to identify suitable opportunities, the Company may not be able to complete the acquisitions on terms favourable or acceptable to us, in a timely manner, or at all. The inability to identify suitable acquisition targets or complete acquisitions could materially and adversely affect our competitiveness and growth prospects. Given the above, the Company will identify acquisition targets in a cautious manner.

Contingent liabilities

As at 30 June 2022, the Group had no significant contingent liabilities.

Interest rate risk

As the Group had no significant interest-bearing assets and liabilities for the Period, 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 Period, 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 the Period

As at the date of this announcement, the Group did not have material subsequent events after the 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. A restricted share incentive scheme was adopted by the Group to motivate the management and core staff of the Company.

The same remuneration philosophy is applicable to the Directors. Apart from benchmarking against the market, the Company reviews individual competence, contributions and the affordability of the Company in determining the exact level of remuneration for each Director.

As at 30 June 2022, the Group had 12,280 employees (as at 31 December 2021: 11,057 employees).

4. OUTLOOK AND PROSPECT

Along with the continuous upgrading of the industry development pattern and the increasingly diversified needs of customers, the value of property management services has been continuously unleashed. The Group has always taken quality services as the premiere and core of its operation and anchored on a high-quality and sustainable strategic development path. Meanwhile, the Group has been able to grasp the pace of market expansion, accelerate the incubation of value-added service businesses and continue to improve the construction of the smart property management system, forming high-quality development strategy with “quality leadership, diversified cultivation, resource integration and intelligent empowerment” as its core competitive edge.

(1) Taking the lead in quality and implementing a standardised service system

The Group insists on quality leadership, continuously consolidates the quality of basic services, and implements optimized and standardized management throughout the life cycle of property management services. At the same time, the Group continues to promote service upgrades and service value renewal to maintain benchmark service quality so as to create a “satisfying + surprising” service experience for the customers.

(2) Diversifying into deeper cultivation to achieve high-quality and stable growth

The Group has speeded up the establishment of a comprehensive urban service ecological loop, forming a service layout covering specialized sub-sectors: medium and high-end residential, policy housing, commercial and office buildings, industrial parks, government buildings and public facilities, hospitals and schools. In addition, the Group will expand its service scope to commercial assets management, where the Group will provide services to commercial property owners in the operation and management of commercial properties. In the meantime, the Group continues to enhance the content of services in core cities, and actively explore acquisition opportunities through state-owned enterprise cooperation and equity cooperation to achieve high-quality and stable growth in business scale.

(3) Integrating resources and opening up the whole chain of value-added services

The Group has opened up more value-added service access point to meet the diverse needs of different group of customers. Through the integration of supply chain advantageous resources, the Group explores customers' in-depth service needs, and consolidates the penetration and satisfaction of value-added services such as home living services and home beauty services. The Group will continue to promote smart community services, expand the scope of services and upgrade technology. The Group will improve the occupancy rate and satisfaction rate of elderly-care & health value-added services and will actively prepare the opening of the new elderly care centre in Haicang, which aims to provide institutional elderly-care services to the elderly.

(4) Intelligent empowerment, building a new ecology of intelligent connection of everything

Under the wave of digitisation and intelligence in properties, the Group will innovatively use intelligent tools and means to continuously improve service quality and customer experience, promote the application of relevant intelligent scenarios and build up a new ecology of smart connectivity.

In summary, the Group will adhere to its original intention of providing quality services, respond flexibly to changes in the market environment and continue to strengthen its core competitiveness to achieve “efficient improvement in service quality, steady growth in profit scale, continuous optimisation of business structure and significant enhancement of brand strength”, so as to achieve the Group’s high-quality long-term development.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the Period (corresponding period of the previous year: Nil).

CHANGE OF DIRECTOR, CHAIRMAN OF THE BOARD AND COMPOSITION OF THE BOARD COMMITTEE

With effect from 25 August 2022, (i) Mr. Zhuang Yuekai has resigned as a non-executive Director, the chairman of the Board (the “Chairman”), chairman of the nomination committee of the Board (the “Nomination Committee”) and member of the remuneration committee of the Board (the “Remuneration Committee”); (ii) Mr. Lin Weiguo has been appointed as the Chairman, the chairman of the Nomination Committee and member of the Remuneration Committee; and (iii) Mr. Xu Yixuan has been appointed as a non-executive Director. Please refer to the Company’s announcement dated 25 August 2022 for the details of the change of Director and the role and function of Director.

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 during the Period.

CORPORATE GOVERNANCE

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 of the Company (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 Part 2 of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules during the Period.

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 during the Period.

REVIEW OF RESULTS BY AUDIT COMMITTEE

The Board has established an audit committee with written terms of reference in compliance with the CG Code. The primary duties of the audit committee is assisting the Board to review financial information and reporting process, risk management and internal control system, effectiveness of internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or any other matters of the Company. The audit committee consists of all three independent non-executive Directors, namely Mr. Lee Cheuk Yin Dannis (committee chairman), Mr. Li Kwok Tai James and Mr. Wu Yat Wai.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and the unaudited consolidated financial statements of the Group for the Period and is of the opinion that such statements comply with the applicable accounting standards and requirements, and that adequate disclosures have been made.

INTERIM REPORT

The interim report of the Company for the Period will be dispatched to the Shareholders and available on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Group would like to take this opportunity to express its sincere gratitude to the Shareholders for their continuing support, its 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
建發物業管理集團有限公司
Lin Weiguo
Chairman and Non-executive Director

Hong Kong, 26 August 2022

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

Executive Directors:

Ms. Qiao Haixia (*Chief Executive Officer*)

Mr. Huang Danghui

Non-executive Directors:

Mr. Lin Weiguo (*Chairman*)

Mr. Xu Yixuan

Independent Non-executive Directors:

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*