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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)

CONNECTED TRANSACTION

GRANT OF RESTRICTED SHARES UNDER INCENTIVE SCHEME

References are made to the announcement of C&D Property Management Group Co., Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 1 July 2021, the circular of the Company dated 6 September 2021 (the “**Circular**”) and the poll results announcement of the Company dated 27 September 2021 in relation to the adoption of 2021 Restricted Share Incentive Scheme (the “**Incentive Scheme**”). A summary of the principal terms of the Incentive Scheme was set out in the Circular. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as defined in the Circular.

GRANT OF RESTRICTED SHARES UNDER INCENTIVE SCHEME

The Board is pleased to announce that on 15 December 2022 (the “**Grant Date**”), it has approved the grant of in aggregate 7,050,000 Restricted Shares (the “**Reserved Incentive Restricted Shares**”) to not more than 105 employees of the Group (the “**Reserved Incentive Recipients**”) (the “**Reserved Interests Grant**”), subject to acceptance of the Reserved Incentive Recipients, pursuant to the Incentive Scheme. Pursuant to the Incentive Scheme, the list of Reserved Incentive Recipients was determined on 23 September 2022 after consideration by the Board. Details of the Reserved Interests Grant are set out as follows:

Number of Grant Shares:

An aggregate of 7,050,000 Restricted Shares, representing approximately 0.53% of the issued share capital of the Company as at the date of this announcement.

The aggregate nominal value of the Reserved Incentive Restricted Shares is HK\$70,500.

Number of Grantees: Not more than 105 employees of the Group, and to the best knowledge of the Directors, among the 7,050,000 Restricted Shares granted, 3,210,000 Restricted Shares (the “**Connected Reserved Restricted Shares**”) were granted to 25 employees, who are connected persons of the Company (the “**Reserved Connected Incentive Recipients**”). Pursuant to the Incentive Scheme, the list of Reserved Incentive Recipients was determined on 23 September 2022 after consideration by the Board.

Assuming the Reserved Incentive Restricted Shares are fully subscribed and vested on the Reserved Incentive Recipients, the maximum number of Restricted Shares to be vested on different categories of grantees are as follow:

	Number of Reserved Incentive Restricted Shares granted	Percentage of issued share capital of the Company as at the date of this announcement
Reserved Connected Incentive Recipients		
25 grantees who are directors, former directors (within 12 months prior to the date of this announcement), supervisors and general managers of the Company’s subsidiaries	3,210,000	0.24%
Other Reserved Incentive Recipients		
not more than 80 employees of the Group who, to the best knowledge of the Directors, are not connected persons of the Company	3,840,000	0.29%
Total	7,050,000	0.53%

The number of Reserved Incentive Restricted Shares granted to each Reserved Incentive Recipient is determined with reference to, amongst other things, the recipient’s job responsibilities, individual performance, work experience and tenure within the Group.

Grant Price:

HK\$2.41 per Share, which is same as the grant price of the Restricted Shares approved by the Board on 1 July 2021 (the “**Benchmark Date**”).

According to the Incentive Scheme, the grant price of Reserved Incentive Restricted Shares shall be the same as the grant price of Restricted Shares approved by the Board on the Benchmark Date. The grant price was determined with reference to the Notice on Further Improving the Implementation of Equity Incentive Schemes by Central SOE-controlled Listed Companies (Guo Zi Fa Kao Fen Gui [2019] No. 102) 《關於進一步做好中央企業控股上市公司股權激勵工作有關事項的通知》(國資發考分規[2019]102號) and Guidelines for the Implementation of Equity Incentive Schemes by Central SOE-controlled Listed Companies (Guo Zi Fa Kao Fen Gui [2020] No. 178) 《中央企業控股上市公司實施股權激勵工作指引》(國資考分[2020]178號), and shall be not less than (a) the par value of the Shares and (b) the higher of (i) 50% of the closing price of the Shares as quoted on the Stock Exchange on the Benchmark Date; and (ii) 50% of the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the Benchmark Date.

Funds raised by the Company of approximately HK\$17.0 million as a result of the Reserved Interests Grant will be used as general working capital.

Market Price of the Shares:

The closing price of the Shares on the Grant Date as quoted on the Stock Exchange is HK\$4.54 per Share, and the market value of the 7,050,000 Shares underlying the Reserved Interests Grant is approximately HK\$32,007,000.

The average closing price of the Shares for the five consecutive trading days immediately preceding the Grant Date as quoted on the Stock Exchange is HK\$4.58 per Share.

Conditions Precedent:

The Reserved Interests Grant shall be subject to the grant of approval by the Stock Exchange for the listing of, and permission to deal in, the 7,050,000 new Shares to be issued and allotted. The grant of the Connected Reserved Restricted Shares to the Reserved Connected Incentive Recipients shall also be subject to the approval by the independent Shareholders at the general meeting of the Company (the “**General Meeting**”) in respect of the issue and allotment of the Connected Reserved Restricted Shares.

The Company will allot and issue to the Trustee 7,050,000 new Shares under the general mandate (the “**General Mandate**”) granted by the Shareholders at the annual general meeting of the Company on 20 May 2022 (the “**AGM**”) and in accordance with the rules of the Incentive Scheme. The new Shares so issued will be held by the Trustee on trust for the Reserved Incentive Recipients until the end of each vesting period or lock-up period and be transferred to the Reserved Incentive Recipients upon satisfaction of the relevant vesting conditions, i.e. the arrangements for lock-up release based on the Group’s performance and the individual performance of each Reserved Incentive Recipient during the Evaluation Period as stated in the Circular.

The 7,050,000 new Shares to be allotted and issued by the Company to the Trustee represent approximately 0.53% of the Company’s issued share capital as at the date of this announcement and approximately 0.52% of the Company’s enlarged issued share capital after the issue and allotment of the Reserved Incentive Restricted Shares. To the best of the Directors’ knowledge, the Trustee and its ultimate beneficial owners are third parties independent of the Company and its connected persons, and none of them is a director or a substantial shareholder (as defined under the Listing Rules) of the Group as at the date of this announcement.

The 7,050,000 new Shares, when issued and fully paid, will rank *pari passu* among themselves and with the other Shares in issue, with the right to receive all dividends and other distributions declared, made or paid on or after the date of issue and allotment. Pursuant to the Incentive Scheme, the Trustee shall not exercise the voting rights in respect of any Shares held by it under trust before such Restricted Shares are released from lock-up and transferred to the relevant Incentive Recipients.

On 27 September 2021, the Shareholders approved the Incentive Scheme and the Specific Mandate. The Company can issue up to 35,300,000 Shares to eligible recipients pursuant to the Incentive Scheme and the Specific Mandate. On 4 November 2021, the Company allotted and issued 28,250,000 Shares pursuant to the Specific Mandate, and the Reserved Incentive Restricted Shares may be allotted and issued pursuant to the Incentive Scheme since then.

On 23 September 2022, the Board determined the list of Reserved Incentive Recipients. After considering (1) the reasonableness and possibility of the implementation of the Reserved Interests Grant under the Incentive Scheme; (2) the job responsibility, individual performance, work experience and tenure of each Reserved Incentive Recipient in the Group; and (3) the consultation from competent authorities, the Board approved the Reserved Interests Grants on 15 December 2022, including (among others) the Restricted Shares granted to each Reserved Incentive Recipient.

As a result of the Reserved Interests Grant and assuming full acceptance of the Reserved Incentive Restricted Shares by the Reserved Incentive Recipients, no further Shares will be available for future grant under the Incentive Scheme.

An application will be made by the Company to the Listing Committee for the grant of approval for the listing of, and permission to deal in, the 7,050,000 new Shares to be allotted and issued.

GENERAL MANDATE

The Specific Mandate to issue up to 35,300,000 Shares as Restricted Shares was effective from 27 September 2021 to 26 September 2022. The Reserved Incentive Restricted Shares will be allotted and issued pursuant to the General Mandate.

The maximum number of Shares that can be issued under the General Mandate is 267,252,221, being 20% of the total number of issued Shares as at the date of the AGM. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. As such, the allotment and issue of the Reserved Incentive Restricted Shares to the Reserved Incentive Recipients (apart from the Reserved Connected Incentive Recipients) is not subject to the approval by the Shareholders.

EFFECT OF THE RESERVED INTERESTS GRANT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the Company's shareholding structure (i) as at the date of this announcement; and (ii) immediately upon the allotment and issue of the 7,050,000 new Shares pursuant to the Reserved Interests Grant (assuming the Reserved Incentive Restricted Shares are fully subscribed and vested and there will be no other changes to the shareholding structure of the Company as at the date of this announcement):

Name of Shareholder	As at the date of this announcement		Immediately upon the allotment and issue of the Reserved Incentive Restricted Shares	
	Number of issued Shares/ underlying Shares held	Approximate percentage of issued Shares	Number of issued Shares/ underlying Shares held	Approximate percentage of issued Shares
Well Land International Limited (益能國際有限公司) ("Well Land") (Note 1)	299,499,718	22.41%	299,499,718	22.30%
C&D International Investment Group Limited ("CDI") (Note 2)	503,297,388	37.66%	503,297,388	37.47%
Diamond Firetail Limited	52,412,000	3.92%	52,412,000	3.90%
Trustee	27,100,000	2.03%	34,150,000	2.54%
Public Shareholders	<u>453,952,000</u>	<u>33.98%</u>	<u>453,952,000</u>	<u>33.79%</u>
Total	<u>1,336,261,106</u>	<u>100.00%</u>	<u>1,343,311,106</u>	<u>100.00%</u>

Notes:

- Pursuant to the voting rights entrustment agreement dated 29 March 2022, Well Land entrusted CDI to exercise voting rights of 213,801,777 Shares directly held by Well Land while Well Land continues to beneficially own the said Shares and have the rights to the dividends, distributions and all other rights and benefits attaching thereto.
- CDI directly held 503,297,388 Shares, and had the right to exercise voting rights of 213,801,777 Shares directly held by Well Land.

REASONS FOR AND BENEFITS OF THE RESERVED INTERESTS GRANT

The purpose of the Incentive Scheme is to establish and improve the Company's medium to long-term incentive mechanism to integrate interests of the Shareholders, the Company and the Company's core team collectively, fully motivate the management and core staff of the Company and achieve high-quality development of the Company. In assessing the fairness and reasonableness of the grant of the Reserved Incentive Restricted Shares to the Reserved Incentive Recipients, the Company has taken into consideration, among others, the roles, past performance and period of service of each of the Reserved Incentive Recipients. The grant of the Reserved Incentive Restricted Shares to the Reserved Incentive Recipients recognize their past contributions to the Group's business performance and aims to secure their long-term continuous support and commitments to the Group which are crucial to the future development and business expansions of the Group.

The Directors consider that the Reserved Interests Grant (save for the allotment and issue of Connected Reserved Restricted Shares to the Reserved Connected Incentive Recipients) is fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

The Directors (excluding the independent non-executive Directors, whose views will be set out in the circular to be despatched to the Shareholders) consider that the allotment and issue of Connected Reserved Restricted Shares to the Reserved Connected Incentive Recipients are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

On 10 December 2021 (after trading hours), the Company and China International Capital Corporation Hong Kong Securities Limited entered into a placing agreement, pursuant to which the Company placed 131,300,000 Shares at HK\$4.16 per Share under the general mandate to two placees, and raised net proceeds of approximately HK\$545 million. Please refer to the announcements of the Company dated 10, 17 and 23 December 2021, respectively, for the relevant details, including the announced use of proceeds. There has been no change in the intended use of net proceeds as previously disclosed in the said announcements and the Company will gradually utilize the residual amount of the net proceeds in accordance with such intended purposes depending on its actual business needs.

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

LISTING RULES IMPLICATIONS

The proposed allotment and issue of the Connected Reserved Restricted Shares to the Reserved Connected Incentive Recipients constitute connected transactions of the Company under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement, circular and the independent shareholders' approval requirements under the Listing Rules.

The Company will convene the General Meeting to consider and, if thought fit, approve, among other things, the allotment and issue of the Connected Reserved Restricted Shares to the Reserved Connected Incentive Recipients.

To the best of the knowledge, information and belief of the Directors, save for the Reserved Connected Incentive Recipients and their respective associates, no other Shareholder is required to abstain from voting on the resolution(s) to approve, among other things, the allotment and issue of the Connected Reserved Restricted Shares to the Reserved Connected Incentive Recipients at the General Meeting.

An independent board committee comprising all independent non-executive Directors will be established to consider and advise the independent Shareholders on the issue and allotment of Connected Reserved Restricted Shares to the Reserved Connected Incentive Recipients. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the independent Shareholders as to whether the allotment and issue of Connected Reserved Restricted Shares to the Reserved Connected Incentive Recipients are on normal commercial terms or better, in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders as a whole.

GENERAL

The Group is principally engaged in property management services, community value-added and synergy services and value-added services to non-property owners in the PRC.

The Company will despatch a circular to its Shareholders on or before 11 January 2023, which is more than 15 business days after publication of this announcement, as the Company requires more time to prepare the information to be included in the circular.

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

Hong Kong, 15 December 2022

As at the date of this announcement, Ms. Qiao Haixia (Chief Executive Officer) and Mr. Huang Danghui are executive directors; Mr. Lin Weiguo (Chairman) and Mr. Xu Yixuan are non-executive directors; and Mr. Lee Cheuk Yin Dannis, Mr. Li Kwok Tai James and Mr. Wu Yat Wai are independent non-executive directors.