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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 2023

HIGHLIGHTS

1. The revenue of the Group for the Period was approximately RMB1,373.0 million, representing an increase of approximately 37.7% from approximately RMB997.0 million for the corresponding period of the previous year.
2. The gross profit of the Group for the Period was approximately RMB351.7 million, representing an increase of approximately 37.6% from approximately RMB255.6 million for the corresponding period of the previous year. The gross profit margin for the Period was approximately 25.6%, which remained stable as compared with approximately 25.6% for the corresponding period of the previous year.
3. The profit of the Group for the Period was approximately RMB175.9 million, representing an increase of approximately 31.9%, as compared with approximately RMB133.3 million for the corresponding period of the previous year. Meanwhile, the profit attributable to equity holders of the Company for the Period was approximately RMB171.9 million, representing an increase of approximately 31.8% as compared with approximately RMB130.4 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 2023 was approximately 94.0 million sq.m., representing an increase of approximately 3.8% as compared with approximately 90.6 million sq.m. as at 31 December 2022.
5. The net cash inflow from operating activities of the Group for the Period amounted to approximately RMB(56.9) million, representing an increase of approximately RMB255.6 million as compared with approximately RMB(312.5) 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 2023

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 2023 (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 2023

		For the six months ended 30 June 2023 RMB'000 (Unaudited)	For the six months ended 30 June 2022 RMB'000 (Unaudited)
	<i>Notes</i>		
Revenue	4	1,372,997	997,018
Cost of sales		<u>(1,021,258)</u>	<u>(741,369)</u>
Gross profit		351,739	255,649
Other income		6,211	5,973
Selling and marketing expenses		(2,440)	(306)
Administrative and other operating expenses		(153,835)	(112,795)
Provision for expected credit losses allowance on trade and other receivables, net		(5,259)	(3,638)
Finance income, net		39,614	34,300
Share of results of associates		<u>(677)</u>	<u>(3)</u>
Profit before income tax		235,353	179,180
Income tax expense	8	<u>(59,490)</u>	<u>(45,845)</u>
Profit for the period		<u>175,863</u>	<u>133,335</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>34,175</u>	<u>20,941</u>
Total comprehensive income for the period		<u>210,038</u>	<u>154,276</u>

	For the six months ended 30 June 2023 RMB'000 (Unaudited)	For the six months ended 30 June 2022 RMB'000 (Unaudited)
Profit for the period attributable to:		
— Equity holders of the Company	171,907	130,420
— Non-controlling interests	3,956	2,915
	<u>175,863</u>	<u>133,335</u>
Profit and total comprehensive income attributable to:		
— Equity holders of the Company	206,082	151,361
— Non-controlling interests	3,956	2,915
	<u>210,038</u>	<u>154,276</u>
Earnings per share attributable to the equity holders of the Company (expressed in RMB per share)		
Basic	<i>9(a)</i> 0.13	0.10
Diluted	<i>9(b)</i> 0.13	0.10

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		35,905	35,572
Right-of-use assets		29,469	21,527
Interests in associates		659	1,337
Goodwill		59,634	59,634
Intangible assets		14,578	16,564
Deferred tax assets		17,311	15,023
		<u>157,556</u>	<u>149,657</u>
Current assets			
Inventories		212,435	39,602
Trade and other receivables	5	637,344	358,102
Amounts due from related parties	7(a)	31,746	23,164
Restricted bank deposits		19,813	32,929
Cash and cash equivalents		2,651,826	2,703,119
		<u>3,553,164</u>	<u>3,156,916</u>
Current liabilities			
Trade and other payables	6	1,040,957	941,180
Contract liabilities	4(a)	1,092,349	990,085
Amounts due to related parties	7(b)	7,963	126
Income tax payables		73,043	68,963
Interest-bearing borrowings		1,500	1,500
Lease liabilities		7,191	3,607
		<u>2,223,003</u>	<u>2,005,461</u>
Net current assets		<u>1,330,161</u>	<u>1,151,455</u>
Total assets less current liabilities		<u>1,487,717</u>	<u>1,301,112</u>

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Non-current liabilities		
Interest-bearing borrowings	8,500	8,500
Lease liabilities	17,296	11,972
Deferred tax liabilities	7,452	7,937
	<u>33,248</u>	<u>28,409</u>
Net assets	<u><u>1,454,469</u></u>	<u><u>1,272,703</u></u>
CAPITAL AND RESERVES		
Share capital	11,348	11,286
Reserves	1,413,467	1,234,471
	<u>1,424,815</u>	<u>1,245,757</u>
Equity attributable to the equity holders of the Company	1,424,815	1,245,757
Non-controlling interests	29,654	26,946
	<u>1,454,469</u>	<u>1,272,703</u>
Total equity	<u><u>1,454,469</u></u>	<u><u>1,272,703</u></u>

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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 2022.

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 2023

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 2022, except for the adoption of the following new and amended HKFRSs effective as of 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKFRS 17	Insurance contracts and related amendment

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.

Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 ¹

¹ Effective for annual periods beginning on or after 1 January 2024

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 2023 and 2022, the Group is principally engaged in the provision of property management services, value-added services and commercial property operation management 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, value-added services and commercial property operation management services. An analysis of the Group’s revenue by category for the six months ended 30 June 2023 and 2022 is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Revenue from customers and recognised over time		
Property management services	653,946	475,113
Value-added services		
— Community value-added and synergy services	217,723	84,482
— Value-added services to non-property owners	331,005	338,641
Commercial property operation management services	31,880	—
	1,234,554	898,236
Revenue from customers and recognised at point in time		
Value-added services		
— Community value-added and synergy services	138,443	98,782
	1,372,997	997,018

Information about major customers

For the six months ended 30 June 2023, revenue from entities controlled by Xiamen C&D and its associates contributed to 36.6% (For the corresponding period of the previous year: 33.2%) 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 2023 and 2022. As at 30 June 2023 and 2022, 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 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Property management services	416,648	262,506
Community value-added and synergy services	671,625	722,625
Value-added services to non-property owners	3,751	4,713
Commercial property operation management services	325	241
	<u>1,092,349</u>	<u>990,085</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 2023 brought-forward from contract liabilities:

	For the six months ended 30 June	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Revenue recognised that was included in contract liabilities at the beginning of the period		
Property management services	225,963	165,920
Community value-added and synergy services	76,141	11,295
Value-added services to non-property owners	4,337	–
Commercial property operation management services	241	–
	<u>306,682</u>	<u>177,215</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 2023 is as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 30 June 2022 RMB'000 (Unaudited)
Within one year	783,097	159,858
More than one year	31,815	700,220
	<u>814,912</u>	<u>860,078</u>

5. TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Trade receivables		
— Third parties	291,299	169,563
— Related parties	215,183	81,561
	506,482	251,124
Less: Provision for ECL allowance of trade receivables	(12,615)	(10,301)
	493,867	240,823
Other receivables		
Deposits	26,378	17,787
Prepayments	33,881	34,587
Other receivables	26,221	29,113
Payment on behalf of property owners	52,667	30,643
Value-added tax receivables	10,983	8,857
	150,130	120,987
Less: Provision for ECL allowance of other receivables	(6,653)	(3,708)
	143,477	117,279
	637,344	358,102

Notes

(a)

(b)

(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 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
0–180 days	388,797	185,661
181–365 days	85,141	34,226
1–2 years	12,810	16,597
2–3 years	4,568	3,301
3–4 years	2,175	755
4–5 years	376	283
	<u>493,867</u>	<u>240,823</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 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade payables		
— Third parties	189,637	152,897
— Related parties	4,326	938
	<u>193,963</u>	<u>153,835</u>
	(a)	153,835
Other payables		
Accrued charges and other payables	92,998	95,227
Dividend payables	34,902	—
Amounts collected on behalf of property owners	183,358	133,264
Deposit received	188,529	156,144
Value-added tax payable	84,459	94,846
Other tax payables	2,121	3,380
Staff costs and welfare accruals	184,747	235,177
Payable in relation to the restricted shares incentive scheme	75,880	69,307
	<u>846,994</u>	<u>787,345</u>
	<u>1,040,957</u>	<u>941,180</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 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
0 to 30 days	137,870	88,057
31 to 60 days	15,644	12,380
61 to 90 days	16,333	6,608
Over 90 days	24,116	46,790
	<u>193,963</u>	<u>153,835</u>

7. AMOUNTS DUE FROM/(TO) RELATED PARTIES

(a) Amounts due from related parties

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Companies controlled by Xiamen C&D	<u>31,746</u>	<u>23,164</u>
	<u>31,746</u>	<u>23,164</u>

(b) Amounts due to related parties

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Companies controlled by Xiamen C&D	<u>7,963</u>	<u>126</u>
	<u>7,963</u>	<u>126</u>

As at 30 June 2023 and 31 December 2022, 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	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current income tax		
PRC Enterprise Income Tax ("EIT")	62,264	47,403
Deferred tax	<u>(2,774)</u>	<u>(1,558)</u>
Total income tax expense	<u>59,490</u>	<u>45,845</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 2023 and 2022.

(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 2023 and 2022.

(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 2023 and 2022, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate was 25% for the six months ended 30 June 2023 and 2022.

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 2023 to 31 December 2023. 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 2023 and 2022. The earnings per share is calculated by using the weighted average number of ordinary shares of 1,309,162,211 (30 June 2022: 1,336,261,106) shares issued during the Period as follows:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Profit for the period attributable to equity holders of the Company (RMB'000)	<u>171,907</u>	<u>130,420</u>
Weighted average number of ordinary shares in issue (thousands)	1,309,162	1,336,261
Basic earnings per share (RMB)	<u>0.13</u>	<u>0.10</u>

(b) Diluted earnings per share

The restricted shares granted by the Company have potential dilutive effect on earnings per share. Diluted earnings per shares is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption on the conversion of all potential dilutive shares arising from restricted shares granted by the Company (collectively forming the denominator for computing the diluted earnings per share).

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Profit for the period attributable to equity holders of the Company (RMB'000)	<u>171,907</u>	<u>130,420</u>
Weighted average number of ordinary shares in issue (thousands)	1,309,162	1,336,261
Adjustments for restricted shares (thousands)	<u>33,950</u>	<u>–</u>
Weighted average number of ordinary shares for the calculation of diluted earnings per shares (thousands)	1,343,112	1,336,261
Diluted earnings per share (RMB)	<u>0.13</u>	<u>0.10</u>

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 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

1. MARKET REVIEW

Constantly driven by economic growth policies following a stable transition of pandemic prevention and control policies in the first half of 2023, the economy as a whole showed a trend of recovery. During the post pandemic era, however, the property management industry continues to face ongoing challenges. On the one hand, as the real estate development and first-hand residential supply have slowed down, existing residential and non-residential properties have become a fiercely contested arena for the industry, making external expansion competition more intense. On the other hand, after experiencing the peak of mergers and acquisitions in the past few years, the industry has returned to rationality, and the business logic has also undergone a transformation: from “pursuing area and scale” to “pursuing quality growth”. Most property management companies began to return to the core of their services, and strengthened the quality of their services by actively listening to customer needs to enhance their brand reputation. Additionally, by focusing on core business, strengthening technology investment, emphasizing refined operations, they strive to become an efficiency-driven property management company.

2. BUSINESS REVIEW

(1) Overview

In April 2023, 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 25th, with five places improved as compared with 2022. In May 2023, we were also awarded the title of “Leading Enterprise of Listed Property Management Companies in China — the 2nd in Growth Potential* (中國物業管理上市公司領先企業發展潛力第2位)” by CRIC Property Management (克而瑞物管). 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 2023, (i) our property management portfolio covered 61 cities across 16 province(s), municipality(ies) and autonomous region(s) in the PRC, representing an increase of 1 city from 60 cities covered as at 31 December 2022; (ii) our contracted GFA was approximately 94.0 million sq.m., among which, the GFA under management reached approximately 50.6 million sq.m.; and (iii) we provided services to over 300,000 households.

Our four main business lines, namely, (i) property management services; (ii) community value-added and synergy services; (iii) value-added services to non-property owners; and (iv) commercial property operation management services, 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 RMB653.9 million, representing an increase of approximately 37.6% from approximately RMB475.1 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.

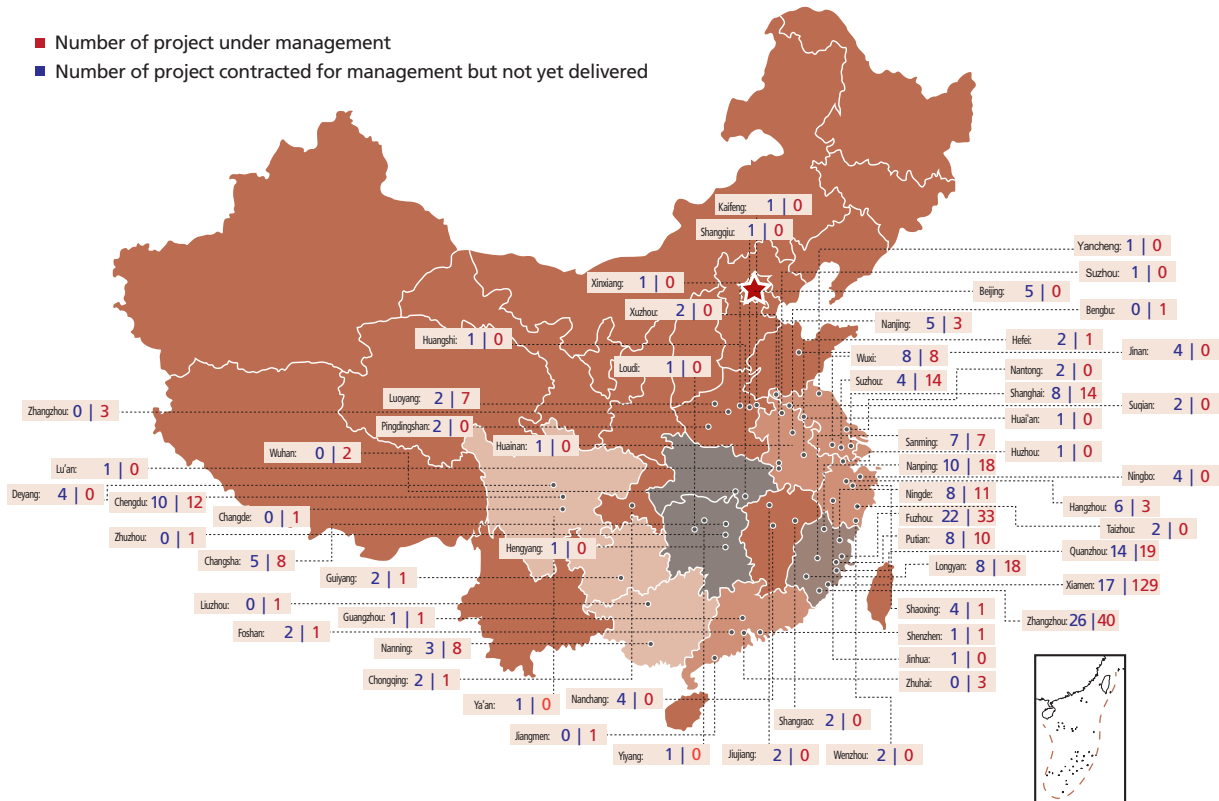
GFA and the number of projects

As at 30 June 2023, we had contracted GFA of approximately 94.0 million sq.m., and our number of contracted projects was 619, representing an increase of approximately 3.8% and 6.0% respectively as compared with those as at 31 December 2022 (as at 31 December 2022: approximately 90.6 million sq.m., and 584). As at 30 June 2023, the GFA under management reached approximately 50.6 million sq.m., and number of projects under management was 382, representing an increase of approximately 9.5% and 8.2% respectively as compared with those as at 31 December 2022 (as at 31 December 2022: approximately 46.2 million sq.m., and 353).

Geographic Coverage

As at 30 June 2023, we had 619 contracted projects covering 61 cities across 16 province(s), municipality(ies) and autonomous region(s) in the PRC, with 382 projects under management, covering 33 cities, serving over 300,000 households.

The map below illustrates the geographic coverage of the properties under our management as at 30 June 2023 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 2023 and 31 December 2022:

	As at 30 June 2023		As at 31 December 2022	
	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>)	54,263	31,645	52,379	28,898
East China Cluster (<i>Note 2</i>)	20,110	9,487	18,891	8,208
Southeast China Cluster (<i>Note 3</i>)	19,637	9,476	19,288	9,098
	<u>94,010</u>	<u>50,608</u>	<u>90,558</u>	<u>46,204</u>

Notes:

- As at 30 June 2023 and 31 December 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, Ya'an and Chongqing.
- As at 30 June 2023, cities in the East China Cluster comprised Kaifeng, Bengbu, Hefei, Huainan, Liu'an, Suzhou (宿州), Beijing, Luoyang, Pingdingshan, Shangqiu, Xinxiang, Zhengzhou, Huangshi, Wuhan, Huai'an, Nanjing, Nantong, Suzhou, Suqian, Wuxi, Xuzhou, Yancheng, Jinan and Shanghai. As at 31 December 2022, cities in the East China Cluster comprised Bengbu, Hefei, Huainan, Liu'an, Suzhou (宿州), Beijing, Luoyang, Pingdingshan, Shangqiu, Xinxiang, Zhengzhou, Huangshi, Wuhan, Huai'an, Nanjing, Nantong, Suzhou, Suqian, Wuxi, Xuzhou, Yancheng, Jinan and Shanghai.
- As at 30 June 2023 and 31 December 2022, cities in the Southeast China Cluster comprised Fuzhou, Ningde, Nanping, Sanming, Hangzhou, Huzhou, Jinhua, Ningbo, Shaoxing, Taizhou and Wenzhou.

Source of Projects

As at 30 June 2023, 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 56.7 million sq.m., representing an increase of approximately 3.6% from approximately 54.8 million sq.m. as at 31 December 2022.

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 the expansion in scale of projects from independent third parties. As at 30 June 2023, our contracted GFA for property management services to independent third parties was approximately 37.3 million sq.m., representing an increase of approximately 4.2% from approximately 35.8 million sq.m. as at 31 December 2022.

The table below sets out the Group’s GFA under management as at 30 June 2023 and 30 June 2022 and the breakdown of our revenue from our property management services derived from property projects developed by Xiamen C&D Group and independent third parties for each of the six months ended 30 June 2023 and 2022:

	As at 30 June or for the six months ended 30 June					
	2023		% of revenue	2022		% of revenue
GFA under management	Revenue	GFA under management		Revenue		
'000 sq.m.	RMB'000	'000 sq.m.	RMB'000			
Xiamen C&D Group	30,758	388,176	59.4	21,802	267,945	56.4
Independent third parties	19,850	265,770	40.6	15,457	207,168	43.6
Total	<u>50,608</u>	<u>653,946</u>	<u>100.0</u>	<u>37,259</u>	<u>475,113</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 2023, our contracted GFA for non-residential properties was approximately 6.3 million sq.m., representing an increase of approximately 13.4% from approximately 5.5 million sq.m. as at 31 December 2022.

The table below sets out the GFA under management as at 30 June 2023 and 30 June 2022 and the breakdown of our revenue from our property management services by type of property for each of the six months ended 30 June 2023 and 2022:

	As at 30 June or for the six months ended 30 June					
	2023			2022		
	GFA under management '000 sq.m.	Revenue RMB'000	% of revenue	GFA under management '000 sq.m.	Revenue RMB'000	% of revenue
Residential	46,350	519,746	79.5	33,807	352,609	74.2
Non-residential	4,258	134,200	20.5	3,452	122,504	25.8
Total	<u>50,608</u>	<u>653,946</u>	<u>100.0</u>	<u>37,259</u>	<u>475,113</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 2023 and 30 June 2022 and the breakdown of our revenue from our property management services by revenue model for each of the six months ended 30 June 2023 and 2022:

	As at 30 June or for the six months ended 30 June					
	2023			2022		
	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	49,933	640,567	98.0	36,627	461,814	97.2
Commission basis	675	13,379	2.0	632	13,299	2.8
Total	<u>50,608</u>	<u>653,946</u>	<u>100.0</u>	<u>37,259</u>	<u>475,113</u>	<u>100.0</u>

(3) Community Value-added and Synergy Services

During the Period, a variety of community value-added and synergy services were provided mainly by ourselves or through 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 retail business; (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) which provided community elderly-care services and institutional elderly-care 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 RMB356.2 million, representing an increase of approximately 94.3% from approximately RMB183.3 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 beauty services, the Group managed to draw customers’ attention and earn their recognition by creating showrooms in key cities, thereby improving the transaction rate. In respect of retail business, the Group continued to enrich the product portfolio with marketing channels diversified to cater for various requirements of residents and increase the product sales. Meanwhile, the Group introduced the “Housekeeping Services Consultant” to each community, effectively promoting housekeeping and cleaning services and maintaining customer relationships and both order and repurchase rates improved as a result. In respect of smart community services, the Group continued to refine its strength to promote the progress of existing smart projects.

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 2023 and 2022:

	For the six months ended 30 June			
	2023		2022	
	Revenue		Revenue	
	RMB'000	%	RMB'000	%
Home living services	96,019	27.0	62,413	34.0
Smart community services	79,408	22.3	37,778	20.6
Real estate brokerage and asset management services	42,424	11.9	31,503	17.2
Value-added services for public areas	33,072	9.3	23,944	13.1
Elderly-care & health value-added services	20,160	5.7	16,793	9.2
Home beauty services	85,083	23.8	10,833	5.9
Total	<u>356,166</u>	<u>100.0</u>	<u>183,264</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 RMB331.0 million, representing a decrease of approximately 2.3% from approximately RMB338.6 million for the corresponding period of the previous year. The decrease was mainly due to a decrease in the number of pre-sales centres required by cooperative property developers for cost-saving.

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 2023 and 2022:

	For the six months ended 30 June			
	2023		2022	
	Revenue		Revenue	
	RMB'000	%	RMB'000	%
Consultancy services	2,912	0.9	2,412	0.7
Reception, order maintenance and cleaning services	328,093	99.1	336,229	99.3
Total	331,005	100.0	338,641	100.0

(5) Commercial Property Operation Management Services

Since September 2022, we have been providing commercial property operation management services to promote complementary advantages, making the Group an asset-light service provider of “property management + commercial operation”, as well as broaden and enrich our business foundation. We provided commercial property operation management services to owners of various types of commercial properties such as office buildings and shopping malls. We provided commercial property operation management services to: (i) commercial properties during pre-opening stage, such as positioning, planning and design consultancy services, etc.; and (ii) established commercial properties, such as provision of tenant and lease management, operation management and planning and marketing services.

During the Period, our revenue from commercial property operation management services was approximately RMB31.9 million. As at 30 June 2023, we provided services to 21 business projects and the area of the commercial properties under management of the Group was 1.01 million sq.m..

3. FINANCIAL REVIEW

Revenue

During the Period, due to our continuous business development, the Group's revenue was approximately RMB1,373.0 million, representing an increase of approximately 37.7% from approximately RMB997.0 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 2023 and 2022:

	For the six months ended 30 June			
	2023		2022	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	653,946	47.7	475,113	47.6
Community value-added and synergy services	356,166	25.9	183,264	18.4
Value-added services to non-property owners	331,005	24.1	338,641	34.0
Commercial property operation management services	31,880	2.3	—	—
Total	<u>1,372,997</u>	<u>100.0</u>	<u>997,018</u>	<u>100.0</u>

Property management services was our largest source of revenue. During the Period, the revenue from property management services was approximately RMB653.9 million, accounting for approximately 47.7% of the Group's total revenue. The revenue from property management services increased by approximately 37.6% from approximately RMB475.1 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 46.2 million sq.m. as at 31 December 2022 to approximately 50.6 million sq.m. as at 30 June 2023, 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 94.3% from approximately RMB183.3 million for the corresponding period of the previous year to approximately RMB356.2 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 decreased by approximately 2.3% from approximately RMB338.6 million for the corresponding period of the previous year to approximately RMB331.0 million for the Period, which was mainly due to a decrease in the number of pre-sales centres required by cooperative property developers for cost-saving.

Since September 2022, we have been providing commercial property operation management services to broaden and enrich our business foundation. During the Period, the revenue from the commercial property operation management services was approximately RMB31.9 million (corresponding period of the previous year: RMB Nil).

Cost of sales

Cost of sales increased by approximately 37.8% from approximately RMB741.4 million for the corresponding period of the previous year to approximately RMB1,021.3 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 37.6% from approximately RMB255.6 million for the corresponding period of the previous year to approximately RMB351.7 million for the Period, with gross profit margin of approximately 25.6%, which remained stable as compared with approximately 25.6% of the corresponding period of the previous year.

Other income

Other income was approximately RMB6.2 million for the Period, representing an increase of approximately 4.0% from approximately RMB6.0 million for the corresponding period of the previous year.

Selling and marketing expenses

During the Period, the Group's selling and marketing expenses were approximately RMB2.4 million, representing an increase of approximately RMB2.1 million from approximately RMB0.3 million for the corresponding period of the previous year, which was mainly due to the increase of the planning and 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 RMB153.8 million, representing an increase of approximately 36.4% from approximately RMB112.8 million for the corresponding period of the previous year, which was mainly due to the growth of our business volume and new commercial property operation management services, 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 and new commercial property operation management services.

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 RMB3.6 million for the corresponding period of the previous year to approximately RMB5.3 million for the Period, representing an increase of approximately RMB1.7 million, which was mainly due to an increase in 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 RMB39.6 million, representing an increase of approximately 15.5% as compared with approximately RMB34.3 million for the corresponding period of the previous year, which was mainly due to the increase in interest income on bank deposit.

Profit before income tax

Due to the combined effect of the abovementioned factors, the profit before income tax for the Period was approximately RMB235.4 million, representing an increase of approximately 31.3% as compared with approximately RMB179.2 million for the corresponding period of the previous year.

Income tax expense

Income tax expense increased from approximately RMB45.8 million for the corresponding period of the previous year to approximately RMB59.5 million for the Period, representing an increase of approximately 29.8%. The increase was mainly attributable to an increase in the Group's profit before income tax due to its business growth.

Profit for the Period attributable to equity holders of the Company

The profit for the Period attributable to equity holders of the Company was approximately RMB171.9 million, representing an increase of approximately 31.8% as compared with approximately RMB130.4 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 2023, the Group's property, plant and equipment amounted to approximately RMB35.9 million, representing an increase of approximately 0.9% from approximately RMB35.6 million as at 31 December 2022, 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 2023, the Group's trade and other receivables were approximately RMB637.3 million, representing an increase of approximately 78.0% as compared with approximately RMB358.1 million as at 31 December 2022, 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 2023, the Group's cash and cash equivalents were approximately RMB2,651.8 million, representing a decrease of approximately 1.9% from approximately RMB2,703.1 million as at 31 December 2022, which was mainly due to the fact that the advance receipts from home beauty services for home furniture services in previous years were utilised during the Period to finance the related business costs for conducting such services.

Trade and other payables

The Group's trade and other payables mainly included dividends payable, trade payables, amounts collected on behalf of property owners, received deposits (保證金) and accrued staff costs and welfares. As at 30 June 2023, our trade and other payables were approximately RMB1,041.0 million, representing an increase of approximately 10.6% from approximately RMB941.2 million as at 31 December 2022, which was mainly due to the expansion of property management scale and declaration of the final dividend for the year ended 31 December 2022 on 30 March 2023.

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 2023, our contract liabilities amounted to approximately RMB1,092.3 million, representing an increase of approximately 10.3% from approximately RMB990.1 million as at 31 December 2022, which was primarily due to the increase in projects under management 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 inflow from operating activities was approximately RMB(56.9) million, representing an increase of approximately RMB255.6 million from approximately RMB(312.5) million for the corresponding period of the previous year, which was mainly due to the increased return on capital resulting from increased scale of property management and business offerings.

As at 30 June 2023, the net current assets of the Group was approximately RMB1,330.2 million, representing an increase of approximately RMB178.7 million from net current assets of approximately RMB1,151.5 million as at 31 December 2022, which was mainly due to the increase of accounts receivables as a result of the increase of business scale. As at 30 June 2023, the Group's current ratio was approximately 1.6x (total current assets divided by total current liabilities) (as at 31 December 2022: approximately 1.6x).

As at 30 June 2023, the Group's gearing ratio (sum of current liabilities and non-current liabilities divided by sum of current assets and non-current assets) was 60.8% (as at 31 December 2022: approximately 61.5%).

As at 30 June 2023, the borrowings of the Group were RMB10.0 million (as at 31 December 2022: RMB10.0 million). Saved as disclosed herein, as at 30 June 2023, 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 2022: 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 properties which the Group provides services to. 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

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 2023, 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 forward 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 2023, the Group had 13,558 employees (as at 31 December 2022: 13,897 employees).

4. OUTLOOK AND PROSPECT

In the second half of 2023, the Company will continue to uphold the service philosophy of “developing new value of service, making life better” and strive for high-quality development. With the core tasks of “market breakthrough, quality enhancement and operational efficiency improvement”, the Company aims to accelerate the expansion of its market share in property management, advance the deep development of value-added services in communities, and enhance the quality and efficiency of property management services through lean management and digital and intelligent empowerment. The Company is committed to creating a better living environment and value for its customers.

1. Adhering to the foundation of quality, focusing on refined management, and comprehensively improving operational efficiency

The Company firmly pursues high-quality growth driven by the long-term doctrine, and will continue to focus on the improvement of operation and service quality through refined service system. The Company will consolidate the main business of service, and strengthen service awareness by adhering to the service concept of “customer-centric” as well as timely feedback and effective treatment of customer requirements, so as to comprehensively improve service quality and customer satisfaction. Furthermore, through the empowerment of information technology tools and training systems, the Company aims to promote development through quality and achieve quality-driven efficiency.

2. Firmly deepening the cultivation of urban development, increasing project concentration and promoting large-scale development

The Company will continuously deepen its presence in high-quality regions and core business sectors, consolidate the concentration of core cities, strengthen differentiated advantages in specific market segments, promote large-scale development to a higher level, and further optimize business structure. In terms of concentration improvement, the Company will adopt the strategy of “based in Xiamen, going out of Fujian and facing the whole country”. With the residential business as the core, the Company will invest balanced efforts into the high-quality diversified business types such as medium to high-end commercial office buildings, industrial parks, hospitals and schools, and vigorously expand quality, structured and sustainable incremental business. The Company will improve its bidding capability, facilitate effective execution and transformation of market expansion, and promote large-scale development by strengthening team building, enhancing market research and analysis, and developing benchmark projects.

3. Focusing on research and development to achieve digital management and improve management efficiency

The Company will continuously drive technology-enabled property by utilizing digital means to achieve refined management and operation. Focusing on technological innovation and further upgrading intelligent information technology systems, the Company aims to improve operational efficiency and enhance customer experience. In terms of management efficiency, attention will be paid to the integration of business processes through system upgrades and development, which will contribute to smoother daily operations, reduced labor costs, maximized operational benefits, and ultimately, improved profitability.

4. Extending the boundaries of property management services and vertically building a specialized service value chain

In the second half of 2023, the Company will accelerate the replication and promotion of mature business models. We will continue to focus on core value-added services by leveraging product strength, service capabilities and marketing power to convert customer demand, and make it closely align with the core business through integrating supply resources. For community value-added services, we will continue to focus on the experience of property owners to further improve the service system, and seek to speed up the transformation of its business advantages from resources to a combination of products and services by refining specialized products and developing self-operated supply capabilities.

MATERIAL CHANGES

Save as disclosed in this announcement, there have been no material change in respect of matters relating to the business developments, financial position and future prospects, and important events affecting, the Group since the date of the 2022 annual report of the Company.

INTERIM DIVIDEND

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

CHANGE IN DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Since the date of the 2022 annual report of the Company, changes in Directors' information are as follow:

Mr. Lee Cheuk Yin Dannis has been appointed as an independent non-executive director of Luen Thai Holdings Limited (聯泰控股有限公司), a company listed on the Stock Exchange (stock code: 311), on 25 May 2023.

Each of the independent non-executive Directors entered into a service agreement with the Company and their emolument increased from HK\$120,000 per annum to HK\$150,000 per annum, with retrospective effect from 1 January 2023.

Save as disclosed above, there was no other change to information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

Save for the issuance of 7,050,000 shares of the Company pursuant to the restricted share incentive scheme, 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 are 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
Lin Weiguo
Chairman and Non-executive Director

Hong Kong, 25 August 2023

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*