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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

HIGHLIGHTS

1. The revenue of the Group for the Year was approximately RMB3,292.9 million, representing a decrease of approximately 7.7% from approximately RMB3,569.3 million for the year ended 31 December 2023.
2. The gross profit of the Group for the Year was approximately RMB706.7 million, representing a decrease of approximately 29.4% from approximately RMB1,001.5 million for the year ended 31 December 2023. The gross profit margin for the Year was approximately 21.5%, while that for the year ended 31 December 2023 was approximately 28.1%, representing a decrease of 6.6 percentage points as compared to the previous financial year.
3. The profit of the Group for the Year was approximately RMB327.9 million, representing a decrease of approximately 40.1%, as compared with approximately RMB547.3 million for the year ended 31 December 2023. Meanwhile, the profit attributable to equity holders of the Company for the Year was approximately RMB323.5 million, representing a decrease of approximately 30.8% as compared with approximately RMB467.3 million for the previous financial year.
4. The Group's revenue, gross profit, and profit for the Year have declined, mainly due to a significant reduction in the income and profit generated by the home furniture services carried forward in the Year. After excluding the impact of the home furniture services, the Group's revenue, gross profit and profit attributable to equity holders of the Company for the Year increased by approximately 13.3%, 6.8% and 15.1% respectively as compared to the previous financial year.
5. The contracted gross floor area ("GFA") of the property management services of the Group as at 31 December 2024 was approximately 109.1 million sq.m., representing an increase of approximately 7.2% as compared with approximately 101.8 million sq.m. as at 31 December 2023.
6. The Board recommended the payment of a final dividend for the Year of HK\$0.15 per Share (2023: HK\$0.16 per Share and a special dividend of HK\$0.1 per Share for the celebration of the third anniversary of the Company's listing).

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “Board”) of directors (the “Directors”) of C&D Property Management Group Co., Ltd (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “Group” or “we”) for the year ended 31 December 2024 (the “Year”) together with the comparative figures for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024	2023
	Notes	RMB'000	RMB'000
Revenue	4	3,292,901	3,569,324
Cost of sales		(2,586,154)	(2,567,858)
Gross profit		706,747	1,001,466
Other income		15,255	17,326
Selling and marketing expenses		(8,997)	(7,965)
Administrative and other operating expenses		(363,139)	(355,823)
Provision for expected credit losses allowance on trade and other receivables, net		(6,384)	(3,234)
Finance income, net		75,626	75,782
Share of results of associates		1,714	(57)
Profit before income tax		420,822	727,495
Income tax expense	8	(92,937)	(180,151)
Profit for the year		327,885	547,344
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		8,734	11,135
Total comprehensive income for the year		336,619	558,479
Profit for the year attributable to:			
— Equity holders of the Company		323,477	467,347
— Non-controlling interests		4,408	79,997
		327,885	547,344
Profit and total comprehensive income attributable to:			
— Equity holders of the Company		332,211	478,482
— Non-controlling interests		4,408	79,997
		336,619	558,479
Earnings per share attributable to the equity holders of the Company (expressed in RMB per share)			
Basic	9	0.24	0.35
Diluted	9	0.23	0.34

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		50,637	51,388
Right-of-use assets		35,682	45,159
Interests in associates		2,994	1,280
Goodwill		59,634	59,634
Intangible assets		13,468	14,390
Deferred tax assets		26,688	25,787
		189,103	197,638
Current assets			
Inventories		63,750	44,992
Trade and other receivables	5	662,696	541,757
Amounts due from related parties	7(a)	43,374	50,500
Restricted bank deposits		21,185	15,895
Cash and cash equivalents		2,894,833	2,952,395
		3,685,838	3,605,539
Current liabilities			
Trade and other payables	6	1,394,780	1,282,329
Contract liabilities	4(a)	512,598	446,421
Amounts due to related parties	7(b)	8,130	1,565
Income tax payables		97,203	165,588
Interest-bearing borrowings		508	1,353
Lease liabilities		7,068	8,073
		2,020,287	1,905,329
Net current assets		1,665,551	1,700,210
Total assets less current liabilities		1,854,654	1,897,848

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Non-current liabilities		
Interest-bearing borrowings	9,000	18,250
Lease liabilities	29,069	34,712
Deferred tax liabilities	5,975	13,222
	<u>44,044</u>	<u>66,184</u>
Net assets	<u>1,810,610</u>	<u>1,831,664</u>
CAPITAL AND RESERVES		
Share capital	11,941	11,941
Reserves	1,750,275	1,714,200
Equity attributable to the equity holders of the Company	<u>1,762,216</u>	<u>1,726,141</u>
Non-controlling interests	48,394	105,523
Total equity	<u>1,810,610</u>	<u>1,831,664</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, British Virgin Islands VG 1110 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, the value-added services to non-property owners and commercial property operation management services in the People’s Republic of China (“China” or the “PRC”)

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

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 and its shares are listed on the Main Board of the Stock Exchange; C&D Real Estate Corporation Limited* (建發房地產集團有限公司) which was incorporated in the PRC with limited liability is the Company’s intermediate holding company, whereas the Directors of the Company regard Xiamen C&D Corporation Limited* (廈門建發集團有限公司) (“Xiamen C&D”), a state-owned enterprise incorporated in the PRC with limited liability, as the Company’s ultimate holding company and controlling party (the “Controlling Shareholder”).

* The English translation of the name of the companies established in the PRC are for reference only. The official names of these companies are in Chinese.

The consolidated financial statements for the year ended 31 December 2024 were approved for issue by the Board of Directors on 26 March 2025.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the HKICPA and the accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”).

These material accounting policies have been consistently applied to all the years presented unless otherwise stated. The adoption of amended HKFRSs and the impacts on the consolidated financial statements of the Group, if any, are disclosed in note 3.

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

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

3. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES

(i) Amended HKFRSs that are effective for annual periods beginning on 1 January 2024

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2024:

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 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except for those mentioned below, the adoption of the amended HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" ("2020 Amendments") and related amendments to Hong Kong Interpretation 5 and Amendments to HKAS 1 "Non-current Liabilities with Covenants" ("2022 Amendments")

The amendments clarified the classification of debt and other liabilities as current or non-current, depending on whether an entity has a right to defer settlement of the liability for at least twelve months from the reporting date and this right has to be existed at the reporting date. Any expectations about events after the reporting period do not impact the assessment of the classification of the liabilities make at the reporting date as to the classification of the liability.

Covenants of a loan arrangement that an entity must comply with on or before the reporting date (even if the covenant is only assessed after the reporting date) affect the classification of that liability as current or non-current. Covenants that the entity is required to comply with after the reporting date do not affect the classification at the reporting date.

The amendments also define “settlements” of a liability, which includes transfer of entity’s own equity instrument. However, if the holder’s conversion option in a convertible bond is classified as equity in accordance with HKAS 32 “Financial Instruments: Presentation”, the transfer of equity instruments by exercising the conversion option does not constitute settlement of liability and would be disregarded when determining whether the liability is current or non-current. If the holder’s conversion option is classified as liability, such option must be considered for the determination of current/non-current classification of a convertible bond.

The amendments are applied retrospectively.

Based on the Group’s outstanding liabilities as at 1 January 2024, the application of amendments did not result in reclassification of the Group’s liabilities.

(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 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ²
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group’s accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group’s accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group’s consolidated financial statements.

HKFRS 18 “Presentation and Disclosure in Financial Statements” (“HKFRS 18”) and related amendments to Hong Kong Interpretation 5

HKFRS 18 replaces HKAS 1 “Presentation of Financial Statements” (“HKAS 1”). It carries forward many of the existing requirements in HKAS 1, with limited changes, and some HKAS 1 requirements will be moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and HKFRS 7 “Financial Instruments: Disclosures”.

HKFRS 18 will not impact the recognition and measurement of financial statements items but the presentation of them. It introduces three major new requirements, including:

- reporting newly defined subtotals (namely “operating profits” and “profits before financing and income tax”), and classifying items into five newly defined categories (namely “operating”, “investing”, “financing”, “income tax” and “discontinued operation”), depending on the reporting entity’s main business activities, in the statement of profit or loss;
- Disclosure of management-defined performance measures (“MPMs”) in a single note to the financial statements; and
- enhanced guidance of aggregation and disaggregation of information in the financial statements.

Besides, narrow-scope amendments have been made to HKAS 7 “Statement of Cash Flows”, which includes:

- using “operating profit or loss” as the starting point for indirect method for the presentation of operating cash flows purposes; and
- the option for classifying interest and dividend cash flows as operating activities is eliminated.

In addition, there are consequential amendments to several other standards.

HKFRS 18, and the amendments to the other HKFRSs, are effective for annual period beginning on or after 1 January 2027 and must be applied retrospectively with specific transition provisions.

4. REVENUE AND SEGMENT INFORMATION

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

During the years ended 31 December 2024 and 2023, the Group is principally engaged in the provision of property management services, commercial property operation management services and value-added services in the PRC. Management reviews the operating results of the business as one operating segment to make about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is monitored to make strategic decision.

Revenue mainly comprises proceeds from property management services, commercial property operation management services and value-added services. An analysis of the Group's revenue by category for the year ended 31 December 2024 is as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from customers and recognised over time		
Property management services	1,781,077	1,418,002
Commercial property operation management services	80,915	69,327
Value-added services		
— Community value-added and synergy services	450,509	405,222
— Value-added services to non-property owners	670,602	707,149
	<u>2,983,103</u>	<u>2,599,700</u>
Revenue from customers and recognised at point in time		
Community value-added and synergy services	309,798	969,624
	<u>3,292,901</u>	<u>3,569,324</u>

Information about major customers

For the year ended 31 December 2024, revenue from entities controlled by Xiamen C&D and its associates contributed to 36.3% (2023: 33.1%) of the Group's revenue. Other than entities controlled by Xiamen C&D and associates of Xiamen C&D, the Group had a large number of customers and none of whom contributed 10% or more of the Group's revenue.

Geographical information

The principal operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC during the years ended 31 December 2024 and 2023. As at 31 December 2024 and 2023, substantially all of the specified non-current assets (other than deferred tax assets) of the Group were located in the PRC.

(a) *Contract liabilities*

The Group recognises the following revenue-related contract liabilities:

	2024 RMB'000	2023 RMB'000
Property management services	465,007	384,226
Community value-added and synergy services	43,684	56,748
Value-added services to non-property owners	2,951	5,074
Commercial property operation management services	956	373
	<u>512,598</u>	<u>446,421</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 scale.

(b) *Revenue recognised in relation to contract liabilities*

The following table shows the revenue recognised during the year ended 31 December 2024 related to brought-forward contract liabilities:

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the year		
Property management services	384,226	262,506
Community value-added and synergy services	55,360	703,761
Value-added services to non-property owners	5,074	4,713
Commercial property operation management services	373	241
	<u>445,033</u>	<u>971,221</u>

(c) *Unsatisfied performance obligations*

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

For community value-added and synergy services, the transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations as at 31 December 2024 is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within one year	151,753	136,192
More than one year	<u>67,649</u>	<u>74,454</u>
	<u><u>219,402</u></u>	<u><u>210,646</u></u>

5. TRADE AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<i>Notes</i>		
Trade receivables		
— Third parties	284,161	229,641
— Related parties	<u>260,370</u>	<u>175,366</u>
	544,531	405,007
Less: Provision for expected credit loss (“ECL”) allowance of trade receivables	<u>(19,723)</u>	<u>(14,274)</u>
(a)	<u><u>524,808</u></u>	<u><u>390,733</u></u>
Other receivables		
Deposits	29,388	23,781
Prepayments	24,857	32,775
Other receivables	21,909	24,923
Amounts due from non-controlling interests	6,750	32,400
Payments on behalf of property owners	48,853	35,267
Value-added tax receivables	<u>10,035</u>	<u>4,847</u>
	141,792	153,993
Less: Provision for ECL allowance of other receivables	<u>(3,904)</u>	<u>(2,969)</u>
(b)	<u><u>137,888</u></u>	<u><u>151,024</u></u>
	<u><u>662,696</u></u>	<u><u>541,757</u></u>

(a) Trade receivables

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

Property management services and commercial property operation 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 and commercial property operation management services are 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:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
0–180 days	432,080	283,359
181–365 days	40,143	69,300
1–2 years	42,465	31,348
2–3 years	7,398	4,966
3–4 years	1,659	1,573
4–5 years	1,063	187
	524,808	390,733

(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

	<i>Note</i>	2024 RMB'000	2023 RMB'000
Trade payables			
— Third parties		446,974	348,189
— Related parties		26,262	5,687
	(a)	473,236	353,876
Other payables			
Accrued charges and other payables		69,641	68,960
Amounts collected on behalf of property owners		205,816	176,917
Deposit received		210,118	211,211
Value-added tax payable		46,658	68,689
Other tax payable		3,639	7,164
Staff costs and welfare accruals		294,591	281,993
Payable in relation to the restricted shares incentive schemes		91,081	113,519
	(b)	921,544	928,453
		1,394,780	1,282,329

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

	2024 RMB'000	2023 RMB'000
0 to 30 days	172,244	205,034
31 to 60 days	77,060	56,121
61 to 90 days	22,019	22,216
Over 90 days	201,913	70,505
	473,236	353,876

(b) Other payables

The balances mainly include accrued expenses, deposits received and temporarily received from property owners to be paid to related service providers.

7. AMOUNTS DUE FROM/(TO) RELATED PARTIES

(a) Amounts due from related parties

	2024 RMB'000	2023 RMB'000
Companies controlled by Xiamen C&D	<u>43,374</u>	<u>50,500</u>

(b) Amounts due to related parties

	2024 RMB'000	2023 RMB'000
Companies controlled by Xiamen C&D	<u>8,130</u>	<u>1,565</u>

As at 31 December 2024 and 2023, the amounts due from/(to) related parties are unsecured, interest-free and repayable on demand.

8. INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000
Current income tax		
PRC Enterprise Income Tax ("EIT")	106,045	185,081
(Over)/Under-provision in respect of prior year	<u>(4,960)</u>	<u>1,173</u>
	101,085	186,254
Deferred tax	<u>(8,148)</u>	<u>(6,103)</u>
Total income tax expense	<u>92,937</u>	<u>180,151</u>

Notes:

(a) BVI Income tax

Pursuant to the relevant rules and regulations of the BVI, the Group is not subject to any income tax in the BVI during the years ended 31 December 2024 and 2023.

(b) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not derive any assessable profit arising in Hong Kong during the years ended 31 December 2024 and 2023.

(c) PRC EIT

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2024 and 2023, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate was 25% for the years ended 31 December 2024 and 2023.

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% (2023: 20%) from 1 January 2024 to 31 December 2024. In addition, in accordance with the "Notice on Preferential Income Tax Policies Applicable to Small Low-profit Enterprises", the small and low-profit enterprises are entitled to a tax concession for 75% of its taxable income for the annual taxable income of less than RMB3,000,000 (inclusive) for the years ended 31 December 2024 and 2023.

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 years 31 December 2024 and 2023. The earnings per share is calculated using the weighted average number of ordinary shares of 1,352,270,961 (2023: 1,324,417,273) shares issued during the year as follows:

	2024	2023
Profit for the year attributable to equity holders of the Company (<i>RMB'000</i>)	<u>323,477</u>	<u>467,347</u>
Weighted average number of ordinary shares in issue (<i>thousands</i>)	1,352,271	1,324,417
Basic earnings per share (<i>RMB</i>)	<u>0.24</u>	<u>0.35</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 ordinary shares arising from restricted shares granted by the Company (collectively forming the denominator for computing the diluted earnings per share).

	2024	2023
Profit for the year attributable to equity holders of the Company (<i>RMB'000</i>)	<u>323,477</u>	<u>467,347</u>
Weighted average number of ordinary shares in issue (<i>thousands</i>)	1,352,271	1,324,417
Adjustments for restricted shares (<i>thousands</i>)	<u>39,910</u>	<u>50,165</u>
Weighted average number of ordinary shares for the calculation of diluted earnings per shares (<i>thousands</i>)	1,392,181	1,374,582
Diluted earnings per share (<i>RMB</i>)	<u>0.23</u>	<u>0.34</u>

10. DIVIDENDS

The Board recommends the payment of a final dividend of HK\$0.15 per share, totalling approximately HK\$211,240,000 (equivalent to approximately RMB195,616,000) for the year ended 31 December 2024 (2023: final dividend of HK\$0.16 per share and a special dividend of HK\$0.1 per share totalling HK\$366,149,000 (equivalent to RMB331,811,000)). The dividends are subject to the approval of shareholders of the Company (“**Shareholders**”) at the forthcoming annual general meeting. Dividends proposed after the reporting date have not been recognised as a liability at the reporting date.

The final and special dividend for the year ended 31 December 2023 totalling RMB333,371,000 has been paid in cash in June and July 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

1. MARKET REVIEW

In 2024, the property management industry navigated through challenges and transformations. On one hand, the complexity of the economic environment and the deep restructuring of the real estate sector have made the collection of property management fee increasingly difficult. Meanwhile, many property owners have raised higher demands for the rationality of fee pricing, placing greater emphasis on the balance between service quality and cost. These factors have brought unprecedented challenges to the industry's operations. On the other hand, in response to these difficulties, most property management companies have begun to deepen technological innovation. Through intelligent management, robotic application and other means, property management companies have not only optimized cost structures and improved efficiency but also significantly enhanced operational effectiveness and service quality. Looking ahead, service capability and technological advancement will serve as the dual driving forces for competition and development in the property management industry. Continuous improvement in service quality and deeper integration of technology will be essential for maintaining a competitive edge in the highly competitive market.

2. BUSINESS REVIEW

(1) Overview

In May 2024, we were honoured as one of the “Top 100 Property Service Capability Companies in China* (中國物業服務力百強企業)” by CRIC Property Management* (克而瑞物管) and China Property Management Research Institution and ranked 16th, with nine places improved as compared with 2023. In May 2024, we were also awarded “Top 20 Listed Property Management Companies in China* (中國物業管理上市公司20強)” by CRIC Property Management. Our mission is “Leading a Wonderful Life by Creating a Better Quality of Living Space (打造更有品質的生活空間，引領美好生活)”. We are committed to becoming “the most trusted property company that keeps our customers assured (讓客戶放心，最值得信賴的物業公司)”.

As at 31 December 2024, our property management portfolio covered 63 cities across 16 provinces, municipalities and autonomous regions in the PRC, including first-tier cities, such as Beijing, Shanghai, Guangzhou and Shenzhen. Our contracted GFA was approximately 109.1 million sq.m., among which, the GFA under management reached approximately 75.5 million sq.m.. As at 31 December 2024, we provided services to over 455,000 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

We provided a range of property management services to property owners and residents of our managed properties as well as property developers, including greening, gardening and order maintenance for public areas, cleaning, parking management, repair and maintenance services for public facilities, etc.. Our property management portfolio covered residential properties and non-residential properties, including commercial and office buildings, industrial parks, government buildings and public facilities, hospitals and schools, etc..

For the Year, our Group's revenue from property management services was approximately RMB1,781.1 million, representing an increase of approximately 25.6% from approximately RMB1,418.0 million for the year ended 31 December 2023. The increase in revenue from property management services was primarily driven by the growth of our total GFA under management.

GFA and the number of projects

As at 31 December 2024, we had contracted GFA of approximately 109.1 million sq.m., and our number of contracted projects was 703, representing an increase of approximately 7.2% and 6.7% respectively as compared with those as at 31 December 2023 (as at 31 December 2023: approximately 101.8 million sq.m., and 659 projects). As at 31 December 2024, the GFA under management reached approximately 75.5 million sq.m., and number of projects under management was 527, representing an increase of approximately 22.9% and 18.4% respectively as compared with those as at 31 December 2023 (as at 31 December 2023: approximately 61.4 million sq.m., and 445 projects).

Geographic Coverage

As at 31 December 2024, we had 703 contracted projects covering 63 cities across 16 provinces, municipalities and autonomous regions in the PRC, with 527 projects under management, covering 50 cities, serving over 455,000 households.

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	As at 31 December			
	2024		2023	
	Contracted GFA '000 sq.m.	GFA under management '000 sq.m.	Contracted GFA '000 sq.m.	GFA under management '000 sq.m.
Haixi Cluster <i>(Note 1)</i>	62,690	47,206	58,795	38,313
Eastern China Cluster <i>(Note 2)</i>	23,347	14,360	22,280	12,222
Southeast China Cluster <i>(Note 3)</i>	23,069	13,975	20,722	10,914
Total	109,106	75,541	101,797	61,449

Notes:

1. As at 31 December 2024, cities in the Haixi Cluster included Longyan, Putian, Quanzhou, Xiamen, Zhangzhou, Foshan, Guangzhou, Jiangmen, Shenzhen, Zhuhai, Dongguan, Liuzhou, Nanning, Guiyang, Changde, Hengyang, Loudi, Yiyang, Changsha, Zhuzhou, Jiujiang, Nanchang, Shangrao, Chengdu, Deyang, Ya'an and Chongqing. As at 31 December 2023, cities in the Haixi Cluster included Longyan, Putian, Quanzhou, Xiamen, Zhangzhou, Foshan, Guangzhou, Jiangmen, Shenzhen, Zhuhai, Dongguan, Liuzhou, Nanning, Guiyang, Changde, Hengyang, Loudi, Yiyang, Changsha, Zhuzhou, Jiujiang, Nanchang, Shangrao, Chengdu, Deyang, Ya'an and Chongqing.
2. As at 31 December 2024, cities in the Eastern China Cluster included Bengbu, Hefei, Huainan, Lu'an, Suzhou (宿州), Beijing, Luoyang, Pingdingshan, Xinxian, Kaifeng, Zhengzhou, Huangshi, Wuhan, Huai'an, Nanjing, Nantong, Suzhou, Suqian, Wuxi, Xuzhou, Yancheng, Jinan and Shanghai. As at 31 December 2023, cities in the Eastern China Cluster included Bengbu, Hefei, Huainan, Lu'an, Suzhou (宿州), Beijing, Luoyang, Pingdingshan, Shangqiu, Xinxian, Kaifeng, Zhengzhou, Huangshi, Wuhan, Huai'an, Nanjing, Nantong, Suzhou, Suqian, Wuxi, Xuzhou, Yancheng, Jinan and Shanghai.
3. As at 31 December 2024, cities in the Southeast China Cluster included Fuzhou, Ningde, Nanping, Sanming, Hangzhou, Huzhou, Jinhua, Ningbo, Shaoxing, Taizhou, Lishui, Jiaxing and Wenzhou. As at 31 December 2023, cities in the Southeast China Cluster included Fuzhou, Ningde, Nanping, Sanming, Hangzhou, Huzhou, Jinhua, Ningbo, Shaoxing, Taizhou, Lishui and Wenzhou.

Source of Projects

As at 31 December 2024, the contracted GFA for property management services with the Controlling Shareholder, Xiamen C&D and its subsidiaries, associates and joint ventures (excluding the Group) ("Xiamen C&D Group"), was approximately 67.2 million sq.m., representing an increase of approximately 9.2% from approximately 61.6 million sq.m. as at 31 December 2023.

While maintaining close business relationship with Xiamen C&D Group, we also took initiatives to further expand the scale of our property management service business and increase our market share in the industry through multiple channels. As at 31 December 2024, our contracted GFA for property management services with independent third parties was approximately 41.9 million sq.m., representing an increase of approximately 4.1% from approximately 40.2 million sq.m. as at 31 December 2023.

The table below sets out the Group's GFA under management as at 31 December 2024 and 2023 and the breakdown of our revenue from our property management services derived from property projects by property developers for each of the years ended 31 December 2024 and 2023:

	As at 31 December/For the year ended 31 December					
	2024			2023		
	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	50,077	1,145,778	64.3	39,556	857,853	60.5
Independent third parties	25,464	635,299	35.7	21,893	560,149	39.5
Total	75,541	1,781,077	100.0	61,449	1,418,002	100.0

Types of Managed Properties

We focused on providing property management services to residential communities in the PRC, while we also endeavoured to diversify our property management portfolio by extending our services to an increasing variety of non-residential properties (including commercial and office buildings, industrial parks, government buildings and public facilities, hospitals and schools). As at 31 December 2024, our contracted GFA for non-residential properties was approximately 8.5 million sq.m., representing an increase of approximately 9.6% from approximately 7.8 million sq.m. as at 31 December 2023.

The table below sets out the Group's GFA under management as at 31 December 2024 and 2023 and the breakdown of our revenue from our property management services by type of property for each of the years ended 31 December 2024 and 2023:

	As at 31 December/For the year ended 31 December					
	2024			2023		
	GFA under management '000 sq.m.	Revenue RMB'000	% of revenue	GFA under management '000 sq.m.	Revenue RMB'000	% of revenue
Residential	69,123	1,426,951	80.1	56,703	1,112,349	78.4
Non-residential	6,418	354,126	19.9	4,746	305,653	21.6
Total	75,541	1,781,077	100.0	61,449	1,418,002	100.0

Revenue Model

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

The table below sets out the Group's GFA under management as at 31 December 2024 and 2023 and the breakdown of our revenue from our property management services by revenue model for each of the years ended 31 December 2024 and 2023:

	As at 31 December/For the year ended 31 December					
	2024			2023		
	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	74,090	1,733,744	97.3	60,294	1,389,006	98.0
Commission basis	1,451	47,333	2.7	1,155	28,996	2.0
Total	<u>75,541</u>	<u>1,781,077</u>	<u>100.0</u>	<u>61,449</u>	<u>1,418,002</u>	<u>100.0</u>

(3) Community Value-added and Synergy Services

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 merchandise retail 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 inventory property* (尾盤) sales services for unsold property units of 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) and Haicang Yibai Elderly Care Centre* (海滄溢佰養老中心), elderly care centres operated by the Group; 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).

The Group’s revenue from community value-added and synergy services for the Year was approximately RMB760.3 million, representing a decrease of approximately 44.7% from approximately RMB1,374.8 million for the year ended 31 December 2023. Such decrease was mainly due to the following reasons: the Group has been providing home furniture services under the home beauty services for the first-hand properties since 2021. A large-scale delivery of home furniture services that were undertaken earlier resulted in a significant increase in revenue in the previous financial year. However, for the Year, the scale of delivered projects was smaller, resulted in substantially less revenue generated under home furniture services for the Year, which amounted to approximately RMB23.6 million, representing a decrease of approximately 96.6% compared to approximately RMB683.6 million in the previous financial year.

The table below sets out the breakdown of our revenue derived from the provision of different types of community value-added and synergy services for each of the years ended 31 December 2024 and 2023:

	For the year ended 31 December 2024		2023	
	Revenue RMB'000	%	Revenue RMB'000	%
Home living services	229,948	30.3	207,109	15.1
Smart community services	207,787	27.3	223,221	16.2
Home beauty services (Note)	112,071	14.8	748,944	54.5
Value-added services for public areas	95,403	12.5	76,303	5.5
Elderly-care & health value-added services	58,827	7.7	44,371	3.2
Real estate brokerage and asset management services	56,271	7.4	74,898	5.5
Total	<u>760,307</u>	<u>100.0</u>	<u>1,374,846</u>	<u>100.0</u>

Note: The home furniture services under home beauty services generated revenue of approximately RMB23.6 million for the Year, representing a decrease of approximately RMB660.0 million from RMB683.6 million in the previous financial year.

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

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

Our revenue from value-added services to non-property owners for the Year was approximately RMB670.6 million, representing a decrease of approximately 5.2% from approximately RMB707.1 million for the year ended 31 December 2023. The decrease was mainly due to a decrease in the number of new pre-sales centres as a result of the reduced number of land acquisitions by cooperative property developers.

The table below sets out the breakdown of our revenue from our value-added services to non-property owners for each of the years ended 31 December 2024 and 2023:

	For the year ended 31 December			
	2024		2023	
	Revenue <i>RMB'000</i>	%	Revenue <i>RMB'000</i>	%
Reception, order maintenance and cleaning services	664,605	99.1	701,747	99.2
Consultancy services	5,997	0.9	5,402	0.8
Total	670,602	100.0	707,149	100.0

(5) Commercial Property Operation Management Services

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 Year, our revenue from commercial property operation management services was approximately RMB80.9 million, representing an increase of approximately 16.7% as compared to that of approximately RMB69.3 million for the year ended 31 December 2023. Such increase was mainly due to the increase in the number of commercial property projects under management and the improved performance of projects. As at 31 December 2024, we provided our services to 22 business projects and the GFA of the commercial properties under management of the Group was approximately 1.28 million sq.m. (as at 31 December 2023: 21 business projects and approximately 1.05 million sq.m.).

3. FINANCIAL REVIEW

Revenue

Due to our continuous business development, the Group's revenue for the Year was approximately RMB3,292.9 million, representing a decrease of approximately 7.7% from approximately RMB3,569.3 million for the year ended 31 December 2023.

The table below sets out the revenue of the Group by business line for each of the years ended 31 December 2024 and 2023:

	For the year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	1,781,077	54.1	1,418,002	39.7
Community value-added and synergy services	760,307	23.0	1,374,846	38.5
Value-added services to non-property owners	670,602	20.4	707,149	19.8
Commercial property operation management services	80,915	2.5	69,327	2.0
Total	3,292,901	100.0	3,569,324	100.0

Property management services was the Group's largest source of revenue. During the Year, the revenue from property management services was approximately RMB1,781.1 million, accounting for approximately 54.1% of total revenue. The increase in revenue from property management services was primarily driven by the growth of our total GFA under management. During the Year, our total GFA under management increased from approximately 61.4 million sq.m. as at 31 December 2023 to approximately 75.5 million sq.m. as at 31 December 2024, which 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 decreased by approximately 44.7% from approximately RMB1,374.8 million for the year ended 31 December 2023 to approximately RMB760.3 million for the Year, which was mainly due to the following reasons: the Group has been providing home furniture services under the home beauty services for the first-hand properties since 2021. A large-scale delivery of home furniture services that were undertaken earlier resulted in a significant increase in revenue in the previous financial year. However, for the Year, the scale of delivered projects was smaller, resulted in substantially less revenue generated under home furniture services for the Year, which amounted to approximately RMB23.6 million, representing a decrease of approximately 96.6% compared to approximately RMB683.6 million in the previous financial year.

The revenue from value-added services to non-property owners decreased by approximately 5.2% from approximately RMB707.1 million for the year ended 31 December 2023 to approximately RMB670.6 million for the Year, which was mainly due to a decrease in the number of new pre-sales centres as a result of the reduced number of land acquisitions by cooperative property developers.

The revenue from the commercial property operation management services increased by approximately 16.7% from approximately RMB69.3 million for the year ended 31 December 2023 to approximately RMB80.9 million for the Year, which was mainly due to the increase in the number of commercial property projects under management and the improved performance of projects.

Cost of sales

Cost of sales increased by approximately 0.7% from approximately RMB2,567.9 million for the year ended 31 December 2023 to approximately RMB2,586.2 million for the Year, primarily due to the scale-up of our business.

Gross profit

As a result of the above principal factors, the Group's gross profit decreased by approximately 29.4% from approximately RMB1,001.5 million for the year ended 31 December 2023 to approximately RMB706.7 million for the Year, with gross profit margin of approximately 28.1% and 21.5% respectively. The decrease in gross profit margin was mainly due to a significant decrease in gross profit under community value-added and synergy services for the Year.

Other income

Other income decreased from approximately RMB17.3 million for the year ended 31 December 2023 to approximately RMB15.3 million for the Year, mainly due to the decrease in government subsidy income for the Year.

Selling and marketing expenses

The Group's selling and marketing expenses increased from approximately RMB8.0 million for the year ended 31 December 2023 to approximately RMB9.0 million for the Year, mainly due to an increase in promotional expenses associated with the increase in number of projects under the commercial property operation management services.

Administrative and other operating expenses

The Group's administrative and other operating expenses mainly included staff cost (including the cost of the 2021 and 2023 Restricted Share Incentive Schemes), 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, recruitment cost and insurance fees).

During the Year, the Group's total administrative and other operating expenses amounted to approximately RMB363.1 million, representing an increase of approximately 2.1% from approximately RMB355.8 million for the year ended 31 December 2023, which was mainly due to the increase in expenses associated with the grants made under the 2023 Restricted Share Incentive Scheme.

Net provision for ECL allowance on trade and other receivables

The Group's net provision for ECL allowance on trade and other receivables increased from approximately RMB3.2 million for the year ended 31 December 2023 to approximately RMB6.4 million for the Year, mainly due to an increase in trade and other 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 the Group's office. During the Year, the Group's net finance income was approximately RMB75.6 million, representing a decrease of approximately 0.2% as compared with approximately RMB75.8 million for the year ended 31 December 2023, which was mainly due to the decrease in interest income on bank deposit.

Profit before income tax

Due to the combined effect of the abovementioned factors, the profit before income tax of the Group for the Year was approximately RMB420.8 million, representing a decrease of approximately 42.2% as compared with approximately RMB727.5 million for the year ended 31 December 2023.

Income tax expense

Income tax expense decreased from approximately RMB180.2 million for the year ended 31 December 2023 to approximately RMB92.9 million for the Year, representing a decrease of approximately 48.4%. The decrease was mainly attributable to a decrease in the Group's profit before income tax.

Profit for the year attributable to equity holders of the Company

Profit for the year attributable to equity holders of the Company for the Year was approximately RMB323.5 million, representing a decrease of approximately 30.8% as compared with approximately RMB467.3 million for the year ended 31 December 2023.

Property, plant and equipment

Property, plant and equipment of the Group mainly consisted of leasehold improvement, electronic equipment and other fixed assets. As at 31 December 2024, the Group's property, plant and equipment amounted to approximately RMB50.6 million, representing a decrease of approximately 1.5% from approximately RMB51.4 million as at 31 December 2023, which was mainly due to the amortization and depreciation expenses of assets.

Trade and other receivables

The Group's trade and other receivables were mainly from property management services income from properties managed on a lump-sum basis and trade receivables of value-added services as well as other receivables from payments on behalf of property owners in respect of utilities and maintenance costs. As at 31 December 2024, the Group's trade and other receivables were approximately RMB662.7 million, representing an increase of approximately 22.3% as compared with approximately RMB541.8 million as at 31 December 2023, which was mainly due to the expansion of our business scale.

Cash and cash equivalents

As at 31 December 2024, the Group's cash and cash equivalents were approximately RMB2,894.8 million, representing a decrease of approximately 1.9% as compared with approximately RMB2,952.4 million as at 31 December 2023. The decrease was mainly due to the payment of 2023 final dividend during the Year. About 93% of cash and bank balances held by the Group was denominated in Renminbi, and about 7% was denominated in HK dollars.

Trade and other payables

The Group's trade and other payables mainly included trade payables, amounts collected on behalf of property owners, received deposits (保證金) and accrued staff costs and welfares. As at 31 December 2024, our trade and other payables were approximately RMB1,394.8 million, representing an increase of approximately 8.8% from approximately RMB1,282.3 million as at 31 December 2023, which was mainly due to the increase of our property management scale, the increase in payables to third parties, provisions for employee salaries and the increase in collections on behalf of other parties.

Contract liabilities

Contract liabilities of the Group were service prepayment paid by customers for the services which had not been provided and not been recognised as revenue. As at 31 December 2024, our contract liabilities amounted to approximately RMB512.6 million, representing an increase of approximately RMB66.2 million from approximately RMB446.4 million as at 31 December 2023, primarily due to the increase in number of projects under management during the Year.

Liquidity and financial resources

The Group continued to satisfy its requirement for working capital, capital expenditure and other capital requirement through cash generated from its operation. During the Year, the Group's net cash from operating activities was approximately RMB265.2 million, representing an increase of approximately 42.9% as compared with approximately RMB185.5 million for the year ended 31 December 2023, mainly due to the increase in revenue for the Year.

As at 31 December 2024, the net current assets of the Group was approximately RMB1,665.6 million, representing a decrease of approximately RMB34.6 million from approximately RMB1,700.2 million as at 31 December 2023, mainly due to the decrease in cash and cash equivalents as a result of payment of 2023 final dividend during the Year. As at 31 December 2024, the Group's current ratio (total current assets divided by total current liabilities) was approximately 1.8x (as at 31 December 2023: approximately 1.9x). As at 31 December 2024, the Group's cash at banks and on hand amounted to approximately RMB2,916.0 million (as at 31 December 2023: approximately RMB2,968.3 million).

As at 31 December 2024, the Group's gearing ratio (sum of current liabilities and non-current liabilities divided by sum of current assets and non-current assets) was approximately 53.3% (as at 31 December 2023: approximately 51.8%).

As at 31 December 2024, the Group had interest-bearing borrowings of approximately RMB9.5 million denominated in RMB which all carried interest on a floating rate basis (as at 31 December 2023: approximately RMB19.6 million denominated in RMB).

Charges on the Group's assets

As at 31 December 2024 and 2023, there were no charges on the Group's assets.

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 of our industry. The PRC government has continued to introduce various restrictive measures to discourage speculation in the real estate market. Through these policies and measures, the PRC government may restrict or reduce property development activities and affect the delivery schedule and occupancy rates of the properties we provide 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 in 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.

Significant investments, material acquisitions and disposals of subsidiaries, joint ventures and associates

The Group did not hold any significant investment or significant securities investment as part of its asset portfolio, or had no material acquisition or disposal of any subsidiaries, joint ventures and associates during the Year.

Contingent liabilities

As at 31 December 2024, the Group had no significant contingent liabilities.

Interest rate risk

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

Foreign exchange risk

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

Events after reporting period

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

Future plans for material investments or capital assets

The Board currently does not have any future plans for material investments or capital assets.

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. Restricted share incentive schemes were adopted to motivate the management and core staff of the Company.

The same remuneration philosophy is also 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 31 December 2024, the Group had 15,835 employees (as at 31 December 2023: 15,087 employees).

4. OUTLOOK AND PROSPECT

In pursuit of our mission of “Leading a Wonderful Life by Creating a Better Quality of Living Space (打造更有品質的生活空間，引領美好生活)” in 2025, the Group will adhere to the business strategy of “Improving Quality, Stabilizing Operations, Optimizing Management, and Chart Courses (提品質、穩經營、優管理、創新局)”:

(1) Strengthening Services to Create Higher-Quality Living Space

The Group will persist in the “customer-centric” business approach, while continuing to reinforce the quality of fundamental services. By implementing our “Everyday Excellence* (天天好)” services, we will deepen the tiered service system to enhance the services and images of our projects. As part of our plan to develop more “beacon” service projects that will create demonstration effects and establish a strong service reputation, the Group will continue to enhance the satisfaction of property owners and deliver higher-quality living space.

(2) Strengthening Project Expansion by Actively Tracking High-Quality Merger and Acquisition Opportunities

The Group will intensify its expansion efforts, focusing on high-quality growth in scale. By effectively utilizing the upstream and downstream partnership resources of Xiamen C&D, the Group will establish a sustainable “project reserve” to ensure an ample supply of projects for project expansion. Benefiting from the policy-based housing development, the Group will consolidate its foundation to ensure full expansion potential within Fujian Province. To further drive expansion momentum, the Group will refine assessment metrics to incentivize our teams and enhance their enthusiasm and proactivity.

Furthermore, the Group will keep abreast of the latest dynamics in the merger and acquisition market, precisely identifying potential high-quality acquisition opportunities to drive our robust and sustainable growth in scale.

(3) Identifying Demands and Focusing on customer-end Business Growth Opportunities

For community value-added and synergy services, the Group will continue to explore the actual demands of customers, innovate its business operation models, and integrate internal resources to provide property owners with higher-quality products and services. By focusing on customer-end community value-added service opportunities, the Group will leverage our strengths in services to tap into the growth potential of sectors such as housekeeping and home beauty services, delivering more caring and professional service experiences to property owners.

At the same time, the Group will further delve into the utilization of community spaces, by experimenting with multi-category spatial operations, including convenience lockers, private dining spaces, and leisure areas such as chess and tea rooms, as part of our ongoing efforts to enhance the service capabilities of club spaces.

(4) Embracing Technology to Enhance Efficiency and Quality of Operation and Management

Looking ahead, the Group will accelerate its digitalization and transformation to deepen its construction of smart property projects. By actively piloting AI-enabled customer services that are aimed at adopting highly efficient and intelligent interaction methods, we anticipate swift responses to the demands of our property owners, which will enhance service experiences, and foster smart communities with humanistic care. In addition, leveraging regionalized management strategies, the Group will fully implement engineering work order bidding, ensuring rapid response and efficient execution of maintenance services. In utilizing our tool kit, the Group will continue to deepen the deployment and application of cleaning robots, automated barrier gates, and other smart equipment, harnessing technologies to enhance property management efficiency and security.

Through these initiatives, the Group endeavours to leverage digitalization as a turbocharger to drive improvements in both efficient management and service quality, providing property owners with a more convenient, comfortable, and secure living experience.

FINAL DIVIDEND

The Board recommended the payment of a final dividend for the Year of HK\$0.15 per Share (2023: HK\$0.16 per Share and a special dividend of HK\$0.1 per Share for the celebration of the third anniversary of the Company's listing), subject to the approval at the forthcoming annual general meeting of the Company (the "AGM"). Based on the 1,408,264,016 Shares in issue as at 31 December 2024, it is expected that a final dividend of approximately HK\$211,240,000 (equivalent to approximately RMB195,616,000) will be paid. Subject to the approval of the Shareholders at the AGM, the final dividend is expected to be paid on Friday, 6 June 2025 to Shareholders whose names appear on the register of members of the Company on Friday, 30 May 2025.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 23 May 2025. A notice convening the AGM with all other relevant documents will be published and dispatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining entitlement of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 20 May 2025 to Friday, 23 May 2025 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by 4:30 p.m. on Monday, 19 May 2025.

For the purpose of ascertaining entitlement of the Shareholders to the proposed final dividend for the Year, the register of members of the Company will be closed from Thursday, 29 May 2025 to Friday, 30 May 2025 (both days inclusive). In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at the abovementioned address for registration by 4:30 p.m. on Wednesday, 28 May 2025.

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 C3 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 Year.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high corporate governance standards. It believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has complied with all the applicable principles and code provisions as set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Listing Rules during the Year.

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

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including the sale of treasury shares) during the Year.

REVIEW OF RESULTS BY AUDIT COMMITTEE

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

SCOPE OF WORK OF THE AUDITOR

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2024 have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited (the "Auditor"), to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on this preliminary announcement.

ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2024 will be dispatched to the Shareholders who requested for a printed copy and available on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

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

By Order of the Board
C&D Property Management Group Co., Ltd
Qiao Haixia
Chairperson and Executive Director

Hong Kong, 26 March 2025

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

Executive Directors:

Ms. Qiao Haixia (*Chairperson*)

Mr. Huang Danghui (*Chief Executive Officer*)

Non-executive Directors:

Mr. Lin Weiguo

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 or place and is provided for identification purpose only*