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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)

SUPPLEMENTAL ANNOUNCEMENT CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 25% EQUITY INTEREST IN XIAMEN ZHAOHUI

Reference is made to the announcement of C&D Property Management Group Co., Ltd (the “**Company**”) dated 27 January 2026 (the “**Announcement**”) in relation to the connected transaction contemplated under the Equity Transfer Agreement. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, the consideration was determined after arm’s length negotiations between Li Chi (HK) and Yi Yue with reference to, amongst others, the appraised value of Xiamen Zhaohui as at the Benchmark Date based on the Valuation Report.

The Company would like to provide the following further information in relation to the Valuation.

(I) Determination of discount rate

1. The risk-free rate of return (r_f) was the expected rate of return for 10-year sovereign bonds as at the Benchmark Date, i.e. 1.8616%.
2. The rate of market expected return (r_m) was the average rate of return of the Shanghai Stock Exchange Composite Index between 21 May 1992 and the Benchmark Date, i.e. 9.59%.
3. The historical market average (unlevered) risk coefficient of listed company stocks (β_u) was calculated based on the market price of companies in the software and information technology services industry based on China Association for Public Companies’ classification which are listed on the Shanghai Stock Exchange between 1 October 2020 and the Benchmark Date, i.e. 1.1453.
4. The average debt-to-equity ratio (D/E) for companies in the software and information technology services industry based on China Association for Public Companies’ classification as at the Benchmark Date and Xiamen Zhaohui’s applicable corporate income tax rate (t) was 4.74% and 15%, respectively.

The enterprise risk coefficient (β_e) of 1.1914 was calculated through the formula:
 $\beta_u[1+(1-t) D/E]$

5. The risk coefficient (ε) of approximately 2% was calculated using the formula:
 $a+(b-a)\times s$

Where: ε represents value-at-risk; a represents lower limit of the value-at-risk;
 b represents ceiling of the value-at-risk; s represents adjustment coefficient
for the value-at-risk.

Based on the characteristics of enterprise valuation and valuation practices, the enterprise-specific risk coefficient ranged from 0% to 6%. Having considered all risk factors of Xiamen Zhaohui, its adjustment coefficient for the value-at-risk was 35%.

The cost of equity capital (r_e) of Xiamen Zhaohui of approximately 13.07% was calculated using the formula: $r_f+\beta_e\times(r_m-r_f)+\varepsilon$

6. As at the Benchmark Date, Xiamen Zhaohui's enterprise debt ratio (w_d); and equity ratio (w_e) was 0.0453 and 0.9395, respectively
7. The LPR for a loan period of over 5-years was 3.5% per annum. Assuming this rate remains unchanged in subsequent years, the debt-to-capital Ratio (r_d) would be $3.5\%\times(1-15\%)=2.975\%$
8. The discount rate (r) or weighted average cost of capital of 12.61% was calculated using the formula: $r_d\times w_d+r_e\times w_e$

(II) Operating asset value

After placing the expected net cash into the equation of $\sum_{i=1}^n \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n}$, the value of the operating assets of the subject entity (P) was RMB43.197 million.

Unit: RMB'0,000

	October to December 2025	2026	2027	2028	2029	2030 and thereafter
Net cash flow	660.56	1,491.39	336.69	314.29	299.85	317.44
Discount time	0.13	0.75	1.75	2.75	3.75	4.75
Discount rate	12.61%	12.61%	12.61%	12.61%	12.61%	12.61%
Discount coefficient	0.9847	0.9148	0.8123	0.7214	0.6406	5.0801
Discounted value	650.45	1,364.32	273.49	226.73	192.08	1,612.63
Operating asset value	—	—	—	—	—	4,319.70

The difference in net cash flow between 2026 and 2027 is primarily attributable to the difference in the increase in working capital. Xiamen Zhaohui's inventory mainly consists of projects pending final acceptance, and shall be recognised according to

project progress. A decrease in the amount recognised in 2025 resulted in a relatively large inventory amount and a lower inventory turnover rate for the current period, whereas the turnover rate for 2026 onwards is projected based on historical averages, indicating a higher inventory turnover rate and smaller inventory amount as compared to 2025. Consequently, a negative increase in working capital with significant fluctuation is projected for 2026, leading to a substantial increase in the projected net cash flow for 2026. Since the inventory turnover rate for 2026 onwards is projected based on historical averages, the increase in annual working capital is expected to be relatively small, and the net cash flow is expected to remain stable for 2027 onwards.

The estimation of future earnings was mainly based on Xiamen Zhaohui's historical financial data, market research and industry analysis, and judgments based on Xiamen Zhaohui's operating history, future development and other circumstances. The net cash flow of Xiamen Zhaohui was determined having considered, among others, the following forecasts:

1. Main Business Revenue Forecast

Xiamen Zhaohui's revenue primarily originates from its affiliated enterprises. Given the current market conditions in the real estate industry and Xiamen Zhaohui's ongoing revenue streams from completed projects, Xiamen Zhaohui forecasts a 1% year-over-year decline in revenue for both 2026 and 2027, with a recovery beginning in 2029. Revenue is projected to remain at the 2029 level in 2030 and subsequent years.

2. Gross Profit Margin Forecast

Xiamen Zhaohui's average gross profit margin from 2022 to 2024 and between January and September 2025 was 28.5%. The real estate industry's sluggish performance and intense external competition indicates a downward trend in the industry's gross profit margins. Therefore, Xiamen Zhaohui's overall gross profit margin is projected at 22.3% for 2026 onwards.

3. Other Forecasts

Xiamen Zhaohui is subject to income tax at a preferential rate of 15%, as well as value-added tax and related surcharges, which mainly include urban maintenance and construction tax at 7%, education surcharge at 3%, local education surcharge at 2%, stamp duty and other levies.

Operating expenses and research and development expenditure of Xiamen Zhaohui for 2026 onwards are expected to remain stable or increase only marginally.

As historical financial expenses have been minimal, and interest income has been comparable to handling fees, financial expenses have not been projected. Also, having considered the past impairment of Xiamen Zhaohui, the impairment risk is deemed minimal. Accordingly, no impairment losses are anticipated.

No amortisation is anticipated based on the current scale of fixed assets and future changes in the size of fixed asset.

4. Additional Capital (Asset Renewal + Increase in Working Capital) Forecast

(1) Asset Renewal

Based on the assumptions and basis of the income forecast, whilst maintaining the existing scale and condition of assets, future expenditure on asset renewal and refurbishment is anticipated for equipment and etc., taking into account the Xiamen Zhaohui's historical annual asset renewal and depreciation recovery patterns. The depreciation of equipment is annuitised throughout the forecast period and the subsequent perpetual period.

(2) Increase in Working Capital

Increase in working capital = Changes in working capital during the period, whereby:

Working capital = Cash + Receivables + Other current assets — Payables

Receivables = Total operating income/Receivables turnover rate

Other current assets (Inventories) = Total cost of sales/Turnover rate of other current assets

Payables = Total operating cost/Accounts payable turnover rate

The increase in working capital for future periods was forecasted based on Xiamen Zhaohui's historical assets, operating income and costs, as well as the estimated annual income and cost for future operating periods. The turnover rate was projected using the historical average turnover rate.

Net cash flow = Net profit + Depreciation — Increase in working capital — Asset Renewal

According to the forecast results, the net profit, depreciation and asset renewal of Xiamen Zhaohui are projected to remain relatively stable in 2026 and subsequent years.

(III) Valuation of surplus or non-operating assets

As of the Benchmark Date, some assets and liabilities were recorded in Xiamen Zhaohui's account but were not considered in the estimated net cash flow, as they should be considered as the non-operating or surplus assets outside the cash flow estimated in the Valuation, and should be assessed separately when estimating the value of the enterprise.

1. Surplus assets

Xiamen Zhaohui had RMB826,000 in cash and cash equivalents with the minimum cash on hand in the working capital calculation sheet of RMB680,000, so the surplus cash and cash equivalents was RMB146,000.

2. Non-operating assets (liabilities)

Among Xiamen Zhaohui's other receivables, the lease deposits, the performance bonds, the bid bonds and the dividends receivable with an aggregate amount of RMB67,350,700 were unrelated to operations and were considered as non-operating assets. The deferred income tax assets were RMB2.738 million, which were considered as non-operating assets. Among the other payables, RMB55,600 was accrued as operating liabilities for administrative expenses in 2024, when other receivables and payables, dividends payable and some other items amounting to RMB123.8793 million were unrelated to operations and were therefore non-operating liabilities. As a result, the non-operating liabilities amounted to RMB53,790,600.

Therefore the sum of surplus assets and non-operating liabilities (*C*) was RMB(53.6446) million.

(IV) Equity investment

The equity investment of Xiamen Zhaohui (*I*) was valued at RMB70,014,800.

(V) Determination of equity capital value

1. The enterprise value of Xiamen Zhaohui (*B*) of RMB59.5672 million was calculated using the formula: $P+I+\sum C_i$.
2. Since Xiamen Zhaohui has no interest-bearing debt, the interest-bearing debt (*D*) is nil.
3. The equity capital value of Xiamen Zhaohui (*E*) of RMB59,567,200 was calculated using the formula: $B-D$.

In conclusion, based on the judgment of the management of the enterprise on future development trends and business plans, the assessed value of the shareholders' equity of Xiamen Zhaohui as at the Benchmark Date was RMB59,567,200.00.

Save as disclosed above, all other information in the Announcement remains unchanged. This announcement is supplemental to and should be read in conjunction with the Announcement.

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

Hong Kong, 5 February 2026

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