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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 2024**

#### **HIGHLIGHTS**

1. The revenue of the Group for the Period was approximately RMB1,602.4 million, representing an increase of approximately 16.7% from approximately RMB1,373.0 million for the corresponding period of the previous year.
2. The gross profit of the Group for the Period was approximately RMB403.2 million, representing an increase of approximately 14.6% from approximately RMB351.7 million for the corresponding period of the previous year. The gross profit margin for the Period was approximately 25.2%, representing a slight decrease 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 RMB194.6 million, representing an increase of approximately 10.6%, as compared with approximately RMB175.9 million for the corresponding period of the previous year. Meanwhile, the profit attributable to equity holders of the Company for the Period was approximately RMB190.8 million, representing an increase of approximately 11.0% as compared with approximately RMB171.9 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 2024 was approximately 105.3 million sq.m., representing an increase of approximately 3.4% as compared with approximately 101.8 million sq.m. as at 31 December 2023.
5. The net cash outflow from operating activities of the Group for the Period amounted to approximately RMB168.4 million, representing an increase of approximately RMB111.5 million as compared with approximately RMB56.9 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 2024

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 2024 (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 2024*

		<b>For the six months ended 30 June 2024 RMB'000 (Unaudited)</b>	For the six months ended 30 June 2023 RMB'000 (Unaudited)
	<i>Notes</i>		
<b>Revenue</b>	4	<b>1,602,395</b>	1,372,997
Cost of sales		<u>(1,199,184)</u>	<u>(1,021,258)</u>
<b>Gross profit</b>		<b>403,211</b>	351,739
Other income		<b>5,813</b>	6,211
Selling and marketing expenses		<b>(3,395)</b>	(2,440)
Administrative and other operating expenses		<b>(174,690)</b>	(153,835)
Provision for expected credit losses allowance on trade and other receivables, net		<b>(8,952)</b>	(5,259)
Finance income, net		<b>36,105</b>	39,614
Share of results of associates		<b>584</b>	(677)
<b>Profit before income tax</b>		<b>258,676</b>	235,353
Income tax expense	8	<u>(64,117)</u>	<u>(59,490)</u>
<b>Profit for the period</b>		<u><b>194,559</b></u>	<u>175,863</u>
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		<u>2,559</u>	<u>34,175</u>
<b>Total comprehensive income for the period</b>		<u><b>197,118</b></u>	<u>210,038</u>

	<b>For the six months ended 30 June 2024 RMB'000 (Unaudited)</b>	For the six months ended 30 June 2023 RMB'000 (Unaudited)
<b>Profit for the period attributable to:</b>		
— Equity holders of the Company	<b>190,795</b>	171,907
— Non-controlling interests	<b>3,764</b>	3,956
	<b>194,559</b>	175,863
<b>Profit and total comprehensive income attributable to:</b>		
— Equity holders of the Company	<b>193,354</b>	206,082
— Non-controlling interests	<b>3,764</b>	3,956
	<b>197,118</b>	210,038
<b>Earnings per share attributable to the equity holders of the Company</b>		
Basic ( <i>RMB</i> )	<b>0.14</b>	0.13
Diluted ( <i>RMB</i> )	<b>0.14</b>	0.13

*Notes*

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2024*

		As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		50,012	51,388
Right-of-use assets		40,625	45,159
Interests in associates		1,864	1,280
Goodwill		59,634	59,634
Intangible assets		12,180	14,390
Deferred tax assets		31,954	25,787
		196,269	197,638
<b>Current assets</b>			
Inventories		44,376	44,992
Trade and other receivables	5	960,924	541,757
Amounts due from related parties	7(a)	53,828	50,500
Restricted bank deposits		21,093	15,895
Cash and cash equivalents		2,434,968	2,952,395
		3,515,189	3,605,539
<b>Current liabilities</b>			
Trade and other payables	6	1,249,583	1,282,329
Contract liabilities	4(a)	582,589	446,421
Amounts due to related parties	7(b)	3,635	1,565
Income tax payables		94,597	165,588
Interest-bearing borrowings		1,333	1,353
Lease liabilities		7,442	8,073
		1,939,179	1,905,329
<b>Net current assets</b>		1,576,010	1,700,210
<b>Total assets less current liabilities</b>		1,772,279	1,897,848

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	As at 31 December 2023 RMB'000 (Audited)
<b>Non-current liabilities</b>		
Interest-bearing borrowings	17,583	18,250
Lease liabilities	32,366	34,712
Deferred tax liabilities	12,745	13,222
	<u>62,694</u>	<u>66,184</u>
<b>Net assets</b>	<u><u>1,709,585</u></u>	<u><u>1,831,664</u></u>
<b>CAPITAL AND RESERVES</b>		
Share capital	11,941	11,941
Reserves	1,590,289	1,714,200
	<u>1,602,230</u>	<u>1,726,141</u>
<b>Equity attributable to the equity holders of the Company</b>	<b>1,602,230</b>	1,726,141
Non-controlling interests	107,355	105,523
	<u>1,709,585</u>	<u>1,831,664</u>
<b>Total equity</b>	<u><u>1,709,585</u></u>	<u><u>1,831,664</u></u>

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 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 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, the value-added services to non-property owners and commercial property operation management services 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 Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of Appendix D2 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 2023.

### 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 2024

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 2023, except for the adoption of the following new and amended HKFRSs effective as of 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

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

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 <sup>2</sup>
Amendments to HKAS 21	Lack of exchangeability <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> 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 2024 and 2023, 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 2024 and 2023 is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB’000</b>	<b>RMB’000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue from customers and recognised over time</b>		
Property management services	<b>859,302</b>	653,946
Value-added services		
— Community value-added and synergy services	<b>198,439</b>	217,723
— Value-added services to non-property owners	<b>344,721</b>	331,005
Commercial property operation management services	<b>37,334</b>	31,880
	<b>1,439,796</b>	1,234,554
<b>Revenue from customers and recognised at point in time</b>		
Value-added services		
— Community value-added and synergy services	<b>162,599</b>	138,443
	<b>1,602,395</b>	1,372,997

#### Information about major customers

For the six months ended 30 June 2024, revenue from entities controlled by Xiamen C&D and its associates contributed to 36.6% (For the corresponding period of the previous year: 36.6%) 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 2024 and 2023. As at 30 June 2024 and 2023, 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 <b>30 June</b> <b>2024</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Property management services	521,032	384,226
Community value-added and synergy services	51,812	56,748
Value-added services to non-property owners	8,358	5,074
Commercial property operation management services	1,387	373
	<u>582,589</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.

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

The following table shows the revenue recognised during the six months ended 30 June 2024 brought-forward from contract liabilities:

	For the six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
<b>Revenue recognised that was included in contract liabilities at the beginning of the period</b>		
Property management services	336,636	225,963
Community value-added and synergy services	33,988	76,141
Value-added services to non-property owners	3,414	4,337
Commercial property operation management services	167	241
	<u>374,205</u>	<u>306,682</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 2024 is as follows:

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>
Within one year	<b>152,843</b>	783,097
More than one year	<b>103,263</b>	31,815
	<b><u>256,106</u></b>	<b><u>814,912</u></b>

## 5. TRADE AND OTHER RECEIVABLES

	As at <b>30 June 2024</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2023 <i>RMB'000</i> (Audited)
<b>Trade receivables</b>		
— Third parties	<b>370,401</b>	229,641
— Related parties	<b>428,188</b>	175,366
	<b>798,589</b>	405,007
Less: Provision for ECL allowance of trade receivables	<b>(23,431)</b>	(14,274)
	<b>775,158</b>	390,733
	<i>(a)</i>	
<b>Other receivables</b>		
Deposits	<b>28,600</b>	23,781
Prepayments	<b>39,984</b>	32,775
Other receivables	<b>20,639</b>	24,923
Amounts due from non-controlling interests	<b>56,900</b>	32,400
Payment on behalf of property owners	<b>37,059</b>	35,267
Value-added tax receivables	<b>5,348</b>	4,847
	<b>188,530</b>	153,993
Less: Provision for ECL allowance of other receivables	<b>(2,764)</b>	(2,969)
	<b>185,766</b>	151,024
	<i>(b)</i>	
	<b>960,924</b>	541,757

**(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 a 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:

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	<b>As at 31 December 2023 RMB'000 (Audited)</b>
0–180 days	<b>574,210</b>	283,359
181–365 days	<b>158,721</b>	69,300
1–2 years	<b>32,055</b>	31,348
2–3 years	<b>7,333</b>	4,966
3–4 years	<b>1,881</b>	1,573
4–5 years	<b>958</b>	187
	<b><u>775,158</u></b>	<b><u>390,733</u></b>

**(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 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>Trade payables</b>		
— Third parties	363,500	348,189
— Related parties	18,937	5,687
	<u>382,437</u>	<u>353,876</u>
	(a)	353,876
<b>Other payables</b>		
Accrued charges and other payables	87,900	68,960
Amounts collected on behalf of property owners	194,631	176,917
Deposit received	207,154	211,211
Value-added tax payable	30,645	68,689
Other tax payables	909	7,164
Staff costs and welfare accruals	216,484	281,993
Payable in relation to the restricted shares incentive scheme	113,620	113,519
Dividends payable	15,803	—
	<u>867,146</u>	<u>928,453</u>
	<u>1,249,583</u>	<u>1,282,329</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 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
0 to 30 days	129,172	205,034
31 to 60 days	36,629	56,121
61 to 90 days	43,507	22,216
Over 90 days	173,129	70,505
	<u>382,437</u>	<u>353,876</u>

## 7. AMOUNTS DUE FROM/(TO) RELATED PARTIES

### (a) Amounts due from related parties

	As at <b>30 June</b> <b>2024</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Companies controlled by Xiamen C&D	<u>53,828</u>	<u>50,500</u>
	<u><b>53,828</b></u>	<u><b>50,500</b></u>

### (b) Amounts due to related parties

	As at <b>30 June</b> <b>2024</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Companies controlled by Xiamen C&D	<u>3,635</u>	<u>1,565</u>
	<u><b>3,635</b></u>	<u><b>1,565</b></u>

As at 30 June 2024 and 31 December 2023, 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	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Current income tax</b>		
PRC Enterprise Income Tax ("EIT")	70,761	62,264
<b>Deferred tax</b>	<u>(6,644)</u>	<u>(2,774)</u>
<b>Total income tax expense</b>	<u><b>64,117</b></u>	<u><b>59,490</b></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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 2024 and 2023, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate was 25% for the six months ended 30 June 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% from 1 January 2024 to 31 December 2024. The portion of annual taxable income, which 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 2024 and 2023. The earnings per share is calculated by using the weighted average number of ordinary shares of 1,348,041,324 (30 June 2023: 1,309,162,211) shares issued during the Period as follows:

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Profit for the period attributable to equity holders of the Company (RMB'000)	<u>190,795</u>	<u>171,907</u>
Weighted average number of ordinary shares in issue (thousands)	1,348,041	1,309,162
Basic earnings per share (RMB)	<u>0.14</u>	<u>0.13</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	
	2024	2023
	(Unaudited)	(Unaudited)
Profit for the period attributable to equity holders of the Company (RMB'000)	<u>190,795</u>	<u>171,907</u>
Weighted average number of ordinary shares in issue (thousands)	1,348,041	1,309,162
Adjustments for restricted shares (thousands)	<u>59,998</u>	<u>33,950</u>
Weighted average number of ordinary shares for the calculation of diluted earnings per shares (thousands)	1,408,039	1,343,112
Diluted earnings per share (RMB)	<u>0.14</u>	<u>0.13</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 2024.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. MARKET REVIEW

The property management industry faced a growing number of challenges and changes in the first half of 2024. On the one hand, with the overall domestic demand remaining weak, aggravated by the increasingly complicated and severe economic conditions amid the in-depth adjustment in the real estate industry, significant uncertainties overshadowed the operation and development of the property management industry. On the other hand, the property management industry has also entered a period of prolonged transition. Against the backdrop where the industry is shifting towards “deceleration and quality improvement”, the property management industry has entered a higher stage during its pursuit of service quality improvement. The industry has reached a consensus that the customer-centric service system construction will be refined, the service capabilities will be constantly developed and enhanced, and front-line operations will be empowered with technological means so as to deliver efficient and highly satisfying property management services. As a result, the industry has unfolded a new chapter of high-quality development.

### 2. BUSINESS REVIEW

#### (1) Overview

In May 2024, we were ranked 16th “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, 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 to “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 “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 30 June 2024, (i) our property management portfolio covered 63 cities across 16 province(s), municipality(ies) and autonomous region(s) in the PRC (as at 31 December 2023: 63 cities); (ii) our contracted GFA was approximately 105.3 million sq.m., among which, the GFA under management reached approximately 67.5 million sq.m.; and (iii) we provided services to over 400,000 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 RMB859.3 million, representing an increase of approximately 31.4% from approximately RMB653.9 million for the corresponding period of the previous year. The increase in revenue from property management services was primarily driven by the growth of our total GFA under management.

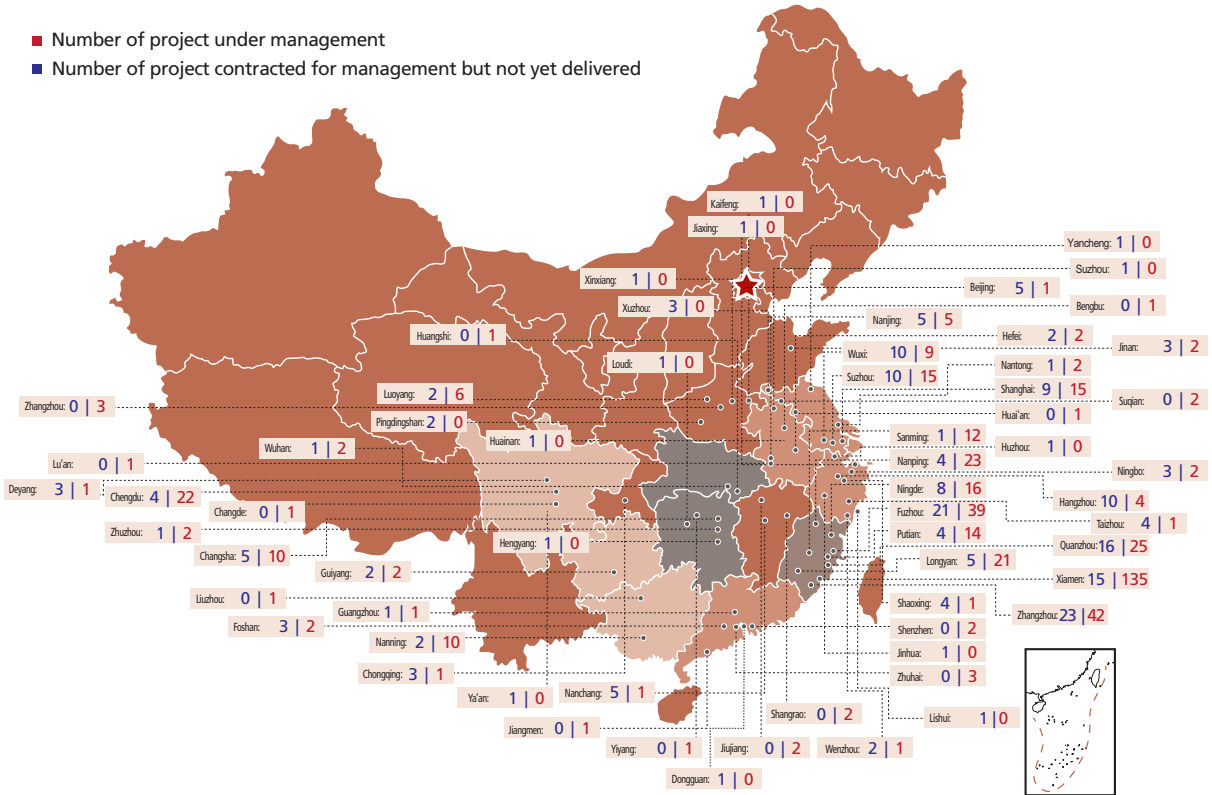
### *GFA and the number of projects*

As at 30 June 2024, we had contracted GFA of approximately 105.3 million sq.m., and our number of contracted projects was 684, representing an increase of approximately 3.4% and 3.8% respectively as compared with those as at 31 December 2023 (as at 31 December 2023: approximately 101.8 million sq.m., and 659). As at 30 June 2024, the GFA under management reached approximately 67.5 million sq.m., and number of projects under management was 469, representing an increase of approximately 9.9% and 5.4% respectively as compared with those as at 31 December 2023 (as at 31 December 2023: approximately 61.4 million sq.m., and 445).

# Geographic Coverage

As at 30 June 2024, we had 684 contracted projects covering 63 cities across 16 province(s), municipality(ies) and autonomous region(s) in the PRC, with 469 projects under management, covering 48 cities, serving over 400,000 households.

The map below illustrates the geographic coverage of the properties under our management as at 30 June 2024 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 2024 and 31 December 2023:

	As at 30 June 2024		As at 31 December 2023	
	Contracted GFA '000 sq.m.	under management '000 sq.m.	Contracted GFA '000 sq.m.	under management '000 sq.m.
Haixi Cluster ( <i>Note 1</i> )	60,885	42,245	58,795	38,313
Eastern China Cluster ( <i>Note 2</i> )	22,633	12,650	22,280	12,222
Southeast China Cluster ( <i>Note 3</i> )	21,780	12,642	20,722	10,914
Total	<u>105,298</u>	<u>67,537</u>	<u>101,797</u>	<u>61,449</u>

*Notes:*

- As at 30 June 2024 and 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.
- As at 30 June 2024, cities in the Eastern China Cluster comprised Kaifeng, Bengbu, Hefei, Huainan, Lu'an, Suzhou (宿州), Beijing, Luoyang, Pingdingshan, Xinxiang, 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, Xinxiang, Kaifeng, Zhengzhou, Huangshi, Wuhan, Huai'an, Nanjing, Nantong, Suzhou, Suqian, Wuxi, Xuzhou, Yancheng, Jinan and Shanghai.
- As at 30 June 2024, cities in the Southeast China Cluster comprised Fuzhou, Ningde, Nanping, Sanming, Hangzhou, Huzhou, Jinhua, Jiaying, Ningbo, Shaoxing, Taizhou, Lishui 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 30 June 2024, 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 64.5 million sq.m., representing an increase of approximately 4.7% from approximately 61.6 million sq.m. as at 31 December 2023.

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 2024, our contracted GFA for property management services to independent third parties was approximately 40.8 million sq.m., representing an increase of approximately 1.5% 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 30 June 2024 and 30 June 2023 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 2024 and 2023:

	As at 30 June/For the six months ended 30 June					
	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	42,787	545,853	63.5	30,758	388,176	59.4
Independent third parties	24,750	313,449	36.5	19,850	265,770	40.6
Total	<u>67,537</u>	<u>859,302</u>	<u>100.0</u>	<u>50,608</u>	<u>653,946</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 2024, our contracted GFA for non-residential properties was approximately 8.0 million sq.m., representing an increase of approximately 3.2% from approximately 7.8 million sq.m. as at 31 December 2023.

The table below sets out the GFA under management as at 30 June 2024 and 30 June 2023 and the breakdown of our revenue from our property management services by type of property for each of the six months ended 30 June 2024 and 2023:

	As at 30 June/For the six months ended 30 June					
	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	61,174	696,034	81.0	46,350	519,746	79.5
Non-residential	6,363	163,268	19.0	4,258	134,200	20.5
Total	<u>67,537</u>	<u>859,302</u>	<u>100.0</u>	<u>50,608</u>	<u>653,946</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 2024 and 30 June 2023 and the breakdown of our revenue from our property management services by revenue model for each of the six months ended 30 June 2024 and 2023:

	As at 30 June/For the six months ended 30 June					
	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	66,012	825,866	96.1	49,933	640,567	98.0
Commission basis	1,525	33,436	3.9	675	13,379	2.0
Total	<u>67,537</u>	<u>859,302</u>	<u>100.0</u>	<u>50,608</u>	<u>653,946</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 merchandise retail business; (ii) smart community services, mainly design and construction services of smart property management services and operation of our mobile application “Huishenghuo\* (慧生活)”; (iii) 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 hard decoration services, etc.; (iv) value-added services for public areas, including leasing out public areas and advertising spots; (v) 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; and (vi) 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) which provided community elderly-care services and institutional elderly-care services.

During the Period, the Group’s revenue from community value-added and synergy services was approximately RMB361.0 million, representing an increase of approximately 1.4% from approximately RMB356.2 million for the corresponding period of the previous year, which was mainly due to the increase in the order volume and repurchase rate of housekeeping and cleaning services under home living services, which boosted revenue growth; the increase in the number of newly delivered property management projects, which increased revenue from value-added services for public areas; the decrease in the volume of hard decoration services under home beauty services delivered during the Period as compared with that for the corresponding period of the previous year, which resulted in a decrease in revenue; and the underperformance in real estate brokerage and asset management services as a result of the changes in supply and demand in the real estate industry. As a result of the combined effects mentioned above, growth in revenue from community value-added and synergy services slowed down during the Period.

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 2024 and 2023:

	<b>For the six months ended 30 June</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Revenue RMB'000</b>	<b>%</b>	<b>Revenue RMB'000</b>	<b>%</b>
Home living services	<b>107,907</b>	<b>29.9</b>	96,019	27.0
Smart community services	<b>83,897</b>	<b>23.2</b>	79,408	22.3
Home beauty services	<b>62,686</b>	<b>17.4</b>	85,083	23.8
Value-added services for public areas	<b>43,837</b>	<b>12.1</b>	33,072	9.3
Real estate brokerage and asset management services	<b>35,008</b>	<b>9.7</b>	42,424	11.9
Elderly-care & health value-added services	<b>27,703</b>	<b>7.7</b>	20,160	5.7
Total	<b><u>361,038</u></b>	<b><u>100.0</u></b>	<u>356,166</u>	<u>100.0</u>

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

During the Period, we mainly provided (i) reception, order maintenance and cleaning services to property developers and other non-property owners at the pre-sales centres; and (ii) 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.

During the Period, the Group's revenue from value-added services to non-property owners was approximately RMB344.7 million, representing an increase of approximately 4.1% from approximately RMB331.0 million for the corresponding period of the previous year. The increase was mainly due to an increase in demand for reception, order maintenance and cleaning services from 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 six months ended 30 June 2024 and 2023:

	<b>For the six months ended 30 June</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Revenue</b>		<b>Revenue</b>	
	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>%</b>
Reception, order maintenance and cleaning services	<b>338,762</b>	<b>98.3</b>	328,093	99.1
Consultancy services	<b>5,959</b>	<b>1.7</b>	2,912	0.9
<b>Total</b>	<b><u>344,721</u></b>	<b><u>100.0</u></b>	<b><u>331,005</u></b>	<b><u>100.0</u></b>

#### **(5) Commercial Property Operation Management Services**

During the Period, 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 RMB37.3 million, representing an increase of approximately 17.1% from approximately RMB31.9 million for the corresponding period of the previous year. As the number of projects and managed area is the same, the increase was mainly due to the improved performance of commercial projects under management. As at 30 June 2024, we provided services to 21 business projects and the area of the commercial properties under management of the Group was approximately 1.05 million sq.m. (as at 31 December 2023: 21 and approximately 1.05 million sq.m.).

### 3. FINANCIAL REVIEW

#### Revenue

During the Period, due to our continuous business development, the Group's revenue was approximately RMB1,602.4 million, representing an increase of approximately 16.7% from approximately RMB1,373.0 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 2024 and 2023:

	For the six months ended 30 June			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	<b>859,302</b>	<b>53.6</b>	653,946	47.7
Community value-added and synergy services	<b>361,038</b>	<b>22.5</b>	356,166	25.9
Value-added services to non-property owners	<b>344,721</b>	<b>21.5</b>	331,005	24.1
Commercial property operation management services	<b>37,334</b>	<b>2.4</b>	31,880	2.3
Total	<b><u>1,602,395</u></b>	<b><u>100.0</u></b>	<u>1,372,997</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 RMB859.3 million, accounting for approximately 53.6% of the Group's total revenue. The revenue from property management services increased by approximately 31.4% from approximately RMB653.9 million for the corresponding period of the previous year, which was primarily driven by the growth of our total GFA under management. During the Period, our total GFA under management increased from approximately 61.4 million sq.m. as at 31 December 2023 to approximately 67.5 million sq.m. as at 30 June 2024, which was due to 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 1.4% from approximately RMB356.2 million for the corresponding period of the previous year to approximately RMB361.0 million for the Period, which was mainly due to the increase in the order volume and repurchase rate of housekeeping services under home living services, which boosted revenue growth; the increase in the number of newly delivered property management projects, which increased revenue from value-added services for public areas. The decrease in the volume of hard decoration services under home beauty services delivered during the Period as compared that for the corresponding period of the previous year, which resulted in a decrease in revenue; and the underperformance in real estate brokerage and asset management services as a result of the changes in supply and demand in the real estate industry. As a result of the combined effects mentioned above, growth in revenue from community value-added and synergy services slowed down during the Period.

The revenue from value-added services to non-property owners increased by approximately 4.1% from approximately RMB331.0 million for the corresponding period of the previous year to approximately RMB344.7 million for the Period, which was mainly due to an increase in demand for reception, order maintenance and cleaning services from cooperative property developers.

The revenue from the commercial property operation management services increased by approximately 17.1% from approximately RMB31.9 million for the corresponding period of the previous year to approximately RMB37.3 million for the Period, which was mainly due to the improved performance of commercial projects under management.

### **Cost of sales**

Cost of sales increased by approximately 17.4% from approximately RMB1,021.3 million for the corresponding period of the previous year to approximately RMB1,199.2 million for the Period, which was primarily due to the increase of the business scale.

### **Gross profit and gross profit margin**

As a result of the above principal factors, the Group's gross profit increased by approximately 14.6% from approximately RMB351.7 million for the corresponding period of the previous year to approximately RMB403.2 million for the Period, with gross profit margin of approximately 25.2% for the Period, representing a slight decrease as compared with approximately 25.6% of the corresponding period of the previous year, which was mainly due to a decrease in the gross profit margin of hard decoration services during the Period as compared with the corresponding period of the previous year.

## **Other income**

Other income was approximately RMB5.8 million for the Period, representing a decrease of approximately 6.4% from approximately RMB6.2 million for the corresponding period of the previous year, which was mainly due to the decrease in government subsidy income for the Period.

## **Selling and marketing expenses**

During the Period, the Group's selling and marketing expenses were approximately RMB3.4 million, representing an increase of approximately RMB1.0 million from approximately RMB2.4 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 expenses 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 and insurance fees).

During the Period, the Group's total administrative and other operating expenses amounted to approximately RMB174.7 million, representing an increase of approximately 13.6% from approximately RMB153.8 million for the corresponding period of the previous year, which was mainly due to expenses associated with the grants made under the 2023 restricted share incentive scheme, as well as an increase in staff costs as a result of the business growth.

## **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 RMB5.3 million for the corresponding period of the previous year to approximately RMB9.0 million for the Period, representing an increase of approximately RMB3.7 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 RMB36.1 million, representing a decrease of approximately 8.9% as compared with approximately RMB39.6 million for the corresponding period of the previous year, 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 for the Period was approximately RMB258.7 million, representing an increase of approximately 9.9% as compared with approximately RMB235.4 million for the corresponding period of the previous year.

### **Income tax expense**

Income tax expense increased from approximately RMB59.5 million for the corresponding period of the previous year to approximately RMB64.1 million for the Period, representing an increase of approximately 7.8%. The increase was mainly attributable to an increase in the Group's profit before income tax due to its business growth.

### **Profit attributable to equity holders of the Company**

The profit attributable to equity holders of the Company was approximately RMB190.8 million for the Period, representing an increase of approximately 11.0% as compared with approximately RMB171.9 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 2024, the Group's property, plant and equipment amounted to approximately RMB50.0 million, representing a decrease of approximately 2.7% 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 and residents in respect of utilities and maintenance costs. As at 30 June 2024, the Group's trade and other receivables were approximately RMB960.9 million, representing an increase of approximately 77.4% as compared with approximately RMB541.8 million as at 31 December 2023, which was mainly due to the increase in the receivables from property management service arising from the expansion of our management scale and part of the income from the value-added services had not reached the agreed settlement period.

### **Cash and cash equivalents**

As at 30 June 2024, the Group's cash and cash equivalents, which about 92% held by the Group was denominated in RMB, and about 8% was denominated in HKD, were approximately RMB2,435.0 million, representing a decrease of approximately 17.5% from approximately RMB2,952.4 million as at 31 December 2023, which was mainly due to payment of final dividend for 2023, the payment of costs for hard decoration services and various taxes paid during the Period.

### **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 2024, our trade and other payables were approximately RMB1,249.6 million, representing a decrease of approximately 2.6% from approximately RMB1,282.3 million as at 31 December 2023, which was mainly due to payment of staff costs and benefits provided for 2023, made during the Period.

### **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 2024, our contract liabilities amounted to approximately RMB582.6 million, representing an increase of approximately 30.5% from approximately RMB446.4 million as at 31 December 2023, 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 outflow from operating activities was approximately RMB168.4 million, representing an increase of approximately RMB111.5 million from approximately RMB56.9 million for the corresponding period of the previous year, which was mainly due to the increase in staff costs and benefits and various taxes paid during the Period.

As at 30 June 2024, the net current assets of the Group were approximately RMB1,576.0 million, representing a decrease of approximately RMB124.2 million from approximately RMB1,700.2 million as at 31 December 2023, which was mainly due to payment of final dividend and staff costs and benefits provided for 2023, made during the Period. As at 30 June 2024, the Group's current ratio was approximately 1.8x (total current assets divided by total current liabilities) (as at 31 December 2023: approximately 1.9x). As at 30 June 2024, the Group's cash at banks and on hand amounted to approximately RMB2,456.1 million (as at 31 December 2023: approximately RMB2,968.3 million).

As at 30 June 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 53.9% (as at 31 December 2023: approximately 51.8%).

As at 30 June 2024, the Group had interest-bearing borrowings of approximately RMB18.9 million, which was denominated in RMB and carried an interest rate ranging from 3.1% to 3.4% per annum on a floating rate basis (as at 31 December 2023: approximately RMB19.6 million, which was denominated in RMB and carried an interest rate ranging from 3.1% to 3.4% per annum). Saved as disclosed herein, as at 30 June 2024, 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 2023: Nil). Approximately 100.0% and 0.0% of the Group's borrowings carried interest on a floating rate basis and fixed rate basis, respectively.

## **Principal Risks and Uncertainties**

### *Government Policy Risk*

The Company's business growth is, and will likely continue to be affected by the PRC government regulations or policies of our industry. The PRC government may introduce regulations or policies to restrict or reduce property development activities and affect the delivery schedule and occupancy rates of the properties 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 2024, the Group had no significant contingent liabilities (as at 31 December 2023: Nil).

### **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 use any financial instrument 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 if necessary.

### **Pledge of Assets**

As at 30 June 2024, there were no charges on the Group's assets.

### **Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Joint Ventures and Associates**

During the Period, the Group did not hold any significant investment or significant securities investment as part of its asset portfolio, and had no material acquisition or disposal of subsidiaries, joint ventures and associates. As at the date of this announcement, the Company does not have any future plans for material investments or capital assets.



## **Events after the Period**

As at the date of this announcement, the Group did not have material subsequent events took place after the Period.

## **Employment and remuneration policy**

As at 30 June 2024, the Group had 15,187 employees (as at 31 December 2023: 15,087 employees).

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 by the Group to motivate the management and core staff of the Company.

The same remuneration principle 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.

## **4. OUTLOOK AND PROSPECT**

In view of the profound industry transformation, the Group will remain committed to its original aspiration for services and unwaveringly persist in its strategic goals to achieve high-quality development:

### **(1) Strengthening the “Four Good” labels with quality as the driving force**

The Group will unwaveringly adhere to its strategic policy of quality-driven development. Through the “Everyday Excellence\* (天天好)” series of special operations, we will continue to strengthen the “Four Good\* (四好)” service labels, namely Good Community, Good Care, Good Timing and Good Housekeeper (好小區、好貼心、好時節、好管家), thereby enhancing perception, providing convenience, nurturing distinctiveness and inspiring momentum. By strengthening the implementation and accessibility of high-quality services, we will reinforce C&D Property’s core competitiveness in “high quality” and “high satisfaction”, establishing a virtuous cycle of “enhancing efficiency with quality and promoting development with satisfaction\* (以品質提效益、以滿意促發展)”.

## **(2) Deepening advantageous areas and optimizing expansion quality**

The Group will focus on expansion opportunities in first-tier and second-tier cities as well as prospective third-tier cities with high project concentration. In adherence to the “profit and safety bottom line requirements”, we will proactively pursue external expansion and optimize expansion quality. This involves deepening our presence in advantageous areas such as affordable housing and resettlement housing, leveraging our experience and resources to continuously expand quality projects. Furthermore, we will maintain and deepen relationships with key customers, promoting the conversion and implementation of more projects.

## **(3) Focusing on core businesses and innovating service models**

In the future, the Group will focus on core businesses such as home beauty services and housekeeping services under home living services by integrating resources. The establishment of a self-operated system, standardized operating procedures, and improved after-sales evaluation system will empower us to consolidate our competitive advantages. At the same time, we will explore new service models such as community charging piles by focusing on customers’ living scenarios and deeply exploring customer needs to broaden our service boundaries and tap new growth drivers. On the strategic front, by seizing key opportunities, we will create engagement marketing to build customer loyalty to our value-added services, while continuing to enhance the monetization of value-added services.

## **(4) Creating new quality productive force by strengthening technological innovation**

The Group will continue to strengthen technological innovation and intelligent applications to enhance service quality and efficiency. In promoting smart cleaning, we will introduce intelligent cleaning equipment and digitized work order scheduling to enhance cleaning operation efficiency with operating costs reduced.

Looking into the future, as the property management industry transits from “aggressive growth” to “original aspiration for services”, the Group will continue with its commitment to “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)” with its high-quality service as the cornerstone. Furthermore, by capitalizing on lean management and intelligent tools as the initiatives, the Group will improve quality and efficiency so as to become the “most trusted property company that keeps our customers assured”.

## **OTHER INFORMATION**

### **No 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 annual report of the Company for the year ended 31 December 2023 (the “Annual Report”) that needs to be disclosed pursuant to paragraphs 32, 40(2) and 46(3) of Appendix D2 to the Listing Rules.

### **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**

Ms. Qiao Haixia was appointed as a director of C&D Real Estate on 13 May 2024.

Mr. Xu Yixuan was appointed as an executive director of C&D International, a company listed on the Stock Exchange (stock code: 1908), on 29 April 2024, and a director of C&D Holsin Engineering Consulting Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 603909), on 27 May 2024.

Save as disclosed above, since the date of the Annual Report, 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 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 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 applicable principles and code provisions as set out in Part 2 of the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the Listing Rules during the Period.

## **Purchase, Sale or Redemption of the Company’s Listed Securities**

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities (including the sale of treasury shares) 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 to assist 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 who requested for a printed copy and available on the respective websites of the Stock Exchange and the Company in due course.

## SUPPLEMENTAL INFORMATION TO THE ANNUAL REPORT

Reference is made to the Annual Report. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Annual Report.

In addition to the disclosures under the sections headed “PLACING OF NEW SHARES UNDER GENERAL MANDATE”, “2021 Incentive Scheme” and “2023 Incentive Scheme” in the Directors’ Report in the Directors’ Report as set out in the Annual Report, the Company would like to provide the following supplemental information:

### Placing of new Shares under General Mandate

The table below sets out the planned applications of the net proceeds from the Placing and actual usage for the year ended 31 December 2023 and up to 31 December 2023:

Use of proceeds	Planned applications <i>HK\$ million</i>	Percentage of total net proceeds	Actual usage up to 31 December 2023 <i>HK\$ million</i>	Actual usage for the year ended 31 December 2023 <i>HK\$ million</i>	Unutilised net proceeds as at 31 December 2023 <i>HK\$ million</i>	Expected timetable for utilizing the unutilized net proceeds
Salaries and benefits of additional relevant staff and employees to be hired for new projects	191	35%	191	–	–	–
Acquisition and maintenance of equipment and materials needed for services	57	10.5%	57	–	–	–
Supporting the Group’s exploration of new business development directions and enrichment of service content	115	21%	115	–	–	–
Improvement of AI equipment in projects currently under the Group’s management, perfect its online shopping platform and increase maintenance of operating software and hardware	19	3.5%	19	–	–	–
Acquisition(s)	164	30%	52	8	112	On or before 31 December 2024 <sup>(Note)</sup>

*Note:* Given the market condition and that the Company insisted on maintaining strict standards for merger and acquisition targets and adhering to prudent merger and acquisition strategies, the Company did not utilise the entire proceeds for acquisitions for the year ended 31 December 2023. The Company will consider acquisitions of appropriate targets that could enhance the concentration and layout of key cities and in line with its own culture if opportunities arise. The remaining proceeds are expected to be utilized on or before 31 December 2024, which was determined based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

## **2021 Incentive Scheme**

For the 7,050,000 restricted Shares granted under the Reserved Grant in 2023, they will be released from lock-up, subject to the fulfilment of the conditions under the 2021 Incentive Scheme which includes (i) performance target of the Company, the satisfaction of which is determined based on (a) the amount of economic value added of the Company, (b) growth rate of total market value of the Company, together with a comparison of such figure against its counterparts, and (c) percentage of operating profits of the Company against its total profits; and (ii) individual performance evaluation. For details of the conditions of lock-up release, please refer to the circular of the Company dated 17 January 2023.

## **2023 Incentive Scheme**

For the 37,230,000 restricted Shares granted under the 2023 Incentive Scheme, they will be released from lock-up, subject to the fulfilment of the conditions under the 2023 Incentive Scheme which includes (i) performance target of the Company, the satisfaction of which is determined based on (a) the amount of economic value added of the Company, (b) growth rate of total market value or operating revenue of the Company, together with a comparison of such figures against its counterparts, and (c) percentage of operating profits of the Company against its total profits; and (ii) individual performance evaluation. For details of the conditions of lock-up release, please refer to the circular of the Company dated 4 December 2023.

The weighted average closing price of the Shares immediately before the date on which the 10,760,000 restricted Shares under the 2021 Incentive Scheme were vested in 2023 (i.e. 3 November 2023) was HK\$3.284.

The above supplemental information does not affect other information contained in the Annual Report. Save as disclosed above, all other information in the Annual Report remains unchanged.

## APPRECIATION

The Group would like to take this opportunity to express its sincere gratitude to the Shareholders for their continuing support and 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, 22 August 2024

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*