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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**

### **DISCLOSEABLE TRANSACTION**

### **ACQUISITION OF 51% EQUITY INTERESTS IN THE TARGET COMPANY**

Reference is made to the announcement (the “**Announcement**”) of C&D Property Management Group Co., Ltd (the “**Company**”) dated 1 July 2021 in relation to, among other things, the entering into of the Equity Transfer Agreement, pursuant to which Quanshun Group agreed to sell and Yijiayuan agreed to acquire 51% equity interests in the Target Company at the cash consideration of RMB37,393,200. Unless otherwise defined in this announcement, capitalised terms used herein shall have the same meanings as those defined in the Announcement. In addition to the information mentioned in the Announcement, the Board would like to provide the supplemental information as follows:

#### **Financial information of the Target Company**

As disclosed in the Announcement, the net assets of the Target Company decreased from approximately RMB28.4 million as at 31 December 2020 to RMB5 million as at 5 April 2021. Such decrease was due to the distribution (the “**Distribution**”) of all retained earnings as at 31 December 2020 of approximately RMB23.4 million to its then sole shareholder, Quanshun Group, at the beginning of April 2021 before the entering into of the Equity Transfer Agreement. As a result of the Distribution, the net assets of the Target Company as at 5 April 2021 only included the paid-up registered capital of RMB5 million.

The revenue of the Target Company from 1 January 2021 to 5 April 2021 (the “**Period**”) amounted to approximately RMB13.4 million, while the total operating cost incurred by the Target Company for the Period amounted to approximately RMB12.2 million, of which the Target Company performed annual maintenance on fixed equipment during the first quarter of the year ending 31 December 2021 (“**2021Q1**”). The expenditures for such maintenance work was duly recognized in the operating cost for 2021Q1, which led to a lower level of profit for the Period. As a result, the net profit before/after taxation of the Target Company for the Period was near zero.

As at the date of this announcement, the Target Company managed 12 projects with an aggregate gross floor area under management being approximately 1.91 million sq.m.. Based on the above, despite that the net assets of the Target Company decreased from approximately RMB28.4 million as at 31 December 2020 to RMB5 million as at 5 April 2021 and the net profit before/after taxation of the Target Company for the Period was near zero, the Target Company remains in normal operation as at the date of this announcement.

### **Consideration**

As disclosed in the Announcement, the Company considered, among other things, the profitability of the Target Company for the year ended 31 December 2020 as one of the bases of the determination of the consideration under the Equity Transfer Agreement. The net profit after taxation of the Target Company for the year ended 31 December 2020 amounted to approximately RMB4.3 million. The consideration for 51% equity interest in the Target Company of RMB37,393,200 would represent price to earning ratio of approximately 16.89 times. The Company considered that such price to earning ratio is (i) comparable to the 15 property management companies listed on the Stock Exchange selected from the constituents of the Hang Seng Property Service and Management Index with their respective market capitalization below HK\$10,000 million as at 2 July 2021; and (ii) is similar to the considerations in the similar transactions conducted by other property management companies listed on the Stock Exchange.

This supplemental announcement is supplemental to and should be read in conjunction with the Announcement. All other information and content set out in the Announcement remain unchanged and shall continue to be valid for all purposes.

For and on behalf of  
**C&D Property Management Group Co., Ltd**  
**Zhuang Yuekai**  
*Chairman and Non-executive Director*

Hong Kong, 12 July 2021

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