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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 2021**

#### **HIGHLIGHTS**

1. The revenue of the Group for the Year was approximately RMB1,556.6 million, representing an increase of approximately 51.3% from approximately RMB1,028.6 million for the year ended 31 December 2020.
2. The gross profit of the Group for the Year was approximately RMB389.4 million, representing an increase of approximately 54.7% from approximately RMB251.7 million for the year ended 31 December 2020. The gross profit margin for the Year was approximately 25.0%, while that for the year ended 31 December 2020 was approximately 24.5%, representing a year-on-year increase of 0.5 percentage points.
3. The profit of the Group for the Year was approximately RMB160.9 million, representing an increase of approximately 50.7%, as compared with approximately RMB106.8 million for the year ended 31 December 2020. Meanwhile, the profit attributable to equity holders of the Company for the Year was approximately RMB159.4 million, representing an increase of approximately 50.2% as compared with approximately RMB106.1 million for the year ended 31 December 2020.
4. The contracted GFA of the property management services of the Group as at 31 December 2021 was approximately 73.9 million sq.m., representing an increase of approximately 56.6% as compared with approximately 47.2 million sq.m. as at 31 December 2020.
5. The net cash inflow from operating activities of the Group for the Year amounted to approximately RMB886.5 million, representing an increase of approximately 209.2% as compared with approximately RMB286.7 million for the year ended 31 December 2020.
6. The Board recommended the payment of a final dividend of HK\$0.06 per Share in cash (2020: Nil).

## ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 (the “Year”) together with the comparative figures for the year ended 31 December 2020.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
<b>Revenue</b>	4	<b>1,556,645</b>	1,028,574
Cost of sales		<b>(1,167,289)</b>	(776,894)
<b>Gross profit</b>		<b>389,356</b>	251,680
Other income		<b>10,921</b>	26,243
Selling and marketing expenses		<b>(3,796)</b>	(1,716)
Administrative and other operating expenses		<b>(212,870)</b>	(136,708)
Provision for expected credit losses allowance on trade and other receivables, net		<b>(468)</b>	(259)
Finance income, net		<b>21,509</b>	15,683
Listing-related expenses		<b>–</b>	(9,787)
Share of results of associates		<b>400</b>	(1,262)
<b>Profit before income tax</b>		<b>205,052</b>	143,874
Income tax expense	8	<b>(44,150)</b>	(37,036)
<b>Profit for the year</b>		<b>160,902</b>	106,838
<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		<b>323</b>	207
<b>Total comprehensive income for the year</b>		<b>161,225</b>	107,045
<b>Profit for the year attributable to:</b>			
— Equity holders of the Company		<b>159,374</b>	106,118
— Non-controlling interests		<b>1,528</b>	720
		<b>160,902</b>	106,838
<b>Profit and total comprehensive income attributable to:</b>			
— Equity holders of the Company		<b>159,697</b>	106,325
— Non-controlling interests		<b>1,528</b>	720
		<b>161,225</b>	107,045
<b>Earnings per share attributable to the equity holders of the Company (expressed in RMB per share)</b>			
Basic and diluted	9	<b>0.13</b>	0.09

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2021*

	<i>Notes</i>	<b>2021</b>	2020
		<b>RMB'000</b>	<b>RMB'000</b>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>30,659</b>	27,328
Right-of-use assets		<b>21,035</b>	21,415
Interests in associates		<b>1,870</b>	–
Goodwill		<b>30,705</b>	578
Intangible assets		<b>10,069</b>	–
Deferred tax assets		<b>7,113</b>	3,874
		<u><b>101,451</b></u>	<u>53,195</u>
<b>Current assets</b>			
Inventories		<b>12,260</b>	2,139
Trade and other receivables	5	<b>201,467</b>	135,087
Amount due from a related party	7(a)	–	31
Income tax recoverable		<b>178</b>	–
Restricted bank deposits		<b>35,887</b>	20,219
Cash and cash equivalents		<b>2,261,445</b>	886,159
		<u><b>2,511,237</b></u>	<u>1,043,635</u>
<b>Current liabilities</b>			
Trade and other payables	6	<b>732,752</b>	446,923
Contract liabilities	4(a)	<b>787,299</b>	178,186
Amounts due to related parties	7(b)	<b>1,775</b>	5,333
Income tax payables		<b>38,093</b>	32,644
Lease liabilities		<b>6,284</b>	4,914
		<u><b>1,566,203</b></u>	<u>668,000</u>
<b>Net current assets</b>		<u><b>945,034</b></u>	<u>375,635</u>
<b>Total assets less current liabilities</b>		<u><b>1,046,485</b></u>	<u>428,830</u>

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Non-current liabilities</b>		
Lease liabilities	<b>7,886</b>	9,242
Deferred tax liabilities	<b>7,341</b>	4,935
	<u>15,227</u>	<u>14,177</u>
<b>Net assets</b>	<b><u>1,031,258</u></b>	<u>414,653</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>11,286</b>	9,982
Reserves	<b>1,000,123</b>	393,821
<b>Equity attributable to the equity holders of the Company</b>	<b>1,011,409</b>	403,803
Non-controlling interests	<b>19,849</b>	10,850
<b>Total equity</b>	<b><u>1,031,258</u></b>	<u>414,653</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2021*

## 1. GENERAL INFORMATION

C&D Property Management Group Co., Ltd (the “Company”) was incorporated as a company with limited liability in the British Virgin Islands (“BVI”) on 4 May 2016. The address of the registered office of the Company is 2/F, Palm Grove House, P.O. Box 3340, Road Town, Tortola, BVI and its principal place of business in Hong Kong is located at Room 3517, 35/F, Wu Chung House, 213 Queen’s Road East, Wan Chai, Hong Kong.

The Company is an investment holding company and has not carried out any business since its incorporation. The Company and its subsidiaries (collectively, the “Group”) are principally engaged in the provision of property management services, community value-added and synergy services and the value-added services to non-property owners in the People’s Republic of China (“China” or “PRC”)

On 31 December 2020 (“Listing Date”), the Company has 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 Well Land International Limited (“Well Land”), a company incorporated in BVI with limited liability; 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 and 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 Party”).

\* 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 2021 were approved for issue by the Board of Directors on 25 March 2022.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 Basis of presentation**

Pursuant to the reorganisation (the “Reorganisation”) of the Group completed on 29 June 2020 in connection with the Listing as detailed in the listing document of the Company dated 28 December 2020 issued by the Company, the Company became the holding company of the companies now comprising the Group. The companies comprising the Group were under the common control of the Controlling Party prior to and after the Reorganisation. Accordingly, the Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The consolidated financial statements of the Group have been prepared using the principles of merger accounting as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the year ended 31 December 2020, or since their respective dates of incorporation/establishment, where it is a shorter period.

The consolidated statement of financial position of the Group as at 31 December 2020 had been prepared to present the assets and liabilities of the combining companies using the existing book values from the Xiamen C&D’s perspective. No amount was recognised in consideration for goodwill or excess of acquirer’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of combination under common control, to the extent of the continuation of the Controlling Party’s interest.

For companies acquired from third parties during the years ended 31 December 2021 and 2020, they are included in the consolidated financial statements from the date of the acquisition and accounted for using acquisition method as set out in note 2.3.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

### **2.2 Basis of preparation**

These 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”).

The significant accounting policies were consistent with those applied to the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the changes in accounting policies in relation to the adoption of new and amended HKFRSs and the impacts on the Group’s consolidated financial statements 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.

### **2.3 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Non-controlling interests in the results and equity of subsidiaries are presented separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position.

#### *(i) Business combinations under common control*

The consolidated financial statements incorporates the financial statement items of the entities or businesses in which the common control combination occurs as if they had been combined from the date when the entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquirer's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated.

(ii) *Business combinations not under common control*

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by HKFRSs. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interests recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference, after reassessment, is recognised directly in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.



*(iii) Change in ownership interests*

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified or permitted by applicable HKFRSs.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

*(iv) Separate financial statements*

Investment in a subsidiary is accounted for at cost less impairment loss. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investment in a subsidiary is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee's net assets including goodwill in the consolidated statement of financial position.

### 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 2021

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 2021:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

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.

#### (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 17	Insurance Contract and related amendments <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>5</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020 <sup>1</sup>
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination <sup>4</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2022
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2023
- <sup>3</sup> Effective date to be determined
- <sup>4</sup> Effective for business combinations/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022
- <sup>5</sup> Effective for annual periods beginning on or after 1 April 2021

The Directors anticipate that all of the new and amended HKFRSs will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the new and amended HKFRSs. 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.

*Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"*

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In March 2021, HKICPA issued HKFRS Practice Statement 2 "Making Materiality Judgements" to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to HKAS 1 are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. Except for the disclosures of accounting policies in note 2 to consolidated financial statements may need to be revised to cope with the above changes, the directors expect that the amendments have no other material impact on the consolidated financial statements.

#### **4. REVENUE AND SEGMENT INFORMATION**

Management has determined the operating segments based on the reports reviewed by 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 2021 and 2020, the Group is principally engaged in the provision of property 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 and value-added services. An analysis of the Group's revenue by category for the year ended 31 December 2021 is as follows:

	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
<b>Revenue from customers and recognised over time</b>		
Property management services	<b>758,618</b>	578,461
Value-added services		
— Community value-added and synergy services	<b>131,845</b>	68,763
— Value-added services to non-property owners	<b>544,047</b>	329,585
	<u><b>1,434,510</b></u>	<u>976,809</u>
<b>Revenue from customers and recognised at point in time</b>		
Community value-added and synergy services	<u><b>122,135</b></u>	<u>51,765</u>
	<u><b>1,556,645</b></u>	<u>1,028,574</u>

#### **Information about major customers**

For the year ended 31 December 2021, revenue from entities controlled by Xiamen C&D and its associates contributed to 39% (2020: 35%) 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 2021 and 2020. As at 31 December 2021 and 2020, 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:

	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Property management services	<b>184,140</b>	127,248
Community value-added and synergy services	<b>603,159</b>	50,938
	<u><b>787,299</b></u>	<u>178,186</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 year ended 31 December 2021 related to carried-forward contract liabilities:

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Revenue recognised that was included in contract liabilities at the beginning of the year</b>		
Property management services	<b>127,248</b>	87,594
Community value-added and synergy services	<b>50,007</b>	27,060
	<b>177,255</b>	114,654

(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 31 December 2021 is as follows:

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Within one year	<b>80,343</b>	14,026
More than one year	<b>588,263</b>	–
	<b>668,606</b>	14,026

## 5. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b>	2020 RMB'000
<b>Trade receivables</b>			
— Third parties		<b>86,443</b>	69,229
— Related parties		<b>53,631</b>	28,242
		<u><b>140,074</b></u>	<u>97,471</u>
Less: Provision for expected credit losses (“ECL”) allowance of trade receivables		<u><b>(6,922)</b></u>	<u>(7,266)</u>
	<i>(a)</i>	<u><b>133,152</b></u>	<u>90,205</u>
<b>Other receivables</b>			
Deposits		<b>13,369</b>	5,568
Prepayments		<b>11,804</b>	6,940
Other receivables		<b>7,310</b>	6,394
Payment on behalf of property owners		<b>34,191</b>	24,263
Value-added tax receivables		<b>3,994</b>	3,401
Other tax recoverable		<b>143</b>	—
		<u><b>70,811</b></u>	<u>46,566</u>
Less: Provision for ECL allowance of other receivables		<u><b>(2,496)</b></u>	<u>(1,684)</u>
	<i>(b)</i>	<u><b>68,315</b></u>	<u>44,882</u>
		<u><b>201,467</b></u>	<u>135,087</u>

### (a) Trade receivables

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

Property management services income under lump-sum basis are received in accordance with the term of the relevant property service agreements. Service income from property management services is due for payment by property owners upon rendering of services.

Income from value-added services other than smart community services are received in accordance with the terms of the relevant services agreements, and due for payment upon the issuance of invoice. Smart community services income are received in accordance with the terms of the relevant service agreements, and the Group normally allows credit period ranged from 5 days to 60 days to its customers.

The Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables, whether determined on an individual or collective basis.

The ageing analysis of trade receivables, net of ECL allowance, based on invoice date, is as follows:

	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
0–180 days	<b>97,933</b>	51,459
181–365 days	<b>21,056</b>	27,769
1–2 years	<b>11,723</b>	8,136
2–3 years	<b>1,780</b>	2,093
3–4 years	<b>533</b>	580
4–5 years	<b>127</b>	168
	<u><b>133,152</b></u>	<u>90,205</u>

**(b) Other receivables**

The balances mainly represent the payments on behalf of property owners in respect of utilities and maintenance costs of the properties.

**6. TRADE AND OTHER PAYABLES**

	<i>Note</i>	<b>2021</b>	2020
		<b>RMB'000</b>	RMB'000
<b>Trade payables</b>			
— Third parties	(a)	<b>90,970</b>	27,783
— Related parties		<b>340</b>	—
		<u><b>91,310</b></u>	<u>27,783</u>
<b>Other payables</b>			
Accrued charges and other payables		<b>86,686</b>	85,005
Amounts collected on behalf of property owners		<b>112,971</b>	92,011
Deposit received		<b>124,785</b>	96,506
Value-added tax payable		<b>75,784</b>	17,120
Other tax payable		<b>3,464</b>	—
Staff costs and welfare accruals		<b>181,666</b>	128,498
Payable in relation to the restricted shares incentive scheme		<b>56,086</b>	—
		<u><b>641,442</b></u>	<u>419,140</u>
		<u><b>732,752</b></u>	<u>446,923</u>

- (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:

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
0 to 30 days	<b>43,996</b>	18,729
31 to 60 days	<b>8,839</b>	3,720
61 to 90 days	<b>1,951</b>	2,388
Over 90 days	<b>36,524</b>	2,946
	<b><u>91,310</u></b>	<u>27,783</u>

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

- (a) Amount due from a related party

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Companies controlled by Xiamen C&D	<b><u>–</u></b>	<u>31</u>

- (b) Amounts due to related parties

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Ultimate holding company	<b>3</b>	2,526
Companies controlled by Xiamen C&D	<b>1,769</b>	508
Associates of Xiamen C&D	<b>3</b>	2,299
	<b><u>1,775</u></b>	<u>5,333</u>

As at 31 December 2021 and 2020, the amounts due from/(to) related parties are non-trade nature, unsecured, interest-free and repayable on demand.



## 8. INCOME TAX EXPENSE

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Current income tax</b>		
PRC Enterprise Income Tax (“EIT”)	48,585	31,735
Over-provision in respect of prior year	(810)	–
	<u>47,775</u>	<u>31,735</u>
<b>Deferred tax</b>	<u>(3,625)</u>	<u>5,301</u>
<b>Total income tax expense</b>	<u><u>44,150</u></u>	<u><u>37,036</u></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 2021 and 2020.

(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 2021 and 2020.

(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 2021 and 2020, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate was 25% for the years ended 31 December 2021 and 2020.

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% for the years ended 31 December 2021 and 2020. In addition, in accordance with the “Notice on Preferential Income Tax Policies Applicable to Small Low-profit Enterprises”, the small and low-profit enterprises with annual taxable income of less than RMB1,000,000 for the years ended 31 December 2021 and 2020, were also entitled a tax concession for 20% of its taxable income.

## 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 ended 31 December 2021 and 2020. The earnings per share is calculated using the weighted average number of ordinary shares of 1,184,437,681 (2020: 1,176,711,106) shares issued during the year as follows:

	2021	2020
Profit for the year attributable to equity holders of the Company ( <i>RMB'000</i> )	<u>159,374</u>	<u>106,118</u>
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	1,184,438	1,176,711
Basic earnings per share ( <i>RMB</i> )	<u>0.13</u>	<u>0.09</u>

### (b) Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share as the Group has no dilutive potential ordinary shares for the years ended 31 December 2021 and 2020.

## 10. DIVIDEND

The Board recommends the payment of a final dividend of HK\$0.06 per share totaling HK\$80,176,000 (equivalent to RMB65,661,000) for the year ended 31 December 2021 (2020: Nil). Final dividend proposed after the reporting date has not been recognised as a liability at the reporting date.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. MARKET REVIEW

In the past two years, with the gradual control of the epidemic in China, the overall economic environment has gradually stabilized and the property management industry in China has gradually returned to a stable development. The Chinese government has a high level of concern for the property management industry, since 2020, six ministries, including the Ministry of Housing and Urban-Rural Development, have jointly issued the “Opinions on Promoting Property Service Enterprises to Develop Home Community Elderly Care Services\* (《關於推動物業服務企業發展居家社區養老服務的意見》)” and “Opinions on Promoting Property Service Enterprises to Accelerate the Development of Online and Offline Living Services\* (《關於推動物業服務企業加快發展綫上綫下生活服務的意見》)”, while ten ministries, including the Ministry of Housing and Urban-Rural Development, have jointly issued the “Circular on Strengthening and Improving Residential Property Management\* (《關於加強和改進住宅物業管理工作的通知》)”, which support the property management industry to match quality with price, encourage property management companies to explore various value-added services, develop innovative businesses and broaden the scope of services, thus bringing more possibilities for the development of property management enterprises.

In 2021, the Company expanded the size of its professional team in market development and community value-added and synergy services to cope with the demand for expanded and new business, and responded to the government’s policy guidance by vigorously promoting the Company’s online purchasing platform “C&D Property Selection\* (建發物業甄選)”. In terms of market, we completed our first merger and acquisition and made a breakthrough in property management services for schools, hospitals and government buildings. At the same time, we have expanded our community value-added and synergy services, including but not limited to: (1) in the area of value-added community services, we have actively expanded our social business channels, such as sales services for developers’ end-of-sale properties; (2) in the area of smart community services, we have continued to polish our three product lines of smart community, smart home and smart engineering, have obtained more than 40 software copyrights and patents, and successfully passed the “National High-tech Enterprise” recognition; and (3) in the area of elderly-care & health value-added services, we continue to strengthen our original strengths, gradually enhancing the details of care, adding special elderly care services, customer care and medical services, and improving occupancy rates.

## **2. BUSINESS REVIEW**

### **(1) Overview**

In April 2021, we were honoured as one of the “Top 100 Property Management Companies in the PRC” by China Index Academy and ranked 32 in terms of overall strength in the industry, with four places improved as compared with 2020. In May 2021, we were also awarded honourable title as “2021 Top 100 of Property Management Service Enterprises in terms of Brand Value in the PRC\* (2021中國物業服務企業品牌價值100強)” by Shanghai Yiju Real Estate Research Institute\* (上海易居房地產研究院) and China Real Estate Appraisal Centre\* (中國房地產測評中心). Through upholding our service philosophy of “exploring new service values to make a better living experience\* (開拓服務新價值，讓生活更美好)”, we envisage to become an outstanding property management services provider in the PRC and are committed to becoming “a first class urban service operator in the PRC\* (國內一流的城市空間運營服務商)”.

As at 31 December 2021, our property management portfolio covered 49 cities across 16 provinces, municipalities and autonomous regions in the PRC, including tier-one cities, such as Beijing, Shanghai, Guangzhou and Shenzhen. Our contracted GFA was approximately 73.9 million sq.m., among which, the GFA under management reached approximately 33.0 million sq.m.. As at 31 December 2021, we provided services to over 200,000 property units.

Our three main business lines, namely, (i) property management services; (ii) community value-added and synergy services; and (iii) value-added services to non-property owners, 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.. We charged property management fees primarily on a lump-sum basis, with a comparatively fewer amount of total revenue charged on a commission basis.

For the Year, our Group's revenue from property management services was approximately RMB758.6 million, representing an increase of approximately 31.1% from approximately RMB578.5 million for the year ended 31 December 2020. The increase in revenue from property management services was primarily driven by the fast growth of our total GFA under management.

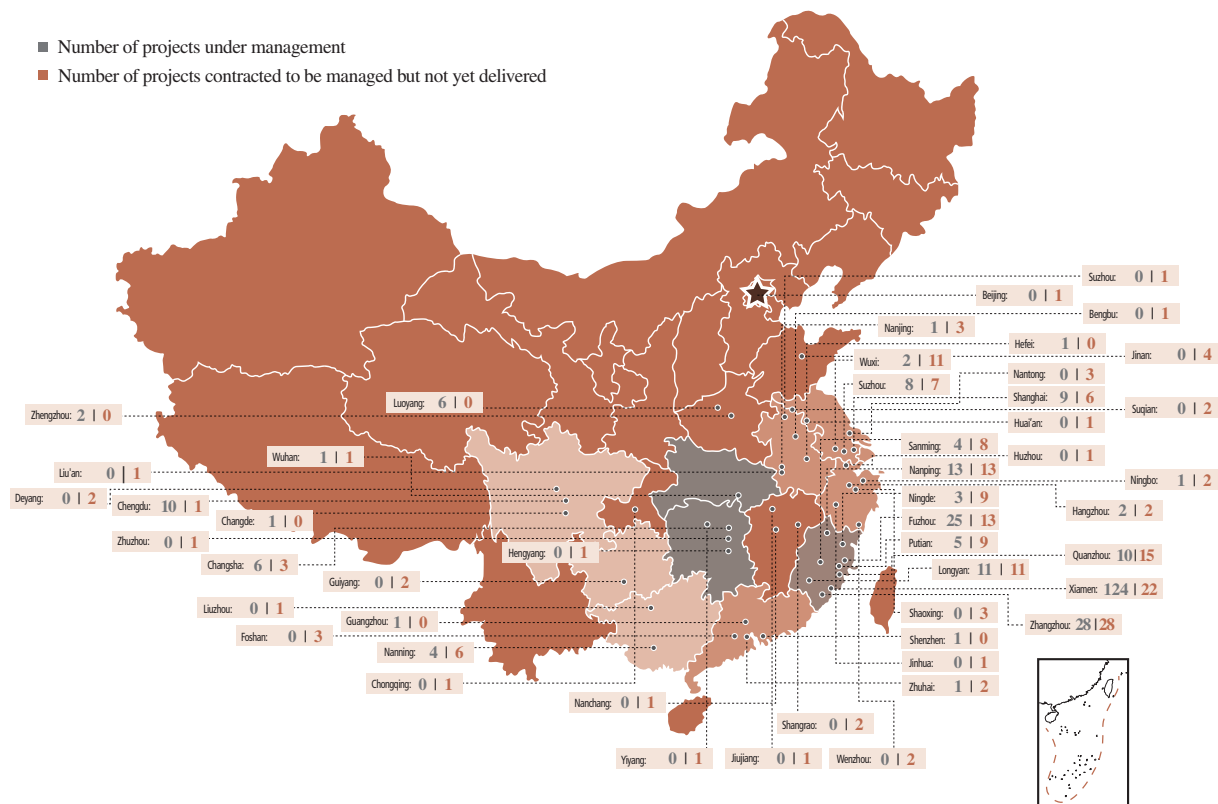
#### *GFA and the number of projects*

As at 31 December 2021, we had contracted GFA of approximately 73.9 million sq.m., and our number of contracted projects was 489, representing an increase of approximately 56.6% and 48.2% respectively as compared with those as at 31 December 2020 (as at 31 December 2020: approximately 47.2 million sq.m., and the number of projects of 330). As at 31 December 2021, the GFA under management reached approximately 33.0 million sq.m., and number of projects under management was 280, representing an increase of approximately 28.9% and 27.9% respectively as compared with those as at 31 December 2020 (as at 31 December 2020: approximately 25.6 million sq.m., and the number of projects of 219).

#### *Geographic Coverage*

As at 31 December 2021, we had 489 contracted projects covering 49 cities across 16 provinces, municipalities and autonomous regions in the PRC, with 280 projects under management, covering 26 cities, serving over 200,000 property units.

The map below illustrates the geographic coverage of the properties under our management as at 31 December 2021 in terms of (i) contracted GFA; and (ii) GFA under management, respectively:



The table below sets out breakdown of the contracted GFA and GFA under management by geographic region as at 31 December 2021 and 2020:

	As at 31 December			
	2021		2020	
	Contracted GFA	GFA under management	Contracted GFA	GFA under management
	'000 sq.m.	'000 sq.m.	'000 sq.m.	'000 sq.m.
Haixi (Note 1)	30,305	16,893	23,284	14,066
South-eastern China				
(Note 2)	14,992	6,606	10,330	5,550
Eastern China (Note 3)	14,617	3,822	7,255	3,107
Central China (Note 4)	8,648	3,950	4,728	2,813
Southern China (Note 5)	3,346	445	1,636	105
Henan (Note 6)	1,963	1,323	–	–
Total	73,871	33,039	47,233	25,641

*Notes:*

- (1) As at 31 December 2021 and 2020, cities in Haixi included Xiamen, Longyan, Zhangzhou, Quanzhou and Putian.
- (2) As at 31 December 2021, cities in South-eastern China included Fuzhou, Nanping, Sanming, Ningde, Beijing, Nanchang, Shangrao and Jiujiang. As at 31 December 2020, cities in South-eastern China included Fuzhou, Nanping, Sanming, Ningde, and Beijing.
- (3) As at 31 December 2021, cities in Eastern China included Shanghai, Suzhou, Ningbo, Wuxi, Hefei, Hangzhou, Nanjing, cities in Nantong, Huzhou, Huai'an, Suqian, Bengbu, Suzhou (宿州), Jinan, Shaoxing, Wenzhou, Liu'an (六安) and Jinhua. As at 31 December 2020, cities in Eastern China included Shanghai, Suzhou, Wuxi, Hefei, Nanjing, Ningbo, Hangzhou and Nantong.
- (4) As at 31 December 2021, cities in Central China included Changsha, Chengdu, Wuhan, Changde, Hengyang, Zhuzhou, Yiyang, Deyang and Chongqing. As at 31 December 2020, cities in Central China included Changsha, Chengdu, Wuhan and Leshan.
- (5) As at 31 December 2021, cities in Southern China included Nanning, Guangzhou, Zhuhai, Shenzhen, Guiyang, Foshan and Liuzhou. As at 31 December 2020, Southern China included Nanning, Guangzhou, Zhuhai and Shenzhen.
- (6) As at 31 December 2021, cities in Henan included Luoyang and Zhengzhou.

*Source of Projects*

As at 31 December 2021, the contracted GFA for property management services with the Company's controlling shareholder, Xiamen C&D and its subsidiaries, associates and joint ventures (excluding the Group) ("Xiamen C&D Group"), was approximately 44.0 million sq.m., representing an increase of approximately 61.8% from approximately 27.2 million sq.m. as at 31 December 2020.

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 2021, our contracted GFA for property management services with independent third parties was approximately 29.9 million sq.m., representing an increase of approximately 49.5% from approximately 20.0 million sq.m. as at 31 December 2020.

The table below sets out the Group's GFA under management as at 31 December 2021 and 2020 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 2021 and 2020:

	As at 31 December or for the year ended 31 December					
	2021			2020		
	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	18,986	443,494	58.5	15,167	340,616	58.9
Independent third parties	14,053	315,124	41.5	10,474	237,845	41.1
Total	<u>33,039</u>	<u>758,618</u>	<u>100.0</u>	<u>25,641</u>	<u>578,461</u>	<u>100.0</u>

#### *Types of Managed Properties*

We historically 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 2021, our contracted GFA for non-residential properties was approximately 4.8 million sq.m., representing an increase of approximately 45.5% from approximately 3.3 million sq.m. as at 31 December 2020.

The table below sets out the Group's GFA under management as at 31 December 2021 and 2020 and the breakdown of our revenue from our property management services by type of property for each of the years ended 31 December 2021 and 2020:

	As at 31 December or for the year ended 31 December					
	2021			2020		
	GFA under management '000 sq.m.	Revenue RMB'000	% of revenue	GFA under management '000 sq.m.	Revenue RMB'000	% of revenue
Residential	29,813	586,752	77.3	23,173	425,136	73.5
Non-residential	3,226	171,866	22.7	2,468	153,325	26.5
Total	<u>33,039</u>	<u>758,618</u>	<u>100.0</u>	<u>25,641</u>	<u>578,461</u>	<u>100.0</u>



## 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 2021 and 2020 and the breakdown of our revenue from our property management services by revenue model for each of the years ended 31 December 2021 and 2020:

	As at 31 December or for the year ended 31 December					
	2021			2020		
	GFA under management	Revenue	% of revenue	GFA under management	Revenue	% of revenue
	'000 sq.m.	RMB'000		'000 sq.m.	RMB'000	
Lump-sum basis	32,407	734,612	96.8	24,944	552,449	95.5
Commission basis	632	24,006	3.2	697	26,012	4.5
Total	<u>33,039</u>	<u>758,618</u>	<u>100.0</u>	<u>25,641</u>	<u>578,461</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 community group-purchasing 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 at-the-close order\* (尾盤) sales services for unsold property units of the property developers; (iv) value-added services for public areas, including leasing out public areas and advertising spots; (v) elderly-care & health value-added services, mainly including the operation of C&D Yibai Elderly Care Centre\* (建發溢佰養老中心) (“Yibai Centre”), an elderly care centre 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 RMB254.0 million, representing an increase of approximately 110.8% from approximately RMB120.5 million for the year ended 31 December 2020. The increase was mainly due to the expansion of our customer base as a result of the increase in the area under management, as well as the continuous enrichment of our service offerings under the community value-added and synergy services, such as the at-the-close order\* (尾盤) sales agency services and housekeeping services, the promotion of home beauty services, as well as the continuous enhancement of our online shopping platform “C&D Property Selection\* (建發物業甄選)”; meanwhile, we are rapidly developing elderly-care & health value-added services, and smart community services.

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 2021 and 2020:

	For the year ended 31 December			
	2021		2020	
	Revenue RMB’000	%	Revenue RMB’000	%
Smart community services	53,990	21.3	22,510	18.7
Home living services	72,023	28.4	40,798	33.8
Home beauty services	18,113	7.1	11,596	9.6
Real estate brokerage and asset management services	48,302	19.0	10,238	8.5
Value-added services for public areas	39,225	15.4	31,809	26.4
Elderly-care & health value-added services (Note)	22,327	8.8	3,577	3.0
Total	<u>253,980</u>	<u>100.0</u>	<u>120,528</u>	<u>100.0</u>

Note: As Xiamen Bairui Health Industry Company Limited\* (廈門市佰睿健康產業有限公司) (“Xiamen Bairui”), the company responsible for operation of the Yibai Centre, became our subsidiary on 29 June 2020, hence the revenue from elderly-care & health value-added services before was not included.

#### (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 RMB544.0 million, representing an increase of approximately 65.0% from approximately RMB329.6 million for the year ended 31 December 2020. The increase was mainly due to an increase in number of projects developed by cooperative property developers which in turn resulted in an increased demand for value-added services to non-property owners.

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 2021 and 2020:

	For the year ended 31 December			
	2021		2020	
	Revenue <i>RMB'000</i>	%	Revenue <i>RMB'000</i>	%
Consultancy services	<b>7,358</b>	<b>1.4</b>	3,866	1.2
Reception, order maintenance and cleaning services	<b>536,689</b>	<b>98.6</b>	325,719	98.8
Total	<b>544,047</b>	<b>100.0</b>	329,585	100.0

### 3. FINANCIAL REVIEW

#### Revenue

Due to our continuous business development, the Group's revenue for the Year was approximately RMB1,556.6 million, representing an increase of approximately 51.3% from approximately RMB1,028.6 million for the year ended 31 December 2020.

The table below sets out the revenue of the Group by business line for each of the years ended 31 December 2021 and 2020:

	For the year ended 31 December			
	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	<b>758,618</b>	<b>48.7</b>	578,461	56.3
Community value-added and synergy services	<b>253,980</b>	<b>16.3</b>	120,528	11.7
Value-added services to non-property owners	<b>544,047</b>	<b>35.0</b>	329,585	32.0
Total	<b><u>1,556,645</u></b>	<b><u>100.0</u></b>	<b><u>1,028,574</u></b>	<b><u>100.0</u></b>

Property management services were the Group's largest source of revenue. During the Year, the revenue from property management services was approximately RMB758.6 million, accounting for approximately 48.7% of total revenue. The increase in revenue from property management services was primarily driven by the fast growth of our total GFA under management. During the Year, our total GFA under management increased from approximately 25.6 million sq.m. as at 31 December 2020 to approximately 33.0 million sq.m. as at 31 December 2021, which was resulted from both our steady cooperation with cooperative property developers and our efforts to expand the third-party customer base.

The revenue from community value-added and synergy services increased by approximately 110.8% from approximately RMB120.5 million for the year ended 31 December 2020 to approximately RMB254.0 million for the Year, which was mainly due to the Group's further optimisation of the business structure.

The revenue from value-added services to non-property owners increased by approximately 65.0% from approximately RMB329.6 million for the year ended 31 December 2020 to approximately RMB544.0 million for the Year, which was mainly due to an increase in number of projects developed by cooperative property developers which in turn resulted in an increased demand for value-added services to non-property owners.

### **Cost of sales**

Cost of sales increased by approximately 50.3% from approximately RMB776.9 million for the year ended 31 December 2020 to approximately RMB1,167.3 million for the Year, primarily due to the increase of various kinds of costs as a result of the scale-up of our business. The increase in cost of sales was mainly due to the increase of our management scale.

### **Gross profit**

As a result of the above principal factors, the Group's gross profit increased by approximately 54.7% from approximately RMB251.7 million for the year ended 31 December 2020 to approximately RMB389.4 million for the Year, with gross profit margin of approximately 24.5% and 25.0% respectively. The increase in gross profit margin was mainly due to the significant increase in revenue from value-added services, which had a higher gross profit margin.

### **Other income**

Other income decreased from approximately RMB26.2 million for the year ended 31 December 2020 to approximately RMB10.9 million for the Year, mainly due to the gains on change in fair value of financial assets at fair value through profit and loss for the corresponding period of the previous year, which was attributable to the fact that the subordinated tranche securities were redeemed in November 2020.

### **Selling and marketing expenses**

For the Year, the Group's selling and marketing expenses increased from approximately RMB1.7 million for the year ended 31 December 2020 to approximately RMB3.8 million for the Year, mainly due to an increase of the promotion expenses.

## **Administrative and other operating expenses**

The Group's administrative and other operating expenses mainly included staff cost, 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 RMB212.9 million, representing an increase of approximately 55.7% from approximately RMB136.7 million for the year ended 31 December 2020, which was mainly due to the growth of our business volume, increase in headcount and average wages of administration staff as well as increase in office expenses, consultancy fee and travelling and entertainment expenses due to expansion of our business scale.

## **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 RMB0.3 million for the year ended 31 December 2020 to approximately RMB0.5 million for the Year, mainly due to an increase in the 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, interest charges on receipts under securitisation arrangements, loss on early redemption on receipts under securitisation arrangements 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 RMB21.5 million, representing an increase of approximately 36.9% as compared with approximately RMB15.7 million for the year ended 31 December 2020, mainly due to an increase in the 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 RMB205.1 million, representing an increase of approximately 42.5% as compared with approximately RMB143.9 million for the year ended 31 December 2020.

### **Income tax expense**

Income tax expense increased from approximately RMB37.0 million for the year ended 31 December 2020 to approximately RMB44.2 million for the Year, representing an increase of approximately 19.5%. The increase was mainly attributable to an increase in the Group's profit before tax due to growth of business.

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

The profit for the year attributable to equity holders of the Company for the Year was approximately RMB159.4 million, representing an increase of approximately 50.2% as compared with approximately RMB106.1 million for the year ended 31 December 2020.

### **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 2021, the Group's property, plant and equipment amounted to approximately RMB30.7 million, representing an increase of approximately 12.5% from approximately RMB27.3 million as at 31 December 2020, which was mainly due to the increase of the demand for electronic equipment as a result of the scale-up of our business.

### **Trade and other receivables**

The Group's trade and other receivables were mainly from property management services income from properties managed on a lump-sum basis and trade receivables of value-added services as well as other receivables from payments on behalf of property owners in respect of utilities and maintenance costs. As at 31 December 2021, the Group's trade and other receivables were approximately RMB201.5 million, representing an increase of approximately 49.1% as compared with approximately RMB135.1 million as at 31 December 2020, which was mainly due to expansion of our property management scale.

### **Cash and cash equivalents**

As at 31 December 2021, the Group's cash and cash equivalents were approximately RMB2,261.4 million, representing an increase of approximately 155.2% as compared with approximately RMB886.2 million as at 31 December 2020. The increase was mainly due to (i) an increase of approximately RMB56.1 million by employee equity incentive; (ii) an increase of net cash inflow approximately RMB445.3 million by placing new shares; and (iii) payment received in advance of approximately RMB552.7 million for home furniture services.

## **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 2021, our trade and other payables were approximately RMB732.8 million, representing an increase of approximately 64.0% from approximately RMB446.9 million as at 31 December 2020, which was mainly due to the increase of our property management scale and employees headcounts.

## **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 2021, our contract liabilities amounted to approximately RMB787.3 million, representing an increase of approximately RMB609.1 million from approximately RMB178.2 million as at 31 December 2020, primarily due to the increase in projects under management and payments received in advance for home furniture services 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 RMB886.5 million, representing a significant increase of approximately 209.2% as compared with approximately RMB286.7 million for the year ended 31 December 2020, mainly due to an increase in property management scales and business content resulting in an increase in capital collection.

As at 31 December 2021, the net current assets of the Group was approximately RMB945.0 million, representing an increase of approximately RMB569.4 million from net current assets of approximately RMB375.6 million as at 31 December 2020, mainly due to the increase in cash and cash equivalents by placing new shares. As at 31 December 2021, the Group's current ratio (total current assets divided by total current liabilities) was approximately 1.6x (as at 31 December 2020: approximately 1.6x).

As at 31 December 2021, the Group's gearing ratio (sum of current liabilities and non-current liabilities divided by sum of current assets and non-current assets) decreased to approximately 60.5% (as at 31 December 2020: approximately 62.2%).

As at 31 December 2021, 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 2020: Nil).



## **Principal risks and uncertainties**

### *Government Policy Risk*

The Company's business growth is, and will likely continue to be, affected by the PRC government regulations 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**

On 1 July 2021, Yijiayuan (Xiamen) Property Management Company Limited\* (怡家園(廈門)物業管理有限公司) (an indirect wholly-owned subsidiary of the Company) (“Yijiayuan”), Quanshun Group (Xiamen) Real Estate Stock Company Limited\* (泉舜集團(廈門)房地產股份有限公司) and Luoyang Quanshun Property Service Company Limited\* (洛陽泉舜物業服務有限公司) (“Target Company”) entered into an equity transfer agreement, pursuant to which Yijiayuan agreed to acquire 51% equity interests in the Target Company at the cash consideration of RMB37,393,200.

Save as disclosed above, the Group did not hold any significant investment, or had no other material acquisition or disposal of any subsidiaries, joint ventures and associates during the Year.

## **Contingent liabilities**

As at 31 December 2021, 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 enter into contracts to hedge its exposure to foreign exchange risk, but the management will continue to monitor the foreign exchange exposure, and take prudent measures to reduce the foreign exchange risk.

## **Events after reporting period**

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

## **Employment and remuneration policy**

The Group adopted remuneration policies similar to its peers in the industry. The remuneration payable to our staff was fixed by reference to the duties and the prevailing market rates in the region. Discretionary performance bonus after assessments was paid to employees to reward their contributions. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, the Group has participated in different social welfare plans for our employees. A restricted share incentive scheme has been adopted in 2021 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 2021, the Group had 11,057 employees (as at 31 December 2020: 7,488 employees).

#### **4. OUTLOOK AND PROSPECT**

The continued rapid development of the property management industry has accelerated the development of mergers and acquisitions, and the overall concentration of the industry continues to increase. Under the market pressure of accelerated expansion, stable service quality, solid customer base and good brand reputation are still the prerequisites for the long-term development of the Company, and the Company will grasp the balance between development and quality to achieve quality expansion.

##### **(1) Improve service quality and stabilize customer satisfaction**

The good quality of our services has helped us to build a solid customer base and an excellent brand reputation. When property management becomes an important component of housing value and property management companies change from a role of passive market demand to a role of active market demand, a situation of quality expansion will be actively formed. As such, the Company will continue to optimize the construction of its service grading system, improve service quality, stabilize customer satisfaction and maintain a good brand reputation advantage.

##### **(2) Enrich management scale and continue to promote mergers and acquisitions**

The expansion of management scale is an inevitable way for property management enterprises to grow. Enriching the management style, extending the scope of services, and gradually integrating property management into the field of urban services and public services can open up more room for the Company's growth. Therefore, the Company will continue to promote mergers and acquisitions in line with the market trend and explore more business development.

##### **(3) Broaden service boundaries and continuously optimize business structure**

Accelerating the development of value-added services and continuously optimizing the business structure can effectively enhance the Company's profitability. The Company will continue to expand its value-added services to meet the needs of homeowners and residents and broaden its service boundaries, including the establishment of an elderly rehabilitation center which integrates medical and healthcare, and the development of home based elderly care business by bringing elderly care service into the communities; it will also further expand the scope of smart community services to enrich the application scenarios of the system in construction sites, communities, parks and homes to enhance marketability.

#### **(4) Optimize information empowerment to continuously improve operational efficiency**

The empowerment of continuous optimization information system tools can enable timely feedback of operation results, help managers to effectively correct errors, improve operation effectiveness and enhance profitability.

In summary, the Group will continue to promote the development of the Company around “strengthening the foundation, enhancing quality, improving efficiency and promoting growth\* (夯基礎、提品質、提效益、促增長)”, thereby enhancing corporate value.

#### **FINAL DIVIDEND**

The Board recommended the payment of a final dividend of HK\$0.06 per share of the Company (“Share”) for the Year, subject to the approval at the forthcoming annual general meeting of the Company (2020: Nil). Based on the 1,336,261,106 Shares in issue as at 31 December 2021, it is expected that a final dividend of approximately HK\$80,176,000 (equivalent to approximately RMB65,552,000) will be paid. Subject to the approval of the shareholders of the Company (“Shareholders”) at the annual general meeting, the final dividend is expected to be paid on Friday, 8 July 2022 to Shareholders whose names appear on the register of members of the Company on Friday, 27 May 2022.

#### **ANNUAL GENERAL MEETING**

The Company’s annual general meeting (the “AGM”) will be held on Friday, 20 May 2022. A notice convening the AGM 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, 17 May 2022 to Friday, 20 May 2022 (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 Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration by 4:30 p.m. on Monday, 16 May 2022.

For the purpose of ascertaining entitlement of the Shareholders to the final dividend, the register of members of the Company will be closed from Thursday, 26 May 2022 to Friday, 27 May 2022 (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, 25 May 2022.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules for dealings in securities of the Company by its Directors. The Company has made specific enquiries to all Directors and each of them confirmed that they have complied with the required standard set out in the Model Code during the 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 the Corporate Governance Code contained in Appendix 14 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**

Save for the placing of 131,300,000 new Shares and the issuance of 28,250,000 new Shares pursuant to the 2021 restricted share incentive scheme, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the Year.

For details of the placing and 2021 restricted share incentive scheme, please refer to the announcements of the Company dated 2 July 2021, 10 December 2021, 17 December 2021 and 23 December 2021 and the circular of the Company dated 6 September 2021.

## **REVIEW OF RESULTS BY AUDIT COMMITTEE**

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

## **SCOPE OF WORK OF THE AUDITOR**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2021 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 the preliminary announcement.

## **ANNUAL REPORT**

The annual report of the Company for the year ended 31 December 2021 will be dispatched to the Shareholders 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**  
**Zhuang Yuekai**  
*Chairman and Non-executive Director*

Hong Kong, 25 March 2022

*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. Zhuang Yuekai (*Chairman*)

Mr. Lin Weiguo

*Independent non-executive Directors:*

Mr. Cheung Kwok Kwan, J.P.

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*