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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 2023

HIGHLIGHTS

1. The revenue of the Group for the Year was approximately RMB3,569.3 million, representing an increase of approximately 55.8% from approximately RMB2,290.5 million for the year ended 31 December 2022.
2. The gross profit of the Group for the Year was approximately RMB1,001.5 million, representing an increase of approximately 86.5% from approximately RMB537.0 million for the year ended 31 December 2022. The gross profit margin for the Year was approximately 28.1%, while that for the year ended 31 December 2022 was approximately 23.4%, representing an increase of 4.7 percentage points as compared to the previous financial year.
3. The profit of the Group for the Year was approximately RMB547.3 million, representing an increase of approximately 117.8%, as compared with approximately RMB251.3 million for the year ended 31 December 2022. Meanwhile, the profit attributable to equity holders of the Company for the Year was approximately RMB467.3 million, representing an increase of approximately 89.0% as compared with approximately RMB247.2 million for the previous financial year.
4. The contracted gross floor area (“GFA”) of the property management services of the Group as at 31 December 2023 was approximately 101.8 million sq.m., representing an increase of approximately 12.4% as compared with approximately 90.6 million sq.m. as at 31 December 2022.
5. The Board recommended the payment of a final dividend of HK\$0.16 (2022: HK\$0.1, payable in cash with a scrip option) per share and a special dividend of HK\$0.1 (2022: Nil) per share in cash for the celebration of the third anniversary of the Company’s listing.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023 (the “Year”) together with the comparative figures for the year ended 31 December 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	4	3,569,324	2,290,473
Cost of sales		(2,567,858)	(1,753,477)
Gross profit		1,001,466	536,996
Other income		17,326	16,516
Selling and marketing expenses		(7,965)	(7,574)
Administrative and other operating expenses		(355,823)	(287,176)
Provision for expected credit losses allowance on trade and other receivables, net		(3,234)	(4,591)
Finance income, net		75,782	71,071
Share of results of associates		(57)	(533)
Profit before income tax		727,495	324,709
Income tax expense	8	(180,151)	(73,391)
Profit for the year		547,344	251,318
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		11,135	34,020
Total comprehensive income for the year		558,479	285,338
Profit for the year attributable to:			
— Equity holders of the Company		467,347	247,212
— Non-controlling interests		79,997	4,106
		547,344	251,318
Profit and total comprehensive income attributable to:			
— Equity holders of the Company		478,482	281,232
— Non-controlling interests		79,997	4,106
		558,479	285,338
Earnings per share attributable to the equity holders of the Company (expressed in RMB per share)			
Basic	9	0.35	0.19
Diluted	9	0.34	0.18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		51,388	35,572
Right-of-use assets		45,159	21,527
Interests in associates		1,280	1,337
Goodwill		59,634	59,634
Intangible assets		14,390	16,564
Deferred tax assets		25,787	15,023
		<hr/> 197,638	<hr/> 149,657
Current assets			
Inventories		44,992	39,602
Trade and other receivables	5	541,757	358,102
Amount due from related parties	7(a)	50,500	23,164
Restricted bank deposits		15,895	32,929
Cash and cash equivalents		2,952,395	2,703,119
		<hr/> 3,605,539	<hr/> 3,156,916
Current liabilities			
Trade and other payables	6	1,282,329	941,180
Contract liabilities	4(a)	446,421	990,085
Amounts due to related parties	7(b)	1,565	126
Income tax payables		165,588	68,963
Interest-bearing borrowings		1,353	1,500
Lease liabilities		8,073	3,607
		<hr/> 1,905,329	<hr/> 2,005,461
Net current assets		<hr/> 1,700,210	<hr/> 1,151,455
Total assets less current liabilities		<hr/> 1,897,848	<hr/> 1,301,112

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities		
Interest-bearing borrowings	18,250	8,500
Lease liabilities	34,712	11,972
Deferred tax liabilities	13,222	7,937
	<u>66,184</u>	<u>28,409</u>
Net assets	<u>1,831,664</u>	<u>1,272,703</u>
CAPITAL AND RESERVES		
Share capital	11,941	11,286
Reserves	1,714,200	1,234,471
Equity attributable to the equity holders of the Company	1,726,141	1,245,757
Non-controlling interests	105,523	26,946
Total equity	<u>1,831,664</u>	<u>1,272,703</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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 (“China” or “The PRC”)

On 31 December 2020, the Company has its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “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 and its shares are listed on the Main Board of the Stock Exchange; C&D Real Estate Corporation Limited* (建發房地產集團有限公司) (“C&D Real Estate”) which was incorporated in the PRC with limited liability, is the Company’s intermediate holding company, whereas the directors of the Company regard Xiamen C&D Corporation Limited* (廈門建發集團有限公司) (“Xiamen C&D”), a state-owned enterprise incorporated in the PRC with limited liability, as the Company’s ultimate holding company and controlling party (the “Controlling Shareholder”).

The consolidated financial statements for the year ended 31 December 2023 were approved for issue by the Board of Directors on 21 March 2024.

2. BASIS OF PREPARATION

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

These material accounting policies have been consistently applied to all the years presented unless otherwise stated. The adoption of amended HKFRSs and issued but not yet effective HKFRSs and the impacts on the consolidated financial statement of the Group, if any, are disclosed in note 3.

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

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

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

(i) New and amended HKFRSs that are effective for annual periods beginning on 1 January 2023

In the current year, the Group has applied for the first time the following new and 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 2023:

HKFRS 17	Insurance Contracts and related amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

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

Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption of deferred tax in HKAS 12 “Income Taxes” does not apply to transactions that give rise to equal taxable and deductible temporary differences, such as lease contracts that give rise to the recognition of a lease liability and the corresponding right-of-use assets and contracts that give rise to the recognition of decommissioning obligations and corresponding amounts recognised as assets. Instead, entities are required to recognise the related deferred tax asset and liability on initial recognition, with the recognition of any deferred tax asset being subject to the recoverability criteria in HKAS 12 “Income Taxes”.

The Group adopted the amendments from 1 January 2023 and are required to recognise the associated deferred tax assets and liabilities from leases that occurred on or after 1 January 2022. The amendments have no impact on the consolidated financial statement of the Group.

(ii) Issued but not yet effective HKFRSs

The Group has not early applied the following 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 ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of exchangeability ²

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective date to be determined on or after 1 January 2025

³ Effective date to be determined

The Directors anticipate that all of the amended HKFRSs will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the amended HKFRSs. These amended HKFRSs are not expected to have a material 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 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 2023 and 2022, the Group is principally engaged in the provision of property management services, commercial property operation management services and value-added services in the PRC. Management reviews the operating results of the business as one operating segment to make about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is monitored to make strategic decision.

Revenue mainly comprises proceeds from property management services, commercial property operation management services and value-added services. An analysis of the Group's revenue by category for the year ended 31 December 2023 is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from customers and recognised over time		
Property management services	1,418,002	1,036,175
Commercial property operation management services	69,327	24,043
Value-added services		
— Community value-added and synergy services	405,222	281,943
— Value-added services to non-property owners	707,149	754,471
	<u>2,599,700</u>	<u>2,096,632</u>
Revenue from customers and recognised at point in time		
Community value-added and synergy services	969,624	193,841
	<u>3,569,324</u>	<u>2,290,473</u>

Information about major customers

For the year ended 31 December 2023, revenue from entities controlled by Xiamen C&D and its associates contributed to 33.1% (2022: 37.5%) 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 2023 and 2022. As at 31 December 2023 and 2022, substantially all of the specified non-current assets (other than deferred tax assets) of the Group were located in the PRC.

(a) Contract liabilities

The Group recognises the following revenue-related contract liabilities:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Property management services	384,226	262,506
Community value-added and synergy services	56,748	722,625
Value-added services to non-property owners	5,074	4,713
Commercial property operation management services	373	241
	<u>446,421</u>	<u>990,085</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 decreased as a result of recognising revenue from community value-added and synergy services related to advance payments received during the year ended 31 December 2022.

(b) Revenue recognised in relation to contract liabilities

The following table shows the revenue recognised during the year ended 31 December 2023 related to brought-forward contract liabilities:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the year		
Property management services	262,506	184,030
Community value-added and synergy services	703,761	70,690
Value-added services to non-property owners	4,713	–
Commercial property operation management services	241	–
	<u>971,221</u>	<u>254,720</u>

(c) *Unsatisfied performance obligations*

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

For community value-added and synergy services, the transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations as at 31 December 2023 is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within one year	136,192	775,793
More than one year	74,454	92,225
	<u>210,646</u>	<u>868,018</u>

5. TRADE AND OTHER RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
	<i>Notes</i>	
Trade receivables		
— Third parties	229,641	169,563
— Related parties	175,366	81,561
	<u>405,007</u>	251,124
Less: Provision for ECL allowance of trade receivables	(14,274)	(10,301)
	<u>(a) 390,733</u>	<u>240,823</u>
Other receivables		
Deposits	23,781	17,787
Prepayments	32,775	34,587
Other receivables	24,924	29,113
Amounts due from non-controlling interests	32,400	—
Payments on behalf of property owners	35,267	30,643
Value-added tax receivables	4,847	8,857
	<u>153,994</u>	120,987
Less: Provision for ECL allowance of other receivables	(2,970)	(3,708)
	<u>(b) 151,024</u>	<u>117,279</u>
	<u>541,757</u>	<u>358,102</u>

(a) Trade receivables

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

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

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

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

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
0–180 days	283,359	185,661
181–365 days	69,300	34,226
1–2 years	31,348	16,597
2–3 years	4,966	3,301
3–4 years	1,573	755
4–5 years	187	283
	390,733	240,823

(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>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables			
— Third parties		348,189	152,897
— Related parties		<u>5,687</u>	<u>938</u>
	(a)	353,876	153,835
Other payables			
Accrued charges and other payables		68,960	95,227
Amounts collected on behalf of property owners		176,917	133,264
Deposit received		211,211	156,144
Value-added tax payable		68,689	94,846
Other tax payable		7,164	3,380
Staff costs and welfare accruals		281,993	235,177
Payable in relation to the restricted shares incentive schemes		<u>113,519</u>	<u>69,307</u>
	(b)	<u>928,453</u>	<u>787,345</u>
		<u>1,282,329</u>	<u>941,180</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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
0 to 30 days	205,034	88,057
31 to 60 days	56,121	12,380
61 to 90 days	22,216	6,608
Over 90 days	<u>70,505</u>	<u>46,790</u>
	<u>353,876</u>	<u>153,835</u>

(b) Other payables

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

7. AMOUNTS DUE FROM/(TO) RELATED PARTIES

(a) Amounts due from related parties

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Companies controlled by Xiamen C&D	<u>50,500</u>	<u>23,164</u>

(b) Amounts due to related parties

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Companies controlled by Xiamen C&D	<u>1,565</u>	<u>126</u>

As at 31 December 2023 and 2022, the amounts due from/(to) related parties are unsecured, interest-free and repayable on demand.

8. INCOME TAX EXPENSE

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current income tax		
PRC Enterprise Income Tax ("EIT")	185,081	82,196
Under/(Over)-provision in respect of prior year	<u>1,173</u>	<u>(2,548)</u>
	186,254	79,648
Deferred tax		
	<u>(6,103)</u>	<u>(6,257)</u>
Total income tax expense	<u>180,151</u>	<u>73,391</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 2023 and 2022.

(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 2023 and 2022.

(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 2023 and 2022, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate was 25% for the years ended 31 December 2023 and 2022.

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% (2022: 20%) from 1 January 2023 to 31 December 2023. In addition, in accordance with the "Notice on Preferential Income Tax Policies Applicable to Small Low-profit Enterprises", the small and low-profit enterprises are entitled to a tax concession for 75% and 50% of its taxable income for annual taxable income of less than RMB1,000,000, and the portion that exceeds RMB1,000,000 but does not exceed RMB3,000,000 (inclusive) for the years ended 31 December 2023 and 2022, respectively.

9. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the years 31 December 2023 and 2022. The earnings per share is calculated using the weighted average number of ordinary shares of 1,324,417,273 (2022: 1,308,321,298) shares issued during the year as follows:

	2023	2022
Profit for the year attributable to equity holders of the Company (<i>RMB'000</i>)	<u>467,347</u>	<u>247,212</u>
Weighted average number of ordinary shares in issue (<i>thousands</i>)	1,324,417	1,308,321
Basic earnings per share (<i>RMB</i>)	<u>0.35</u>	<u>0.19</u>

(b) Diluted earnings per share

The restricted shares granted by the Company have potential dilutive effect on earnings per share. Diluted earnings per shares is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption on the conversion of all potential dilutive ordinary shares arising from restricted shares granted by the Company (collectively forming the denominator for computing the diluted earnings per share).

	2023	2022
Profit for the year attributable to equity holders of the Company (<i>RMB'000</i>)	<u>467,347</u>	<u>247,212</u>
Weighted average number of ordinary shares in issue (<i>thousands</i>)	1,324,417	1,308,321
Adjustments for restricted shares (<i>thousands</i>)	<u>50,165</u>	<u>34,150</u>
Weighted average number of ordinary shares for the calculation of diluted earnings per shares (<i>thousands</i>)	1,374,582	1,342,471
Diluted earnings per share (<i>RMB</i>)	<u>0.34</u>	<u>0.18</u>

10. DIVIDENDS

The Board recommends the payment of a final dividend of HK\$0.16 per share and a special dividend of HK\$0.1 per share for the celebration of the third anniversary of the Company's listing, totalling HK\$366,149,000 (equivalent to RMB331,811,000) for the year ended 31 December 2023 (2022: final dividend of HK\$0.1 per share totalling HK\$134,331,000 (equivalent to approximately RMB119,994,000)). The dividends are subject to the approval of shareholders at the forthcoming annual general meeting. Dividends proposed after the reporting date have not been recognised as a liability at the reporting date.

The final dividend for the year ended 31 December 2022 totalling RMB123,712,000 has been paid partly in new shares of the Company and partly in cash in July 2023. The number of ordinary shares settled and issued as scrip dividends was 27,722,910 and the total amount of dividend paid as scrip dividends was RMB88,849,000 while cash dividend amounted to RMB34,863,000.

MANAGEMENT DISCUSSION AND ANALYSIS

1. MARKET REVIEW

In 2023, property service companies actively embraced market changes with a focus on quality services, seeking long-term cooperation and stable development. With the market competition currently shifting from the “incremental” market to the “existing” market, as well as the mergers and acquisitions market returning to rationality, property service companies are no longer solely pursuing absolute “quantity” but are emphasizing high-quality and profitable growth. At the same time, they actively choose to “cut off” projects that are dragging down performance in order to “stabilize” earnings and lay the foundation for sustainable development. Only by actively improving their business level and service quality, adhering to long-termism and the “customer-centric” development strategy, as well as improving customer satisfaction from the perspective of owners’ needs, property service enterprises can break through challenges and identify more development opportunities to achieve sustainable, stable and healthy growth.

2. BUSINESS REVIEW

(1) Overview

In April 2023, we were honoured as one of the “Top 100 Property Management Companies in the PRC* (中國物業服務百強企業)” by China Index Academy and ranked 25th, with five places improved as compared with 2022. Through upholding our service philosophy of “offering high quality living spaces and leading a better life”, we envisage to become an outstanding property management services provider in the PRC.

As at 31 December 2023, our property management portfolio covered 63 cities across 16 provinces, municipalities and autonomous regions in the PRC, including first-tier cities, such as Beijing, Shanghai, Guangzhou and Shenzhen. Our contracted GFA was approximately 101.8 million sq.m., among which, the GFA under management reached approximately 61.4 million sq.m.. As at 31 December 2023, we provided services to over 375,000 households.

Our four main business lines, namely, (i) property management services; (ii) community value-added and synergy services; (iii) value-added services to non-property owners and (iv) commercial property operation management services, have formed an integrated service offering to our customers and have covered the entire value chain of property management.

(2) Property Management Services

We provided a range of property management services to property owners and residents of our managed properties as well as property developers, including greening, gardening and order maintenance for public areas, cleaning, parking management, repair and maintenance services for public facilities, etc.. Our property management portfolio covered residential properties and non-residential properties, including commercial and office buildings, industrial parks, government buildings and public facilities, hospitals and schools, etc.. 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 RMB1,418.0 million, representing an increase of approximately 36.8% from approximately RMB1,036.2 million for the year ended 31 December 2022. 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 2023, we had contracted GFA of approximately 101.8 million sq.m., and our number of contracted projects was 659, representing an increase of approximately 12.4% and 12.8% respectively as compared with those as at 31 December 2022 (as at 31 December 2022: approximately 90.6 million sq.m., and 584 projects). As at 31 December 2023, the GFA under management reached approximately 61.4 million sq.m., and number of projects under management was 445, representing an increase of approximately 33.0% and 26.1% respectively as compared with those as at 31 December 2022 (as at 31 December 2022: approximately 46.2 million sq.m., and 353 projects).

Geographic Coverage

As at 31 December 2023, we had 659 contracted projects covering 63 cities across 16 provinces, municipalities and autonomous regions in the PRC, with 445 projects under management, covering 46 cities, serving over 375,000 households.

Notes:

1. As at 31 December 2023, cities in the Haixi Cluster included Longyan, Putian, Quanzhou, Xiamen, Zhangzhou, Foshan, Guangzhou, Jiangmen, Shenzhen, Zhuhai, Dongguan, Liuzhou, Nanning, Guiyang, Changde, Hengyang, Loudi, Yiyang, Changsha, Zhuzhou, Jiujiang, Nanchang, Shangrao, Chengdu, Deyang, Ya'an and Chongqing. As at 31 December 2022, cities in the Haixi Cluster included Longyan, Putian, Quanzhou, Xiamen, Zhangzhou, Foshan, Guangzhou, Jiangmen, Shenzhen, Zhuhai, Liuzhou, Nanning, Guiyang, Changde, Hengyang, Loudi, Yiyang, Changsha, Zhuzhou, Jiujiang, Nanchang, Shangrao, Chengdu, Deyang, Ya'an and Chongqing.
2. As at 31 December 2023, cities in the Eastern China Cluster included Bengbu, Hefei, Huainan, Liu'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 31 December 2022, cities in the Eastern China Cluster included Bengbu, Hefei, Huainan, Liu'an, Suzhou (宿州), Beijing, Luoyang, Pingdingshan, Shangqiu, Xinxiang, Zhengzhou, Huangshi, Wuhan, Huai'an, Nanjing, Nantong, Suzhou, Suqian, Wuxi, Xuzhou, Yancheng, Jinan and Shanghai.
3. 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. As at 31 December 2022, cities in the Southeast China Cluster included Fuzhou, Ningde, Nanping, Sanming, Hangzhou, Huzhou, Jinhua, Ningbo, Shaoxing, Taizhou, and Wenzhou.

Source of Projects

As at 31 December 2023, 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 61.6 million sq.m., representing an increase of approximately 12.4% from approximately 54.8 million sq.m. as at 31 December 2022.

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 2023, our contracted GFA for property management services with independent third parties was approximately 40.2 million sq.m., representing an increase of approximately 12.4% from approximately 35.8 million sq.m. as at 31 December 2022.

The table below sets out the Group's GFA under management as at 31 December 2023 and 2022 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 2023 and 2022:

	As at 31 December/For the year ended 31 December					
	2023			2022		
	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	39,556	857,853	60.5	27,937	587,667	56.7
Independent third parties	21,893	560,149	39.5	18,267	448,508	43.3
Total	<u>61,449</u>	<u>1,418,002</u>	<u>100.0</u>	<u>46,204</u>	<u>1,036,175</u>	<u>100.0</u>

Types of Managed Properties

We focused on providing property management services to residential communities in the PRC, while we also endeavoured to diversify our property management portfolio by extending our services to an increasing variety of non-residential properties (including commercial and office buildings, industrial parks, government buildings and public facilities, hospitals and schools). As at 31 December 2023, our contracted GFA for non-residential properties was approximately 7.8 million sq.m., representing an increase of approximately 40.7% from approximately 5.5 million sq.m. as at 31 December 2022.

The table below sets out the Group's GFA under management as at 31 December 2023 and 2022 and the breakdown of our revenue from our property management services by type of property for each of the years ended 31 December 2023 and 2022:

	As at 31 December/For the year ended 31 December					
	2023			2022		
	GFA under management '000 sq.m.	Revenue RMB'000	% of revenue	GFA under management '000 sq.m.	Revenue RMB'000	% of revenue
Residential	56,703	1,112,349	78.4	41,952	788,948	76.1
Non-residential	4,746	305,653	21.6	4,252	247,227	23.9
Total	<u>61,449</u>	<u>1,418,002</u>	<u>100.0</u>	<u>46,204</u>	<u>1,036,175</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 2023 and 2022 and the breakdown of our revenue from our property management services by revenue model for each of the years ended 31 December 2023 and 2022:

	As at 31 December/For the year ended 31 December					
	2023			2022		
	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	60,294	1,389,006	98.0	45,572	1,012,208	97.7
Commission basis	1,155	28,996	2.0	632	23,967	2.3
Total	<u>61,449</u>	<u>1,418,002</u>	<u>100.0</u>	<u>46,204</u>	<u>1,036,175</u>	<u>100.0</u>

(3) Community Value-added and Synergy Services

We provided a variety of community value-added and synergy services mainly by ourselves or third-party sub-contractors or service companies. The services mainly included: (i) home living services, such as housekeeping and cleaning services, repair and maintenance services and merchandise retail services; (ii) home beauty services, providing turn-key move-in services* (拎包入住服務) with one-stop home beauty solutions for overall design, interior home furnishing and appliances installation and home furniture services, etc.; (iii) real estate brokerage and asset management services, including services for secondary sales or rental transactions of properties and/or car parking spaces and inventory property* (尾盤) sales services for unsold property units of property developers; (iv) value-added services for public areas, including leasing out public areas and advertising spots; (v) elderly-care & health value-added services, mainly including the operation of C&D Yibai Elderly Care Centre* (建發溢佰養老中心), 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 RMB1,374.8 million, representing an increase of approximately 189.0% from approximately RMB475.8 million for the year ended 31 December 2022. 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. The Group has been providing home furniture services which are part of the home beauty services for the first-hand properties since 2021, and has delivered three projects for the Year. Therefore, the revenue from the home furniture services business for the Year was approximately RMB683.6 million, representing a growth of approximately 24 times compared to approximately RMB26.9 million in the previous year. The scale of the home furniture services depends on the number of projects undertaken by the Group during the year, while market demand, policy environment, and other factors would affect the continuity of such business, or result in possible decrease in the future.

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 2023 and 2022:

	For the year ended 31 December			
	2023		2022	
	Revenue <i>RMB'000</i>	%	Revenue <i>RMB'000</i>	%
Smart community services	223,221	16.2	118,622	24.9
Home living services	207,109	15.1	144,337	30.4
Home beauty services	748,944	54.5	69,089	14.5
Real estate brokerage and asset management services	74,898	5.5	49,505	10.4
Value-added services for public areas	76,303	5.5	57,000	12.0
Elderly-care & health value-added services	44,371	3.2	37,231	7.8
Total	<u>1,374,846</u>	<u>100.0</u>	<u>475,784</u>	<u>100.0</u>

(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 RMB707.1 million, representing a decrease of approximately 6.3% from approximately RMB754.5 million for the year ended 31 December 2022. The decrease was mainly due to a decrease in the number of pre-sales centres required by cooperative property developers for cost-saving.

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 2023 and 2022:

	For the year ended 31 December			
	2023		2022	
	Revenue <i>RMB'000</i>	%	Revenue <i>RMB'000</i>	%
Reception, order maintenance and cleaning services	701,747	99.2	747,660	99.1
Consultancy services	5,402	0.8	6,811	0.9
Total	<u>707,149</u>	<u>100.0</u>	<u>754,471</u>	<u>100.0</u>

(5) Commercial Property Operation Management Services

Since September 2022, we commenced the commercial property operation management services to promote complementary advantages, making the Group an asset-light service provider of “property management + commercial operation”, as well as broaden and enrich our business foundation. We provided commercial property operation management services to owners of various types of commercial properties such as office buildings and shopping malls. We provided commercial property operation management services to: (i) commercial properties during pre-opening stage, such as positioning, planning and design consultancy services, etc.; and (ii) established commercial properties, such as provision of tenant and lease management, operation management and planning and marketing services.

During the Year, our revenue from commercial property operation management services was approximately RMB69.3 million. As at 31 December 2023, we provided our services to 21 business projects and the GFA of the commercial properties under management of the Group was 1.05 million sq.m..

3. FINANCIAL REVIEW

Revenue

Due to our continuous business development, the Group's revenue for the Year was approximately RMB3,569.3 million, representing an increase of approximately 55.8% from approximately RMB2,290.5 million for the year ended 31 December 2022.

The table below sets out the revenue of the Group by business line for each of the years ended 31 December 2023 and 2022:

	For the year ended 31 December			
	2023		2022	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	1,418,002	39.7	1,036,175	45.3
Community value-added and synergy services	1,374,846	38.5	475,784	20.8
Value-added services to non-property owners	707,149	19.8	754,471	32.9
Commercial property operation management services	69,327	2.0	24,043	1.0
Total	<u>3,569,324</u>	<u>100.0</u>	<u>2,290,473</u>	<u>100.0</u>

Property management services was the Group's largest source of revenue. During the Year, the revenue from property management services was approximately RMB1,418.0 million, accounting for approximately 39.7% 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 46.2 million sq.m. as at 31 December 2022 to approximately 61.4 million sq.m. as at 31 December 2023, which resulted from both our steady cooperation with cooperative property developers and our efforts to expand the third-party customer base.

The revenue from community value-added and synergy services increased by approximately 189.0% from approximately RMB475.8 million for the year ended 31 December 2022 to approximately RMB1,374.8 million for the Year, which was mainly due to the delivery of home furniture services (which are part of home beauty services) undertaken by the Group. Revenue of approximately RMB683.6 million was generated, representing an increase of approximately 24 times of revenue of approximately RMB26.9 million from the previous year. The scale of the home furniture services depends on the number of projects undertaken by the Group during the year, while market demand, policy environment, and other factors would affect the continuity of such business, or result in possible decrease in the future.

The revenue from value-added services to non-property owners decreased by approximately 6.3% from approximately RMB754.5 million for the year ended 31 December 2022 to approximately RMB707.1 million for the Year, which was mainly due to a decrease in the number of pre-sales centres required by cooperative property developers for cost-saving.

Since September 2022, we commenced the commercial property operation management services to broaden and enrich our business foundation. During the Year, the revenue from the commercial property operation management services was approximately RMB69.3 million (for the year ended 31 December 2022: RMB24.0 million).

Cost of sales

Cost of sales increased by approximately 46.4% from approximately RMB1,753.5 million for the year ended 31 December 2022 to approximately RMB2,567.9 million for the Year, primarily due to the scale-up of our business.

Gross profit

As a result of the above principal factors, the Group's gross profit increased by approximately 86.5% from approximately RMB537.0 million for the year ended 31 December 2022 to approximately RMB1,001.5 million for the Year, with gross profit margin of approximately 23.4% and 28.1% respectively. The increase in gross profit margin was mainly due to delivery of the home furniture services during the year, the scale of which depends on the number of projects undertaken by the Group during the year, while market demand, policy environment, and other factors would affect the continuity of such business, or result in possible decrease in the future. Excluding the impact of this business, the gross profit margin of the Group for the year is basically the same as that of the previous year.

Other income

Other income increased from approximately RMB16.5 million for the year ended 31 December 2022 to approximately RMB17.3 million for the Year, mainly due to an increase in amounts free from payment obligations.

Selling and marketing expenses

The Group's selling and marketing expenses increased from approximately RMB7.6 million for the year ended 31 December 2022 to approximately RMB8.0 million for the Year, mainly due to an increase in promotional expenses.

Administrative and other operating expenses

The Group's administrative and other operating expenses mainly included staff cost (including the cost of the 2021 and 2023 Restricted Share Incentive Schemes), travelling and entertainment expenses, consultancy fee, telecommunication and utilities, depreciation, office expenses and other expenses (mainly including bank handling fees, gains and losses on disposal of assets, recruitment cost and insurance fees).

During the Year, the Group's total administrative and other operating expenses amounted to approximately RMB355.8 million, representing an increase of approximately 23.9% from approximately RMB287.2 million for the year ended 31 December 2022, 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 decreased from approximately RMB4.6 million for the year ended 31 December 2022 to approximately RMB3.2 million for the Year, mainly due to a lower estimated credit risk of other receivables at the closing period.

Net finance income

The Group's net finance income mainly included interest income on bank deposit, interest income on amounts due from related parties and lease liability interest relating to lease liabilities arising from leased properties used for the Group's office. During the Year, the Group's net finance income was approximately RMB75.8 million, representing an increase of approximately 6.6% as compared with approximately RMB71.1 million for the year ended 31 December 2022, which was mainly due to the enhanced return on capital as a result of the effective capital management by the Group.

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 RMB727.5 million, representing an increase of approximately 124.0% as compared with approximately RMB324.7 million for the year ended 31 December 2022.

Income tax expense

Income tax expense increased from approximately RMB73.4 million for the year ended 31 December 2022 to approximately RMB180.2 million for the Year, representing an increase of approximately 145.5%. 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

Profit for the year attributable to equity holders of the Company for the Year was approximately RMB467.3 million, representing an increase of approximately 89.0% as compared with approximately RMB247.2 million for the year ended 31 December 2022.

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 2023, the Group's property, plant and equipment amounted to approximately RMB51.4 million, representing an increase of approximately 44.5% from approximately RMB35.6 million as at 31 December 2022, which was mainly due to the acceptance of the renovation and remodeling projects for new elderly-care service institutions for the Year.

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 2023, the Group's trade and other receivables were approximately RMB541.8 million, representing an increase of approximately 51.3% as compared with approximately RMB358.1 million as at 31 December 2022, which was mainly due to the expansion of our business scale.

Cash and cash equivalents

As at 31 December 2023, the Group's cash and cash equivalents were approximately RMB2,952.4 million, representing an increase of approximately 9.2% as compared with approximately RMB2,703.1 million as at 31 December 2022. The increase was mainly due to the expansion of our business scale for the Year. About 99% of cash and bank balances held by the Group was denominated in Renminbi, and about 1% was denominated in HK dollars.

Trade and other payables

The Group's trade and other payables mainly included trade payables, amounts collected on behalf of property owners, received deposits (保證金) and accrued staff costs and welfares. As at 31 December 2023, our trade and other payables were approximately RMB1,282.3 million, representing an increase of approximately 36.2% from approximately RMB941.2 million as at 31 December 2022, which was mainly due to the increase of our property management scale, the increase in payables to third parties, provisions for employee salaries and the increase in collections on behalf other parties.

Contract liabilities

Contract liabilities of the Group were service prepayment paid by customers for the services which had not been provided and not been recognised as revenue. As at 31 December 2023, our contract liabilities amounted to approximately RMB446.4 million, representing a decrease of approximately RMB543.7 million from approximately RMB990.1 million as at 31 December 2022, primarily due to the income recognised from the delivery of 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 RMB185.5 million, representing a decrease of approximately 62.6% as compared with approximately RMB495.7 million for the year ended 31 December 2022, mainly due to the payment of costs for home furniture services for the Year, resulting in the increase in capital outflows.

As at 31 December 2023, the net current assets of the Group was approximately RMB1,700.2 million, representing an increase of approximately RMB548.7 million from net current assets of approximately RMB1,151.5 million as at 31 December 2022, mainly due to the increase in account receivables in line with the increase in business scale. As at 31 December 2023, the Group's current ratio (total current assets divided by total current liabilities) was approximately 1.9x (as at 31 December 2022: approximately 1.6x). As at 31 December 2023, the Group's cash at banks and on hand amounted to approximately RMB2,968.3 million (as at 31 December 2022: approximately RMB2,736.0 million).

As at 31 December 2023, 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 51.8% (as at 31 December 2022: approximately 61.5%).

As at 31 December 2023, the Group had interest-bearing borrowings of approximately RMB19.6 million denominated in RMB which carried interest on a floating rate basis (as at 31 December 2022: approximately RMB10.0 million denominated in RMB).

Charges on the Group's assets

As at 31 December 2023 and 2022, there were no charges on the Group's assets.

Principal risks and uncertainties

Government Policy Risk

The Company's business growth is, and will likely continue to be, affected by the PRC government regulations of our industry. The PRC government has continued to introduce various restrictive measures to discourage speculation in the real estate market. Through these policies and measures, the PRC government may restrict or reduce property development activities and affect the delivery schedule and occupancy rates of the properties we provide services. Any such governmental regulations and measures may affect the PRC real estate industry, thus limiting our business growth and resulting in a material adverse effect on our business, financial position and results of operations. The Group will continue to enrich the business structure to ensure a stable property management revenue, thereby minimizing the impact.

Future Acquisition or Expansion Risk

In addition to our organic growth, when suitable opportunities arise, the Company will also explore selective investments in or acquisitions of other property management companies in the PRC. However, there can be no assurance that the Company will be able to identify suitable opportunities. Acquisitions involve uncertainties and risks, including but not limited to, potential ongoing financial obligations and unforeseen or hidden liabilities, failure to achieve the intended objectives, benefits or revenue-enhancing opportunities, and diversion of resources and management attention. Even if the Company manages to identify suitable opportunities, the Company may not be able to complete the acquisitions on terms favourable or acceptable to us, in a timely manner, or at all. The inability to identify suitable acquisition targets or complete acquisitions could materially and adversely affect our competitiveness and growth prospects. Given the above, the Company will identify acquisition targets in a cautious manner.

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

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

Contingent liabilities

As at 31 December 2023, the Group had no significant contingent liabilities.

Interest rate risk

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

Foreign exchange risk

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

Events after reporting period

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

Future plans for material investments or capital assets

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

Employment and remuneration policy

The Group adopted remuneration policies similar to its peers in the industry. The remuneration payable to our staff was fixed by reference to the duties and the prevailing market rates in the region. Discretionary performance bonus after assessments was paid to employees to reward their contributions. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, the Group has participated in different social welfare plans for our employees. Restricted share incentive schemes were adopted to motivate the management and core staff of the Company.

The same remuneration philosophy is also applicable to the Directors. Apart from benchmarking against the market, the Company reviews individual competence, contributions and the affordability of the Company in determining the exact level of remuneration for each Director.

As at 31 December 2023, the Group had 15,087 employees (as at 31 December 2022: 13,897 employees).

4. OUTLOOK AND PROSPECT

In 2024, due to the macro environment and the downward trend in the real estate industry, the property management industry will proceed steadily with a new and more cautious approach. By upholding high-quality growth and maintaining high-quality services, the deepening of customer-centric business models will become an important task for benchmarked property service companies.

(1) Strengthening basic services to create high-quality living spaces for property owners

Confronted with new market conditions and customer expectations, property management companies adopt a more robust strategic direction and improve customer loyalty and satisfaction by refining and optimizing the quality of basic services, with the aim to maintain stable cash flows and business fundamentals.

As a result, the Company will undertake a series of specific actions from four dimensions of “enhancing perception, providing convenience, creating distinctiveness and inspiring momentum.” It will consistently strengthen the accessibility of basic services, creating high-quality living spaces for property owners while maintaining a core competitive advantage of higher customer satisfaction.

(2) Optimizing expansion structure and strengthening the competitive advantages of non-residential sectors

At this stage, benchmarked property service companies are continuing to deepen and advance the structured transformation from “residential to non-residential sectors”, constantly strengthening and deepening the cultivation of service layout in non-residential sectors. To achieve this, the Company will focus on the expansion principle of “good price and quantity”, seize expansion opportunities in first-tier, second-tier, and strong third-tier cities under the premise of adhering to the “profit and safety bottom line requirements”, drive service structure optimization, enhance the capabilities of service in high-quality sectors such as office buildings and industrial parks, and strengthen competitive advantages in non-residential sectors.

(3) Exploring customer needs and driving the growth of value-added services based on life scenarios

In the trend of continuous market iteration and change, an increasing number of specialized value-added service opportunities have emerged. The boundaries of property services are also expanding in line with customers' diverse life scenarios. The Company will constantly explore customers' real needs, integrate high-quality internal and external resources, innovate business models, and continue to explore opportunity for layouts in various segmented markets based on customers' life scenarios, with the aim to meet customers' growing demand for high-quality services.

(4) Encouraging technological innovation to realize dual gains in efficiency and satisfaction

Embracing the wave of intelligence, empowering technology firmly and enhancing management efficiency, the Group will further optimize internal management mechanisms. It will encourage the implementation and promotion of small-scale innovation, fully mobilize the subjective initiative of all employees, and promote a management model of "improvement by all, excellence in every aspect (人人改善、事事精益)". It will constantly iterate the technological and organizational capabilities to realize dual gains in efficiency and satisfaction.

In conclusion, with the mission of "creating high-quality living spaces and leading a better life", the Group will consistently consolidate its advantages in three-dimensional service system of "service capability, organizational strength and technological power", by way of strengthening the foundation, improving quality, improving efficiency, and promoting growth, with the aim to create more value for property owners, shareholders and the society, and achieve long-term stable development of the Company.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board recommended the payment of a final dividend for the Year of HK\$0.16 per Share (2022: HK\$0.1 per Share) and a special dividend of HK\$0.1 per Share for the celebration of the third anniversary of the Company's listing (2022: Nil), subject to the approval at the forthcoming annual general meeting of the Company. Based on the 1,408,264,016 Shares in issue as at 31 December 2023, it is expected that a final dividend and special dividend for the celebration of the third anniversary of the Company's listing of approximately HK\$366,149,000 (equivalent to approximately RMB331,811,000) will be paid. Subject to the approval of the shareholders of the Company ("Shareholders") at the annual general meeting, the final dividend and special dividend are expected to be paid on Friday, 7 June 2024 to Shareholders whose names appear on the register of members of the Company on Friday, 31 May 2024.

ANNUAL GENERAL MEETING

The Company's annual general meeting (the "AGM") will be held on Friday, 24 May 2024. A notice convening the AGM with all other relevant documents will be published and dispatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining entitlement of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 21 May 2024 to Friday, 24 May 2024 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by 4:30 p.m. on Monday, 20 May 2024.

For the purpose of ascertaining entitlement of the Shareholders to the proposed final dividend and special dividend for the Year, the register of members of the Company will be closed from Thursday, 30 May 2024 to Friday, 31 May 2024 (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, 29 May 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules for dealings in securities of the Company by its Directors. The Company has made specific enquiries to all Directors and each of them confirmed that they have complied with the required standard set out in the Model Code during the Year.

CORPORATE GOVERNANCE PRACTICES

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

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

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

Save for the issuance of 7,050,000 Shares pursuant to the 2021 Restricted Share Incentive Scheme approved by the Shareholders on 27 September 2021 and the issuance of 37,230,000 Shares pursuant to the 2023 Restricted Share Incentive Scheme approved by the Shareholders on 21 December 2023, 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 above issuance of Shares of the Company, please refer to the announcements dated 15 January 2022 and 7 November 2023 and circulars of the Company dated 17 January 2023 and 2 December 2023.

REVIEW OF RESULTS BY AUDIT COMMITTEE

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

SCOPE OF WORK OF THE AUDITOR

The figures in respect of this preliminary announcement of the Group’s results for the year ended 31 December 2023 have been agreed by the Group’s auditor, Grant Thornton Hong Kong Limited (the “Auditor”), to the amounts set out in the Group’s draft consolidated financial statements for the Year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on this preliminary announcement.

ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2023 will be dispatched to the Shareholders who requested for a printed copy and available on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

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

By Order of the Board
C&D Property Management Group Co., Ltd
Lin Weiguo
Chairman and Non-executive Director

Hong Kong, 21 March 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 or place and is provided for identification purpose only*