

建發物業管理集團有限公司

C&D Property Management Group Co., Ltd

(Incorporated in the British Virgin Islands with limited liability)

Stock Code: 2156

2021

INTERIM REPORT



國內一流的城市空間運營服務商
a first class urban service operator in the PRC

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Mr. Lee Cheuk Yin Dannis (*Committee Chairman*)

Mr. Cheung Kwok Kwan, J.P.

Mr. Li Kwok Tai James

Mr. Wu Yat Wai

REMUNERATION COMMITTEE

Mr. Wu Yat Wai (*Committee Chairman*)

Mr. Zhuang Yuekai

Mr. Cheung Kwok Kwan, J.P.

Mr. Lee Cheuk Yin Dannis

Mr. Li Kwok Tai James

NOMINATION COMMITTEE

Mr. Zhuang Yuekai (*Committee Chairman*)

Mr. Cheung Kwok Kwan, J.P.

Mr. Lee Cheuk Yin Dannis

Mr. Li Kwok Tai James

Mr. Wu Yat Wai

COMPANY SECRETARY

Ms. Leung Ching Ching (*FCG, FCS*)

AUTHORISED REPRESENTATIVES

Ms. Qiao Haixia

Ms. Leung Ching Ching (*FCG, FCS*)

REGISTERED OFFICE

2/F, Palm Grove House

P.O. Box 3340

Road Town, Tortola

British Virgin Islands ("BVI")

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3517, 35/F

Wu Chung House

213 Queen's Road East

Wan Chai

Hong Kong

HEADQUARTERS AND REGISTERED OFFICE IN THE PEOPLE'S REPUBLIC OF CHINA ("PRC")

Unit 703, 7th Floor

C&D International Building

No.1699 Huandao East Road

Xiamen, PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE BVI

Tricor Services (BVI) Limited

2/F, Palm Grove House

P.O. Box 3340

Road Town, Tortola

BVI

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

AUDITOR

Grant Thornton Hong Kong Limited



CORPORATE INFORMATION

COMPLIANCE ADVISER

China Industrial Securities International Capital Limited

LEGAL ADVISER AS TO HONG KONG LAWS

King & Wood Mallesons

PRINCIPAL BANKER

Bank of China

COMPANY'S WEBSITE

www.cndservice.com

(the contents of which do not form part of this report)

STOCK CODE

2156

LISTING DATE

31 December 2020

* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the “Board”) of directors (the “Directors”) of C&D Property Management Group Co., Ltd (the “Company”) is pleased to announce the following unaudited interim consolidated results of the Company and its subsidiaries (collectively, the “Group” or “We”) for the six months ended 30 June 2021 (the “Period”).

	Notes	For the six months ended 30 June 2021 RMB'000 (Unaudited)	For the six months ended 30 June 2020 RMB'000 (Audited)
Revenue	5	665,188	452,165
Cost of sales		(489,443)	(342,407)
Gross profit		175,745	109,758
Other income		2,988	20,422
Selling and marketing expenses		(759)	(936)
Administrative and other operating expenses		(69,092)	(54,044)
Provision for expected credit losses allowance on trade and other receivables, net		(3,470)	(3,180)
Finance income, net		9,990	15,653
Share of results of associates		90	(1,262)
Profit before income tax		115,492	86,411
Income tax expense	6	(28,906)	(24,940)
Profit for the period		86,586	61,471
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		(58)	(23)
Total comprehensive income for the period		86,528	61,448
Profit for the period attributable to:			
— Equity holders of the Company		86,533	61,011
— Non-controlling interests		53	460
		86,586	61,471
Profit and total comprehensive income attributable to:			
— Equity holders of the Company		86,475	60,988
— Non-controlling interests		53	460
		86,528	61,448
Earnings per share attributable to the equity holders of the Company (expressed in RMB per share)			
Basic and diluted	8	0.07	0.05

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	27,447	27,328
Right-of-use assets		19,573	21,415
Interests in associates		1,560	–
Goodwill		578	578
Deferred tax assets		7,268	3,874
		56,426	53,195
Current assets			
Inventories		5,355	2,139
Trade and other receivables	10	303,975	135,087
Amounts due from related parties	13(a)	169	31
Restricted bank deposits	11	18,063	20,219
Cash and cash equivalents	11	872,587	886,159
		1,200,149	1,043,635
Current liabilities			
Trade and other payables	12	432,824	446,923
Contract liabilities	5(a)	265,776	178,186
Amounts due to related parties	13(b)	892	5,333
Income tax payables		38,285	32,644
Lease liabilities		4,578	4,914
		742,355	668,000
Net current assets		457,794	375,635
Total assets less current liabilities		514,220	428,830

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities		8,155	9,242
Deferred tax liabilities		4,884	4,935
		13,039	14,177
Net assets		501,181	414,653
CAPITAL AND RESERVES			
Share capital	14	9,982	9,982
Reserves		480,296	393,821
Equity attributable to the equity holders of the Company		490,278	403,803
Non-controlling interests		10,903	10,850
Total equity		501,181	414,653

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						Non-	Total equity
	Share capital RMB'000	Other reserve* RMB'000	Statutory reserve* RMB'000	Exchange reserve* RMB'000	Retained profits* RMB'000	Sub-total RMB'000	controlling interests RMB'000	
Balance at 1 January 2020	12	(26,898)	21,515	–	181,691	176,320	1,104	177,424
Total comprehensive income								
Profit for the period	–	–	–	–	61,011	61,011	460	61,471
Other comprehensive income								
— Exchange differences on translation of financial statements of foreign operations	–	–	–	(23)	–	(23)	–	(23)
Profit and total comprehensive income for the year	–	–	–	(23)	61,011	60,988	460	61,448
Transactions with owners								
— Dividends declared and paid	–	–	–	–	(1,485)	(1,485)	–	(1,485)
— Considerations received for the equity transfers of the Excluded Companies to the Remaining Group and regarded as deemed contribution arising from Reorganisation	–	289,756	–	–	–	289,756	–	289,756
— Considerations paid for the registered capital of the Excluded Companies and regarded as deemed distribution arising from Reorganisation	–	(227,200)	–	–	–	(227,200)	–	(227,200)
— Dividends received from the Excluded Companies and regarded as deemed contribution arising from Reorganisation	–	48,653	–	–	–	48,653	–	48,653
	–	111,209	–	–	(1,485)	109,724	–	109,724
Balance at 30 June 2020 (Audited)	12	84,311	21,515	(23)	241,217	347,032	1,564	348,596

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						Non-	Total equity
	Share capital RMB'000	Other reserve* RMB'000	Statutory reserve* RMB'000	Exchange reserve* RMB'000	Retained profits* RMB'000	Sub-total RMB'000	controlling interests RMB'000	
Balance at 1 January 2021	9,982	85,775	27,646	207	280,193	403,803	10,850	414,653
Total comprehensive income								
Profit for the period	–	–	–	–	86,533	86,533	53	86,586
Other comprehensive income								
— Exchange differences on translation of financial statements of foreign operations	–	–	–	(58)	–	(58)	–	(58)
Profit and total comprehensive Income for the period	–	–	–	(58)	86,533	86,475	53	86,528
Transactions with owners								
— Appropriation to statutory reserve	–	–	3,190	–	(3,190)	–	–	–
	–	–	3,190	–	(3,190)	–	–	–
Balance at 30 June 2021 (Unaudited)	9,982	85,775	30,836	149	363,536	490,278	10,903	501,181

* The total of these amounts as at each reporting date represent “Reserves” in the consolidated statements of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	For the six months ended 30 June 2021 RMB'000 (Unaudited)	For the six months ended 30 June 2020 RMB'000 (Audited)
Net cash from operating activities		(12,814)	1,183
Net cash from investing activities		6,345	1,105,173
Net cash from financing activities		(7,103)	225,147
Net increase in cash and cash equivalents		(13,572)	1,331,503
Cash and cash equivalents as at 1 January		886,159	57,121
Cash and cash equivalents as at 30 June	11	872,587	1,388,624

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. GENERAL INFORMATION

C&D Property Management Group Co., Ltd (the “Company”, formerly known as Li Chi International Limited and C&D Property Development Group Co., Ltd) 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 (the “PRC”) (the “Listing Business”).

On 23 December 2020, the board of directors of C&D International Investment Group Limited (“C&D International”) declared a special dividend to be satisfied by way of a distribution in specie to its then qualifying shareholders of an aggregate of 1,176,711,106 shares of the Company, in proportion to their respective shareholdings in C&D International as at 28 December 2020 (the “C&D International Distribution”).

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 C&D International Distribution was completed upon the Listing. Prior to the C&D International Distribution, the immediate holding company of the Company was C&D International, an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on the Stock Exchange; after the C&D International Distribution, the Company’s immediate holding company is Well Land International Limited (“Well Land”), a company incorporated in the 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 is the Company’s intermediate holding company, 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.

Unless otherwise stated, this interim financial information for the six months ended 30 June 2021 (the “interim financial information”) is presented in Renminbi (“RMB”).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

2. BASIS OF PREPARATION

The Interim Financial Information is prepared in accordance with Hong Kong Accounting Standards (“HKASs”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020.

3. ADOPTION OF NEW AND AMENDED HKFRSs (“HKFRSs”)

New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2021

The accounting policies and methods of computation used in the preparation of the Interim Financial Report are consistent with those used in the annual financial statements for the year ended 31 December 2020, except for the adoption of the following new and amended HKFRSs effective as of 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

Amendments to HKFRS 16

Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16

COVID-19-Related Rent Concessions

Interest Rate Benchmark Reform — Phase 2

The adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

4. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not early applied the following new and amended standards, amendments and interpretations ("new and amended HKFRSs") which have been issued but are not yet effective:

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

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective date to be determined

⁴ 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

⁵ Effective for annual periods beginning on or after 1 June 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. These new and amended HKFRSs are not expected to have a material impact on the consolidated financial statements.

5. REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Group.

During the six months ended 30 June 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 segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is monitored to make strategic decision.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Revenue mainly comprises proceeds from property management services and value-added services. An analysis of the Group's revenue by category for the six months ended 30 June 2021 and 2020 is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Revenue from customers and recognised over time		
Property management services	351,813	281,935
Value-added services		
— Community value-added and synergy services	40,063	28,499
— Value-added services to non-property owners	223,547	127,827
	615,423	438,261
Revenue from customers and recognised at point in time		
Value-added services		
— Community value-added and synergy services	49,765	13,904
	665,188	452,165

Information about major customers

For the six months ended 30 June 2021, revenue from entities controlled by Xiamen C&D and its associates contributed to 35% (For the six months ended 30 June 2020 (corresponding period of the previous year): 30%) 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

The principal operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC during the six months ended 30 June 2021 and 2020. As at 30 June 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:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Property management services	203,268	127,248
Community value-added and synergy services	62,508	50,938
	265,776	178,186

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. Such liabilities increased as a result of the growth of the Group's business.

(b) Revenue recognised in relation to contract liabilities

The following table shows the revenue recognised during the six months ended 30 June 2021 related to carried-forward contract liabilities:

	For the six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Revenue recognised that was included in contract liabilities at the beginning of the period		
Property management services	110,763	51,836
Community value-added and synergy services	35,893	5,308
	146,656	57,144

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

(c) *Unsatisfied performance obligations*

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

For community value-added and synergy services, the transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations as at 30 June 2021 is as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 30 June 2020 RMB'000 (Audited)
Within one year	18,067	7,530
More than one year	2,721	327
	20,788	7,857

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Current income tax		
PRC Enterprise Income Tax ("EIT")	32,074	16,177
Deferred tax	(3,168)	8,763
Total income tax expense	28,906	24,940

Notes:

(a) BVI Income tax

Pursuant to the relevant rules and regulations of the BVI, the Group is not subject to any income tax in the BVI during the six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 2021 and 2020, based on the existing legislation, interpretations and practices in respect thereof. The statutory tax rate was 25% for the six months ended 30 June 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% from 1 January 2019 to 31 December 2021. The portion of annual taxable income amount, which does not exceed RMB1 million, shall be computed at a reduced rate of 25% as taxable income amount, and be subject to enterprise income tax at 20%. And the portion of annual taxable income, which exceeds RMB1,000,000 but does not exceed RMB3,000,000, shall be computed at a reduced rate of 50% as taxable income amount, and be subject to enterprise income tax at 20%.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

7. DIVIDENDS

The board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (corresponding period of the previous year: Nil).

8. 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 or deemed to be in issue during the six months ended 30 June 2021 and 2020. The earnings per share is calculated using the weighted average number of ordinary shares of 1,176,711,106 shares issued during the Reorganisation as if the Reorganisation had been completed on 1 January 2020 for meaningful comparison purpose.

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Profit for the period attributable to equity holders of the Company (RMB'000)	86,533	61,011
Basic earnings per share (RMB)	0.07	0.05

(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 six months ended 30 June 2021 and 2020.

9. PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment for the six months ended 30 June 2021 are summarized as follows:

	RMB'000
At 1 January 2021 (Audited)	27,328
Additions	3,932
Written off	(155)
Depreciation	(3,658)
At 30 June 2021 (Unaudited)	27,447

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

10. TRADE AND OTHER RECEIVABLES

	Notes	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Trade receivables			
— Third parties		130,757	69,229
— Related parties		133,656	28,242
		264,413	97,471
Less: Provision for expected credit losses ("ECL") allowance of trade receivables		(10,671)	(7,266)
	(a)	253,742	90,205
Other receivables			
Deposits		7,863	5,568
Prepayments		10,452	6,940
Other receivables		9,516	6,394
Payment on behalf of property owners		19,773	24,263
Value-added tax receivables		4,391	3,401
		51,995	46,566
Less: Provision for ECL allowance of other receivables		(1,762)	(1,684)
	(b)	50,233	44,882
		303,975	135,087

(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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

10. TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Trade receivables *(Continued)*

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

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
0–180 days	212,277	51,459
181–365 days	24,819	27,769
1–2 years	13,766	8,136
2–3 years	2,201	2,093
3–4 years	529	580
4–5 years	150	168
	253,742	90,205

(b) Other receivables

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

11. CASH AND CASH EQUIVALENTS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Cash at banks and on hand	890,650	906,378
Less: Restricted bank deposits (note)	(18,063)	(20,219)
	872,587	886,159

Note: As at 30 June 2021, restricted bank deposits mainly represent the deposits in banks as the maintenance fund held on behalf of the residents according to the requirements of local government authorities and designated bank account for the operation of elderly-care centre.

As at 30 June 2021, included in cash and cash equivalents of the Group of RMB865,336,000 (31 December 2020: RMB877,515,000) is denominated in RMB and placed with banks in the PRC.

RMB is not a freely convertible currency in the international market and its exchange rate is determined by the People's Bank of China. The conversion of RMB into foreign currencies and remittance of RMB out of the PRC is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

12. TRADE AND OTHER PAYABLES

	Note	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Trade payables			
— Third parties	(a)	22,470	27,783
Other payables			
Accrued charges and other payables		86,349	85,005
Amounts collected on behalf of property owners		100,877	92,011
Deposit received		105,986	96,506
Value-added tax payable		8,762	17,120
Staff costs and welfare accruals		108,380	128,498
	(b)	410,354	419,140
		432,824	446,923

(a) Trade payables

The credit terms of trade payables vary according to the terms agreed with different suppliers. The ageing analysis of the trade payables based on invoice date, is follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
0 to 30 days	11,969	18,729
31 to 60 days	3,132	3,720
61 to 90 days	1,570	2,388
Over 90 days	5,799	2,946
	22,470	27,783

(b) Other payables

The balances mainly include accrued listing expenses and temporarily received from property owners to be paid to related services providers.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

13. AMOUNTS DUE FROM/(TO) RELATED PARTIES

(a) Amounts due from related parties

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Companies controlled by Xiamen C&D	169	31
	169	31

(b) Amounts due to related parties

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Ultimate holding company	–	2,526
Companies controlled by Xiamen C&D	892	508
Associates of Xiamen C&D	–	2,299
	892	5,333

As at 30 June 2021 and 31 December 2020, the amounts due from/(to) related parties are non-trade nature, unsecured, interest-free and repayable on demand.

The amount due from a subsidiary and amount due from an immediate holding company in the statement of financial position of the Company are unsecured, interest-free and repayable on demand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

14. SHARE CAPITAL

	Number of shares	Nominal value of shares HK\$0.01
Authorised		
As at 31 December 2020 (audited) and 30 June 2021 (unaudited)	3,000,000,000	30,000,000
	Number of shares	Nominal value of shares HK\$0.01
		Equivalent nominal value of shares RMB'000
Issued and fully paid		
As at 31 December 2020 (audited) and 30 June 2021 (unaudited)	1,176,711,106	11,767,111
		9,982

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

15. MATERIAL RELATED PARTY TRANSACTIONS

The Group had the following material related party transactions.

- (a) During the six months ended 30 June 2021 and 2020, the transactions with related parties of the Group carried in the ordinary course of business are as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Revenue from provision of property management services		
Ultimate holding company	1,672	1,910
Companies controlled by Xiamen C&D	23,598	19,393
Associates of Xiamen C&D	575	185
Revenue from provision of community value-added and synergy services		
Ultimate holding company	1,056	171
Companies controlled by Xiamen C&D	4,409	2,232
Associates of Xiamen C&D	40	3
Revenue from provision of value-added services to non-property owners		
Companies controlled by Xiamen C&D	173,539	98,360
Associates of Xiamen C&D	30,948	15,164
Interest income received from related parties		
Companies controlled by Xiamen C&D	–	43,405
Rentals paid for short-term lease		
Ultimate holding company	898	898
Rentals paid for lease liabilities		
Ultimate holding company	1,071	1,071

The prices for the above service fees and other transactions were determined in accordance with the terms mutually agreed by the contract parties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

15. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

- (b) Other than the balances with related parties set out in note 13, The Group also had the following related party balance as at 30 June 2021 and 31 December 2020:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Lease liabilities		
Ultimate holding company	5,637	7,450

(c) **Key management personnel remuneration**

Key management of the Group are members of the board of directors and senior management. Included in employee benefit expenses are key management personnel remuneration which includes the following expenses:

	For the six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Salaries and allowances	780	736
Retirement benefit scheme contributions	70	54
	850	790

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

16. EVENTS AFTER THE REPORTING DATE

Save as disclosed elsewhere in this report, the following significant events took place subsequent to 30 June 2021:

- (a) As set out in the announcements of the Company dated 1 July 2021 and 12 July 2021, Yijiayuan (Xiamen) Property Management Company Limited* (怡家園(廈門)物業管理有限公司) (“Yijiayuan”), an indirect wholly-owned subsidiary of the Company, entered into the equity transfer agreement with 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) (“Quanshun Property”), pursuant to which Yijiayuan will acquire 51% equity interests in Quanshun Property at the cash consideration of RMB37,393,200. Upon completion of the acquisition, Quanshun Property will become an indirect subsidiary of the Company.
- (b) As set out in the announcement of the Company dated 1 July 2021 and the circular of the Company dated 6 September 2021, the Board proposed to adopt the 2021 restrictive share incentive scheme, pursuant to which the Board intends to allot and issue a total of up to 35,300,000 restricted shares, among which, the Board intends to initially grant not more than 28,250,000 restricted shares to a total of not more than 195 incentive recipients. The issue price for each restricted share is HK\$2.41. Upon the allotment and issue of the restricted shares, the trustee will hold the restricted shares on trust on behalf of the incentive recipients and the restricted shares granted will be transferred to the incentive recipients upon satisfaction of their respective conditions for lock-up release. The extraordinary general meeting of the Company will be held on 27 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

1. MARKET REVIEW

In recent years, the property management industry in the PRC as a whole has shown a vibrant development trend. With the continuous improvement of relevant regulations and systems, the property management industry is becoming increasingly mature, which presents the development opportunities and challenges for property management enterprises. At the end of 2020, the Ministry of Housing and Urban-Rural Development in conjunction with ten ministries and commissions promulgated the Notice 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 mentioned “the integrated development of online and offline services shall be promoted. Eligible property management service enterprises shall be encouraged to expand their business to elderly care, childcare, housekeeping, culture, health, housing brokerage, express delivery and other fields. The mode of “property management services + life services” shall be explored to meet the diversified and multi-level living needs of residents.” There are bigger development space and possibilities for property management services. Property management service enterprises can only truly develop their brand value, gain market share and expand their scale by exploring the needs of property owners and residents and providing services that resonate with property owners and residents.

In the first half of 2021, the Company focused its management efforts on “expanding scale, developing new businesses, optimising efficiency and enhancing operational capabilities” and expanding the size of its professional team for market development and community value-added and synergy services. We have achieved good results by launching our multi-mode market expansion, promoting merger and acquisition activities actively and further developing our online shopping platform “C&D Property Zhenxuan* (建發物業臻選)”, as well as introducing new community value-added and synergy services, including at-the-close order (尾盤) sales agency services under real estate brokerage and asset management services and home furniture services under home beauty services. Meanwhile, we have optimised our management structure from a five-tier structure to a three-tier structure of “Group — Region — Area” to achieve flat management and enhance our overall management capability and decision-making efficiency.

2. BUSINESS REVIEW

(1) Overview

In April 2021, we were ranked 32th in terms of overall strength among “Top 100 Property Management Companies in the PRC* (中國物業服務百強企業)” by China Index Academy, with four places improved as compared with 2020. In May 2021, we were also awarded honourable titles 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* (上海易居房地產研發機構) 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 30 June 2021, (i) our property management portfolio covered 35 cities across 13 province(s), municipality(ies) and autonomous region(s) in the PRC, representing an increase of 9 cities from 26 cities as at 31 December 2020; (ii) our contracted GFA was approximately 56.1 million sq.m., among which, the GFA under management reached approximately 27.7 million sq.m.; and (iii) we provided services to over 170,000 property units.

MANAGEMENT DISCUSSION AND ANALYSIS

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

During the Period, 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.

During the Period, our Group's revenue from property management services was approximately RMB351.8 million, representing an increase of approximately 24.8% from approximately RMB281.9 million for the corresponding period of the previous year. 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

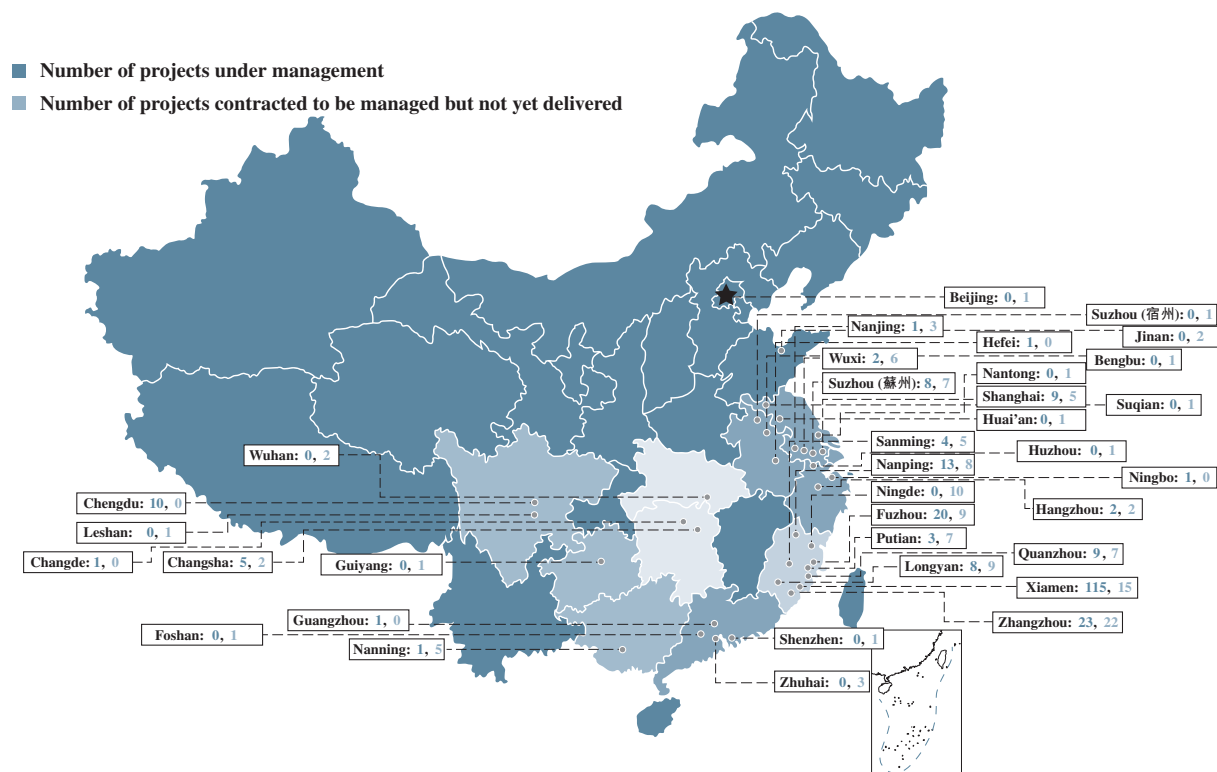
As at 30 June 2021, we had contracted GFA of approximately 56.1 million sq.m., and our number of contracted projects was 377, representing an increase of approximately 18.9% and 14.2% respectively as compared with those as at 31 December 2020 (as at 31 December 2020: approximately 47.2 million sq.m., and 330). As at 30 June 2021, the GFA under management reached approximately 27.7 million sq.m., and number of projects under management was 237, representing an increase of approximately 8.2% and 8.2% respectively as compared with those as at 31 December 2020 (as at 31 December 2020: approximately 25.6 million sq.m., and 219).

Geographic Coverage

As at 30 June 2021, we had 377 contracted projects covering 35 cities across 13 province(s), municipality(ies) and autonomous region(s) in the PRC, with 237 projects under management, covering 20 cities, serving over 170,000 property units.

MANAGEMENT DISCUSSION AND ANALYSIS

The map below illustrates the geographic coverage of the properties under our management as at 30 June 2021 in terms of (i) contracted GFA; and (ii) GFA under management, respectively:



The table below sets out breakdown of the Group's contracted GFA and GFA under management by geographic region as at 30 June 2021 and 31 December 2020:

	As at 30 June 2021		As at 31 December 2020	
	Contracted GFA '000 sq.m.	GFA under management '000 sq.m.	Contracted GFA '000 sq.m.	GFA under management '000 sq.m.
Haixi (Note 1)	25,166	14,727	23,284	14,066
South-eastern China (Note 2)	12,146	5,780	10,330	5,550
Eastern China (Note 3)	11,082	3,696	7,255	3,107
Central China (Note 4)	5,521	3,328	4,728	2,813
Southern China (Note 5)	2,184	149	1,636	105
Total	56,099	27,680	47,233	25,641

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) As at 30 June 2021 and 31 December 2020, Haixi included Xiamen, Longyan, Zhangzhou, Quanzhou and Putian.
- (2) As at 30 June 2021 and 31 December 2020, South-eastern China included Fuzhou, Nanping, Sanming, Ningde and Beijing.
- (3) As at 30 June 2021, Eastern China included Shanghai, Suzhou (蘇州), Ningbo, Wuxi, Hefei, Hangzhou, Nanjing, Nantong, Huzhou, Huai'an, Suqian, Bengbu, Suzhou (宿州) and Jinan. As at 31 December 2020, Eastern China included Shanghai, Suzhou (蘇州), Ningbo, Wuxi, Hefei, Hangzhou, Nanjing and Nantong.
- (4) As at 30 June 2021, Central China included Changsha, Changde, Chengdu, Wuhan and Leshan; As at 31 December 2020, Central China included Changsha, Chengdu, Wuhan and Leshan.
- (5) As at 30 June 2021, Southern China included Nanning, Guangzhou, Zhuhai, Shenzhen, Guiyang and Foshan; As at 31 December 2020, Southern China included Nanning, Guangzhou, Zhuhai and Shenzhen.

Source of Projects

As at 30 June 2021, the contracted GFA for property management services with Xiamen C&D and its subsidiaries, associates and joint ventures (excluding our Group) ("Xiamen C&D Group") was approximately 33.0 million sq.m., representing an increase of approximately 21.3% from approximately 27.2 million sq.m. as at 31 December 2020.

While maintaining close business relationship with Xiamen C&D Group, we also further expanded the scale of our property management service business and market share through mergers and acquisitions, the establishment of joint ventures and other modes. As at 30 June 2021, our contracted GFA for property management services to independent third parties was approximately 23.1 million sq.m., representing an increase of approximately 15.5% 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 30 June 2021 and 30 June 2020 and the breakdown of our revenue from our property management services derived from property projects by property developers which were Xiamen C&D Group and independent third parties for each of the six months ended 30 June 2021 and 2020:

	GFA under management '000 sq.m.	As at 30 June or for the six months ended 30 June 2021			2020	
		Revenue RMB'000	% of revenue	GFA under management '000 sq.m.	Revenue RMB'000	% of revenue
Xiamen C&D Group	16,315	209,531	59.6	12,045	166,996	59.2
Independent third parties	11,365	142,282	40.4	9,606	114,939	40.8
Total	27,680	351,813	100.0	21,651	281,935	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

Types of the Managed Properties

We historically focused on providing property management services to residential communities in the PRC, but we also endeavoured to diversify our property management portfolio by actively developing high quality non-residential properties, including commercial and office buildings, industrial parks, government buildings and public facilities, hospitals and schools. As at 30 June 2021, our contracted GFA for non-residential properties was approximately 3.5 million sq.m., representing an increase of approximately 6.1% from approximately 3.3 million sq.m. as at 31 December 2020.

The table below sets out the GFA under management as at 30 June 2021 and 30 June 2020 and the breakdown of our revenue from our property management services by type of property for each of the six months ended 30 June 2021 and 2020:

	As at 30 June or for the six months ended 30 June 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	24,992	269,661	76.6	18,824	209,044	74.1
Non-residential	2,688 ^(Note)	82,152	23.4	2,827	72,891	25.9
Total	27,680	351,813	100.0	21,651	281,935	100.0

Note: The decrease in GFA under management of non-residential properties as at 30 June 2021 as compared with that as at 30 June 2020 was mainly attributable to our voluntary non-renewal of certain property management service contracts as we reallocated our resources to more profitable contracts to optimise our property management portfolio.

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 properties to be managed; (ii) the nature and scope of the services to be provided; (iii) expected personnel and material inputs; and (iv) arm's length negotiation with our customers. During the Period, we mainly charged property management fees on a lump-sum basis, while a few property management service projects were charged on commission basis.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets out the GFA under management as at 30 June 2021 and 30 June 2020 and the breakdown of our revenue from our property management services by revenue model for each of the six months ended 30 June 2021 and 2020:

	As at 30 June or for the six months ended 30 June					
	2021			2020		
	GFA under management '000 sq.m.	Revenue RMB'000	% of revenue	GFA under management '000 sq.m.	Revenue RMB'000	% of revenue
Lump-sum basis	27,048	340,005	96.6	20,800	266,530	94.5
Commission basis	632	11,808	3.4	851	15,405	5.5
Total	27,680	351,813	100.0	21,651	281,935	100.0

(3) Community Value-added and Synergy Services

During the Period, 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 agency 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) (the "Yibai Centre"); 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)".

During the Period, the Group's revenue from community value-added and synergy services was approximately RMB89.8 million, representing an increase of approximately 111.8% from approximately RMB42.4 million for the corresponding period of the previous year. The increase was mainly due to the increase of our management area which brought about a growing customer base and continued provision of diversified services. For example, for home living services, we promoted our online shopping platform "C&D Property Zhenxuan* (建發物業臻選)" and actively cooperated with different kinds of brand partners in order to satisfy the demands of different property owners and residents, bringing property owners and residents more affordable quality products and services. For real estate brokerage and asset management services, we also commenced at-the-close order (尾盤) sales agency services. We also further developed the elderly-care & health value-added services.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets out the breakdown of our revenue derived from the provision of different types of community value-added and synergy services for each of the six months ended 30 June 2021 and 2020:

	For the six months ended 30 June			
	2021		2020	
	Revenue RMB'000	%	Revenue RMB'000	%
Smart community services	3,169	3.5	8,167	19.3
Home living services	30,680	34.2	13,408	31.6
Home beauty services	8,525	9.5	5,071	12.0
Real estate brokerage and asset management services	19,524	21.7	3,871	9.1
Value-added services for public areas	19,139	21.3	11,886	28.0
Elderly-care & health value-added services	8,791	9.8	—(Note)	—
Total	89,828	100.0	42,403	100.0

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

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

During the Period, 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.

During the Period, the Group's revenue from value-added services to non-property owners was approximately RMB223.6 million, representing an increase of approximately 75.0% from approximately RMB127.8 million for the corresponding period of the previous year. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets out the breakdown of our revenue from our value-added services to non-property owners for each of the six months ended 30 June 2021 and 2020:

	For the six months ended 30 June			
	2021		2020	
	Revenue RMB'000	%	Revenue RMB'000	%
Consultancy services	2,087	0.9	1,170	0.9
Reception, order maintenance and cleaning services	221,460	99.1	126,657	99.1
Total	223,547	100.0	127,827	100.0

3. FINANCIAL REVIEW

Revenue

During the Period, due to our continuous business development, the Group's revenue was approximately RMB665.2 million, representing an increase of approximately 47.1% from approximately RMB452.2 million for the corresponding period of the previous year.

The table below sets out the revenue of the Group by business line for each of the six months ended 30 June 2021 and 2020:

	For the six months ended 30 June			
	2021		2020	
	RMB'000	%	RMB'000	%
Property management services	351,813	52.9	281,935	62.3
Community value-added and synergy services	89,828	13.5	42,403	9.4
Value-added services to non-property owners	223,547	33.6	127,827	28.3
Total	665,188	100.0	452,165	100.0

The property management services were our largest source of revenue. During the Period, the revenue from property management services was approximately RMB351.8 million, accounting for approximately 52.9% of the Group's total revenue. The revenue from property management services for the Period increased by approximately 24.8% from approximately RMB281.9 million for the corresponding period of the previous year, which was primarily driven by the fast growth of our total GFA under management. During the Period, our total GFA under management increased from approximately 25.6 million sq.m. as at 31 December 2020 to approximately 27.7 million sq.m. as at 30 June 2021, which was resulted from both our steady cooperation with cooperative property developers and our efforts to expand the third-party customer base.

MANAGEMENT DISCUSSION AND ANALYSIS

The revenue from community value-added and synergy services increased by approximately 111.8% from approximately RMB42.4 million for the corresponding period of the previous year to approximately RMB89.8 million for the Period, which was mainly due to the increase of our management area which brought about a growing customer base and continued provision of diversified services. During the Period, the Group continued to optimize its business structure and vigorously developed home living services and real estate brokerage and asset management services. At the same time, elderly-care & health value-added services also contributed to the increase of the revenue of community value-added and synergy service.

The revenue from value-added services to non-property owners increased by approximately 75.0% from approximately RMB127.8 million for the corresponding period of the previous year to approximately RMB223.6 million for the Period, 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 42.9% from approximately RMB342.4 million for the corresponding period of the previous year to approximately RMB489.4 million for the Period, which was primarily due to the increase of various kinds of costs as a result of the scale-up of our business.

Gross profit

As a result of the above principal factors, the Group's gross profit increased by approximately 60.0% from approximately RMB109.8 million for the corresponding period of the previous year to approximately RMB175.7 million for the Period, with gross profit margin of 24.3% and 26.4% respectively. The increase in gross profit margin was mainly due to the significant growth in revenue from value-added services which yielded higher gross profit.

Other income

Other income was approximately RMB3.0 million for the Period, representing a decrease of approximately 85.3% from approximately RMB20.4 million for the corresponding period of the previous year, which was mainly due to the gain on changes in fair value of the financial assets measured 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 Period, the Group's selling and marketing expenses were approximately RMB0.8 million, representing a decrease of approximately RMB0.1 million from approximately RMB0.9 million for the corresponding period of the previous year, which was mainly due to the decrease of the promotion expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

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 and insurance fees).

During the Period, the Group's total administrative and other operating expenses amounted to approximately RMB69.1 million, representing an increase of approximately 28.0% from approximately RMB54.0 million for the corresponding period of the previous year, 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, travelling and entertainment expenses, consultancy fee due to expansion of our business scale.

Net provision for expected credit losses ("ECL") allowance on trade and other receivables

The Group's net provision for ECL allowance on trade and other receivables increased from approximately RMB3.2 million for the corresponding period of the previous year to approximately RMB3.5 million for the Period, representing an increase of approximately 0.3 million, which was mainly due to an increase in the trade receivables.

Net finance income

The Group's net finance income mainly included interest income on bank deposit, interest income on amounts due from related parties, net of interest charges on receipts under securitisation arrangements, and lease liability interest relating to lease liabilities arising from leased properties used for office. During the Period, the Group's net finance income was approximately RMB10.0 million, representing a decrease of approximately 36.3% as compared with approximately RMB15.7 million for the corresponding period of the previous year, which was mainly due to (i) decrease in interest expense on receipts under securitisation arrangements of approximately RMB27.6 million because of the redemption of receipts under securitisation arrangements in November 2020; and (ii) the reduction of interest income of approximately RMB33.0 million as the Group did not lend funds to its related parties during the Period.

Profit before income tax

Due to the combined effect of the abovementioned factors, the profit before income tax for the Period was approximately RMB115.5 million, representing an increase of approximately 33.7% as compared with approximately RMB86.4 million for the corresponding period of the previous year.

Income tax expense

Income tax expense increased from approximately RMB24.9 million for the corresponding period of the previous year to approximately RMB28.9 million for the Period, representing an increase of approximately 16.1%. The increase was mainly attributable to an increase in the Group's profit before income tax due to growth of business.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company for the Period was approximately RMB86.5 million, representing an increase of approximately 41.8% as compared with approximately RMB61.0 million for the corresponding period of the previous year.

Property, plant and equipment

Property, plant and equipment of the Group mainly consisted of leasehold improvement, electronic equipment and other fixed assets. As at 30 June 2021, the Group's property, plant and equipment amounted to approximately RMB27.4 million, representing an increase of approximately 0.4% from approximately RMB27.3 million as at 31 December 2020, which was mainly due to the increase of the demand for 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 and residents in respect of utilities and maintenance costs. As at 30 June 2021, the Group's trade and other receivables were approximately RMB304.0 million, representing an increase of approximately 125.0% as compared with approximately RMB135.1 million as at 31 December 2020, which was mainly due to expansion of our management scale and part of the income of value-added services to non-property owners has not reached the agreed settlement period.

Cash and cash equivalents

As at 30 June 2021, the Group's cash and cash equivalents were approximately RMB872.6 million, representing a decrease of approximately RMB13.6 million (approximately 1.5%) from approximately RMB886.2 million as at 31 December 2020, which was mainly due to (i) the increase of the current cost and expenses as a result of the increase in the business scale of value-added services to non-property owners; and (ii) certain trade receivables for the Period will be collected in the second half of 2021.

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 30 June 2021, our trade and other payables were approximately RMB432.8 million, representing a decrease of approximately 3.2% from approximately RMB446.9 million as at 31 December 2020, which was mainly because the employee year-end bonus accrued last year was paid during the Period.

Contract liabilities

Contract liabilities of the Group were service prepayment paid by customers for the services which had not been provided and not been recognised as revenue. As at 30 June 2021, our contract liabilities amounted to approximately RMB265.8 million, representing an increase of approximately 49.2% from approximately RMB178.2 million as at 31 December 2020, which was primarily due to the increase in projects under management during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

The Group continued to satisfy its requirement for working capital, capital expenditure and other capital requirement through cash generated from its operation. During the Period, the Group's net cash from operating activities was approximately RMB(12.8) million, representing a decrease of approximately RMB14.0 million from approximately RMB1.2 million for the corresponding period of the previous year, which was mainly due to (i) the increase of the current cost and expenses as a result of the increase in the business scale of value-added services to non-property owners; and (ii) certain trade receivables for the Period will be collected in the second half of 2021.

As at 30 June 2021, the net current assets of the Group was approximately RMB457.8 million, representing an increase of approximately RMB82.2 million from net current assets of approximately RMB375.6 million as at 31 December 2020, which was mainly due to the increase of trade receivables as a result of the scale-up of our business. As at 30 June 2021, the Group's current ratio was approximately 1.6x (total current assets divided by total current liabilities) (as at 31 December 2020: approximately 1.6x).

As at 30 June 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 60.1% (as at 31 December 2020: approximately 62.2%).

As at 30 June 2021, we 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).

Contingent liabilities

As at 30 June 2021, the Group had no significant contingent liabilities.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Interest rate risk

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

Foreign exchange risk

The principal activities of the Group were conducted in the PRC, and a majority of the Group's income and expenses were denominated in Renminbi. Therefore, the Group was not exposed to material risk directly relating to foreign exchange rate fluctuation except certain bank balances were denominated in Hong Kong dollars. During the Period, the Group did not 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 the Period

Please refer to note 16 to the interim condensed consolidated financial statements of the Group above for events after the Period.

Significant Investments

During the Period, the Group did not hold any significant investment or significant securities investment as part of its asset portfolio.

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. The Group provide the employees with abundant learning opportunities through a multi-level training system and a variety of training courses, and motivate them to continue to learn and improve themselves.

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

As at 30 June 2021, the Group had 8,601 employees (as at 31 December 2020: 7,488 employees). During the Period, total staff costs, including Directors' emoluments, of the Group were approximately RMB362.9 million (corresponding period of the previous year: approximately RMB264.1 million).

MANAGEMENT DISCUSSION AND ANALYSIS

4. OUTLOOK AND PROSPECT

The property management industry has entered an era of rapid development and value-based services, driven by encouraging policies for urbanisation and consumer upgrading, and customers' requirements for property management services are constantly changing. In order to enhance its competitiveness to cope with the rapid changes in the market, the Company insists on high customer satisfaction and strengthens the adhesion of property owners and residents by enriching value-added services, so as to consolidate its customer base and further promote the expansion of its business scale.

(1) Keeping the original intention to provide high quality service

Stable service quality is the lifeline for the long-term development of an enterprise. The Company will adhere to the customer-centric concept and continues to strengthen its quality service capability by sorting out service standards, optimising the management model and strengthening training to provide high-quality services.

(2) Enhancing public praise to achieve quality expansion

We will continue to expand the scope and mode of cooperation, seek strong partners to develop the market, collaborate and pursue win-win development.

(3) Providing innovative services to stimulate new potential for service consumption

In the era of quality consumption, we will continue to pay close attention to the needs of property owners and residents to broaden the boundaries of our services. The Group will establish an online branded alliance merchant matrix by cooperating with multiple brand partners, promote the diversification of value-added services by expanding the contents and methods of housekeeping and cleaning services and repair and maintenance services, and opening rehabilitation center for the elderly in the Yibai Centre to realise the integration of medical and health care and to fully satisfy customers' daily needs. Meanwhile, we will provide tailor-made pre-sales management services at the pre-sales centres for property developments of different styles and characteristics to meet the needs of property developers. We will fully integrate the resources of property developers and the needs of property owners and residents and further develop the at-the-close order (尾盤) sales agency services and continue to explore and optimise multiple profit models and growth opportunities.

(4) Proactive business development around smart community services and management needs

We further expand our service offering under our smart community services for design and construction of smart building systems, including but not limited to smart management of fire extinguishing system, to property developers for their property developments. Such smart building system will be designed and constructed for warehouses and logistics parks, tourist hotels, commercial centers, industrial plants, offices, etc., which is expected to drive rapid business growth.

In summary, the Group will continue to focus on high quality services, maintain its core competitiveness in the market, flexibly respond to changes in the situation, thereby enhancing operational efficiency and achieving "cash profits, quality products, reputable brands and profitable growth" to propel the Company to a new stage of development.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2021, the interests and short positions of the Directors and the chief executive of the Company in the shares of the Company (the "Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Long positions in the Shares of the Company

Name of Directors	Capacity/Nature of interests	Number of issued Shares/ underlying Shares held	Approximate percentage of interest in the Company (Note 1)
Mr. Zhuang Yuekai	Founder of a discretionary trust	60,412,000 (Note 2)	5.13%
Mr. Lin Weiguo	Interest of controlled corporation	60,412,000 (Note 2)	5.13%
Ms. Qiao Haixia	Beneficiary of a trust	862,442 (Note 2)	0.07%
	Beneficial owner	32,000	0.003%
Mr. Huang Danghui	Beneficiary of a trust	574,941 (Note 2)	0.05%

Notes:

- The percentage of shareholding was calculated based on the Company's total number of 1,176,711,106 Shares in issue as at 30 June 2021.
- These Shares were registered in the name of Diamond Firetail Limited ("Diamond Firetail"), a company incorporated in the BVI and a wholly-owned subsidiary of Tricor Equity Trustee Limited ("Tricor Equity Trustee"). Tricor Equity Trustee is a trustee of a discretionary trust and Mr. Zhuang Yuekai is one of the founders of the said discretionary trust, while Mr. Lin Weiguo is one of the protectors of the said discretionary trust. Ms. Qiao Haixia and Mr. Huang Danghui are beneficiaries of the said discretionary trust. Therefore, Mr. Zhuang Yuekai, Mr. Lin Weiguo, Ms. Qiao Haixia and Mr. Huang Danghui are deemed to be interested in the Shares held by Diamond Firetail by virtue of the SFO.

OTHER INFORMATION

Long positions in the shares of the Company's associated corporations

Name of Directors	Name of our associated corporation	Capacity/Nature of interests	Number of issued shares/underlying shares held	Approximate percentage of shareholding in issued shares capital (Note 1)
Mr. Zhuang Yuekai	C&D International	Founder of a discretionary trust	60,412,000 (Note 2)	4.73%
	C&D International	Beneficiary of a trust (other than a discretionary interest)	330,000 (Note 3)	0.03%
Mr. Lin Weiguo	C&D International	Interest of controlled corporation	60,412,000 (Note 2)	4.73%
	C&D International	Beneficiary of a trust (other than a discretionary interest)	290,000 (Note 3)	0.02%
Ms. Qiao Haixia	C&D International	Beneficiary of a trust	862,442 (Note 2)	0.07%
	C&D International	Beneficial owner	32,000	0.003%
Mr. Huang Danghui	C&D International	Beneficiary of a trust	574,941 (Note 2)	0.05%

Notes:

1. The percentage of shareholding was calculated based on C&D International's total number of 1,277,011,106 ordinary shares in issue as at 30 June 2021.
2. These ordinary shares of C&D International were registered in the name of Diamond Firetail, a company incorporated in the BVI and a wholly-owned subsidiary of Tricor Equity Trustee. Tricor Equity Trustee is a trustee of a discretionary trust and Mr. Zhuang Yuekai is one of the founders of the said discretionary trust, while Mr. Lin Weiguo is one of the protectors of the said discretionary trust. Ms. Qiao Haixia and Mr. Huang Danghui are beneficiaries of the said discretionary trust. Therefore, Mr. Zhuang Yuekai, Mr. Lin Weiguo, Ms. Qiao Haixia and Mr. Huang Danghui are deemed to be interested in the ordinary shares of C&D International held by Diamond Firetail by virtue of the SFO.
3. The 2021 restricted share incentive scheme (the "Incentive Scheme") of C&D International was approved at the extraordinary general meeting of C&D International on 9 June 2021 and 35,300,000 ordinary shares of C&D International were allotted and issued to the trustee of the Incentive Scheme, who held the ordinary shares of C&D International on behalf of the incentive recipients of the Incentive Scheme. Being the incentive recipients of the Incentive Scheme, each of Mr. Zhuang Yuekai and Mr. Lin Weiguo is interested in 330,000 and 290,000 ordinary shares of C&D International held on trust by the trustee under the Incentive Scheme, respectively, which are subject to vesting.

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO); or (ii) required to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2021, so far as it was known to any Directors or the chief executive of the Company, the following parties (other than a Director or the chief executive of the Company) were recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued Shares and underlying Shares:

Name of substantial Shareholders	Capacity/ Nature of interests	Number of issued Shares/ underlying Shares held	Approximate percentage of interest in the Company (Note 1)
Well Land	Beneficial owner	760,480,106	64.63%
Well Honour International Limited (益鴻國際有限公司) ("Well Honour")	Interest of controlled corporation	760,480,106 (Note 2)	64.63%
C&D Real Estate	Interest of controlled corporations	760,480,106 (Note 2)	64.63%
Xiamen C&D Inc. (廈門建發股份有限公司)	Interest of controlled corporations	760,480,106 (Note 2)	64.63%
Xiamen C&D	Interest of controlled corporations	760,480,106 (Note 2)	64.63%
Diamond Firetail	Beneficial owner	60,412,000	5.13%
Tricor Equity Trustee	Interest of controlled corporation	60,412,000 (Note 3)	5.13%
Ms. Cao Xinyu	Interest of controlled corporation	60,412,000 (Note 3)	5.13%
Ms. Liu Jing	Interest of controlled corporation	60,412,000 (Note 3)	5.13%
Ms. Zhao Chengmin	Founder of a discretionary trust	60,412,000 (Note 3)	5.13%

Notes:

- The percentage of shareholding was calculated based on the Company's total number of 1,176,711,106 Shares in issue as at 30 June 2021.
- Well Land is a wholly-owned subsidiary of Well Honour. Well Honour is a wholly-owned subsidiary of C&D Real Estate. C&D Real Estate is owned as to 54.65% and 45.35% by Xiamen C&D Inc., the shares of the company are listed on the Shanghai Stock Exchange (stock code: 600153) and Xiamen C&D, a state-owned group of companies under the supervision of State-owned Assets Supervision and Administration Commission of Xiamen Municipal People's Government* (廈門市人民政府國有資產監督管理委員會), respectively. Xiamen C&D is interested in Xiamen C&D Inc. as to 47.38%. Therefore, Well Honour, C&D Real Estate, Xiamen C&D Inc. and Xiamen C&D are deemed to be interested in the Shares held by Well Land by virtue of the SFO.
- These Shares were registered in the name of Diamond Firetail, a company incorporated in the BVI and a wholly-owned subsidiary of Tricor Equity Trustee. Tricor Equity Trustee is a trustee of a discretionary trust and each of Mr. Zhuang Yuekai and Ms. Zhao Chengmin is one of the founders of the said discretionary trust. Ms. Cao Xinyu, Ms. Liu Jing and Mr. Lin Weiguo are protectors of the said discretionary trust. Therefore, Tricor Equity Trustee, Ms. Cao Xinyu, Ms. Liu Jing and Ms. Zhao Chengmin are deemed to be interested in the Shares held by Diamond Firetail by virtue of the SFO. The interests of Mr. Zhuang Yuekai and Mr. Lin Weiguo are shown in the section headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" above.

OTHER INFORMATION

CHANGE IN DIRECTORS' INFORMATION

From 1 January 2021 to the date of this report, the change in Directors' information is as follow:

Mr. Lee Cheuk Yin Dannis ceased to be an independent director of Gridsum Holdings Inc, the American depository shares of which are listed on NASDAQ (stock code: GSUM) on 31 March 2021.

Save as disclosed above, there was no other change to information which is required to be disclosed by Directors pursuant to Rule 13.51B(1) of the Listing Rules.

RETIREMENT BENEFIT SCHEMES/PENSION SCHEME

Retirement benefits to employees are provided through defined contribution plans.

The retirement benefits costs charged in the income statement represent the contributions payable in respect of the current year to the retirement benefits scheme managed by respective local social security bureau in accordance with government regulations in different jurisdictions. The forfeited contributions (by us on behalf of employees who leave the scheme prior to vesting fully in such contributions) will not be used by us to reduce the existing level of contributions.

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted 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 Model Code during the Period.

INTERIM DIVIDEND

The Board proposed not to declare an interim dividend for the Period (corresponding period of the previous year: Nil).

CORPORATE GOVERNANCE

The Company is committed to maintaining high corporate governance standards. It believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the shareholders of the Company (the "Shareholders"), enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has complied with all the applicable principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Listing Rules during the Period.

OTHER INFORMATION

REVIEW BY AUDIT COMMITTEE

The Board has established an audit committee with written terms of reference in compliance with the CG Code. The primary duties of the audit committee is in assistance of the Board to review financial information and reporting process, risk management and internal control system, effectiveness of internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or any other matters of the Company. The audit committee consists of all 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.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2021 and is of the opinion that such statements comply with the applicable accounting standards and requirements, and that adequate disclosure has been made.

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, 27 August 2021