Huafa Property Services Group Company Limited
華發物業服務集團有限公司

(Incorporated in Bermuda with limited liability)
(Stock code: 982)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL SUMMARY

- The Group's revenue amounted to RMB1,775.7 million, representing a year-on-year increase of 11.0% as compared with RMB1,599.1 million for the year ended 31 December 2022.
- The Group's revenue from property management services is derived from three business categories: (i) basic property services; (ii) value-added services for property owners; and (iii) other value-added services. During the reporting period, (i) revenue from basic property services amounted to RMB1,273.2 million, representing 71.7% of the Group's revenue, and a year-on-year increase of 21.3% as compared with RMB1,049.5 million for the year ended 31 December 2022; (ii) revenue from value-added services for property owners amounted to RMB159.9 million, representing 9.0% of the Group's revenue and a year-on-year decrease of 6.8% as compared with RMB171.7 million for the year ended 31 December 2022; (iii) revenue from other value-added services amounted to RMB342.5 million, representing 19.3% of the Group's revenue and a year-on-year decrease of 6.1% as compared with approximately RMB364.8 million for the year ended 31 December 2022.
- The Group's gross profit reached RMB477.9 million, representing a year-on-year increase of 20.7% as compared with RMB395.8 million for the year ended 31 December 2022.
- For the year ended 31 December 2023, profit attributable to owners of the Company was RMB249.2 million, representing a year-on-year increase of 28.8% as compared with RMB193.4 million in the corresponding period of 2022.
- As at 31 December 2023, the Group had an aggregated revenue-bearing GFA of approximately 31.44 million sq.m., representing an increase of approximately 29.0% over approximately 24.37 million sq.m. as at 31 December 2022; the Group had a total contracted GFA of approximately 60.64 million sq.m., representing an increase of approximately 17.0% over approximately 51.82 million sq.m. as at 31 December 2022; the Group's contract-to-management ratio is 1.93, representing a decrease of 0.2 as compared with 2.13 for the year ended 31 December 2022.
- Basic earnings per share amounted to RMB2.48 cents, representing an increase of 29.2% as compared with RMB1.92 cents for the year ended 31 December 2022.

The board (the "**Board**") of directors (the "**Directors**") of Huafa Property Services Group Company Limited (the "**Company**") is pleased to announce the audited condensed consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023 (the "**Reporting Period**") together with the comparative figures for the corresponding year of 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
REVENUE	*4*	**1,775,742**	1,599,056
Cost of sales		**(1,297,831)**	(1,203,261)
Gross profit		**477,911**	395,795
Other income and other (losses)/gains, net	*5*	**(1,737)**	29,560
Selling and marketing expenses		**(7,818)**	(5,727)
Administrative expenses		**(82,353)**	(98,979)
Impairment losses on financial assets		**(22,985)**	(22,005)
Finance costs, net		**(14,563)**	(9,827)
Share of profits and losses of:			
A joint venture		**180**	(118)
Associates		**519**	165
PROFIT BEFORE TAX	*6*	**349,154**	288,864
Income tax expense	*7*	**(98,893)**	(94,392)
PROFIT FOR THE YEAR		**250,261**	194,472
Attributable to:			
Owners of the parent		**249,184**	193,410
Non-controlling interests		**1,077**	1,062
		250,261	194,472
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted			
– For profit for the year (expressed in RMB cents per share)		**2.48**	1.92

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**250,261**	194,472
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements	**(2,575)**	(16,111)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the Company	**(4,151)**	(45,970)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(6,726)**	(62,081)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**243,535**	132,391
Attributable to:		
Owners of the parent	**242,458**	131,329
Non-controlling interests	**1,077**	1,062
	243,535	132,391

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2023

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**36,160**	31,516
Right-of-use assets		**16,289**	21,145
Intangible assets		**8,611**	7,599
Investment in a joint venture		**1,758**	1,239
Investments in associates		**1,632**	452
Deferred tax assets		**24,807**	23,110
Financial asset at fair value through profit or loss		**4,434**	6,532
Total non-current assets		**93,691**	91,593
CURRENT ASSETS			
Inventories		**14,988**	8,836
Trade receivables	*10*	**510,059**	398,297
Prepayments, other receivables and other assets		**39,920**	30,812
Restricted bank balances		**6,068**	5,627
Cash and cash equivalents		**382,445**	454,457
Total current assets		**953,480**	898,029
CURRENT LIABILITIES			
Trade payables	*11*	**177,956**	140,233
Other payables and accruals		**394,198**	403,485
Interest-bearing bank borrowings		**175,560**	381,355
Lease liabilities		**3,746**	4,640
Tax payable		**41,814**	23,246
Total current liabilities		**793,274**	952,959
NET CURRENT ASSETS/(LIABILITIES)		**160,206**	(54,930)
TOTAL ASSETS LESS CURRENT LIABILITIES		**253,897**	36,663

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
31 December 2023

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
NON-CURRENT LIABILITIES		
Lease liabilities	**2,704**	5,458
Deferred tax liabilities	**1,507**	23,183
Other payable	**1,691**	1,940
Total non-current liabilities	**5,902**	30,581
Net assets	**247,995**	6,082
EQUITY		
Equity attributable to owners of the parent		
Share capital	**2,200**	2,200
Reserves	**241,969**	269
	244,169	2,469
Non-controlling interests	**3,826**	3,613
Total equity	**247,995**	6,082

NOTES TO FINANCIAL STATEMENTS

31 December 2023

1. CORPORATE AND GROUP INFORMATION

Huafa Property Services Group Company Limited is a limited liability company incorporated in Bermuda. The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

During the year, the Group was involved in the following principal activities:

- the provision of property management services in Chinese Mainland
- hotel advisory and exhibition services in Chinese Mainland

In the opinion of the directors, the holding company of the Company is Huajin Investment Company Limited, which is incorporated in Samoa, and the ultimate holding company of the Company is Zhuhai Huafa Group Company Limited ("**Zhuhai Huafa**"), which is established in the People's Republic of China (the "**PRC**").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for a financial asset at fair value through profit or loss and a non-current other payable. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
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*

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(d) The Group has not yet applied the temporary exception during the current year because the entities comprising the Group are operating in jurisdictions in which the Pillar Two tax law has not yet been enacted or substantively enacted. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become 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 (the "**2020 Amendments**")*[1, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*[1, 4]
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 for annual periods beginning on or after 1 January 2025

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

The Group is in the process of making an assessment of the impact of these revised HKFRSs upon initial application. So far, the Group considers that these revised HKFRSs may result in changes in accounting policies but are unlikely to have a significant impact on the Group's results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) Property management – Provision of property management services and related value-added services, including municipal supporting services and other services; and

(b) Hotel advisory and exhibition services – Provision of hotel advisory services, exhibition planning and organisation services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, non-lease-related finance costs, fair value gain/loss on financial asset at fair value through profit or loss as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude an investment in a joint venture, an investment in an associate, deferred tax assets, a financial asset at fair value through profit or loss, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2023	Property management *RMB'000*	Hotel advisory and exhibition services *RMB'000*	Total *RMB'000*
Segment revenue *(note 4)*			
Sales to external customers	**1,775,630**	**112**	**1,775,742**
Intersegment sales	**–**	**–**	**–**
Total segment revenue	**1,775,630**	**112**	**1,775,742**
Reconciliation:			
Elimination of intersegment sales			**–**
Revenue			**1,775,742**
Segment results	**379,441**	**(1,568)**	**377,873**
Reconciliation:			
Interest income			**3,112**
Finance costs (other than interest on lease liabilities)			**(17,303)**
Fair value loss on a financial asset at fair value through profit or loss			**(2,180)**
Share of profits and losses of a joint venture			**180**
Share of profits and losses of associates			**519**
Corporate and other unallocated losses			**(13,047)**
Profit before tax			**349,154**
Segment assets	**992,302**	**13,109**	**1,005,411**
Reconciliation:			
Corporate and other unallocated assets			**41,760**
Total assets			**1,047,171**
Segment liabilities	**718,540**	**403**	**718,943**
Reconciliation:			
Corporate and other unallocated liabilities			**80,233**
Total liabilities			**799,176**
Other segment information			
Impairment losses recognised in the statement of profit or loss, net	**23,159**	**(174)**	**22,985**
Depreciation and amortisation	**15,780**	**115**	**15,895**
Capital expenditure*	**18,668**	**–**	**18,668**

* Capital expenditure consists of additions to property, plant and equipment, right-of-use assets and intangible assets.

3. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2022	Property management *RMB'000*	Hotel advisory and exhibition services *RMB'000*	Total *RMB'000*
Segment revenue *(note 4)*			
Sales to external customers	1,586,027	13,029	1,599,056
Intersegment sales	1,140	–	1,140
Total segment revenue	1,587,167	13,029	1,600,196
Reconciliation:			
Elimination of intersegment sales			(1,140)
Revenue			1,599,056
Segment results	284,247	17	284,264
Reconciliation:			
Interest income			3,171
Finance costs (other than interest on lease liabilities)			(12,427)
Fair value loss on a financial asset at fair value through profit or loss			(3,591)
Share of profits and losses of a joint venture			(118)
Share of profits and losses of an associate			165
Corporate and other unallocated gains			17,400
Profit before tax			288,864
Segment assets	919,722	34,342	954,064
Reconciliation:			
Elimination of intersegment receivables			(1,123)
Corporate and other unallocated assets			36,681
Total assets			989,622
Segment liabilities	546,603	9,367	555,970
Reconciliation:			
Elimination of intersegment payables			(1,123)
Corporate and other unallocated liabilities			428,693
Total liabilities			983,540
Other segment information			
Impairment losses recognised in the statement of profit or loss, net	21,852	153	22,005
Depreciation and amortisation	15,100	125	15,225
Capital expenditure*	27,514	–	27,514

* Capital expenditure consists of additions to property, plant and equipment, right-of-use assets and intangible assets.

3. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

The Group's revenue from external customers is derived solely from its operation in Chinese Mainland.

(b) Non-current assets

	2023	2022
	RMB'000	*RMB'000*
Chinese Mainland	**63,908**	59,488
Hong Kong	**542**	772
Total non-current assets	**64,450**	60,260

The non-current asset information above is based on the locations of the assets and excludes a financial asset at fair value through profit or loss and deferred tax assets.

Information about a major customer

During the year, revenue from Zhuhai Huafa and the fellow subsidiaries ("**Zhuhai Huafa Group**") accounted for 38% (2022: 35%) of the Group's total revenue. Other than the revenue from the Zhuhai Huafa Group, no revenue derived from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the year.

4. REVENUE

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers	**1,775,742**	1,599,056

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2023

Segments	**Property management**	**Hotel advisory and exhibition services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Types of goods or services			
Property management services	**1,273,207**	**–**	**1,273,207**
Value-added services for property owners	**159,972**	**–**	**159,972**
Other value-added services	**342,451**	**–**	**342,451**
Hotel advisory and exhibition services	**–**	**112**	**112**
Total	**1,775,630**	**112**	**1,775,742**
Geographical market			
Chinese Mainland	**1,775,630**	**112**	**1,775,742**
Timing of revenue recognition			
Goods transferred at a point in time	**71,338**	**18**	**71,356**
Services transferred over time	**1,704,292**	**94**	**1,704,386**
Total	**1,775,630**	**112**	**1,775,742**

4. REVENUE *(Continued)*

Revenue from contracts with customers *(Continued)*

(a) Disaggregated revenue information *(Continued)*

For the year ended 31 December 2022

Segments	Property management *RMB'000*	Hotel advisory and exhibition services *RMB'000*	Total *RMB'000*
Property management services	1,049,530	–	1,049,530
Value-added services for property owners	171,716	–	171,716
Other value-added services	364,781	–	364,781
Hotel advisory and exhibition services	–	13,029	13,029
Total	1,586,027	13,029	1,599,056
Geographical market			
Chinese Mainland	1,586,027	13,029	1,599,056
Timing of revenue recognition			
Goods transferred at a point in time	142,314	9,846	152,160
Services transferred over time	1,443,713	3,183	1,446,896
Total	1,586,027	13,029	1,599,056

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2023 ***RMB'000***	2022 *RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Property management services	**59,400**	58,292
Other value-added services	**8,410**	982
Hotel advisory and exhibition services	**–**	30
Total	**67,810**	59,304

5. OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

	2023	2022
	RMB'000	*RMB'000*
Additional value-added tax credit	**2,157**	3,710
Fair value loss on a financial asset at fair value through profit or loss	**(2,180)**	(3,591)
Government grants	**7,851**	5,427
Loss on disposal of property, plant and equipment	**(63)**	(116)
Foreign exchange (loss)/gain, net	**(9,460)**	22,419
Others	**(42)**	1,711
Total other income and other (losses)/ gains, net	**(1,737)**	29,560

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		2023	2022
	Note	***RMB'000***	*RMB'000*
Cost of inventories sold		**54,262**	129,759
Cost of services provided*		**1,243,569**	1,073,502
Depreciation of property, plant and equipment		**8,766**	7,523
Depreciation of right-of-use assets		**5,800**	6,458
Amortisation of intangible assets		**1,568**	1,480
Research and development cost:			
Current year expenditure		**3,463**	5,983
Lease payments not included in the measurement of lease liabilities		**3,668**	3,064
Auditor's remuneration		**1,887**	2,000
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		**678,515**	658,481
Pension scheme contributions		**63,795**	59,937
Total		**742,310**	718,418
Foreign exchange differences, net		**9,460**	(22,419)
Impairment of financial assets, net:			
Impairment of trade receivables		**23,102**	21,968
Impairment of financial assets included in prepayments, other receivables and other assets, net		**(117)**	37
Total		**22,985**	22,005
Fair value loss on a financial asset at fair value through profit or loss	*5*	**2,180**	3,591
Bank interest income		**(3,112)**	(3,171)
Loss on disposal of items of property, plant and equipment	*5*	**63**	116

6. PROFIT BEFORE TAX *(Continued)*

* Cost of services provided for the year included an aggregate amount of RMB701,450,000 (2022: RMB670,326,000) which comprised items including employee benefit expense, depreciation of property, plant and equipment, amortisation of intangible assets and rental expense. These items were also included in the respective expense items disclosed above.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of Bermuda, the entities of the Group which were incorporated in Bermuda are not subject to any income tax.

Hong Kong profits tax

The statutory rate of Hong Kong profits tax was 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong.

PRC corporate income tax ("CIT")

Except for certain of the Group's PRC subsidiaries enjoyed preferential CIT rates of 20% and 15%, the income tax provision of the Group in respect of its operations in Chinese Mainland was calculated at the tax rate of 25% (2022: 25%) on the assessable profits for the reporting period, if applicable, based on the existing legislation, interpretation and practices in respect thereof.

	2023	2022
	RMB'000	*RMB'000*
Current tax		
Charge for the year	**123,809**	71,370
Overprovision in prior years	**(1,543)**	(736)
Deferred	**(23,373)**	23,758
Total	**98,893**	94,392

8. DIVIDEND

No dividend has been paid or declared by the Company for the years ended 31 December 2023 and 2022.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 10,060,920,000 (2022: 10,060,920,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

The calculation of basic earnings per share is based on:

	2023	2022
Earnings		
Profit attributable to ordinary equity holders of the parent *(RMB'000)*	**249,184**	193,410
Shares		
Weighted average number of ordinary shares in issue during the year *(in thousand)*	**10,060,920**	10,060,920
Basic earnings per share (RMB cents per share)	**2.48**	1.92

10. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Related parties	**193,793**	146,437
Third parties	**405,792**	319,724
	599,585	466,161
Impairment	**(89,526)**	(67,864)
Net carrying amount	**510,059**	398,297

10. TRADE RECEIVABLES *(Continued)*

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**425,252**	331,679
1 to 2 years	**60,051**	51,531
2 to 3 years	**19,832**	9,917
3 to 4 years	**3,336**	5,170
More than 4 years	**1,588**	–
Total	**510,059**	398,297

11. TRADE PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Up to 90 days	**117,625**	117,399
91 to 180 days	**24,872**	9,991
More than 181 days	**35,459**	12,843
Total	**177,956**	140,233

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is committed to becoming a community life operator and comprehensive facility service provider with a global vision, adhering to quality innovation, advocating knowledge management and practising social responsibility. Having been deeply involved in the property service industry for 38 years, the Group has developed from a regional property management enterprise into a national life service enterprise, forming a business pattern based in the Greater Bay Area and covering the whole country. As of 31 December 2023, the Group had a total contracted gross floor area ("**GFA**") of approximately 60.64 million sq.m. (the corresponding period of 2022: approximately 51.82 million sq.m.). The Group provided property management services and value-added services to 390 properties (the corresponding period of 2022: 302 properties), with an aggregated revenue-bearing GFA of approximately 31.44 million sq.m. (the corresponding period of 2022: approximately 24.37 million sq.m.).

We stayed true to our original aspiration. The Group adheres to the original intention of service, regards quality service as the lifeblood and red line of enterprise development, always adheres to the professional, standardized and refined service requirements, pays attention to customer needs, continuously promotes the deepening of service development, and strives to provide customers with intelligent and warm service. During the Reporting Period, the Group has been highly recognized by the industry for its world-class service quality and leading brand strength, and received many honors, including the "16th amongst the 2023 Top 100 Leading Enterprises in terms of Property Service in China (「2023中國物業服務百強企業」第16名)", "2023 China State-owned Property Service Excellent Enterprise (2023中國國有物業服務優秀企業)", "2023 Top 100 Leading Enterprises in terms of Property Service Satisfaction in China (2023中國物業服務百強滿意度領先企業)", the "2023 Top 5 Listed Property Enterprises in terms of Operational Stability in China (2023中國上市物企經營穩健TOP 5) and the "6th Zhuhai Mayor's Quality Award (第六屆珠海市市長質量獎)".

BUSINESS REVIEW

The Group's main business is property management services, comprising three business categories: (i) basic property services; (ii) value-added services for property owners; and (iii) other value-added services, and hotel advisory and exhibition services.

PROPERTY MANAGEMENT SERVICES

(I) Basic property services

The Group provides a series of basic property services including security, cleaning and landscaping and repair and maintenance of public facilities for property owners, residents and property developers. Property management portfolio involves residential property and non-residential property, and businesses under management include residential community, commercial and office buildings, government buildings and public facilities, hospitals, schools and industrial parks.

For the year ended 31 December 2023, the basic property services segment contributed approximately RMB1,273,207,000 of revenue to the Group (the corresponding period of 2022: approximately RMB1,049,530,000), representing a year-on-year increase of approximately 21.3% as compared with the year ended 31 December 2022.

OUR GEOGRAPHIC DISTRIBUTION

As of 31 December 2023, Huafa Property Services Company Limited*（華發物業服務有限公司）(“**Huafa Property**”) managed a portfolio of properties covering 42 (the corresponding period of 2022: 42) key cities in the PRC including Beijing, Shanghai, Guangzhou, Shenzhen, Wuhan, Chongqing and Nanjing, forming a development trend foothold in the Greater Bay Area and covering the whole country.

The table below sets forth a breakdown of the Group’s total revenue-bearing GFA and revenue by geographical area for the periods or as at the dates indicated:

	For the year ended 31 December or as at 31 December					
	2023			2022		
	Revenue-bearing GFA *('000 sq.m.)*	**Revenue** *(RMB'000)*	*%*	Revenue-bearing GFA *('000 sq.m.)*	Revenue *(RMB'000)*	*%*
Greater Bay Area	**21,191**	**929,286**	**73.0**	16,168	775,901	73.9
Bohai Bay Area	**4,307**	**122,793**	**9.6**	3,842	102,043	9.7
Yangtze River Delta	**1,722**	**102,564**	**8.1**	1,207	77,572	7.4
Central China	**4,220**	**118,564**	**9.3**	3,156	94,014	9.0
Total	**31,440**	**1,273,207**	**100.0**	24,373	1,049,530	100.0

THIRD-PARTY EXPANSION OPPORTUNITIES

While maintaining a close business relationship with Zhuhai Huafa and its subsidiaries, associates and joint ventures (excluding the Group) (“**Zhuhai Huafa Group**”) in respect of property management services, the Group has actively taken advantages of its state-owned enterprise background and resources to positively expand its business by leveraging on its excellent service quality and good reputation in the industry. We have been able to achieve diversification of our businesses under management and high quality growth in management scale through the “organic + external” market approach.

During the Reporting Period, Huafa Property was successful in winning bids for a number of tourism, hospital and public building management projects, including the Fifth People’s Hospital of Zhuhai（珠海市第五醫院）, property services of Jingdong South China Park（京東華南園區）, the People’s Hospital of Bayi District of Linzhi City（林芝市巴宜區人民醫院）, logistics services of gas stations of SINOPEC Guangdong Zhongshan Petroleum Branch, Yuwenquan Resort（御溫泉度假村）, property services of the “second line” access and premises of Hengqin Guangdong-Macao Deep Cooperation Zone, and the public area of Zhuhai Chimelong SpaceShip, which has further consolidated the deployment of Huafa Property in various fields. Huafa Property formally stationed in Zhuhai Hi-Tech Zone（珠海高新區）and Pingsha 5.0 Industrial Park（平沙5.0產業園）, opening a new chapter in the expansion of Huafa Property’s services in the specialized industrial park sectors.

* *For identification purposes only*

As at 31 December 2023, the Group's revenue-bearing GFA increased by 29% on a year-on-year basis, including a 59.2% year-on-year increase in the revenue-bearing GFA of properties developed by independent property developers, and a 16.6% year-on-year increase in revenue from properties developed by independent property developers during the Reporting Period.

The table below sets forth the breakdown of the Group's total revenue-bearing GFA and revenue by project source for the periods or as at the dates indicated:

	For the year ended 31 December or as at 31 December					
	2023			2022		
	Revenue-bearing GFA ***('000 sq.m.)***	**Revenue** ***(RMB'000)***	*%*	Revenue-bearing GFA *('000 sq.m.)*	Revenue *(RMB'000)*	*%*
Properties developed by Zhuhai Huafa Group	**26,368**	**1,066,650**	**83.8**	21,187	872,415	83.1
Properties developed by independent property developers	**5,072**	**206,557**	**16.2**	3,186	177,115	16.9
Total	**31,440**	**1,273,207**	**100.0**	24,373	1,049,530	100.0

BUSINESS DISTRIBUTION

The Group's business covers a variety of property types, including residential properties, non-residential properties (such as office buildings, shopping malls, government buildings, ports, industrial parks, schools, hospitals, etc.), as well as providing other specialized high-quality customized services. As at 31 December 2023, the revenue-bearing GFA of non-residential properties under management of the Group was approximately 9.4 million sq.m., representing an increase of approximately 70.4% compared with approximately 5.5 million sq.m. as at 31 December 2022.

The table below sets forth the breakdown of the Group's total revenue-bearing GFA and revenue by property type for the periods or as at the dates indicated:

	For the year ended 31 December or as at 31 December					
	2023			2022		
	Revenue-bearing GFA ***('000 sq.m.)***	**Revenue** ***(RMB'000)***	*%*	Revenue-bearing GFA *('000 sq.m.)*	Revenue *(RMB'000)*	*%*
Residential properties	**22,054**	**767,359**	**60.3**	18,864	652,349	62.2
Non-residential properties	**9,386**	**505,848**	**39.7**	5,509	397,181	37.8
Total	**31,440**	**1,273,207**	**100.0**	24,373	1,049,530	100.0

(II) Value-added services for property owners

The Group provides property owners with rich and professional full-cycle value-added services, including: (i) home services, such as housekeeping and cleaning services, repair and maintenance services, etc.; (ii) space operations, including community public area leasing and elevator advertising space, and charging pile operation business piloted during the Reporting Period; (iii) new community retailing, which relies on the online platform of "Huawu Youxuan（華物優選）" to provide property owners with a variety of products and services based on their needs; (iv) vehicle management services; and (v) other services.

During the Reporting Period, the Group's revenue from value-added services for property owners amounted to approximately RMB159,972,000, representing a year-on-year decrease of approximately 6.8% from approximately RMB171,716,000 for the year ended 31 December 2022. The decrease in revenue was mainly due to the new community retailing business being split into smaller businesses and the scope of the business being appropriately reduced with a greater focus on service enhancement.

(III) Other value-added services

We mainly provide (i) supporting services for developers, including security, cleaning, landscaping and repair and maintenance services to property developers in the pre-delivery stage; consulting services on pre-sale business management for property developers and consulting services on properties managed by other property management companies; (ii) urban services, namely smart city integrated comprehensive services centered on urban space management, urban community governance, urban resource operation and smart park services, including waste classification, sanitation and cleaning, landscaping, municipal maintenance and ecological and environmental protection; (iii) intelligent services for building elevators. The Group has more than 20 years of rich experience in building intelligentization, mechanical and electrical equipment and facility management, maintenance, repair and replacement and transformation and is taking over a number of out-of-system businesses with professional qualifications and good reputation; (iv) security services. The security business of the Group has formed a business development model based on human security and oriented towards smart security, mobile security, remote security and comprehensive security, covering professional operation of civil air defense, material defense, technical defense, labor dispatch, large-scale conference services, bodyguards, public motor vehicle parking lot contracting and management services, property internal security services; and (v) catering services, including canteen dining service, meal delivery, food delivery, afternoon tea and drinking water and other businesses. In the future, we will continue actively create an excellent quality catering service system, and strive to become a demonstration benchmark for Zhuhai's catering industry.

During the Reporting Period, the Group's revenue from other value-added services was approximately RMB342,451,000, representing a year-on-year decrease of approximately 6.1% from approximately RMB364,781,000 for the year ended 31 December 2022.

In 2023, the Group's building elevator engineering company adjusted its business to focus on intelligent engineering and the photovoltaic industry and to capitalize on the Group's synergistic strengths in these industries, took the initiative to shrink its other engineering businesses, resulting in a decline in revenue as compared with that in 2022.

HOTEL ADVISORY AND EXHIBITION SERVICES

During the Reporting Period, the Group's hotel advisory and exhibition services businesses contributed revenue of approximately RMB112,000 to the Group. As the Group focused on property management services with an intensive cultivation in an increasingly competitive market and the profit of the hotel business dropped drastically as affected by the general environment during the COVID-19 pandemic period, thus the Group tightened its investment in the hotel business in light of the market situation. Subsequently, the feasibility of the investment in the hotel advisory and the exhibition services business model will be reassessed based on the latest market environment and industry trends.

FINANCIAL REVIEW

Revenue

The Group is principally engaged in property management services, hotel advisory and exhibition services. Revenue from property management services accounted for approximately 99.9% of the total revenue, which is mainly derived from (i) basic property services; (ii) value-added services for property owners; and (iii) other value-added services.

For the year ended 31 December 2023, the Group's total revenue amounted to approximately RMB1,775,742,000 (2022: RMB1,599,056,000), representing an increase of approximately 11.0% as compared with the year ended 31 December 2022. In particular, revenue from property management services amounted to approximately RMB1,775,630,000 (2022: RMB1,586,027,000), representing an increase of approximately 12.0% as compared with the year ended 31 December 2022, which was mainly due to the increase in revenue resulting from the continuous expansion of the Group's management scale.

The table below sets forth the breakdown of the Group's revenue by business segment for the periods indicated:

	For the year ended 31 December				
	2023		2022		
	RMB'000	***Percentage of revenue (%)***	*RMB'000*	*Percentage of revenue (%)*	*Growth rate (%)*
Property management services	**1,775,630**	**100.0**	1,586,027	99.2	12.0
– Basic property services	**1,273,207**	**71.7**	1,049,530	65.6	21.3
– Value-added services for property owners	**159,972**	**9.0**	171,716	10.8	–6.8
– Other value-added services	**342,451**	**19.3**	364,781	22.8	–6.1
Hotel advisory and exhibition services	**112**	**0.0**	13,029	0.8	–99.1
Total	**1,775,742**	**100**	1,599,056	100	11.0

Cost of sales

For the year ended 31 December 2023, the Group's total cost of sales amounted to approximately RMB1,297,831,000 (2022: RMB1,203,261,000), representing an increase of approximately 7.9% as compared with the year ended 31 December 2022. The increase in cost of sales was mainly due to the increase in the total revenue-bearing GFA of the Group and the increase of number of projects under management, which resulted in the increase in relevant staff costs and outsourcing costs.

Gross profit

For the year ended 31 December 2023, the Group's gross profit amounted to approximately RMB477,911,000 (property management segment: RMB477,815,000), representing an increase of approximately 20.7% from RMB395,795,000 (property management segment: RMB391,268,000) for the year ended 31 December 2022.

Other income and other (losses)/gains, net

For the year ended 31 December 2023, other income and other (losses)/gains, net amounted to approximately RMB1,737,000 representing a decrease of approximately 105.9% from RMB29,560,000 for the year ended 31 December 2022, which was mainly due to a decrease of the exchange (loss)/gain, net recognized for the change in exchange rates.

Administrative expenses

For the year ended 31 December 2023, the Group's total administrative expenses amounted to RMB82,353,000, representing a decrease of approximately 16.8% from approximately RMB98,979,000 for the year ended 31 December 2022. Such decrease was mainly due to that by adhering to the consistent principle of being prudent, the management of the Company (the "**Management**") proactively expanded its operations while reducing costs and increasing efficiency.

Finance costs, net

For the year ended 31 December 2023, the Group's total finance costs, net amounted to approximately RMB14,563,000, representing an increase of approximately 48.2% from RMB9,827,000 for the year ended 31 December 2022, which was mainly due to the increase in bank borrowing interest expenses resulted from the continued interest rate hikes by banks affected by the United States since 2023.

Profit for the year

For the year ended 31 December 2023, the Group's profit for the year amounted to approximately RMB250,261,000, representing an increase of approximately 28.7% from RMB194,472,000 for the year ended 31 December 2022. Profit for the year ended 31 December 2023 attributable to owners of the Company was approximately RMB249,184,000, representing an increase of approximately 28.8% from RMB193,410,000 for the year ended 31 December 2022.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group's cash and cash equivalents amounted to approximately RMB382,445,000 (2022: approximately RMB454,457,000) with bank borrowings of RMB175,560,000 (2022: RMB381,355,000). The Group held current assets of approximately RMB953,480,000 (2022: approximately RMB898,029,000) and total current liabilities of approximately RMB793,274,000 (2022: approximately RMB952,959,000). The Group's current ratio, being total current assets over total current liabilities, was 1.2 (2022: 0.9). Total reserves of the Group was approximately RMB241,969,000 as at 31 December 2023 (2022: RMB269,000). The Group's gearing ratio, being total liabilities over total assets, was 76.3% (2022: 99.4%).

CAPITAL STRUCTURE

The Group mainly funds its business and working capital requirements by using a mix of internal resources and bank borrowings. Bank borrowings bear effective interest rate from 3.25% to 7.44% per annum (2022: from 1.63% to 7.02% per annum). There was no material change in the capital structure of the Company during the Reporting Period.

EXPOSURE TO FLUCTUATIONS IN INTEREST RATES

As at 31 December 2023, the Group's interest-bearing financial assets primarily comprised bank deposits and the Group's interest-bearing financial liabilities primarily comprised bank borrowings. As there was no significant financial risk arising from changes in interest rates, the Group had no interest rate hedging policy.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group conducted its business transactions principally in RMB ("**RMB**"). As at 31 December 2023, most of the Group's bank deposits and cash balances were mainly denominated in Hong Kong Dollar and RMB. Fluctuation of the exchange rates of RMB against foreign currencies could affect the Group's results of operations. During the year ended 31 December 2023, the Group did not use any financial instruments for hedging purpose. In view of the potential RMB exchange rate fluctuations, we will continue to monitor the foreign exchange exposure, and take prudent measures to reduce foreign exchange risks.

EXPOSURE TO CREDIT RISK

The Group's credit risks mainly arose from trade receivables and other receivables, bank balances and deposits. The Group strove to manage the risk exposure of trade receivables by closely monitoring the payment records of its customers and requesting customer deposits wherever necessary. The credit risk on the bank deposits was limited because of their high credit rating.

EXPOSURE TO PRICE RISK

The Group's financial asset at fair value through profit or loss is exposed to price risk. The Management closely monitored this risk by performing on-going evaluations of its asset value and market conditions.

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and obtaining funding through access to adequate and available credit lines. The Group continues to maintain a healthy net cash position by keeping credit lines available and to maintain flexibility in future funding.

The Group's primary cash requirements are payments for trade and other payables and operating expenses. The Group mainly finances its working capital requirements through internal resources.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient cash balances and adequate credit facilities to meet its liquidity requirements in the short- and long-term.

SIGNIFICANT ACQUISITIONS AND DISPOSALS OF INVESTMENTS

Save as disclosed in the abovementioned section headed "Business Review" in this announcement, the Group neither acquired or disposed of any significant investments or properties, nor carried out any material acquisitions or disposals of the Company's subsidiaries and associates during the Reporting Period.

EMPLOYEES

As at 31 December 2023, the Group had a total of 9,193 employees (2022: 8,524). Staff costs of the Group amounted to approximately RMB742,907,000 for the year ended 31 December 2023 (2022: approximately RMB719,191,000), which comprised salaries, commissions, bonuses, other allowances, and contributions to retirement benefit schemes. The Group operates a defined contribution scheme under the Mandatory Provident Fund Schemes Ordinance and provides medical insurance to all its Hong Kong employees. For Mainland employees, social insurance, housing provident fund and pension are provided. The Group structures its employee remuneration packages with reference to general market practice, employees' duties and responsibilities, and the Group's financial performance. The Group provides training courses and developed training programmes to equip its staff with the necessary skills, techniques and knowledge to enhance their productivity and administrative efficiency.

PLEDGE OF ASSETS

As at 31 December 2023, the Group had no pledged assets (2022: Nil).

CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any contingent liabilities (2022: Nil).

CAPITAL EXPENDITURE

For the year ended 31 December 2023, capital expenditure for property, plant and equipment, right-of-use assets and intangible assets of the Group amounted to approximately RMB18,668,000 (2022: approximately RMB27,514,000).

CAPITAL COMMITMENTS

As at 31 December 2023, the Group had capital commitments amounting to RMB4,338,000 (2022: RMB3,269,000).

BUSINESS PLAN

Enhancing property owners' satisfaction by paying close attention to service capabilities

The Group has continued to increase its efforts in service capabilities, adhering to the "three-step approaches to quality improvement". On the basis of consolidating basic service quality, the Group will establish its three-tier training system by taking into account of external consulting, continue to optimise the service performance indicators on one policy for one property in different regions, build its benchmarking projects, focus on branding, establish a service publicity framework, and supervise the implementation and promotion of such framework. Adhering to the customer-oriented approach and high standard with high quality, the Group has uniformly improved the overall service capabilities level of residential projects and non-residential projects such as sales office, commercial offices and public structures. Also, through benchmarking itself against the leading peer, the Group will focus on quality management, supplier management and stewardship system, together with the construction of work order center, it will connect the Huafa Group Satisfaction Research Center to build a quality management system that is strongly empowering for employees, further enhancing appraisal work and in line with the Group's rapid development. The Group will continue to improve its customer satisfaction and plan the construction of a property call center on this basis.

Strengthening business synergies within the Huafa system by increasing efforts in business expansion

The Group is committed to stabilizing and maintaining the existing market share, maintaining good customer relationship and project renewal, and continuing to implement the project renewal alert mechanism to ensure the winning rate of renewed projects. By integrating internal and external resources and adopting the "organic growth and outreach development" approach, the commercial property and office department actively participated in market competition and collaborated with the commercial management and property companies to develop sales center property management business in an asset-light mode. We will also continue to implement quality and scale outbound development, maintain strategic partnerships with various partners, explore internal and external resources, focus on the development of non-residential projects, mature projects, and projects in regions with a high density of inventory and strong resources and brands, strengthen the quality of our business development personnel, improve diversified customer acquisition channels, and actively seek new high-quality cooperation possibilities. We will continue to strengthen our ability to cooperate with companies in our system to enhance our competitiveness in business development, focus on government projects and new energy fields, and expand the scope of cooperation by playing the role of a community life operator and integrated facility service provider.

Focusing on the needs of property owners, serving the main real estate business, and improving value-added services

The Group has given full play to the professional strength and advantages of the property company to optimise business operation guidelines and management standard systems, organise business incentive plans and provide business-related training while benchmarking against the leading companies. The Group has followed up on the house decoration business of newly delivered projects, integrated high-quality merchant resources, and provided one-stop services to property owners; accelerated the payment collection progress of the house decoration business to ensure that all receivables are collected; benchmarked and learned from the experience of peers, adapted measures to local conditions, and explored a house decoration model suitable for Huafa Property. Huafa Property has closely followed the living needs of property owners, integrated and connected the resources of featured suppliers in various regions, grasped customer groups and marketing nodes, and leveraged on community activities to promote the "Huawu Youxuan（華物優選）" platform both online and offline to boost sales. Through joint promotion in various regions and increased publicity on the property owner side, the Group has completed resource inventory and coordinated investment promotion in terms of home services and space operations, so as to achieve resource complementation for projects and enhance investment premium capabilities. Meanwhile, the Group has assisted various regions in exploring and integrating potential resources, branding and marketing as well as exploring more self-operated space businesses.

Benchmarking itself against the leading peer, strengthening refined management, enhancing operation and management capabilities, reducing costs and improving efficiency

The Group will implement its strategy of "technology +" by benchmarking against industry benchmark enterprises. The Group will speed up the digitalization transformation of properties, promote the construction and optimisation of its key system projects such as the master data system, customer-oriented app and iteration of the charging system, converge various services to improve the customer experience, and thereby realise the accuracy, timeliness and comprehensiveness of the data and information. At the same time, it will integrate the optimised and iterative project management and supply chain construction of Huafa Properties to achieve the interconnection of real estate projects and the property information system and thus enhance synergistic efficiency and service capabilities. The Group will also strengthen single-project operation management, optimise the rules for sharing labour costs, and pay attention to the evaluation of performance indicators to steadily improve its quality and efficiency.

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

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

CORPORATE GOVERNANCE

During the Reporting Period and save as disclosed in this announcement, the Directors are of the opinion that the Company has complied with all code provisions as set out in the Corporate Governance Code (the "**CG Code**") in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for a deviation from the code provision C.2.1 of the CG Code.

The code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has deviated from this code provision as Mr. Zhou Wenbin has acted as both chairman of the Board and the chief executive officer of the Company since 18 November 2022.

The Board believes that the roles of the chairman of the Board and the chief executive officer of the Company performed by the same individual will continue to ensure that the Group has consistent leadership and the ability to make and implement the overall strategy of the Group effectively. The Board believes that this structure does not compromise the balance of power and authority between the Board and the Management. The Board will regularly review the effectiveness of this structure to ensure that it is appropriate to the Group's circumstances.

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**") set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all Directors, all Directors have confirmed that they have complied with the Model Code during the Reporting Period and up to the date of this announcement.

PROPOSED FINAL DIVIDEND

The Board does not recommend any payment of final dividend for the year ended 31 December 2023.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established on 25 June 2008 and the written terms of reference of the Audit Committee are aligned with the CG Code. The Audit Committee is chaired by Dr. Chen Jieping and as at the date of this announcement, the Audit Committee members are all independent non-executive Directors, namely Dr. Chen Jieping, Mr. Pu Yonghao and Mr. Guo Shihai.

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal controls systems of the Company and provide advice and comments on the Company's draft annual reports and accounts to the Board.

The Audit Committee held two meetings during the Reporting Period to review the audited consolidated financial statements of the Group for the year ended 31 December 2022 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2023, with recommendations to the Board for approval; and reviewed the accounting principles and policies adopted by the Group and its financial reporting functions, risk management and internal control systems. During the Reporting Period, the Audit Committee met the Company's auditor twice.

The Group's annual results for the year ended 31 December 2023 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

SCOPE OF WORK OF ERNST & YOUNG

The figures above in respect of this annual results announcement for the year ended 31 December 2023 have been agreed with the Company's auditor, Ernst & Young, certified public accountants ("**Ernst & Young**"), to be consistent with the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young 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 Ernst & Young on this announcement.

PUBLIC FLOAT

The Company has maintained the public float as required by the Listing Rules up to the date of this announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 20 May 2024 to Friday, 24 May 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting of the Company to be held on Friday, 24 May 2024, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 17 May 2024.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company's website (www.huafapropertyservices.com). The annual report of the Company for the year ended 31 December 2023 will be despatched to the shareholders of the Company who have elected to receive printed copies and will be available on the websites of Hong Kong Exchanges and Clearing Limited and the Company in due course.

ACKNOWLEDGEMENT

I would like to express my sincere gratitude to our clients and shareholders for their continuous and valuable support. I would also like to take this opportunity to thank the Board, management team and staff for their dedication and hard work during last year.

By order of the Board
Huafa Property Services Group Company Limited
Zhou Wenbin
Executive Director, Chairman and Chief Executive Officer

Hong Kong, 28 February 2024

As at the date of this announcement, the Board comprises Mr. Zhou Wenbin (Chairman and Chief Executive Officer), Mr. Li Guangning, Mr. Xie Wei, Mr. Dai Geying, Ms. Luo Bin and Mr. Gu Yuanping (all being Executive Directors); Dr. Chen Jieping, Mr. Pu Yonghao and Mr. Guo Shihai (all being Independent Non-Executive Directors).