



華發物業服務集團有限公司

Huafa Property Services Group Company Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 982)

2024

INTERIM REPORT



CONTENT

- 2** Corporate Information
- 3** Interim Condensed Consolidated Statement of Profit or Loss
- 4** Interim Condensed Consolidated Statement of Comprehensive Income
- 5** Interim Condensed Consolidated Statement of Financial Position
- 7** Interim Condensed Consolidated Statement of Changes in Equity
- 8** Interim Condensed Consolidated Statement of Cash Flows
- 9** Notes to Interim Condensed Consolidated Financial Information
- 22** Management Discussion and Analysis
- 37** Other Information



Corporate Information

Board of Directors

Executive directors

Mr. Zhou Wenbin (*Chairman and Chief Executive Officer*)

Mr. Li Guangning

Mr. Xie Wei

Mr. Dai Geying

Ms. Luo Bin

Mr. Gu Yuanping

Independent non-executive directors

Dr. Chen Jieping

Mr. Pu Yonghao

Mr. Guo Shihai

Audit Committee

Dr. Chen Jieping (*Chairman*)

Mr. Pu Yonghao

Mr. Guo Shihai

Remuneration Committee

Mr. Pu Yonghao (*Chairman*)

Dr. Chen Jieping

Mr. Guo Shihai

Mr. Xie Wei

Mr. Zhou Wenbin

Nomination Committee

Mr. Guo Shihai (*Chairman*)

Dr. Chen Jieping

Mr. Pu Yonghao

Legal Adviser

Bird & Bird

Auditor

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

Joint Company Secretaries

Mr. Gu Yuanping

Ms. Chan Sau Ling

Head Office and Principal Place of Business in Hong Kong

Room 3605, 36/F
Cheung Kong Center
2 Queen's Road Central
Central, Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Bermuda Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited

Principal Bankers

Hang Seng Bank Limited
Dah Sing Bank Limited

Bermuda Resident Representative

Conyers Corporate Services (Bermuda) Limited

Authorised Representatives

Mr. Zhou Wenbin

Ms. Chan Sau Ling

Place of Listing

The Stock Exchange of Hong Kong Limited

Stock Code

982

Website Address

www.huafapropertyservices.com

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
REVENUE	5	1,010,020	828,168
Cost of sales		<u>(776,614)</u>	<u>(613,706)</u>
Gross profit		233,406	214,462
Other income and gains, net		931	2,156
Selling and marketing expenses		(4,939)	(2,567)
Administrative expenses		(51,550)	(41,465)
Impairment losses on financial assets, net		(13,966)	(17,988)
Finance expenses, net	7	(816)	(7,604)
Share of profits and losses of:			
A joint venture		113	201
An associate		<u>(270)</u>	<u>(270)</u>
PROFIT BEFORE TAX	6	162,909	146,925
Income tax expense	8	<u>(40,991)</u>	<u>(41,405)</u>
PROFIT FOR THE PERIOD		<u>121,918</u>	<u>105,520</u>
Attributable to:			
Owners of the parent		120,628	105,515
Non-controlling interests		<u>1,290</u>	<u>5</u>
		<u>121,918</u>	<u>105,520</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic and diluted			
– For profit for the period (expressed in RMB cents per share)		<u>1.20</u>	<u>1.05</u>

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
PROFIT FOR THE PERIOD	121,918	105,520
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of foreign operations	852	87
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	(2,189)	(9,583)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	(1,337)	(9,496)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	120,581	96,024
Attributable to:		
Owners of the parent	119,291	96,019
Non-controlling interests	1,290	5
	120,581	96,024

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	37,174	36,160
Right-of-use assets		18,707	16,289
Intangible assets	12	11,059	8,611
Investment in a joint venture		2,821	1,758
Investment in an associate		–	1,632
Deferred tax assets		28,219	24,807
Financial asset at fair value through profit or loss	13	4,364	4,434
		<u>102,344</u>	<u>93,691</u>
CURRENT ASSETS			
Inventories		19,010	14,988
Trade receivables	14	660,064	510,059
Prepayments, other receivables and other assets		60,396	39,920
Restricted bank balances		6,096	6,068
Cash and cash equivalents		211,971	382,445
		<u>957,537</u>	<u>953,480</u>
CURRENT LIABILITIES			
Trade payables	15	188,679	177,956
Other payables and accruals		410,064	394,198
Interest-bearing bank borrowings	16	505	175,560
Lease liabilities		4,421	3,746
Tax payable		33,215	41,814
		<u>636,884</u>	<u>793,274</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>320,653</u>	<u>160,206</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>422,997</u>	<u>253,897</u>

Interim Condensed Consolidated Statement of Financial Position

(Continued)

As at 30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	16	45,540	–
Lease liabilities		5,220	2,704
Deferred tax liabilities		1,450	1,507
Other payables		1,811	1,691
		<u>54,021</u>	<u>5,902</u>
Total non-current liabilities		54,021	5,902
Net assets		<u>368,976</u>	<u>247,995</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		2,200	2,200
Reserves		361,841	241,969
		<u>364,041</u>	<u>244,169</u>
Non-controlling interests		4,935	3,826
		<u>368,976</u>	<u>247,995</u>
Total equity		<u>368,976</u>	<u>247,995</u>

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the parent								Total	Non-controlling interests	Total equity
	Share capital	Share premium	Special reserve	Statutory reserve	Other reserve	Merge reserve	Exchange reserve	Retained earnings			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024 (audited)	2,200	144,919	4,186	40,985	(1,223)	(678,983)	(12,150)	744,235	244,169	3,826	247,995
Profit for the period	-	-	-	-	-	-	-	120,628	120,628	1,290	121,918
Other comprehensive losses for the period:											
Exchange differences on translation of financial statements	-	-	-	-	-	-	(1,337)	-	(1,337)	-	(1,337)
Total comprehensive income for the period	-	-	-	-	-	-	(1,337)	120,628	119,291	1,290	120,581
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	800	800
Acquisition of non-controlling interests	-	-	-	-	581	-	-	-	581	(981)	(400)
At 30 June 2024 (unaudited)	2,200	144,919	4,186	40,985	(642)	(678,983)	(13,487)	864,863	364,041	4,935	368,976
At 1 January 2023 (audited)	2,200	144,919	4,186	83,855	(465)	(678,983)	(7,910)	454,667	2,469	3,613	6,082
Profit for the period	-	-	-	-	-	-	-	105,515	105,515	5	105,520
Other comprehensive losses for the period:											
Exchange differences on translation of financial statements	-	-	-	-	-	-	(9,496)	-	(9,496)	-	(9,496)
Total comprehensive income for the period	-	-	-	-	-	-	(9,496)	105,515	96,019	5	96,024
At 30 June 2023 (unaudited)	2,200	144,919	4,186	83,855	(465)	(678,983)	(17,406)	560,182	98,488	3,618	102,106

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	24,325	2,583
Income tax paid	(53,059)	(60,007)
Net cash flows (used in) operating activities	(28,734)	(57,424)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	403	2,171
Purchase of items of property, plant and equipment	(7,944)	(4,762)
Purchase of intangible assets	(2,985)	(716)
Proceeds from disposal of items of property, plant and equipment	38	7
Net cash flows used in investing activities	(10,488)	(3,300)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1,131)	(9,204)
Capital contributions from non-controlling interests	800	–
New bank borrowings	46,000	336,019
Repayments of bank borrowings	(175,352)	(5,332)
Increase in restricted bank balances	–	(182,000)
Principal and interest elements of lease payments	(3,085)	(2,059)
Net cash flows (used in)/from financing activities	(132,768)	137,424
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(171,990)	76,700
Cash and cash equivalents at beginning of period	382,445	454,457
Effect of foreign exchange rate changes, net	1,516	(2,013)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	211,971	529,144
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	218,067	716,392
Less: Restricted bank balances	6,096	187,248
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	211,971	529,144

Notes to Interim Condensed Consolidated Financial Information

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in Bermuda. Its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is at Room 3605, 36/F, Cheung Kong Center, 2 Queen's Road Central, Central, Hong Kong.

The Company is an investment holding company which, together with its subsidiaries is principally engaged in (i) the provision of property management services and related value-added services in Mainland China, (ii) provision of hotel advisory services, exhibition planning and organisation services in Mainland China.

The shares of the Company have been listed on the Main board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

This interim condensed consolidated financial information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

This interim condensed consolidated financial information is unaudited and has been reviewed by the audit committee of the Company (the "**Audit Committee**"). This interim condensed consolidated financial information was approved for issue by the board (the "**Board**") of directors (the "**Directors**") of the Company on 30 August 2024.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The interim condensed consolidated 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 2023.

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>

The adoption of the above new and revised standards has had no significant financial effect on the interim condensed consolidated financial information.

4. OPERATING SEGMENT INFORMATION

The Group has focused on the investment in and development of the property management services business, and there was no other business operation during this period, which does not require segment reporting disclosure.

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from contracts with customers	<u>1,010,020</u>	<u>828,168</u>

Disaggregated revenue information for revenue from contracts with customers

For six months ended 30 June 2024

Segments	Property management RMB'000 (Unaudited)
Types of goods or services	
Property management services	734,001
Value-added services for property owners	85,799
Other value-added services	<u>190,220</u>
Total revenue from contracts with customers	<u>1,010,020</u>
Geographical markets	
Mainland China	<u>1,010,020</u>
Timing of revenue recognition	
Goods transferred at a point in time	45,437
Services transferred over time	<u>964,583</u>
Total revenue from contracts with customers	<u>1,010,020</u>

5. REVENUE *(Continued)*

Disaggregated revenue information for revenue from contracts with customers *(Continued)*

For six months ended 30 June 2023

Segments	Property management <i>RMB'000</i> (Unaudited)	Hotel advisory and exhibition services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Types of goods or services			
Property management services	594,715	–	594,715
Value-added services for property owners	73,372	–	73,372
Other value-added services	159,987	–	159,987
Hotel advisory and exhibition services	–	94	94
	<u>828,074</u>	<u>94</u>	<u>828,168</u>
Total revenue from contracts with customers			
	<u>828,074</u>	<u>94</u>	<u>828,168</u>
Geographical markets			
Mainland China	<u>828,074</u>	<u>94</u>	<u>828,168</u>
Timing of revenue recognition			
Goods transferred at a point in time	30,048	–	30,048
Services transferred over time	<u>798,026</u>	<u>94</u>	<u>798,120</u>
Total revenue from contracts with customers	<u>828,074</u>	<u>94</u>	<u>828,168</u>

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of services provided*	741,087	590,252
Cost of goods sold	35,527	23,454
Depreciation of property, plant and equipment	4,488	4,458
Depreciation of right-of-use assets	3,609	3,270
Amortisation of intangible assets	537	780
Lease payments not included in the measurement of lease liabilities	7,483	9,686
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	380,685	323,095
Pension scheme contributions	59,077	48,079
	<u>439,762</u>	<u>371,174</u>
Impairment of financial assets, net		
Impairment of trade receivables	13,440	18,020
(Reversal of impairment)/impairment of financial assets included in prepayments, other receivables and other assets	526	(32)
	<u>13,966</u>	<u>17,988</u>
Interest income	(403)	(2,171)
Foreign exchange differences, net	(704)	2,758
Fair value loss/(gain) on financial asset at fair value through profit or loss	102	1,200
Losses on disposal of items of property, plant and equipment	12	50

* Cost of services provided for the period included an aggregate amount of RMB410,894,000 (six months ended 30 June 2023: RMB347,741,000) which comprised items including employee benefit expense, depreciation of property, plant and equipment, amortisation of intangible assets and rental expense. These items were amount was 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. FINANCE EXPENSES, NET

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Finance expense:		
Interest expense on bank borrowings	865	9,562
Interest expense on lease liabilities	249	213
Others	105	–
	<u>1,219</u>	<u>9,775</u>
Finance income:		
Interest income from bank deposits	(325)	(2,098)
Interest income from a subsidiary under Zhuhai Huafa	(78)	(73)
	<u>(403)</u>	<u>(2,171)</u>
Finance costs, net	<u>816</u>	<u>7,604</u>

8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax 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 has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

The Group's income tax provision in respect of its operations in Mainland China has been calculated at the applicable tax rates on the taxable profits for both periods, based on the existing legislation, interpretations and practices in respect thereof. Certain of the Group's PRC subsidiaries enjoyed preferential CIT rates of 20% and 15% during both periods.

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current income tax	44,460	65,803
Deferred income tax	(3,469)	(24,398)
Total tax charged for the period	<u>40,991</u>	<u>41,405</u>

9. DIVIDEND

The Directors did not propose the payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

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

The calculation of the basic and diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB120,628,000 (six months ended 30 June 2023: RMB105,515,000), and the weighted average number of ordinary shares of 10,060,920,000 (six months ended 30 June 2023: 10,060,920,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2024 and 2023, respectively.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets at a cost of RMB5,549,000 (six months ended 30 June 2023: RMB4,824,000). Assets with a net book value of RMB50,000 were disposed of by the Group during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB57,000), resulting in a net loss on disposal of RMB12,000 (six months ended 30 June 2023: RMB50,000).

12. INTANGIBLE ASSETS

During the six months ended 30 June 2024, the Group obtained intangible assets externally at a cost of RMB2,985,000 (six months ended 30 June 2023: RMB716,000).

No intangible assets were disposed by the Group during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

13. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Listed equity investment in Hong Kong	<u>4,364</u>	<u>4,434</u>

The balance represented fair value of the Group's 2.25% equity interest in Hong Kong Johnson Holdings Co., Ltd. ("Hong Kong Johnson") and was denominated in HKD.

14. TRADE RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Related parties	291,356	193,793
Third parties	<u>471,674</u>	<u>405,792</u>
	763,030	599,585
Impairment	<u>(102,966)</u>	<u>(89,526)</u>
	<u>660,064</u>	<u>510,059</u>

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:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 year	529,397	425,252
1 to 2 years	101,529	60,051
2 to 3 years	22,994	19,832
3 to 4 years	3,956	3,336
More than 4 years	<u>2,188</u>	<u>1,588</u>
	<u>660,064</u>	<u>510,059</u>

15. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Up to 90 days	122,381	117,625
91 to 180 days	28,516	24,872
More than 181 days	<u>37,782</u>	<u>35,459</u>
	<u>188,679</u>	<u>177,956</u>

16. INTEREST-BEARING BANK BORROWINGS

<i>Notes</i>	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Current Bank loans – unsecured	<u>46,045</u>	<u>175,560</u>

Notes:

- (a) These bank borrowings bear interest at effective interest rates from 3.55% to 6.67% per annum (2023: from 3.25% to 7.44% per annum).
- (b) The carrying amounts of the Group's bank borrowings are denominated in HKD or RMB, and the fair value of bank borrowings approximate to their carrying amounts.
- (c) As at 30 June 2024 and 31 December 2023, the Group did not pledge assets or execute guarantees.

17. COMMITMENTS

There were capital commitments of RMB881,000 as at 30 June 2024 (31 December 2023: RMB4,338,000).

18. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the period:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Property management services and related value-added services income received from Zhuhai Huafa Group	<u>337,928</u>	<u>271,126</u>
Hotel advisory and exhibition services income received from Zhuhai Huafa Group	<u>-</u>	<u>94</u>
Recharge of administrative expenses to Hong Kong Huafa Investment Holdings Limited ("Huafa HK")	<u>308</u>	<u>408</u>
Rental expenses to Zhuhai Huafa Group	<u>-</u>	<u>94</u>
Purchase of goods and services from Zhuhai Huafa Group	<u>5,233</u>	<u>5,963</u>
Interest income from Zhuhai Huafa Group	<u>78</u>	<u>73</u>

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

Certain of the above related party transactions also constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

18. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Outstanding balances with related parties:

	<i>Notes</i>	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Balances included in cash and cash equivalents			
– Zhuhai Huafa Group	<i>(i)</i>	<u>40,102</u>	<u>40,025</u>
Balances included in trade receivables			
– Zhuhai Huafa Group	<i>(ii)</i>	<u>291,356</u>	<u>200,413</u>
Balances included in other receivables, deposits and prepayments			
– Zhuhai Huafa Group		<u>5,605</u>	<u>4,637</u>
Balances included in trade payables			
– Zhuhai Huafa Group	<i>(ii)</i>	<u>7,379</u>	<u>8,276</u>
Balances included in other payables and accruals			
– Zhuhai Huafa Group	<i>(ii)</i>	<u>41,643</u>	<u>42,700</u>
Balances included in contract liabilities			
– Zhuhai Huafa Group	<i>(ii)</i>	<u>14,689</u>	<u>8,693</u>

Notes:

- (i) The balance represented deposits placed at a fellow subsidiary, a non-banking financial institution in the PRC. The balance due is unsecured, and the deposit interest rate provided was determined with reference to the interest rate provided by the domestic commercial banks and financial institutions in the PRC for the deposits of the same or similar term, type and amount.
- (ii) The above balances are unsecured, interest-free and generally payable from three to twelve months.

18. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	1,728	1,945
Pension scheme contributions	248	235
Total compensation paid to key management personnel	1,976	2,180

(d) Transactions and balances with other state-owned enterprises in the PRC

The Group is indirectly controlled by the PRC government and operates in an economic environment predominated by entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively "State-owned Entities" ("SOEs")). During the reporting period, the Group had transactions with other SOEs to provide property management services. The directors of the Company consider that these transactions with other SOEs are activities conducted in the ordinary course of business and the dealings of the Group have not been significantly or unduly affected by the fact that the Group and the other SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for its products and services and there are no difference in the pricing policies applicable to SOEs and other parties.

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals and interest-bearing bank borrowing approximate to their carrying amounts largely due to the short term maturities of these instruments.

Hong Kong Johnson is listed on the Main Board of the Stock Exchange of Hong Kong. The fair value of financial asset at fair value through profit or loss traded in active markets is based on quoted market price at the end of the reporting period. The quoted market price used for the listed equity investment held by the Group are the current bid price.

The fair value of the non-current portion of other payable have been estimated by discounting the expected future cash flows using the relevant weighted average return on capital.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Asset measured at fair value:

As at 30 June 2024

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices In active Markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Financial asset at fair value through profit or loss	4,364	-	-	4,364

As at 31 December 2023

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices In active Markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Financial asset at fair value through Profit or loss	4,434	-	-	4,434

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities measured at fair value:

As at 30 June 2024

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices In active Markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Other payable	-	1,811	-	1,811

As at 31 December 2023

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices In active Markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Other payable	-	1,691	-	1,691

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2023: Nil).



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 39 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.

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.

Management Discussion and Analysis *(Continued)*

Business Review

The Group's core 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.

(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 properties and non-residential properties, and businesses under management include residential community, commercial and office buildings, government buildings and public facilities, hospitals, schools and industrial parks. For the six months ended 30 June 2024, the basic property services segment contributed approximately RMB734,001,000 of revenue to the Group (the corresponding period of 2023: approximately RMB594,715,000), representing a period-on-period increase of approximately 23.4% as compared with the corresponding period in 2023.

As at 30 June 2024, the Group had a total contracted GFA of approximately 63.7 million sq.m. (as at 30 June 2023: approximately 58.2 million sq.m.). The Group provided property management services and value-added services to 423 properties (as at 30 June 2023: 333 properties), with an aggregated revenue-bearing GFA of approximately 36.54 million sq.m. (as at 30 June 2023: approximately 29.97 million sq.m.).

Our geographic distribution

As of 30 June 2024, Huafa Property Services Company Limited* (華發物業服務有限公司) ("Huafa Property") managed a portfolio of properties covering 42 (as at 30 June 2023: 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.

Management Discussion and Analysis (Continued)

Business Review (Continued)

Our geographic distribution (Continued)

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:

	Revenue-bearing GFA ('000 sq.m.)	For the six months ended 30 June			2023	
		2024 Revenue (RMB'000)	%	Revenue-bearing GFA ('000 sq.m.)	Revenue (RMB'000)	%
Greater Bay region	23,770	527,930	71.9	20,130	433,497	72.9
Bohai Bay region	4,353	65,870	9.0	4,161	62,180	10.5
Yangtze River region	3,204	73,765	10.0	1,722	46,274	7.7
Central China region	5,208	66,436	9.1	3,960	52,764	8.9
Total	36,535	734,001	100	29,973	594,715	100.0

Third-party expansion opportunities

During the reporting period, the Group successfully entered into a number of property management projects for industrial parks such as Jingdong South China Logistics Park, Guangdong Unicom Headquarters Building, YGsoft Intelligent Industrial Park, and industrial park of Tiancheng Advanced Semiconductor Technology Co., Ltd. (天成先進半導體科技有限公司), further opening up a new sub-segment of property equipment and facilities management. The Group formally entered into public construction projects such as Zhuhai Citizen Service Centre, Elderly Care Service Centre of Lianyang Community, Shanghai Huamu Street (上海花木街道聯洋社區養老服務中心) and Wanzai Community Health Service Centre, laying a solid foundation for the Group to continue to enter into hospitals, community service organisations and other service areas that benefit the public's well-being.

Management Discussion and Analysis (Continued)

Business Review (Continued)

Third-party expansion opportunities (Continued)

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 six months ended 30 June					
	2024			2023		
	Revenue-bearing GFA ('000 sq.m.)	Revenue (RMB'000)	%	Revenue-bearing GFA ('000 sq.m.)	Revenue (RMB'000)	%
Properties developed by Zhuhai Huafa Group	30,511	574,156	78.2	25,906	497,770	83.7
Properties developed by independent property developers	6,024	159,845	21.8	4,067	96,945	16.3
Total	36,535	734,001	100.0	29,973	594,715	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.

Management Discussion and Analysis (Continued)

Business Review (Continued)

Business distribution (Continued)

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 six months ended 30 June					
	2024			2023		
	Revenue-bearing GFA ('000 sq.m.)	Revenue (RMB'000)	%	Revenue-bearing GFA ('000 sq.m.)	Revenue (RMB'000)	%
Residential properties	25,501	432,900	59.0	21,429	363,527	61.1
Non-residential properties	11,034	301,101	41.0	8,544	231,188	38.9
Total	36,535	734,001	100.0	29,973	594,715	100.0

(II) Value-added services for property owners

The Group is committed to becoming a national community life operator, providing rich and professional full-cycle value-added services to property owners in terms of home services, asset management services, new community retailing, space operations, parking lot management services, etc., enhancing the service quality of community-based living products while insisting on innovative business models, continuously broadening our service margins and enhancing customer stickiness, with a view of providing property owners with efficient, convenient and diversified community eco-services along the entire service chain.

Management Discussion and Analysis *(Continued)*

Business Review *(Continued)*

(II) Value-added services for property owners (Continued)

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) asset management services, including car parking spaces for sale, rental and sale of houses, etc.; (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) space operations, including community public area leasing and elevator advertising space, and charging pile operation business piloted during the reporting period; (v) vehicle management services; and other services.

During the reporting period, value-added services for property owners contributed approximately RMB85,799,000 of revenue to the Group (the corresponding period of 2023: RMB73,372,000), representing an increase of 16.9% as compared with the corresponding period of 2023. The increase was mainly due to the development of the new business model in asset management and sustainable development of new community retail business.

(III) Other value-added services

We mainly provide (i) supporting services for developers, including security, cleaning, landscaping 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. After nearly ten years of intensive cultivation, we have provided government agencies, enterprises and institutions, communities and villages, and industrial parks, a full chain of comprehensive urban management services, and created a number of exemplary and outstanding projects. We will continue to build a benchmark brand of “urban services” based on the Greater Bay Area and linking up with the whole world, and lead the high-quality and leapfrog development of the city services industry with technological innovation; (iii) intelligent services for building elevators, building mechanical and electrical engineering services. The Group has more than 20 years of rich experience in many aspects such as building intelligentization, mechanical and electrical engineering (including elevator),



Management Discussion and Analysis *(Continued)*

Business Review *(Continued)*

(III) Other value-added services (Continued)

equipment and facility installation, maintenance, repair, replacement and transformation, and has made professional breakthroughs in new energy construction and operation and maintenance management in recent years. The Group has taken over a number of out-of-system businesses with professional qualifications and good reputation; (iv) security services. The Group's security business has formed a diversified business development model based on human security, guided by technology security, oriented towards occupational security training and featured comprehensive security services, covering security services integrating civil air defense, technical defense and material defense including smart security, smart fire protection, safety consulting, security education and training, large-scale conference services, major event security services, labor dispatch services and property management; and (v) catering services, which has built a comprehensive and diversified catering service system with canteen dining services as the core. On the basis of canteen dining services, the Group has extended the development of high-end business banquet reception, meal delivery, food delivery, afternoon tea and drinking water and other businesses, and constantly innovated business cooperation models to provide more diversified dining methods for the diners served.

For the six months ended 30 June 2024, the revenue from other value-added services was approximately RMB190,220,000, representing a period-on-period increase of approximately 18.9% compared to the corresponding period of 2023. The increase was mainly attributable to the increase in revenue from developer supporting facilities as compared to the same period last year as a result of the deepening of internal synergies during the reporting period.

Management Discussion and Analysis *(Continued)*

Business Review *(Continued)*

II. *Hotel Advisory and Exhibition Services*

As affected by macro factors such as the COVID-19 and the downturn of the market economy, the market for exhibition, tourism and hospitality industry shrunk significantly in the PRC, which also had a substantial impact on the hotel advisory and exhibition services business of the Group, and it was difficult to return to its historical level in short term. In order to minimise the losses and safeguard the interests of the Company as a whole, the Group discontinued such business and did not record any relevant revenue in the first half of 2024.

Financial Review

Revenue

The Group is principally engaged in property management services. Revenue is mainly derived from (i) basic property services; (ii) value-added services for property owners; and (iii) other value-added services.

For the six months ended 30 June 2024, the Group's total revenue amounted to approximately RMB1,010,020,000 (for the six months ended 30 June 2023: RMB828,168,000), representing an increase of approximately 22.0% as compared with the corresponding period of 2023, which was mainly due to the increase in revenue resulting from the continuous expansion of the Group's management scale.

Management Discussion and Analysis (Continued)

Financial Review (Continued)

Revenue (Continued)

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

	2024		For the six months ended 30 June 2023		Growth rate (%)
	Revenue (RMB'000)	Percentage of revenue (%)	Revenue (RMB'000)	Percentage of revenue (%)	
Property management services	1,010,020	100.0	828,074	99.99	22.0
– Basic property services	734,001	72.7	594,715	71.81	23.4
– Value-added services for property owners	85,799	8.5	73,372	8.86	16.9
– Other value-added services	190,220	18.8	159,987	19.32	18.9
Hotel and exhibition services	0	0	94	0.01	-100.0
Total	1,010,020	100.0	828,168	100.0	22.0

Cost of sales

The Group's total cost of sales for the six months ended 30 June 2024 amounted to approximately RMB776,614,000 (for the six months ended 30 June 2023: RMB613,706,000), representing an increase of approximately 26.5% as compared with the corresponding period of 2023. The increase in cost of sales was mainly due to the increase in the total revenue-bearing GFA of the Group and the increase in number of projects under management, which resulted in the increase in relevant staff costs and outsourcing costs.

Management Discussion and Analysis *(Continued)*

Gross profit

For the six months ended 30 June 2024, the Group's gross profit amounted to approximately RMB233,406,000, representing an increase of approximately 8.8% from RMB214,462,000 for the corresponding period of 2023.

Other income and gains, net

For the six months ended 30 June 2024, other income and gains, net amounted to approximately RMB931,000, representing a decrease of approximately 56.8% from RMB2,156,000 for the six months ended 30 June 2023, which was mainly due to the exchange rate effects recognized for the change in exchange rates.

Administrative expenses

For the six months ended 30 June 2024, the Group's total administrative expenses amounted to RMB51,550,000, representing an increase of approximately 24.3% from approximately RMB41,465,000 for the six months ended 30 June 2023, which was mainly due to the business growth.

Finance expenses, net

For the six months ended 30 June 2024, the Group's total finance expenses, net amounted to approximately RMB816,000, representing a decrease of approximately 89.3% from RMB7,604,000 for the six months ended 30 June 2023, which was mainly due to the decrease in finance costs as a result of repayment of certain bank loans by the Group.

Profit for the period

For the six months ended 30 June 2024, the Group's profit for the period increased by RMB16,398,000 to RMB121,918,000 as compared to RMB105,520,000 for the corresponding period of 2023, representing an increase of 15.5%. Profit for the period attributable to owners of the Company increased by RMB15,113,000 to RMB120,628,000 as compared to RMB105,515,000 for the corresponding period of 2023, representing an increase of 14.3%.



Management Discussion and Analysis *(Continued)*

Liquidity and Financial Resources

As at 30 June 2024, the Group's cash and cash equivalents amounted to approximately RMB211,971,000 (31 December 2023: approximately RMB382,445,000) with bank borrowings of RMB505,000 (31 December 2023: RMB175,560,000). The Group held current assets of approximately RMB957,537,000 (31 December 2023: approximately RMB953,480,000) and total current liabilities of approximately RMB636,884,000 (31 December 2023: approximately RMB793,274,000). The Group's current ratio, being total current assets over total current liabilities, was 1.5 (31 December 2023: 1.2). Total reserves of the Group were approximately RMB361,841,000 as at 30 June 2024 (31 December 2023: RMB241,969,000). The Group's gearing ratio, being total liabilities over total assets, was 65.2% (31 December 2023: 76.3%).

Pledge of Assets

As at 30 June 2024, the Group had no pledged assets (31 December 2023: Nil).

Capital Structure

Save as disclosed, the Group's capital structure remained unchanged during the six months ended 30 June 2024.

Contingent Liabilities

As at 30 June 2024, the Group did not have any contingent liabilities (31 December 2023: Nil).

Management Discussion and Analysis *(Continued)*

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 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, 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.



Management Discussion and Analysis *(Continued)*

Business Plan *(Continued)*

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 a 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 application and iteration of the charging system, converge various services to improve the customer experience, and thereby realising 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 Zhuhai Huafa Properties Co., Ltd. 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.

Management Discussion and Analysis *(Continued)*

Employees

As at 30 June 2024, the Group had a total of 9,521 employees (31 December 2023: 9,193). Staff costs of the Group for the six months ended 30 June 2024 were approximately RMB439,966,000 (for the six months ended 30 June 2023: approximately RMB371,564,000), which comprised salaries, commissions, bonuses, other allowances and contributions to the retirement and medical security schemes. In general, the Group determined 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 training programmes to equip staff with the necessary skills, techniques and knowledge in order to enhance their productivity and administrative efficiency.

Interim Dividend

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

Interest Rate Risk

As at 30 June 2024, the Group's interest-bearing financial assets primarily comprised of bank deposits, and the Group's interest-bearing financial liabilities primarily comprised of bank borrowings. The Group's exposure to the risk of changes in market interest rates arises primarily from the Group's bank borrowings which bear interest at floating rates. The Group's policy is to manage its interest costs by applying both debts at fixed rate and floating rate. An increase in interest rates may result in an increase in the Group's interest costs. The Group will regularly monitor interest rate risk to ensure that it is not exposed to unnecessarily significant interest rate movements.

Foreign Exchange Risk

The Group mainly operates in Mainland China and Hong Kong and is exposed to foreign exchange risk from various currency exposures, primarily with respect to Renminbi and Hong Kong dollar.

Management has a policy to require group companies to manage their foreign exchange risks against their respective functional currencies. It mainly includes managing the exposures arisen from sales and purchases made by relevant group companies in currencies other than their own functional currencies. The Group also manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposure. The Group has not used any hedging arrangement to hedge its foreign exchange risk exposure.



Management Discussion and Analysis *(Continued)*

Foreign Exchange Risk *(Continued)*

As the assets and liabilities of each company within the Group are mainly denominated in the respective company's functional currency, the Group's volatility of its profits against changes in exchange rates of foreign currencies would not be significant.

Credit Risk

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

Price Risk

The Group's financial asset at fair value through profit or loss is exposed to price risk. The Management will closely monitor 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 the availability of funding through an adequate amount of available credit facilities. The Group continues to maintain a healthy 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

The Group did not acquire or dispose of any significant investments during the six months ended 30 June 2024.

Future Plans for Material Investments and Capital Asset Acquisitions

As at 30 June 2024, the Group did not have any future plans relating to material investments or capital asset acquisitions.

Other Information

Share Schemes

There were no share schemes adopted by the Company during the six months ended 30 June 2024 and up to the date of this report.

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 its listed securities or sale of treasury shares (as defined under the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules")) during the six months ended 30 June 2024.

As at 30 June 2024, the Company did not hold any treasury shares (as defined under the Listing Rules).

Events After the Reporting Period

On 27 May 2024, Huajin Investment Company Limited, as the offeror (the "Offeror") and the Company jointly announced that on 14 May 2024, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 99 of the Companies Act. Subject to the satisfaction or waiver (where applicable) of the Conditions and the Scheme becoming effective, all Scheme Shares will be cancelled and the Scheme Shareholders will be entitled to receive HK\$0.29 from the Offeror for every cancelled Scheme Share. On 28 August 2024, the Court Meeting and the SGM were held whereby (i) the resolution to approve the Scheme was approved by the Scheme Shareholders and the Disinterested Shareholders at the Court Meeting; and (ii) among others, the special resolution proposed at the SGM to approve any reduction of the issued share capital of the Company associated with the cancellation of the Scheme shares was duly passed by a majority of not less than 75% of the votes cast by the Shareholders. As at the date of this report, the Proposal remains, and the Scheme will become effective and binding on the Company and all Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the Conditions. Please refer to the Company's announcements dated 27 May 2024, 4 June 2024, 17 June 2024, 19 July 2024, 28 August 2024 and 16 September 2024 (collectively, the "Announcements") and the scheme document dated 19 July 2024 for further details on the privatisation proposal (the "Scheme Document").



Other Information *(Continued)*

Events After the Reporting Period *(Continued)*

Unless otherwise defined, capitalised terms used in this section shall have the same meanings as those defined in the Announcements and the Scheme Document.

Save as disclosed above, no major subsequent events affecting the Group have occurred since the end of the reporting period and up to the date of this report.

Review of Interim Financial Information

The Company has established the Audit Committee consisting of three independent non-executive Directors, namely Dr. Chen Jieping, Mr. Pu Yonghao and Mr. Guo Shihai. Dr. Chen Jieping is the chairman of the Audit Committee. The primary duty of the Audit Committee is to review and monitor the financial reporting process and effectiveness of the internal control and risk management systems of the Group. The Audit Committee has reviewed the Group's unaudited interim results for the six months ended 30 June 2024 and considers that they are in compliance with the relevant accounting standards, rules and regulations.

Other Information *(Continued)*

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2024, the interests and short positions of each Director and chief executive of the Company in 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")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long position in the shares and underlying shares of the associated corporation of the Company

Name of Director	Name of associated corporation	Nature of interests	No. of ordinary shares of associated corporation held	Approximate percentage of total number of issued ordinary shares of associated corporation (note)
Dai Geying	Huafa Properties	Beneficial owner	13,500	0.0006%

Note:

Calculated based on Huafa Properties total number of issued ordinary shares of 2,117,161,116 as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, none of the Directors nor chief executives of the Company had any interest or short position in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Purchase Shares or Debentures

During the six months ended 30 June 2024, there was no arrangement in which the Company or any of its subsidiaries is a party to the arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other associated corporations, and none of the Directors or any of their spouses or children under the age of 18 was granted any right to subscribe for any equity or debt securities of the Company or any other associated corporations corporate or had exercised any such right.

Other Information (Continued)

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

The register required to be kept by the Company under section 336 of the SFO shows that as at 30 June 2024, the Company had been notified of the following Shareholders' interests and short positions in the shares, being interests of 5% or more, in addition to those disclosed above in respect of the Directors and chief executives of the Company (if any):

Name of Substantial Shareholders	Capacity/Nature of interest	Number of ordinary shares held	Approximate percentage of interested shares to the total number of issued ordinary shares of the Company (%)
Zhuhai Huafa	Interest in controlled corporations (note 1)	4,230,704,960	42.05
Huafa Properties	Interest in controlled corporations (note 1)	4,230,704,960	42.05

Note:

1. Huafa Properties indirectly wholly owns Guang Jie Investment Limited ("Guang Jie") which directly holds 382,314,960 shares of the Company. Huajin Investment Company Limited ("Huajin Investment"), a direct wholly-owned subsidiary of Guang Jie, also directly holds 3,848,390,000 shares of the Company. As such, Huafa Properties is deemed to be interested in 4,230,704,960 shares of the Company by virtue of its shareholding in Guang Jie and Huajin Investment. Since Huafa Properties is a non-wholly-owned direct subsidiary of Zhuhai Huafa, Zhuhai Huafa is deemed to be interested in 4,230,704,960 shares of the Company.

Save as disclosed above, as at 30 June 2024, no person (other than the Directors and chief executive of the Company) or corporation had any interest or short position in the shares and underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise be notified to the Company and the Stock Exchange.

Other Information *(Continued)*

Corporate Governance

The code provision C.2.1 of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Listing Rules requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Following the appointment of Mr. Zhou Wenbin (“Mr. Zhou”) as the chairman of the Board on 18 November 2022, Mr. Zhou assumes the dual roles of the chairman of the Board and the chief executive officer of the Company. The Board believes that having the same individual in both roles as the chairman of the Board and the chief executive officer of the Company continues 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 of the Company. The Board will regularly review the effectiveness of this structure to ensure that it is appropriate to the Group’s circumstances.

Save as disclosed above, the Company has adopted the principles and code provisions as set out in the CG Code. Throughout the six months ended 30 June 2024 and up to the date of this report, the Company has been in compliance with the code provisions set out in the CG Code.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries, all Directors confirmed that they have complied with the Model Code during the six months ended 30 June 2024.



Other Information *(Continued)*

Appreciation

The Company would like to express its sincere gratitude to its clients and shareholders for their continuous and valuable support. The Company would also like to take this opportunity to thank the Board, the Group's management team and staff for their dedication and hard work.

By order of the Board
Huafa Property Services Group Company Limited
ZHOU Wenbin
Executive Director and Chairman

Hong Kong, 30 August 2024