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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 2021

The board of directors (the “Board” or the “Directors”) of Huafa Property Services Group Company Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021 together with comparative figures for the corresponding year in 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations			
Revenue	3	1,547,624	1,086,434
Cost of sales	5	(1,128,162)	(783,331)
Gross profit		419,462	303,103
Other income and other gains, net	4	10,504	12,605
Selling and marketing costs	5	(1,699)	–
Administrative expenses	5	(142,411)	(131,160)
Net impairment losses on financial assets		(11,194)	(7,792)
Operating profit		274,662	176,756
Finance expenses, net		(12,288)	(34,053)
Share of results of associates		(646)	585
Share of results of joint ventures		431	801
Profit before income tax		262,159	144,089
Income tax expense	6	(73,732)	(48,734)
Profit from continuing operations		188,427	95,355

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

(Continued)

	Note	2021 HK\$'000	2020 HK\$'000
Discontinued operations			
Loss from discontinued operations		<u>–</u>	<u>(71,246)</u>
Profit for the year		<u>188,427</u>	<u>24,109</u>
Profit/(loss) attributable to:			
Owners of the Company		187,975	36,789
Non-controlling interests		<u>452</u>	<u>(12,680)</u>
		<u>188,427</u>	<u>24,109</u>
Profit/(loss) for the year attributable to owners of the Company arising from:			
Continuing operations		187,975	95,355
Discontinued operations		<u>–</u>	<u>(58,566)</u>
		<u>187,975</u>	<u>36,789</u>
Earnings per share for profit from continuing operations attributable to owners of the Company (HK cent):			
– Basic and diluted	7	<u>1.8684</u>	<u>0.9478</u>
Earnings per share for profit attributable to owners of the Company (HK cent)			
– Basic and diluted	7	<u>1.8684</u>	<u>0.3657</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit for the year	188,427	24,109
Other comprehensive income for the year, net of tax		
<i>Item that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	<u>15,670</u>	<u>24,603</u>
Total comprehensive income for the year	<u>204,097</u>	<u>48,712</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	202,936	61,392
Non-controlling interests	<u>1,161</u>	<u>(12,680)</u>
	<u>204,097</u>	<u>48,712</u>
Total comprehensive income for the year attributable to owners of the Company arising from:		
Continuing operations	202,936	116,814
Discontinued operations	<u>–</u>	<u>(55,422)</u>
	<u>202,936</u>	<u>61,392</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		26,966	22,107
Right-of-use assets		22,519	19,536
Intangible assets		9,663	4,683
Deferred tax assets		29,614	24,113
Interests in associates		351	39,907
Interest in a joint venture		1,660	1,136
Financial asset at fair value through profit or loss		11,475	7,988
		<u>102,248</u>	<u>119,470</u>
Current assets			
Inventories		14,359	2,507
Trade receivables	9	349,211	209,214
Other receivables, deposits and prepayments		28,016	33,860
Restricted bank balances		5,458	896
Cash and cash equivalents		552,944	664,864
		<u>949,988</u>	<u>911,341</u>
Total assets		<u>1,052,236</u>	<u>1,030,811</u>
Deficit			
Share capital		2,515	2,515
Deficit in reserve		(160,739)	(363,675)
Total deficit attributable to owners of the Company		(158,224)	(361,160)
Non-controlling interests		3,798	–
Total deficit		(154,426)	(361,160)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

(Continued)

	Note	2021 HK\$'000	2020 HK\$'000
Non-current liabilities			
Lease liabilities		3,067	327
Deferred tax liabilities		644	–
Other payables and accruals		2,748	–
		<u>6,459</u>	<u>327</u>
Current liabilities			
Trade payables	10	108,883	60,787
Contract liabilities		72,534	57,747
Other payables and accruals		383,888	326,818
Bank borrowings		619,800	519,000
Amount due to a related party		411	416,690
Lease liabilities		2,914	1,218
Income tax payable		11,773	9,384
		<u>1,200,203</u>	<u>1,391,644</u>
Total liabilities		<u>1,206,662</u>	<u>1,391,971</u>
Total equity and liabilities		<u>1,052,236</u>	<u>1,030,811</u>

NOTES

1 GENERAL INFORMATION OF THE GROUP

Huafa Property Services Group Company Limited (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 and its subsidiaries (together, the “Group”) are principally engaged in (i) the provision of property management services in Mainland China, and (ii) hotel advisory and exhibition services in Mainland China.

The Company has its listing on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These financial statements are presented in Hong Kong dollars (HK\$) unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(a) Compliance with HKFRSs and HKCO

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and disclosure requirements of the Hong Kong Companies Ordinance (“HKCO”) Cap. 622.

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost convention, except for financial asset at fair value through profit or loss (“FVTPL”) which is carried at fair value.

(c) Going concern basis

As at 31 December 2021, the Group’s total liabilities exceeded its total assets by HK\$154,426,000. At the same date, its current liabilities exceeded its current assets by HK\$250,215,000. Included in the current liabilities, there were bank borrowings of HK\$619,800,000 that are subject to certain restrictive covenants.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(c) *Going concern basis (Continued)*

In view of such circumstances, a number of plan and measures have been put in place by the Directors to mitigate the liquidity pressure and to improve the financial position of the Group:

- (i) Subsequent to the year end date, the Group successfully extended the maturity date of two banking facilities to January 2023. Short-term bank borrowings drawn under these two banking facilities amounted to HK\$490,000,000 as of 31 December 2021. Moreover, the Group also successfully entered into a supplemental facility letter with the bank for one of the above bank facilities to revise the relevant non-financial covenant. Management of the Group considered the Group is able to comply with the revised non-financial covenant over the term of the short-term borrowings;
- (ii) Management of the Group maintains regular communication with its banks and is confident that the remaining bank loans can be renewed upon their maturities;
- (iii) The Group is actively assessing and looking for other sources of financing including other debt or equity financing to enhance the capital structure and to reduce finance expenses;
- (iv) Zhuhai Huafa Group Company Limited (“Zhuhai Huafa”), the ultimate controlling shareholder, had issued a letter of financial support to the Company for a period of twelve months from the approval date of these consolidated financial statements to enable the Group to meet its liabilities as they fall due and carry on its business without a significant curtailment of operations.

The Directors of the Company have reviewed the Group’s cash flows projections prepared by management, which cover a period of not less than twelve months from 31 December 2021. The Directors are of the opinion that, taking into account the anticipated cash flows generated from the Group’s operations, the possible changes in its operating performance, the continued availability of the Group’s banking facilities, the Group will have sufficient financial resources to fulfill its financial obligations as and when they fall due in the coming twelve months from 31 December 2021. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

(d) *New standards, amendments to existing standards and interpretations adopted by the Group*

The Group has applied the following new standards, amendments to existing standards and interpretations for the first time for their reporting period commencing on or after 1 January 2021:

Standards	Subject of amendment
Amendments to HKFRS 16	Covid-19-related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform Phase 2

The new standards, amendments to existing standards and interpretations did not have a material impact or are not relevant to the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(e) *New standards, amendments to existing standards and interpretations not yet adopted*

Certain new accounting standards, amendments to existing standards and interpretations have been published that are not mandatory for 31 December 2021 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions:

Standards	Subject of amendment	Effective for annual years beginning on or after
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds Before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contract – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual Improvements to HKFRSs Standards 2018 – 2020	Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKFRS 17	Amendments to HKFRS 17	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company (the “Executive Directors”). The Executive Directors review the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group’s operating businesses are structured and managed separately according to the nature of the operations. Each of the Group’s reportable segments represents a strategic business unit that is subject to risks and returns that are different from other reportable operating segments.

The Group is principally engaged in the following:

- Property management – Provision of property management services and related value-added services, including municipal supporting services and other services; and
- Hotel advisory and exhibition services – provision of hotel advisory services, exhibition planning and organisation services.

The Executive Directors consider all assets and revenue relating to the operations are primarily located in Hong Kong and Mainland China.

Segment assets mainly exclude interests in associates, interest in a joint venture, deferred tax assets and other assets that are managed on a central basis.

Segment liabilities mainly exclude income tax payable, deferred tax liabilities, bank borrowings, amount due to a related party and other liabilities that are managed on a central basis.

During the year ended 31 December 2021, revenues of approximately HK\$523,324,000 (2020: HK\$415,116,000) are derived from Zhuhai Huafa and its subsidiaries (“Zhuhai Huafa Group”).

The Executive Directors assess the performance of the operating segments based on their underlying profit, which is measured by profit before income tax, excluding income and expenses that are managed on a central basis.

3 REVENUE AND SEGMENT INFORMATION (Continued)

	Property management		Hotel advisory and exhibition services		Total	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue from external customers						
– Recognised over time	1,488,088	1,024,940	19,206	61,494	1,507,294	1,086,434
– Recognised at a point in time	40,330	–	–	–	40,330	–
	<u>1,528,418</u>	<u>1,024,940</u>	<u>19,206</u>	<u>61,494</u>	<u>1,547,624</u>	<u>1,086,434</u>
Segment results	288,832	178,218	4,743	21,685	293,575	199,903
Unallocated income					7,637	7,966
Unallocated expenses					(38,838)	(65,166)
Share of results of associates					(646)	585
Share of results of joint ventures					431	801
Income tax expense					(73,732)	(48,734)
Profit for the year from continuing operations					<u>188,427</u>	<u>95,355</u>
Segment assets	862,825	779,210	36,761	153,882	899,586	933,092
Unallocated assets					152,650	97,719
Total assets					<u>1,052,236</u>	<u>1,030,811</u>
Segment liabilities	565,465	413,686	6,347	28,915	571,812	442,601
Unallocated liabilities					634,850	949,370
Total liabilities					<u>1,206,662</u>	<u>1,391,971</u>
Other segment information:						
Additions to non-current assets	17,681	6,898	869	502	18,550	7,400
Cost of sales	(1,120,306)	(757,604)	(7,856)	(25,727)	(1,128,162)	(783,331)
Depreciation of property, plant and equipment	(8,124)	(7,203)	(303)	(166)	(8,427)	(7,369)
Depreciation of right-of-use assets	(4,428)	(2,781)	–	–	(4,428)	(2,781)
Amortisation of intangible assets	(1,110)	(258)	–	–	(1,110)	(258)
Net (impairment losses)/reversal of impairment losses on financial assets	(11,308)	(7,659)	114	(133)	(11,194)	(7,792)

3 REVENUE AND SEGMENT INFORMATION (Continued)

The Group's revenue by geographical location is determined by the location of services rendered and the geographical location of non-current assets is determined by where the assets are located and are detailed below:

	Revenue	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
– Mainland China	<u>1,547,624</u>	<u>1,086,434</u>

	Non-current assets (Note)	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
– Mainland China	<u>59,148</u>	<u>46,326</u>

Note: Non-current assets exclude interests in associates, interest in a joint venture, financial asset at fair value through profit or loss and deferred tax assets.

(a) Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Contract liabilities relating to property management services	72,498	57,747
Contract liabilities relating to hotel advisory services	<u>36</u>	<u>–</u>
	<u>72,534</u>	<u>57,747</u>

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

Revenue recognised that was included in the balance of contract liabilities at the beginning of the year as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Contract liabilities relating to property management services	<u>57,747</u>	<u>43,739</u>

4 OTHER INCOME AND OTHER GAINS/(LOSSES), NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Additional value-added tax credit	3,680	1,936
Fair value gains/(losses) on financial asset at fair value through profit or loss	3,487	(225)
Government grants	3,380	5,961
Gain on disposal of a joint venture	2,560	–
Gain on disposal of a subsidiary	153	–
Loss on disposal of property, plant and equipment	(38)	(107)
Foreign exchange (loss)/gain, net	(3,994)	4,235
Others	1,276	805
	<u>10,504</u>	<u>12,605</u>

5 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Employee benefit expenses, including directors' emoluments	812,049	631,633
Greening and cleaning expenses	157,758	101,454
Maintenance cost	67,699	28,180
Cost of goods sold	39,269	–
Cost of security and fire protection	33,649	11,536
Utilities	30,640	22,318
Consumables	23,954	14,454
Vehicle expenses	9,492	8,376
Depreciation of property, plant and equipment	8,427	7,369
Entertainment	8,080	5,193
Employee uniform expense	8,033	5,171
Other taxes expenses	7,798	5,553
Expenses related to short-term and low value lease payments	4,763	7,113
Depreciation of right-of-use assets	4,428	2,781
Auditor's remuneration		
– Audit service	2,966	2,500
– Non-audit service	460	2,322
Legal and professional fee	1,957	14,820
Amortisation of intangible assets	1,110	258
Others	49,740	43,460
	<u>1,272,272</u>	<u>914,491</u>
Total cost of sales, selling and marketing costs and administrative expenses	<u>1,272,272</u>	<u>914,491</u>

6 INCOME TAX EXPENSE

- a) Hong Kong profits tax is calculated at 16.5% (2020: 16.5%) of the estimated assessable profit during the year.
- b) PRC corporate income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2021 and 2020 based on the existing legislation, interpretations and practices in respect thereof. The corporate income tax rate applicable to the Group entities located in the PRC is 25%, 20% or 15%.
- c) Pursuant to the PRC tax law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. The relevant tax rate for the Group are 5 and 10%, where applicable. The Group is therefore liable for withholding taxes on dividends distributed by those foreign invested subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

The Group does not have any plan as at 31 December 2021 in the foreseeable future to require its subsidiaries in the PRC to distribute its retained earnings and intends to retain them to operate and expand its business in Mainland China. Accordingly, no deferred income tax liability related to withholding tax on undistributed earnings was accrued as of the end of each reporting period.

The amount of income tax expense in the consolidated statement of profit or loss represents:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax	79,674	55,719
Over provision in prior years	(1,075)	(1,133)
Deferred tax	(4,867)	(5,852)
	<hr/>	<hr/>
Income tax expense	<u>73,732</u>	<u>48,734</u>

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately HK\$187,975,000 (2020: profit for the year arising from continuing operations approximately HK\$95,355,000 and loss for the year arising from discontinued operations HK\$58,566,000) and the weighted average number of ordinary shares in issue during the year of 10,060,920,000 (2020: 10,060,920,000).

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit attributable to owners of the Company arising from continuing operations	187,975	95,355
Loss attributable to owners of the Company arising from discontinued operations	—	(58,566)
	<u>187,975</u>	<u>36,789</u>
Shares		
Weighted average number of ordinary shares in issue ('000)	<u>10,060,920</u>	<u>10,060,920</u>
	2021 <i>HK cent</i>	2020 <i>HK cent</i>
Basic and diluted earnings/(loss) per share		
From continuing operations	1.8684	0.9478
From discontinued operations	—	(0.5821)
	<u>1.8684</u>	<u>0.3657</u>

Diluted earnings/(loss) per share equals to basic earnings/(loss) per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2021 and 2020, respectively.

8 DIVIDENDS

No dividend has been paid or declared by the Company for the years ended 31 December 2021 and 2020.

9 TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables in relation to provision of property management services (<i>Note (a)</i>)	403,743	227,421
Trade receivables in relation to provision of hotel advisory and exhibition services (<i>Note (b)</i>)	<u>1,603</u>	<u>24,301</u>
Gross trade receivables (<i>Note (c)</i>)	<u>405,346</u>	<u>251,722</u>
Less: loss allowance		
– Property management services	(56,116)	(42,375)
– Hotel advisory and exhibition services	<u>(19)</u>	<u>(133)</u>
	<u>(56,135)</u>	<u>(42,508)</u>
Trade receivables, net	<u><u>349,211</u></u>	<u><u>209,214</u></u>

Note:

- (a) As at 31 December 2021 and 2020, the trade receivables in relation to provision of property management services arisen from Zhuhai Huafa Group amounted to HK\$90,942,000 (2020: HK\$43,770,000).
- (b) As at 31 December 2021 and 2020, the trade receivables in relation to provision of hotel advisory and exhibition services arisen from Zhuhai Huafa Group amounted to HK\$809,000 (2020: HK\$23,856,000).
- (c) As at 31 December 2021, the ageing analysis of trade receivables based on invoice date was as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 year	321,266	184,335
1 to 2 years	39,171	29,344
2 to 3 years	17,765	11,537
3 to 4 years	7,418	6,503
Over 4 years	<u>19,726</u>	<u>20,003</u>
	<u><u>405,346</u></u>	<u><u>251,722</u></u>

9 TRADE RECEIVABLES (Continued)

Note: (Continued)

- (d) As at 31 December 2021 and 2020, the carrying amounts of trade receivables approximated their fair values.

As at 31 December 2021 and 2020, trade receivables were all denominated in RMB.

The maximum exposure to credit risk as at the end of reporting period is the carrying values of the trade receivables.

10 TRADE PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables (Note)	<u>108,883</u>	<u>60,787</u>

Note:

- (a) The average credit period from the Group's trade creditors is 30 to 60 days (2020: 30 to 60), and the amounts are non-interest bearing.

The ageing analysis of other trade payables based on the invoice date was as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Up to 90 days	92,438	52,319
91-180 days	2,117	2,179
Over 181 days	<u>14,328</u>	<u>6,289</u>
	<u>108,883</u>	<u>60,787</u>

- (b) Trade payables were all denominated in RMB and approximated their fair values due to short term maturities.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Based on the development strategy of “One Core, Two Wings” with property management services as the core and hotel advisory and exhibition services as the synergy, the Group officially announced in March 2021 that it was renamed as “Huafa Property Services Group Company Limited (華發物業服務集團有限公司)” and it completed the divestiture of its online training business in May 2021. As a community life operator and comprehensive facility service provider with steady growth and as a state-owned enterprise, the Group has been highly recognized by the industry for its professional service capabilities and excellent service quality, and won many honors, including the “21th amongst the 2021 China Top 100 Property Service Enterprises”, “2021 Top 10 China Property Service Enterprises with Long-term Investment Value”, “2021 Top 10 China Property Service Enterprises with Growth Potential” and the “Most Socially Responsible Listed Company in the 5th Golden Hong Kong Stocks Awards”.

(I) Property management services

After 36 years of development, Zhuhai Huafa Property Management Services Co., Ltd.* (珠海華發物業管理服務有限公司) (“Zhuhai Huafa Property”), an indirect wholly-owned subsidiary of the Company, has established a full-chain property management service system to provide community services, environmental services, public facilities and equipment operation and maintenance services, city services, asset operation services, elevator installation and maintenance, engineering construction, and intelligent building construction services for property owners, residents and property developers, forming a development pattern based on the Pearl River Delta and covering the whole country. The Group aims to further consolidate the Group’s strategic positioning of building a high-end service platform through the development of property management services and related value-added services, to ensure sustainable development, and strive to comprehensively improve the Group’s overall operational performance in the future.

The revenue of Zhuhai Huafa Property is derived from three main business segments, namely (i) property management services; (ii) value-added services for property owners; and (iii) other value-added services.

For the year ended 31 December 2021, the property management services segment contributed approximately HK\$1,528,418,000 of revenue to the Group (2020: approximately HK\$1,024,900,000). Its profit for the year amounted to approximately HK\$221,779,000 (2020: approximately HK\$137,400,000).

Property management services (Continued)

As at 31 December 2021, Zhuhai Huafa Property managed a portfolio of properties covering 40 key cities in the PRC (the corresponding period of 2020: 27) including Beijing, Shanghai, Guangzhou, Shenzhen, Wuhan, Chongqing and Nanjing, with a total contracted GFA of approximately 38.6 million square meters (the corresponding period of 2020: 27.6 million square meters). As at 31 December 2021, Zhuhai Huafa Property provided property management services and value-added services to 267 properties (the corresponding period of 2020: 172 properties), with an aggregated revenue-bearing GFA of approximately 20.3 million square meters (the corresponding period of 2020: 16.7 million square meters). For the year ended 31 December 2021, the revenue from such business was approximately HK\$992,891,000, representing a year-on-year increase of approximately 39% over the same period in 2020.

We have expanded the Company's business scale and management patterns by implementing an active and steady external expansion strategy, and as a result, our property management projects have covered more areas and became increasingly diversified. During the reporting period, while maintaining the steady growth of property management projects in first-tier and second-tier cities, the Company had a number of new national property management projects including projects in Nyingchi Prefecture of Tibet, Kunming of Yunnan Province, Meizhou of Guangdong Province and Xuzhou of Jiangsu Province. As a state-owned enterprise providing high-level property management services, we have made further breakthroughs in the development of government public sector business, and achieved substantial results in non-residential business. We have successfully undertaken multiple projects, including Nyingchi Railway Station, Zhanjiang Border Defense Detachment, Qingmao Port, Zhuhai Museum, Zhuhai Planning Exhibition Hall, further enriching our property management business.

Value-added services for property owners

We are committed to becoming a national community life operator, providing a full range of community life services to meet the full-cycle service needs of property owners, mainly including home services, space operations, new community retailing, parking lot management services, etc., so as to provide property owners with a "With Me, You Can Rest Assured" full chain of professional services.

During the reporting period, the revenue from value-added services for property owners was approximately HK\$136,349,000, representing a year-on-year increase of approximately 341% over the same period in 2020.

The leap-forward breakthrough in value-added services for property owners is mainly due to (i) the optimization of the operation mode of online platforms, namely the establishment of the "Huawu Youxuan" (華物優選) platform, which has laid a good foundation for the online operations of community retailing, decoration business and housekeeping business; (ii) offline market segments, which enrich supplier resources and supply categories to fully meet the diverse needs of customers while enhancing customer stickiness, so as to help create an online and offline integrated operation system; (iii) the efforts to develop decoration business and community retailing business, create competitive community-based products, make innovations in business landing models, and efficiently promote the rapid development of value-added services for property owners.

Other value-added services

Zhuhai Huafa Property and its professional subsidiaries provide various types of other value-added services, which mainly include (i) providing support services for municipal projects through Zhuhai Huafa Municipal Comprehensive Services Co., Ltd.* (珠海華發市政綜合服務有限公司), such as maintenance, sanitation services, road and bridge maintenance, and streetlight maintenance; (ii) providing professional engineering maintenance services, elevator inspection and maintenance services through Zhuhai Huafa Building Elevator Engineering Co., Ltd.* (珠海華發樓宇電梯工程有限公司); (iii) successfully entering the professional security services industry in the first half of 2021, and providing various security services for large-scale events and advanced security services through Guangdong Huafa Security Services Co., Ltd.* (廣東華發保安服務有限公司), so as to expand various types of extended businesses including the construction and operation of security technology prevention systems; (iv) gradually undertaking canteen projects of enterprises, institutions, companies and apartments through a newly founded catering company in 2021, so as to become a modern comprehensive group catering service provider of catering products and services; and (v) providing cleaning, landscaping and maintenance services to property developers in the pre-delivery stage; providing consulting services to property developers on the management of pre-sale businesses and providing consulting services to properties managed by other property management companies.

During the reporting period, revenue from other value-added services was approximately HK\$399,178,000, representing a year-on-year increase of approximately 41% over the same period in 2020.

(II) Hotel advisory and exhibition services

Since 1 September 2020, the Group terminated the hotel operation business and focused on the development of hotel advisory and consultancy services and further allocated the Company's resources to the main business centered on property management. In 2021, Zhuhai Hengqin New Area Huajin International Hotel Management Company Limited* (珠海市橫琴新區華金國際酒店管理有限公司), an indirectly wholly-owned subsidiary of the Company, has successfully reached out to the premium hotel projects in some areas covering Nyingchi Prefecture of Tibet, Xiong'an New Area, Shaoxing of Zhejiang and Dong Ao Island.

Zhuhai Hengqin New Area Huajin International Convention Services Company Limited* (珠海市橫琴新區華金國際會展服務有限公司) (“Huajin International Convention”), an indirect wholly-owned subsidiary of the Company, still made active response under the negative impact of the recurrent COVID-19 epidemic on the exhibition business. It made continuous efforts in integrating business chains and seeking innovation-driven development, and successfully held the Hengqin-Macao Financial Innovation and Development Forum (琴澳金融創新發展論壇), and carried out online activities in the 2021 Zhuhai International Design Week and Beijing International Design Week in Zhuhai (2021珠海國際設計周暨北京國際設計周珠海站) and other service projects, fully demonstrating Huajin International Convention’s excellent and professional ability and its courage to work hard under the epidemic.

During the year under review, the hotel advisory and exhibition services segment contributed approximately HK\$19,206,000 of revenue to the Group.

FINANCIAL REVIEW

Revenue

The Group is principally engaged in property management services, hotel advisory and exhibition services. Revenue from property management services accounted for 99% of the total revenue, which is mainly derived from three business categories: (i) property management services; (ii) value-added services for property owners; and (iii) other value-added services.

For the year ended 31 December 2021, the Group’s total revenue amounted to approximately HK\$1,547,624,000 (2020: HK\$1,086,434,000), representing an increase of approximately 42% as compared with the corresponding period of 2020. In particular, revenue from property management services amounted to approximately HK\$1,528,418,000 (2020: HK\$1,024,940,000), representing an increase of approximately 49% as compared with the corresponding period of 2020, which was mainly due to (i) the increase in revenue resulting from the continuous expansion of the Group’s management scale; and (ii) the increase in revenue resulting from the addition of new community retailing business in line with the continuous and stable development of the Group’s value-added services during the year.

Cost of sales

The Group’s total cost of sales amounted to approximately HK\$1,128,162,000 (2020: HK\$783,331,000), representing an increase of approximately 44% as compared with the corresponding period of 2020. The increase in cost of sales was mainly due to (i) the increase in the chargeable size of the Group and the increase of number of projects under management, which resulted in the increase in relevant staff costs and outsourcing costs; and (ii) the increase in revenue resulting from the addition of new community retailing business, which resulted in the increase in the cost of retail goods.

Gross profit

For the year ended 31 December 2021, the Group's gross profit amounted to approximately HK\$419,462,000, representing an increase of approximately 38% from HK\$303,103,000 for the corresponding period of 2020, of which property management services contributed 97% of gross profit.

Other income and other gains, net

For the year ended 31 December 2021, other income and other gains, net amounted to approximately HK\$10,504,000, representing a decrease of approximately 16.7% from HK\$12,605,000 for the year ended 31 December 2020, which was mainly due to the exchange loss, net recognized for the change in exchange rates.

Administrative expenses

For the year ended 31 December 2021, the Group's total administrative expenses amounted to HK\$142,411,000, representing an increase of approximately 8.6% from approximately HK\$131,160,000 for the year ended 31 December 2020. The increase in administrative expenses was mainly due to the increase in employee benefit expenses resulting from the expansion of the Group's operation scale during the period. Adhering to the consistent principle of being prudent, the management of the Company (the "Management") will proactively expand operations while reducing costs and increasing efficiency.

Finance expenses, net

For the year ended 31 December 2021, the Group's total finance expenses, net amounted to approximately HK\$12,288,000, representing a decrease of approximately 64% from HK\$34,053,000 for the year ended 31 December 2020, which was mainly due to the decrease in the comprehensive level of interest rate as compared with the last year resulting from the optimization and adjustment of financing portfolio during the year.

Profit for the year

For the year ended 31 December 2021, the Group's profit for the year amounted to approximately HK\$188,427,000, representing an increase of approximately 682% from HK\$24,109,000 for the corresponding period of 2020. Profit for the year attributable to owners of the Company was approximately HK\$187,975,000, representing an increase of approximately 411% from HK\$36,789,000 for the corresponding period of 2020.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, the Group's cash and cash equivalents amounted to approximately HK\$552.9 million (2020: approximately HK\$664.9 million) with bank borrowings of HK\$619.8 million (2020: HK\$519.0 million). The Group held current assets of approximately HK\$950.0 million (2020: approximately HK\$911.3 million) and total current liabilities of approximately HK\$1,200.2 million (2020: approximately HK\$1,391.6 million). The Group's current ratio, being total current assets over total current liabilities, was 0.8 (2020: 0.7). Total deficit of the Group was approximately HK\$154.4 million as at 31 December 2021 (2020: total deficit of HK\$361.2 million). The Group's gearing ratio, being total liabilities over total assets, was 114.7% (2020: 135.0%).

CAPITAL STRUCTURE

There was no material change in the capital structure of the Company during the year.

EXPOSURE TO FLUCTUATIONS IN INTEREST RATES

As at 31 December 2021, the Group's interest-bearing financial assets primarily comprised bank deposits and the Group's interest-bearing financial liabilities primarily comprised of bank borrowings. As there was no significant financial risk of a change 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 HK\$ and Renminbi ("RMB"). As at 31 December 2021, most of the Group's bank deposits and cash balances were mainly denominated in HK\$, United States Dollars ("USD") and RMB. The HK\$ is pegged to the USD, and this made the Group's foreign exchange risk exposure minimal. As such, the Group did not utilise any foreign exchange derivatives for hedging purposes as at 31 December 2021. Foreign currency exposure did not pose a significant risk for the Group, but we will remain vigilant and closely monitor our exposure to movements in relevant currencies.

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.

EXPOSURE TO OPERATIONAL RISK

In view of the current severe COVID-19 epidemic, the Group's main business may face uncertainties brought about by the continued spread of the epidemic. The Group will continue to pay attention to the situation related to the epidemic, make active response to meet the government's requirements on epidemic prevention, play the role of a state-owned enterprise, implement relevant policies, make effective prevention and control measures, and spare no effort to ensure the safety of the community and the stable development of the Group.

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 year.

EMPLOYEES

As at 31 December 2021, the Group had a total of 8,351 employees (2020: 6,583). Staff costs of the Group amounted to approximately HK\$812.0 million for the year ended 31 December 2021 (2020: approximately HK\$631.6 million), 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 2021, the Group had no pledged assets (2020: Nil).

CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any contingent liabilities.

CAPITAL EXPENDITURE

For the year ended 31 December 2021, capital expenditure for property, plant and equipment of the Group amounted to approximately HK\$12.7 million (2020: approximately HK\$5.7 million).

CAPITAL COMMITMENTS

As at 31 December 2021, the Group did not have any capital commitments.

BUSINESS PLAN

(I) Property management services

Actively expand diversified businesses and continue to increase management scale and market share

Looking forward to 2022, the Group will seize the key golden period of rapid development of the property management service industry and achieve sustained and steady expansion through diversified expansion channels. The Group will combine the internal and external expansions and actively adopt external expansion methods such as bidding and setting joint ventures to carry out systematic expansion. While continuing to make good use of the cooperative relationship with Zhuhai Huafa, a state-owned enterprise, to gain a stable source of business and increase the advantages of public sector business, the Group will strengthen its cooperation with independent third-party real estate developers to carry out mergers and acquisitions of property management companies and in the upstream and downstream of the industry chain to broaden the business boundaries. Leveraging on the cooperation with local state-owned enterprises, in which the counterparties contribute “reputation and strengths of state-owned enterprises” and “market and customer resources” while the Company contributes four kinds of resources, i.e., “management”, “quality”, “human resources” and “information”, the Group will integrate resources from various parties to explore into new business sector with cooperation between leading enterprises and achieve a win-win situation. The Group will further consolidate its business in Zhuhai, actively expand business in other key cities in China, and focus on developing the business model of “centering on housing projects while expanding commercial and public sector, industrial parks and municipal projects”, so as to accelerate the systematic development of commercial business, break the boundaries of city service business and expand non-residential business. The Group will establish specialized subsidiaries to construct an ecological operation chain featured in life services, which includes catering business, real estate brokerage business and others, or the Group will cooperate with leading enterprises in the industry to achieve synergy and optimize the Company’ ecological service chain.

At the same time, guided by customer needs, we will further develop a high-quality value-added service business model to meet the needs of property owners for a better life, while improving and expanding the community economy. We will gradually enhance the online rate of value-added services, build a high-quality community e-commerce platform, integrate high-quality supplier resources, strengthen research on new business models, and explore a mechanism for sharing and introducing clients from other business resources of the Company. We will continue to explore potential opportunities in the decoration business and new community retailing business, establish competitive ecological business, and at the same time extend the service content, enhance the convenience and experience of property owners' lives, and establish a complete value-added service ecosystem.

Promote refined management and accelerate digital development

Technology is the foundation of achieving prosperity, and innovation is the soul of making progress. We will continue to promote the implementation of refined management and the technology + strategic planning, promote comprehensive digital transformation, focus on developing intelligent, digital and ecological business, and accelerate the empowerment of business development. Centering on “refining internal management, optimizing customer service, expanding diversified operations, and making efficient ecological links”, we will strengthen the strategic planning and systematic layout for scientific and technological development, and focus on new services, new technologies, and new empowerment to build an intelligent big service ecosystem. We will continue to enhance our digital operation capabilities, and continuously improve the integration of online and offline platforms and operational control to lay a solid foundation for the Company to further reduce costs, increase efficiency, and diversify innovation, thus achieving high-quality sustainable growth.

Adhere to providing good service and insist on making innovations in quality service

We will continue to promote the transformation of achievements made in establishing standards of Zhuhai Huafa Property and make more innovations in providing quality services. Adhering to providing good services, putting customers first, and focusing on the improvement of excellent performance management, we will gradually improve the operating procedures of service standards, and continue to promote the differentiation of professional services, so as to form a long-term and efficient market competitiveness, and provide customers with high quality professional service.

Strengthen the synergy between the Company and Zhuhai Huafa to promote sound development of the Group

Owing to the long-term cooperation between Zhuhai Huafa Property and Zhuhai Huafa, the Group has gained strong support from Zhuhai Huafa in expanding the property management business. In 2021, as a state-owned enterprise in the PRC, Zhuhai Huafa ranked the 203rd among the Top 500 Chinese Enterprises, and was listed as one of the “Double Top 100 Enterprise” in the reform of stated-owned enterprises (國企改革 “雙百企業”) by the State Council. In 2021, the total assets of Zhuhai Huafa exceeded RMB570.0 billion, with its revenue and total income tax amounting to more than RMB140.0 billion and RMB22.0 billion, respectively, representing a year-on-year increase of 19%, 28% and 47%, respectively. The Group has established a strong corporate group of 8 listed companies, 2 NEEQ-listed companies, and 4 AAA rated entities. We will continue to maintain the cooperation with Zhuhai Huafa, integrate the internal and external resources of the system, continuously explore potential business possibilities, and give full play to the service advantages of the property management company as a state-owned enterprise to bring reliable service quality to customers, and form a positive synergistic effect.

Advocating people-oriented business philosophy and paying much attention to talent training

In terms of talent management, the property management industry needs more high-end and professional practitioners. We will establish a scientific and reasonable talent cultivation system, improve performance management, improve the compensation and incentive system, optimize the organizational structure and system flow, actively cultivate excellent market talents, enrich the reserve of various key talents so that our employees will always have a sense of mission and take pride in their work.

(II) Hotel advisory and exhibition services

In terms of hotel advisory business, based on the favorable policy for the Guangdong-Hong Kong-Macao Greater Bay Area and the Guangdong-Macao In-depth Cooperation Zone in Hengqin, we will take full advantage of our geographical location and seize development opportunities to actively integrate high-quality resources inside and outside the Company by carrying out exhibition services, expand high-end customers and attract international customers. While providing customers with “tailor-made” professional services to expand our business volume, we will improve the efficiency of corporate management and control, and further develop hotel advisory business to reach a new level.

In terms of exhibition services, we will actively participate in the development of the Guangdong-Hong Kong-Macao Greater Bay Area and the Guangdong-Macao In-depth Cooperation Zone in Hengqin. We will develop the “exhibition service” industry well, improve the efficiency of and accelerate the high-quality development of the Group and its major shareholder, Zhuhai Huafa, and increase our contribution in greatly enhancing the international reputation of Zhuhai, promoting the moderately and diversified development of Macao’s economy, accelerating the innovation-driven development of the Guangdong-Macao In-depth Cooperation Zone in Hengqin and the Guangdong-Hong Kong-Macao Greater Bay Area. We will enhance the popularity of “Huajin International Convention” and improve the performance of exhibition services.

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 year under review.

CORPORATE GOVERNANCE

During the year under review, the Company, in the opinion of the Directors, has complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in the Appendix 10 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 year under review 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 2021.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) was established on 25 June 2008 and the written terms of reference of Audit Committee are aligned with Corporate Governance Code as contained in Appendix 14 to the Listing Rules. 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 Directors.

The Audit Committee held two meetings during the year to review the audited consolidated financial statements for the year ended 31 December 2020 and the unaudited consolidated financial statements for the six months ended 30 June 2021, 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 year, the Audit Committee met the Company’s auditor twice.

The Group’s audited consolidated annual results for the year ended 31 December 2021 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 PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on this results announcement.

EVENTS AFTER THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

On 16 March 2022, Mr. Tze Kan Fat resigned as an executive Director and vice president (副總裁) of the Company. Mr. Gu Yuanping was appointed as an executive Director and vice president (副總裁) of the Company on the same day. For further details, please refer to the announcement of the Company dated 16 March 2022.

Save as disclosed above and up to the date of this announcement, the Group has no subsequent event after 31 December 2021 which required disclosure.

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 Thursday, 26 May 2022 to Tuesday, 31 May 2022, 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 to be held on Tuesday, 31 May 2022, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 25 May 2022.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company's website (www.huafapropertyservices.com). The 2021 annual report will be despatched to the shareholders of the Company and will be available on 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 our Board of Directors, management team and staff for their dedication and hard work during last year.

By Order of the Board
Huafa Property Services Group Company Limited
Li Guangning
Executive Director and Chairman

Hong Kong, 29 March 2022

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

* *For identification purposes only*