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Zhong Ao Home Group Limited

中奥到家集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1538)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2024, the revenue amounted to approximately RMB1,779.0 million, representing an increase of approximately 4.1% as compared with 2023.
- For the year ended 31 December 2024, the gross profit amounted to approximately RMB366.8, representing an increase of approximately 4.6% as compared with 2023.
- For the year ended 31 December 2024, the profit for the year amounted to approximately RMB92.1 million, representing an increase of approximately 9.7% as compared with 2023.
- For the year ended 31 December 2024, the basic earnings per share amounted to approximately RMB0.104 cents, representing an increase of approximately 10.6% as compared with 2023.
- The board of directors of the Company has recommended a final dividend of HKD2.5 cents per share for the year ended 31 December 2024 (2023: HKD2.5 cents per share).

The board (the “**Board**”) of directors (the “**Directors**”) of Zhong Ao Home Group Limited (“the **Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	<i>Notes</i>	2024 <i>RMB’000</i>	2023 <i>RMB’000</i>
REVENUE	4	1,778,998	1,709,642
Cost of sales and services		<u>(1,412,185)</u>	<u>(1,359,084)</u>
Gross profit		366,813	350,558
Other income and gain	4	41,495	49,281
Selling and distribution expenses		(7,298)	(6,488)
Administrative expenses		(206,451)	(192,345)
Net impairment losses recognised on financial assets		(41,090)	(58,662)
Other expenses		(15,374)	(17,261)
Finance costs	6	(2,367)	(3,379)
Share of profits and losses of:			
Joint ventures		2,373	2,838
Associates		378	167
PROFIT BEFORE TAX	5	138,479	124,709
Income tax expenses	7	(46,353)	(40,737)
PROFIT FOR THE YEAR		92,126	83,972
Attributable to:			
Owners of the parent	9	88,896	80,054
Non-controlling interests		3,230	3,918
		92,126	83,972
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— For profit for the year (RMB)	9	0.104	0.094

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
PROFIT FOR THE YEAR	92,126	83,972
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR	92,126	83,972
Attributable to:		
Owners of the parent	88,896	80,054
Non-controlling interests	3,230	3,918
	92,126	83,972

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property and equipment		102,370	112,825
Investment properties	10	154,784	161,005
Right-of-use assets		5,940	9,703
Goodwill		225,282	225,282
Prepayments for acquisition of properties	11	9,259	12,125
Investments in joint ventures		5,339	5,937
Investments in associates		6,477	8,099
Other intangible assets		32,196	41,632
Prepayments and other receivables	13	12,566	17,623
Deferred tax assets		77,093	76,864
Total non-current assets		631,306	671,095
CURRENT ASSETS			
Inventories		9,072	6,253
Trade receivables	12	505,864	538,334
Prepayments and other receivables	13	248,787	317,026
Financial assets at fair value through profit or loss		–	2,961
Cash and cash equivalents		545,156	531,583
Total current assets		1,308,879	1,396,157
CURRENT LIABILITIES			
Trade payables	14	96,732	110,168
Other payables and accruals	15	539,660	702,730
Interest-bearing bank and other borrowings		45,920	48,990
Lease liabilities		1,523	8,082
Tax payables		119,172	127,478
Total current liabilities		803,007	997,448
NET CURRENT ASSETS		505,872	398,709
TOTAL ASSETS LESS CURRENT LIABILITIES		1,137,178	1,069,804

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 December 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		33,893	32,911
Lease liabilities		5,425	4,186
		<hr/>	<hr/>
Total non-current liabilities		39,318	37,097
		<hr/>	<hr/>
NET ASSETS		1,097,860	1,032,707
		<hr/>	<hr/>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	16	7,082	7,082
Reserves		1,032,570	963,246
		<hr/>	<hr/>
		1,039,652	970,328
Non-controlling interests		58,208	62,379
		<hr/>	<hr/>
TOTAL EQUITY		1,097,860	1,032,707
		<hr/>	<hr/>

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Zhong Ao Home Group Limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Cayman Islands Companies Law on 5 January 2015. The registered office address of the Company is P.O. Box 2681, Cricket Square, Hutchins Drive, Grand Cayman, KY1-1111, Cayman Islands.

The Company’s subsidiaries are principally engaged in the provision of property management services, provision of cleaning and greening services and other services in the People’s Republic of China (the “**PRC**”). The Company’s immediate and ultimate holding company is Qichang International Limited (“**Qichang**”), a limited liability company incorporated in the British Virgin Islands (the “**BVI**”).

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss (“**FVTPL**”) which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the chief operating decision maker (the “CODM”) reviews the operating results of the Group as a whole to make decision about resources allocation. The CODM organised into business units based on different lines of services rendered in the PRC as follows:

- (a) The Group primarily provides property developers and property owners with a broad range of property management services for mainly residential properties, and commercial and government buildings. Services provided by the Group include standard property management services and ancillary services;
- (b) The Group provides property developers and property owners with a series of indoor and outdoor environmental cleaning, greening and maintenance services. This business division also provides services to the property developers and property owners of the property management business division. Accordingly, segment results of cleaning and greening division are evaluated by the Group’s management on services as subcontracted from the property management business division; and
- (c) Other businesses comprise sales of elevators and installation services, provision of security services, real estate consulting and agency services, sales assistance services, engineering services, catering services and the sale of engineering spare parts.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment revenue and profit (which is a measure of adjusted profit before tax). The adjusted profit before tax is measured consistently with the Group’s profit before tax except that bank interest income, other interest income from financial assets at fair value through profit or loss, changes in fair value of investment properties, fair value adjustment of contingent consideration, net foreign exchange loss, share of profits of joint ventures, share of profits of associates, net foreign exchange gains, non-lease-related finance income/costs as well as head corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and cash equivalents, financial assets at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

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

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

3. OPERATING SEGMENT INFORMATION (Continued)

Operating segments

The following table provides an analysis of the Group's revenue and results based on the types of business:

	Property management business <i>RMB'000</i>	Cleaning and greening business <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
For the year ended 31 December 2024				
Segment revenue (note 4)				
Sales to external customers	1,331,362	286,016	161,620	1,778,998
Intersegment sales	<u>3,610</u>	<u>116,216</u>	<u>71,414</u>	<u>191,240</u>
	1,334,972	402,232	233,034	1,970,238
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(191,240)</u>
Revenue				<u><u>1,778,998</u></u>
Segment results	90,181	48,582	21,780	160,543
<i>Reconciliation:</i>				
Bank interest income				9,470
Changes in fair value of investment properties				(5,946)
Fair value change of financial assets of fair value through profit or loss				(2,961)
Net foreign exchange loss				(474)
Corporate expenses				(23,115)
Share of profits of joint ventures				2,373
Share of profits of associates				378
Finance costs (other than interest on lease liabilities)				<u>(1,789)</u>
Profit before tax				<u><u>138,479</u></u>

3. OPERATING SEGMENT INFORMATION (Continued)

Operating segments (Continued)

	Property management business RMB'000	Cleaning and greening business RMB'000	Other businesses RMB'000	Total RMB'000
31 December 2024				
Segment assets	1,628,034	324,502	191,735	2,144,271
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(713,603)
Corporate and other unallocated assets				<u>509,517</u>
Total assets				<u><u>1,940,185</u></u>
Segment liabilities	970,411	240,801	132,941	1,344,153
<i>Reconciliation:</i>				
Elimination of intersegment payables				(713,268)
Corporate and other unallocated liabilities				<u>211,442</u>
Total liabilities				<u><u>842,327</u></u>
Other segment information				
Share of profits and losses of:				
Joint ventures	2,373	–	–	2,373
Associates	378	–	–	378
Net impairment losses recognised in profit or loss	35,503	5,144	443	41,090
Depreciation and amortisation				
Unallocated			917	917
Segment	35,139	2,788	7,769	45,696
Investments in associates	6,477	–	–	6,477
Investment in joint ventures	5,339	–	–	5,339
Capital expenditure*				
Unallocated				50
Segment	16,887	5,169	1,858	23,914

* Capital expenditure consists of additions to property and equipment, investment properties, intangible assets and prepayments for acquisition of properties.

3. OPERATING SEGMENT INFORMATION (Continued)

Operating segments (Continued)

The following table provides an analysis of the Group's revenue and results based on the types of business:

	Property management business <i>RMB'000</i>	Cleaning and greening business <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
For the year ended 31 December 2023				
Segment revenue (note 4)				
Sales to external customers	1,285,503	263,440	160,699	1,709,642
Intersegment sales	<u>8,251</u>	<u>146,083</u>	<u>66,778</u>	<u>221,112</u>
	1,293,754	409,523	227,477	1,930,754
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(221,112)</u>
Revenue				<u><u>1,709,642</u></u>
Segment results	83,421	40,836	18,360	142,617
<i>Reconciliation:</i>				
Bank interest income				8,504
Other interest income from financial assets				
at fair value through profit or loss				1,171
Changes in fair value of investment properties				(1,556)
Fair value change of financial assets of fair value				
through profit or loss				(4,715)
Net foreign exchange gain				1,898
Corporate expenses				(23,521)
Share of profits of joint ventures				2,838
Share of profits of associates				167
Finance costs (other than interest on				
lease liabilities)				<u>(2,694)</u>
Profit before tax				<u><u>124,709</u></u>

3. OPERATING SEGMENT INFORMATION (Continued)

Operating segments (Continued)

	Property management business <i>RMB'000</i>	Cleaning and greening business <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2023				
Segment assets	2,050,979	247,971	172,208	2,471,158
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(993,262)
Corporate and other unallocated assets				<u>589,356</u>
Total assets				<u><u>2,067,252</u></u>
Segment liabilities	1,193,385	160,209	117,368	1,470,962
<i>Reconciliation:</i>				
Elimination of intersegment payables				(993,262)
Corporate and other unallocated liabilities				<u>556,845</u>
Total liabilities				<u><u>1,034,545</u></u>
Other segment information				
Share of profits and losses of:				
Joint ventures	2,838	–	–	2,838
Associates	167	–	–	167
Net impairment losses recognised in profit or loss	47,622	6,515	4,525	58,662
Depreciation and amortisation				
Unallocated				1,405
Segment	33,780	3,960	2,750	40,490
Investments in associates	8,099	–	–	8,099
Investment in joint ventures	5,937	–	–	5,937
Capital expenditure*				
Unallocated				112
Segment	24,393	2,726	1,893	29,012

* Capital expenditure consists of additions to property and equipment, investment properties, intangible assets and prepayments for acquisition of properties.

Information about major customers

For the year ended 31 December 2024 and 2023, none of the Group's revenue contributed from a single customers amounted to 10% or more.

3. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

Since 100% of the Group's revenue and operating profit were generated in Mainland China and over 90% of the Group's non-current assets were located in Mainland China, no geographical information is presented in accordance with HKFRS 8 *Operating Segments*.

4. REVENUE, OTHER INCOME AND GAIN

An analysis of revenue is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers		
Rendering of services	1,769,265	1,700,505
Sales of goods	9,733	9,137
	<u>1,778,998</u>	<u>1,709,642</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2024

<u>Segments</u>	Property management business RMB'000	Cleaning and greening business RMB'000	Other businesses RMB'000	Total RMB'000
Types of goods or services				
Rendering of services	1,331,362	286,016	151,887	1,769,265
Sale of goods	–	–	9,733	9,733
	<u>1,331,362</u>	<u>286,016</u>	<u>161,620</u>	<u>1,778,998</u>
Geographical market				
Mainland China	<u>1,331,362</u>	<u>286,016</u>	<u>161,620</u>	<u>1,778,998</u>
Timing of revenue recognition				
Over time	1,331,362	286,016	151,887	1,769,265
At a point in time	–	–	9,733	9,733
	<u>1,331,362</u>	<u>286,016</u>	<u>161,620</u>	<u>1,778,998</u>

4. REVENUE, OTHER INCOME AND GAIN (Continued)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

For the year ended 31 December 2023

<u>Segments</u>	Property management business <i>RMB'000</i>	Cleaning and greening business <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services				
Rendering of services	1,285,503	263,440	151,562	1,700,505
Sale of goods	–	–	9,137	9,137
	<u>1,285,503</u>	<u>263,440</u>	<u>160,699</u>	<u>1,709,642</u>
Geographical market				
Mainland China	<u>1,285,503</u>	<u>263,440</u>	<u>160,699</u>	<u>1,709,642</u>
Timing of revenue recognition				
Over time	1,285,503	263,440	151,562	1,700,505
At a point in time	–	–	9,137	9,137
	<u>1,285,503</u>	<u>263,440</u>	<u>160,699</u>	<u>1,709,642</u>

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

	2024
	<i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	
Sale of goods	9,137
Property management services	158,730
	<u>167,867</u>
	2023
	<i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	
Sale of goods	9,468
Property management services	126,221
	<u>135,689</u>

4. REVENUE, OTHER INCOME AND GAIN (Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Provision of property management services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 days from the date of billing.

Provision of cleaning and greening services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 days from the date of billing.

Sales of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 90 days from customer acceptance of delivered goods.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 and 31 December 2023 and the expected timing of recognising revenue. All the transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

Other income and gain

	2024 RMB'000	2023 RMB'000
Other income		
Bank interest income	9,470	8,504
Other interest income from financial assets at fair value through profit or loss	–	1,171
Rental income	7,960	10,626
Government grants	8,773	13,830
Others	15,292	13,252
	<u>41,495</u>	<u>47,383</u>
Gain		
Net foreign exchange gain	–	1,898
	<u>–</u>	<u>1,898</u>
	<u>41,495</u>	<u>49,281</u>

5. PROFIT BEFORE TAX

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

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
Cost of services provided		1,403,834	1,351,086
Cost of goods sold		8,351	7,998
Employee benefit expense (excluding directors' and chief executive's remuneration)			
Salaries and other benefits		767,652	724,902
Retirement benefit scheme contributions		45,250	43,391
		812,902	768,293
Depreciation of items of property and equipment		32,722	27,746
Depreciation of right-of-use assets		4,386	3,909
Amortisation of other intangible assets		9,505	10,240
Impairment of financial assets, net			
Net impairment losses recognised on trade receivables		20,630	26,196
Net impairment losses recognised on other receivables	13	20,460	32,466
Fair value loss on investment properties	10	5,946	1,556
Rental income		(7,960)	(10,626)
Foreign exchange loss/(gain)		474	(1,898)
Fair value change of financial assets of fair value through profit or loss		2,961	4,715
Bank interest income		(9,470)	(8,504)
Auditor's remuneration		1,600	2,500
Other interest income from financial assets at fair value through profit or loss		–	(1,171)
Government grants*		(8,773)	(13,830)

* Government grants include various subsidies received by the Company's subsidiaries from relevant government bodies. There are no unfulfilled conditions or contingencies related to these grants.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on bank borrowings	1,789	2,694
Interest on lease liabilities	578	685
	<u>2,367</u>	<u>3,379</u>

7. INCOME TAX

A provision for PRC Enterprise income tax (the “EIT”) has been provided at the applicable income tax rate of 25% for the year ended 31 December 2024 (2023: 25%) on the assessable profits of the Group’s subsidiaries in Mainland China, except for those subsidiaries which enjoyed a lower tax rate as a benefit.

According to the relevant PRC tax regulations, High-New Technology Enterprise (the “HNTE”) operating within a High and New Technology Development Zone an entitled to a reduced EIT rate of 15%. A subsidiary is recognised as HNTE during the year and accordingly, are subject to EIT 15%. The recognition as a HNTE is subject to review on every three years by relevant government bodies.

No provision for Hong Kong profits tax has been made in the financial statements as no assessable profit was derived from Hong Kong during both years.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax:		
EIT	47,106	53,134
Deferred tax	(753)	(12,397)
	<u>46,353</u>	<u>40,737</u>

8. DIVIDENDS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Proposed final dividend — HKD2.5 cents (2023: HKD2.5 cents) per ordinary share	<u>19,572</u>	<u>19,307</u>

During 2024, a dividend of HKD2.5 cents per share in respect of the year ended 31 December 2023 was declared by the directors of the Company and approved in the Company’s annual general meeting on 31 May 2024. Dividends amounting to approximately RMB19,572,000 were paid on 5 July 2024 (2023: RMB19,307,000).

The directors of the Company has resolved to recommend the payment of a final dividend of HKD2.5 cents per share for the year ended 31 December 2024 (2023: HKD2.5 cents) to the shareholders whose names appear on the register of members of the Company on 12 June 2025. The proposed final dividend for the year is subject to the approval of the Company’s shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent for the year, and the weighted average number of ordinary shares of 854,550,000 shares (2023: 854,550,000 shares) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of the basic earnings per share amount is based on:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent	<u>88,896</u>	<u>80,054</u>
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year	<u>854,550,000</u>	<u>854,550,000</u>

For the years ended 31 December 2024 and 2023, the computation of diluted earnings per share did not include the exercise of the share options of the Company since the exercise price of the share options was higher than the average market price of the Company's shares during the years ended 31 December 2024 and 2023.

10. INVESTMENT PROPERTIES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Carrying amount at 1 January	161,005	180,713
Additions	–	1,900
Disposal	(275)	(20,052)
Net loss from fair value adjustments	<u>(5,946)</u>	<u>(1,556)</u>
Carrying amount at 31 December	<u>154,784</u>	<u>161,005</u>

Certain investment properties are leased to third parties under operating leases.

11. PREPAYMENTS FOR ACQUISITION OF PROPERTIES

As at 31 December 2024, the Group had paid deposits to property developers of approximately RMB9,259,000 (2023: RMB12,125,000) in relation to the acquisition of properties situated in Mainland China.

12. TRADE RECEIVABLES

	31 December 2024 RMB'000	31 December 2023 RMB'000
Trade receivables	659,920	671,760
Impairment	(154,056)	(133,426)
	<u>505,864</u>	<u>538,334</u>

Trade receivables mainly arise from property management service and other businesses income. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management and credit limits attributed to customers are reviewed once a year. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

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

	31 December 2024 RMB'000	31 December 2023 RMB'000
Within 1 year	386,168	405,796
1 to 2 years	61,144	69,879
Over 2 years	58,552	62,659
	<u>505,864</u>	<u>538,334</u>

13. PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2024 RMB'000	31 December 2023 RMB'000
Payment on behalf of customers to utility suppliers	74,928	97,024
Deposits paid to utility suppliers	47,122	41,391
Other receivables (<i>note</i>)	185,635	217,564
Prepayments	68,068	72,270
Other tax recoverable	–	340
	<u>375,753</u>	<u>428,589</u>
Less: Impairment allowance	<u>(114,400)</u>	<u>(93,940)</u>
Total	261,353	334,649
Less: non-current portion	<u>(12,566)</u>	<u>(17,623)</u>
Current portion	<u><u>248,787</u></u>	<u><u>317,026</u></u>

The movements in the loss allowance for impairment of other receivables are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	(93,940)	(61,474)
Impairment loss, net	<u>(20,460)</u>	<u>(32,466)</u>
At the end of year	<u><u>(114,400)</u></u>	<u><u>(93,940)</u></u>

Note:

Other receivables mainly represent payment on behalf of customers for expenditure on communities' facilities, long-term performance bonds, bidding deposit for contracts, business-related prepayments and balances with other independent third parties. The business-related prepayments and balances with other independent third parties of approximately RMB50,215,000 were pledged by certain residential properties, commercial properties and car parking spaces, the fair value of those collateral pledged was approximately RMB18,603,000 and the allowance for expected credit loss of approximately RMB31,612,000 had been made.

Expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

14. 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:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Within 60 days	75,611	92,672
Over 60 days and within 180 days	5,019	3,517
Over 180 days and within 365 days	7,196	6,022
Over one year	8,906	7,957
	96,732	110,168

The trade payables are non-interest-bearing and normally settled on terms of 30 to 90 days.

The fair values of trade payables approximate to their carrying amounts due to their relatively short term maturity.

15. OTHER PAYABLES AND ACCRUALS

		31 December 2024	31 December 2023
	Note	RMB'000	RMB'000
Contract liabilities	(a)	94,205	167,867
Receipts on behalf of community residents for utilities		148,670	246,474
Received in advance		11,910	14,533
Accruals		164,778	155,949
Other payables		13,714	15,003
Deposits received		54,593	57,523
Dividends payable to non-controlling shareholders of subsidiaries		2,436	1,046
Amounts due to non-controlling equity holders of subsidiaries	(b)	3,008	3,385
Due to the ultimate holding company		13,810	14,046
Other tax payables		32,536	26,904
		539,660	702,730

15. OTHER PAYABLES AND ACCRUALS (Continued)

Notes:

(a) Details of contract liabilities as at 31 December 2024 and 2023 are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Advances received from customers		
Sale of goods and installation services	9,700	9,137
Property management services	84,505	158,730
	<hr/>	<hr/>
Total contract liabilities (<i>note 4</i>)	94,205	167,867
	<hr/> <hr/>	<hr/> <hr/>

Contract liabilities include advances received to deliver property management services and sales of goods.

(b) As at 31 December 2024 and 2023, the Group's amounts due to non-controlling equity holders of subsidiaries included outstanding consideration payables in respect of the Group's acquisition of the equity interests in the subsidiaries from those non-controlling equity holders which are unsecured, interest-free and have no fixed term of repayment.

16. SHARE CAPITAL

Shares

	Number of ordinary shares	Nominal value of HKD0.01 each HKD'000
Authorised:		
At 1 January 2024 and 31 December 2024	8,000,000,000	80,000
Issued and fully paid:		
At 1 January 2024 and 31 December 2024	854,550,000	8,545
	<hr/> <hr/>	<hr/> <hr/>
	2024 RMB'000	2023 RMB'000
Issued and fully paid:		
Ordinary shares		
At 1 January and 31 December	7,082	7,082
	<hr/> <hr/>	<hr/> <hr/>

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is a leading independent property management company in China. In 2024, the Group received the following recognitions and awards.

In July 2024, two subsidiaries of the Group — 浙江永成物業管理有限公司 (Zhejiang Yongcheng Property Management Company Limited*) (“**Zhejiang Yongcheng Property**”) and 廣東中奧物業管理有限公司 (Guangdong Zhong Ao Property Management Company Limited*) (“**Guangdong Zhong Ao**”) received 2024年度浙江省物業服務AAA級企業 (AAA-level Property Service Enterprise in Zhejiang Province in 2024*) from 浙江省住房和城鄉建設廳 (Zhejiang Provincial Department of Housing and Urban-Rural Development*).

In August 2024, the Group received 2024中國國際物業管理產業博覽會 — 廣東展館優秀參展單位 (2024 China International Property Management Industry Expo — Excellent Exhibitors of Guangdong Pavilion*) from 廣東省物業管理行業協會 (Guangdong Property Management Industry Institute*) (“**GDPMII**”).

In November 2024, Guangdong Zhong Ao received綠色低碳誠信經營認證企業 (Green Low — Carbon Enterprise Credit Demonstration Certificate*) from 26 November 2024 to 25 November 2025 issued by 中國綠色低碳誠信認證企業 (China Green and Low-Carbon Integrity Certified Enterprise*).

In December 2024, the Group received 2024年度廣東省物業管理行業協會最佳會員 (Best Member of Guangdong Property Management Industry Association in 2024*) from GDPMII.

In December 2024, Guangdong Zhong Ao received the following recognitions, namely, 2024新媒體運營卓越物業企業 (2024 Operational Excellence Property Management Enterprise for New Media*)、2023-2024年廣東省物業管理行業誠信標竿企業 (Honestly Benchmark Enterprise of Property Management Industry in Guangdong Province in 2023-2024*)、2024廣東物業行業綜合實力企業 (2024 Comprehensive Strength Enterprise in Guangdong Property Industry*)、2024助力社會就業卓越物業企業 (2024 Excellent Property Enterprise of Social employment support*) and 2024大灣區物業服務品牌企業 (2024 Property Service Brand Enterprise in Guangdong-Hong Kong-Macao Greater Bay Area*) from GDPMII.

* For identification purpose only

The Group's main business line is property management business. Under the property management business line, the Group is engaged in the provision of property management services, provision of cleaning and greening services, and other services.

Property management services

The Group primarily provides property developers and property owners with a broad range of property management services to mainly residential properties, commercial and government buildings. Services provided by the Group include standard property management services and also ancillary services such as cleaning, gardening, property facilities repair and maintenance and butler services. Through its butler services, the Group provides personalised and premium property management services to residents with its trained butlers onsite. While its primary and long-term business focus is on the residential property market, the Group also provides services to non-residential properties, including both stand-alone non-residential properties and properties associated with residential properties, such as schools and commercial buildings.

The Group believes that service quality is fundamental to establish a solid foundation to support the growth of the Group's business. The Group holds various qualifications and licenses in respect of property management services, namely CMS31950, IEC27001, ISO50001, ISO 9001, ISO 14001, OHSAS 18001.

As of 31 December 2024, the Group had maintained its presence in 45 cities in China where it was delivered contracted to manage a total of 555 residential and non-residential properties such as commercial or government buildings with an aggregate delivered contracted GFA of approximately 60 million sq.m. This represents a decrease of approximately 3% compared to the delivered contracted GFA of approximately 62 million sq.m as at 31 December 2023.

The Group strives to develop new business relationships from its existing customer base and network in order to provide strong organic growth to the Group. In addition to organic growth, the Group continues to identify appropriate acquisition targets to strengthen its portfolio and increase geographic presence across China.

Geographic Presence

The Group will continue to strategically select markets to enter into, focus on those with more developed economies and comparatively high per capita GDP. Once the Group has established presence in a new city, it will seek to expand its business within the same city or neighboring cities with a view to maximising its economies of scale.

The map below illustrates the cities in which properties the Group was delivered contracted to manage were located and the number of projects in each city as of 31 December 2024.



■ Eastern and Central China	■ Southern China	■ Northern China	■ Western China
1 Changde (2)	28 Cenxi (12)	42 Baotou (7)	44 Lhasa (1)
2 Chengzhou (2)	29 Foshan (17)	43 Zhangjiakou (1)	45 Urumqi (5)
3 Chongqing (1)	30 Guangzhou (4)		
4 Chuzhou (1)	31 Guilin (4)		
5 Hangzhou (57)	32 Heyuan (1)		
6 Heze (4)	33 Jiangmen (3)		
7 Huzhou (13)	34 Kunming (1)		
8 Jinan (1)	35 Laibin (3)		
9 Kaifeng (1)	36 Nanning (18)		
10 Macheng (1)	37 Qingyuan (4)		
11 Nantong (11)	38 Sanya (6)		
12 Ningbo (278)	39 Wuzhou (9)		
13 Quzhou (6)	40 Yunfu (1)		
14 Shanghai (15)	41 Zhaoqing (2)		
15 Shaoxing (7)			
16 Suzhou (35)			
17 Taizhou (1)			
18 Wenchang (1)			
19 Wenzhou (1)			
20 Wuxi (6)			
21 Xuancheng (3)			
22 Yixing (2)			
23 Yueyang (1)			
24 Zhengzhou (2)			
25 Zhenjiang (2)			
26 Zhokou (1)			
27 Zhuji (1)			

Note: Numbers in parentheses represent the number of delivered contracted projects.

The table below sets forth the delivered contracted GFA and the number of properties under management as of the dates indicated.

	As of 31 December 2024		As of 31 December 2023	
	<i>Sq.m. in thousands</i>	<i>No.</i>	<i>Sq.m. in thousands</i>	<i>No.</i>
<i>Residential and non-residential properties</i>				
Eastern and Central China ⁽¹⁾	44,131	456	45,651	489
Southern China ⁽²⁾	14,629	85	14,469	83
Northern China ⁽³⁾	1,039	8	1,371	9
Western China ⁽⁴⁾	555	6	542	4
Total	60,354	555	62,033	585

Notes:

- (1) Including Changde, Chengzhou, Chongqing, Chuzhou, Hangzhou, Heze, Huzhou, Jinan, Kaifeng, Macheng, Nantong, Ningbo, Quzhou, Shanghai, Shaoxing, Suzhou, Taizhou, Wenchang, Wenzhou, Wuxi, Xuancheng, Yixing, Yueyang, Zhengzhou, Zhenjiang, Zhoukou and Zhuji.
- (2) Including Cenxi, Foshan, Guangzhou, Guilin, Heyuan, Jiangmen, Kunming, Laibin, Nanning, Qingyuan, Sanya, Wuzhou, Yunfu and Zhaoqing.
- (3) Including Baotou and Zhangjiakou.
- (4) Including Lhasa and Urumqi.

Cleaning and greening business

The Group provides property developers and property owners with a series of indoor and outdoor environmental cleaning, greening and maintenance services. This business division also provides services to the property developers and property owners of the property management business division. Accordingly, segment results of the cleaning and greening division is evaluated by the Group's management on services as subcontracted from the property management business division. The Group holds various qualifications and licenses in respect of cleaning services, namely 國家一級環衛清潔服務企業資質 (National Level One Environmental Hygiene Cleaning Service Qualification*), E315甲級高空外牆清洗服務企業 (E315 A Grade High-altitude Exterior Wall Cleaning Services Enterprise*), ISO 14001, ISO 9001 and ISO 45001.

Other businesses

Other businesses comprise shuttle bus, security guard and maintenance services in the PRC, engineering services related to elevators, engineering services, the sale of engineering spare parts, canteen operations as well as catering services, providing sales assistance services and consulting and agency services to property developers and property owners.

Prospects and Future Plans

The Group will continue to maintain its own advantage as an independent property management company and compete with counterparts in the market by its high quality service and operational efficiency. The Group will actively establish stable partnerships with leading property developers and/or property management service providers in all regions and explore potential projects under development. The Group will strive to develop new business relationships from its existing customers base and own network in order to provide strong organic growth to the Group. The Group also targets to expand its portfolio of customers by pursuing properties with established owners' association. Furthermore, when right opportunities arise, the Group will accelerate its expansion by expanding its business scope and coverage in China by means of acquisitions and cooperation.

Reference is made to the announcements of the Company dated 1 August 2022 and 17 April 2023. Guangdong Zhong Ao had demanded 梁錫偉 (Liang Xiwei*) (“**Mr. Liang**”) from time to time to (i) pay the remaining balance of the Option Price; and (ii) complete the registration procedures for mortgaging the remaining 183 Tianyu Garden Car Parking Spaces. Mr. Liang has still not settled and completed the registration procedures for mortgaging, which constitutes a breach of the Second Supplemental Agreement.

Guangdong Zhong Ao has commenced civil lawsuit and submitted a claim (the “**Claim**”) against Mr. Liang to the People’s Court of Qingxiu District, Nanning City, the PRC for, among others, (i) the remaining balance of the Option Price of RMB20 million and all accrued interest; (ii) penalties for breach of contract; and (iii) an order that Guangdong Zhong Ao shall have the right to be compensated in priority by the proceeds from the auction or sale of the mortgaged properties (including a house and 227 Tianyu Garden Car Parking Spaces). On 14 April 2023, Guangdong Zhong Ao has received from the Court an acceptance notice in relation to the Claim. The Company has received the judgment from the Court dated 17 April 2024 (the “**Judgment**”) and it was ordered by the Court that (i) Mr. Liang to pay the outstanding Option Price adjudged by the Court in the amount of RMB30,565,479.45 and the relevant interest amount (to be calculated based on the Option Price in the amount of RMB20 million with interest rate of 10% per annum accruing from 1 April 2023 up to the date of full payment) within 10 days after the effective date of the Judgment; (ii) Mr. Liang to pay the penalty (to be calculated based on the method determined by the Court) within 10 days after the effective date of the Judgment; and (iii) Guangdong Zhong Ao shall have the right to be compensated in priority by the proceeds from the auction or sale of the mortgaged properties (including a house and 227 Tianyu Garden Car Parking Spaces). On 31 May 2024, the Company received a written appeal dated 13 May 2024 by Mr. Liang as the appellant against the Judgment. The appeal against the Judgment by Mr. Liang was heard by the Intermediate People’s Court of Nanning Municipality, Guangxi Zhuang Autonomous Region (廣西壯族自治區南寧市中級人民法院) and on 30 October 2024, the Company received the judgment dated 24 October 2024 from the Appeal Court and it was ruled by the Appeal Court, among others, that (i) the appeal be dismissed and the original Judgment be upheld; and (ii) the relevant costs for the appeal be borne by Mr. Liang. The Company is in the course of applying to the court to mandatorily enforce the Judgment against Mr. Liang. For further details, please refer to the announcements of the Company dated 18 August 2021, 22 October 2021, 31 January 2022, 1 August 2022, 17 April 2023, 29 April 2024, 3 June 2024 and 30 October 2024. The Company will keep the Shareholders and potential investors of the Company informed of any further material developments in connection with the Claim by way of further announcement(s) as and when appropriate.

FINANCIAL PERFORMANCE REVIEW

Revenue

During the year ended 31 December 2024, the Group recorded revenue of approximately RMB1,779.0 million, representing an increase of 4.1% over the year 2023.

Increase in the Group's revenue was primarily attributable to the increase in property management business revenue from approximately RMB1,285.5 million for the year ended 31 December 2023 to approximately RMB1,331.4 million for the year ended 31 December 2024 and represented approximately 3.6% increase over the corresponding year. In addition, the Group's revenue generated from cleaning and greening business has increased by approximately RMB22.6 million or 8.6% and from other businesses has increased by approximately RMB0.9 million or 0.6%.

Breakdown of revenue by business line and services

	For the year ended			
	2024	2023	Change	
	RMB'000	RMB'000	RMB'000	%
Property management business	1,331,362	1,285,503	45,859	3.6
Cleaning and greening business	286,016	263,440	22,576	8.6
Other businesses	161,620	160,699	921	0.6
	<u>1,778,998</u>	<u>1,709,642</u>	<u>69,356</u>	<u>4.1</u>

Property Management Business

The Group's property management business includes the provision of property management services, cleaning and greening services and other services. Details of analysis of each service are as follows:

Property management services

Revenue from property management services increased by approximately RMB45.9 million or 3.6% over 2023 primarily due to increase in weighted average price of property management services during 2024.

Cleaning and greening business

Revenue from cleaning and greening business for the year ended 31 December 2024 was approximately RMB286.0 million, comparing to RMB263.4 million for the year ended 31 December 2023, representing an increase of approximately RMB22.6 million or 8.6%. The increase was primarily due to development in new projects.

Other businesses

Revenue from other businesses increased from approximately RMB160.7 million for the year ended 31 December 2023 to approximately RMB161.6 million for the year ended 31 December 2024. The increase of approximately RMB0.9 million or 0.6% over the year was mainly due to development in security guard services.

Cost of Sales and Services

The Group's cost of sales and services primarily comprises (i) sub-contracting costs, representing the expenses paid to sub-contractors for various services under the property management services and sales assistance services; (ii) staff costs; (iii) depreciation expenses associated with equipment and property used in providing services; (iv) costs of other services and sale of goods such as salaries cost of the technicians in the provision of elevator engineering services and weak-current engineering services; costs of the spare parts sold and operating costs in running the catering services and (v) costs of cleaning and greening products and utensils as well as commission paid for the real estate and property agency services.

Cost of sales and services increased by 3.9% from approximately RMB1,359.1 million for the year ended 31 December 2023 to approximately RMB1,412.2 million for the year ended 31 December 2024. Increase in cost of sales and services was due primarily to the growth of the corresponding revenue.

Gross Profit and Gross Profit Margin

The tables below sets forth the Group's gross profit and gross profit margin by services for the years indicated:

	For the year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>% of revenue</i>	<i>RMB'000</i>	<i>% of revenue</i>
Property management business	318,245	23.9	308,540	24.0
Cleaning and greening business	31,903	11.2	26,346	10.0
Other businesses	16,665	10.3	15,672	9.8
Overall	366,813	20.6	350,558	20.5

The Group's gross profit for the year ended 31 December 2024 was approximately RMB366.8 million, comparing to approximately RMB350.6 million in 2023, representing an increase of approximately RMB16.3 million, or 4.6%. The Group's gross profit margin increased slightly from 20.5% for the year ended 31 December 2023 to 20.6% in 2024.

Other Income and Gain

The Group's other income and gain for the year ended 31 December 2024 was approximately RMB41.5 million, comparing to approximately RMB49.3 million for the year ended 31 December 2023, representing a decrease of approximately RMB7.8 million or 15.8%. The decrease was primarily due to decrease in government grants and rental income.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the year ended 31 December 2024 were approximately RMB7.3 million, comparing to approximately RMB6.5 million for the year ended 31 December 2023, which represented an increase of approximately RMB0.8 million. The increase was primarily due to increase in marketing expenses for development in new projects.

Administrative Expenses

The Group's administrative expenses for the year ended 31 December 2024 was approximately RMB206.5 million, comparing to approximately RMB192.3 million for the year ended 31 December 2023, represented an increase of approximately RMB14.1 million or 7.3% which was mainly due to the increase in administrative expenses brought by the growth in business revenue. For long term control issue, the Group will continue to strengthen the streamlining of organisation and control of administrative costs for controlling better administrative expenses.

Net Impairment Losses Recognised on Financial Assets

The Group's net impairment losses on financial assets were approximately RMB41.1 million for the year ended 31 December 2024, comparing to net impairment losses on financial assets of approximately RMB58.7 million for the year ended 31 December 2023, representing a decrease of approximately RMB17.6 million which was primarily due to decrement in trade receivables and other receivables.

Finance Costs

The Group's net finance costs amounted to approximately RMB2.4 million for the year ended 31 December 2024 comparing to net finance costs for the year ended 31 December 2023 of approximately RMB3.4 million, representing a decrease of approximately RMB1.0 million or 29.9%. The decrement was primarily due to decrease in bank borrowings.

Investment Properties

Certain investment properties are leased to third parties under operating leases.

These operating lease do not have "significant impact" as defined under Rule 14.04(1) (d) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and hence is exempt from the requirements under chapter 14 of the Listing Rules.

Trade Receivables

As at 31 December 2024, total trade receivables of the Group amounted to approximately RMB505.9 million, representing decrease of approximately RMB32.4 million or 6% compared to approximately RMB538.3 million as at 31 December 2023. The decrease was primarily due to strengthen on the assessment, management and control of repayment to improve the rate of repayment.

Prepayments and Other Receivables

Prepayments and other receivables mainly represent payment on behalf of customers for expenditure on communities' facilities, performance bonds, bidding deposit for contracts, business-related prepayments and other independent third parties. As at 31 December 2024, the Group's prepayments and other receivables amounted to approximately RMB248.8 million, representing a decrease of approximately RMB68.2 million or 21.5% compared to approximately RMB317.0 million as at 31 December 2023. The decrease was primarily due to the improvement of prepayment on behalf to customers to utility suppliers and deposits paid to utility suppliers.

Other receivables included RMB14.1 million (31 December 2023: RMB14.2 million) advanced to three independent third parties for business purpose. The loans were unsecured, and interest-free (except for one secured loan bearing interest at 7% per annum). Impairment provision of RMB4.4 million is required for these loans as at 31 December 2024 (31 December 2023: RMB0.8 million).

Other Payables and Accruals

Other payables and accruals primarily comprise receipts on behalf of community residents for utilities, receipts in advances, accruals, deposits received and other payables. Other payables and accruals increased from approximately RMB702.7 million at 31 December 2023 to approximately RMB539.7 million as at 31 December 2024. The decrease in amounting to approximately RMB163 million was due to ameliorate of high-risk contract liabilities.

Liquidity, Financial Resources and Capital Structure

The Group maintains a strong and healthy financial position. The Group's principal sources of funds to finance the working capital, capital expenditure and other capital requirements were internally generated by cash flows and bank loans. As at 31 December 2024, net working capital (calculated as current assets less current liabilities) was approximately RMB505.9 million, representing an increase of RMB107.2 million from RMB398.7 million as at 31 December 2023. The current ratio (calculated as current assets/current liabilities) was 1.6 times as at 31 December 2024 (2023: 1.4 times).

As at 31 December 2024 and 31 December 2023, the Group's borrowings were denominated in RMB. The bank borrowing balances of the Group bore interest at fixed rates at 31 December 2024 and 31 December 2023. The carrying amounts of the interest-bearing bank and other borrowings at fixed rates approximate to their fair values.

The Group principally focused on the operation in the PRC. Except for the cash, bank deposits and bank borrowings denominated in foreign currencies, the Group was not subject to any other material risk directly relating to the foreign exchange fluctuation. For the year ended 31 December 2024, despite the depreciation of RMB against USD and HKD, the Directors expected that fluctuations of the RMB exchange rate would not materially and adversely affect the operations of the Group. The management will continue to monitor foreign currency exchange exposure and will take prudent measures to minimise the currency translation risk.

Gearing Ratio

The gearing ratio is defined as total borrowings add amounts due to non-controlling equity holders of a subsidiary and net of bank balances and cash divided by total equity. As at 31 December 2024, the Group was in a strong financial position with a net cash position amounting to RMB496.2 million (2023: RMB479.2 million). Accordingly, no gearing ratio is presented.

Pledge of Assets

At 31 December 2024, investment properties and property and equipment of RMB95.0 million (2023: RMB99.0 million) were pledged to secure certain banking facilities granted to the Group.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2024 (2023: Nil).

Employees and Remuneration Policies

As at 31 December 2024, the Group had approximately 9,351(2023: 8,521) employees. In order to enhance the morale and productivity of employees, employees are remunerated based on their performance, experience and prevailing industry practices. Compensation policies and packages of management staff and functional heads are being reviewed on a yearly basis. In addition to basic salary, performance related salary may also be awarded to employees based on internal performance evaluation. Moreover, the Company has adopted a share award scheme in June 2017 in order to retain elite personnel to stay with the Group and to provide incentives for their contribution to the Group.

The Group also invests in continuing education and training programmes for management staff and other employees with a view to upgrade their skills and knowledge. These training courses comprise internal courses run by the management of the Group and external courses provided by professional trainers and range from technical training for butlers to financial and administrative trainings for management staff.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

The Group had no material acquisition or disposal of subsidiaries or associates during the year ended 31 December 2024.

As at 31 December 2024, the Group has no specific plan for major investment or acquisition for major capital assets or other business. However, the Group will continue to identify new opportunities for business development.

EVENTS AFTER THE REPORTING PERIOD

On 28 March 2025, the Directors resolved to recommend the payment of a final dividend of HKD2.5 cents per share for the year ended 31 December 2024 (2023: HKD2.5 cents) to the shareholders whose names appear on the register of members of the Company on 12 June 2025. Subject to the approval by the shareholders of the Company at the forthcoming annual general meeting of the Company (the “AGM”), the final dividend is expected to be payable on or about 10 July 2025. The aggregate amount shall be paid out of the Company’s share premium account if the payment of the dividend is approved by the shareholders at the AGM.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HKD2.5 cents per share for the year ended 31 December 2024 (2023: HKD2.5 cents) to the shareholders whose names appear on the register of members of the Company on 12 June 2025, making the total dividend payment of approximately HKD21.4 million. Subject to the approval by the shareholders of the Company at the forthcoming AGM, the final dividend is expected to be payable on or about 10 July 2025. The aggregate amount shall be paid out of the Company’s share premium account if the payment of the dividend is approved by the shareholders at the AGM.

ANNUAL GENERAL MEETING

The AGM is scheduled to be held on Tuesday, 3 June 2025 and a notice convening the AGM will be published and despatched in the manner as required by the Listing Rules in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming AGM is scheduled to be held on Tuesday, 3 June 2025. To ascertain shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 28 May 2025 to Tuesday, 3 June 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the AGM, all transfer of shares accompanied by the relevant shares certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by 4:30 p.m. on Tuesday, 27 May 2025.

To ascertain the entitlement to the proposed final dividend for the year ended 31 December 2024, the register of members of the Company will be closed from 10 June 2025 to 12 June 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to the proposed final dividend for the year ended 31 December 2024, all transfer of shares accompanied by the relevant shares certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by 4:30 p.m. on 9 June 2025.

CORPORATE GOVERNANCE

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. The Company has adopted the code provisions set out in the Corporate Governance Code ("**CG Code**") as set out in Appendix C1 to the Listing Rules as its code of corporate governance. For the year ended 31 December 2024, the Board is of the view that the Company has complied with all code provisions set out in the CG Code in force during the reporting period save and except for the following code provisions:

Code Provision C.2.1 of Part 2 – Principle of good corporate governance code provisions and recommended best practices of the CG Code requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has appointed Mr. Liu Jian as both the chairman and the chief executive officer of the Company. The Board believes that vesting the roles of the chairman and chief executive officer in the same individual would enable the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. The Board believes that the balance of power and authority is sufficiently maintained by the operation of the senior management and Board, which comprises experienced and high-calibre individuals. The Board currently comprises four executive directors (including Mr. Liu Jian), two non-executive directors and three independent non-executive directors and therefore has a fairly strong independence element in its composition.

AUDIT COMMITTEE

The audit committee of the Board (“**Audit Committee**”) has been established with written terms of reference to, among other matters, review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Chan Wai Cheung, Admiral, Mr. Chan Ka Leung, Kevin and Mr. Yin Weizhong. Mr. Chan Wai Cheung, Admiral is the chairman of the Audit Committee. The annual results of the Group for the year ended 31 December 2024 have been reviewed by the Audit Committee.

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

During the year ended 31 December 2024, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct for Directors in their dealings in the Company’s securities. Having made specific enquiry to all the Directors, all the Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code for the year ended 31 December 2024.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Group’s auditor, HLB Hodgson Impey Cheng Limited (“**HLB**”), to the amounts set out in the Group’s consolidated financial statements for the year ended 31 December 2024. The work performed by HLB 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 HLB on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.gdzawy.com). The annual report for the year ended 31 December 2024 of the Company together with all the information required by the Listing Rules, will be despatched to the shareholders of the Company and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to extend my sincere thanks to every shareholder and business partner for their constant support and trust of the Group, and also to every employee for their hard work and contribution to the Group over last year. I look forward to achieving greater success hand in hand with the Group in the coming year.

By order of the Board
Zhong Ao Home Group Limited
LIU Jian
Chairman and Chief Executive Officer

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises Mr. Liu Jian, Ms. Chen Zhuo, Mr. Liang Bing and Mr. Long Weimin as executive Directors, Ms. Jin Keli and Ms. Xu Yaping as non-executive Directors, and Mr. Chan Wai Cheung, Admiral, Mr. Chan Ka Leung, Kevin and Mr. Yin Weizhong as independent non-executive Directors.

** for identification purpose only*