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Royal HOME
皇朝家居

ROYALE HOME HOLDINGS LIMITED
皇 朝 家 居 控 股 有 限 公 司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1198)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024

RESULTS

The board of directors (the "Board") of Royale Home Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023. The annual results for the year ended 31 December 2024 have been reviewed by the Company's audit committee.

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	**2024** **RMB'000**	2023 *RMB'000*
REVENUE	4	**525,607**	827,916
Cost of sales		**(490,196)**	(801,799)
Gross profit		**35,411**	26,117
Other income and gains	4	**69,988**	108,249
Selling and distribution expenses		**(100,166)**	(165,352)
Administrative expenses		**(128,942)**	(157,194)
Provision for expected credit loss ("ECL") allowance of trade and other receivables and contract assets	6	**(70,115)**	(39,545)
Other expenses		**(49,796)**	(34,675)
Finance costs	5	**(171,656)**	(144,670)
Share of results of associates	6	**(16,297)**	(12,048)
LOSS BEFORE INCOME TAX	6	**(431,573)**	(419,118)
Income tax credit	7	**83,267**	33,147
LOSS FOR THE YEAR		**(348,306)**	(385,971)
Loss for the year attributable to:			
Owners of the Company		**(334,391)**	(381,536)
Non-controlling interests		**(13,915)**	(4,435)
		(348,306)	(385,971)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	9		
Basic and diluted *(RMB cents)*		**(13.495)**	(15.362)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024	2023
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(348,306)**	(385,971)
OTHER COMPREHENSIVE INCOME		
Items that will be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of foreign operations	**2,665**	7,494
	2,665	7,494
Items that will not be reclassified subsequently to profit or loss		
Translation from functional currency to presentation currency	**1,170**	1,028
Surplus on revaluation of properties held for own use	**5,461**	21,135
Income tax relating to items that will not reclassified	**(1,365)**	(5,284)
	5,266	16,879
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**7,931**	24,373
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(340,375)**	(361,598)
Total comprehensive income attributable to:		
Owners of the Company	**(326,460)**	(357,062)
Non-controlling interests	**(13,915)**	(4,536)
	(340,375)	(361,598)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		**715,672**	797,143
Investment properties		**601,178**	599,200
Intangible assets		**2,056**	700
Right-of-use assets		**259,851**	286,240
Goodwill		**25,052**	25,052
Investments in associates		**1,248,638**	1,339,417
Deferred tax assets		**46,000**	23,731
Prepayments, deposits and other receivables		**98,697**	73,539
Restricted bank deposits		**5,318**	–
		3,002,462	3,145,022
CURRENT ASSETS			
Inventories		**271,352**	302,399
Trade receivables	10	**232,020**	236,378
Prepayments, deposits and other receivables		**343,898**	330,465
Contract assets		**2,173**	4,592
Financial assets at fair value through profit or loss		**–**	20,885
Amounts due from associates	12	**1,090,685**	1,003,530
Restricted bank deposits		**5,031**	233,258
Cash and cash equivalents		**20,452**	29,270
		1,965,611	2,160,777
Assets classified as held for sale		**60,000**	–
		2,025,611	2,160,777

	Notes	**2024**	2023
		RMB'000	*RMB'000*
CURRENT LIABILITIES			
Trade payables	11	**205,795**	220,658
Other payables and accruals		**207,802**	275,593
Lease liabilities		**9,656**	10,541
Borrowings		**1,105,953**	1,480,150
Loan from the ultimate holding company	12	**924,769**	79,000
Loan from fellow subsidiaries	12	**54,169**	–
Loan from an associate	12	**27,200**	53,000
Loan from non-controlling interests	12	**47,342**	45,013
Loan from a director	12	**–**	18,969
Tax payable		**82,075**	73,961
		2,664,761	2,256,885
NET CURRENT LIABILITIES		**(699,150)**	(96,108)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,363,312**	3,048,914
NON-CURRENT LIABILITIES			
Medium term bonds		**40,729**	37,494
Borrowings		**584,616**	909,743
Loan from the immediate holding company	12	**114,888**	95,113
Lease liabilities		**19,466**	37,130
Deferred tax liabilities		**122,096**	149,715
Deferred government grants		**35,368**	33,195
		917,163	1,262,390
Net assets		**1,446,149**	1,786,524
EQUITY			
Share capital		**221,592**	221,592
Reserves		**1,073,148**	1,399,608
Equity attributable to owners of the Company		**1,294,740**	1,621,200
Non-controlling interests		**151,409**	165,324
Total equity		**1,446,149**	1,786,524

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Royale Home Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The address of registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

The Company is an investment holding company. The Company and its subsidiaries (the "Group") were principally engaged in the manufacture and sale of furniture in the People's Republic of China (the "PRC").

The immediate and ultimate holding companies of the Company are Science City (Hong Kong) Investment Co., Ltd. and Science City (Guangzhou) Investment Group Co., Ltd, which are limited liability companies and incorporated in Hong Kong and the PRC, respectively.

2.1 BASIS OF PREPARATION

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosures requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

These consolidated financial statements have been prepared on the historical cost basis except for investment properties, certain financial assets and certain buildings classified as property, plant and equipment which have been measured at fair value. Non-current assets held for sale are stated the lower of carrying amount and fair value less costs to sell.

Going concern basis

The Group incurred a loss of approximately RMB348 million during the year ended 31 December 2024 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB699 million, while its cash and cash equivalents amounted to RMB20 million. The above conditions indicated the existence of a material uncertainty which may cast a significant doubt on the Group's ability to continue as a going concern.

In view of the aforementioned, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

(i) The Group's bank and other loans of RMB1,334 million (2023: RMB1,816 million) are guaranteed by Science City (Guangzhou) Investment Group Co., Ltd.* ("Science City"). Science City has agreed to continue to act as the Group guarantor for the next twelve months on all the existing and new bank and other loans with an aggregated amount of not exceeding RMB2,000 million (2023: RMB2,000 million). Based on historical experience, the directors expect that the Group is able to renew all the bank and other loans with Science City's guarantee when they expire. As of 31 December 2024, the Group also had unpledged investment properties with carrying amount of approximately RMB601 million (2023: RMB599 million) which are available for use as security to obtain new bank and other loans. Subsequent to the year end date, the Group has successfully renewed or obtained new bank and other loans in the amount of RMB424 million (2023: RMB356 million);

(ii) The Group will continue to seek suitable opportunities to dispose of certain equity interest in both associates and subsidiaries to raise the level of liquid funds; and

(iii) The Group will continue to implement measures to improve its operation performance, and to speed up the collection of outstanding sales proceeds and other receivables; and the Group will continue to take active measures to control costs and expenses.

The board of directors has reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2024. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2024. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(i) the successful obtaining of continuous financing from the banks and the Group's creditors;

(ii) successfully disposing of the Group's certain equity interest in both associates and subsidiaries when suitable; and

(iii) the successful and timely implementation of plans to improve the operation performance, speed up the collection of outstanding sales proceeds and other receivables, and control costs and expenses so as to generate adequate net cash inflows.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

* *For identification purposes only*

2.2 AMENDED HKFRSS THAT ARE EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON 1 JANUARY 2024

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate[4]
Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]

[1] Effective for annual periods beginning on or after 1 January 2025
[2] Effective for annual periods beginning on or after 1 January 2026
[3] Effective for annual periods beginning on or after 1 January 2027
[4] Effective date not yet determined

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

HKFRS 18 "Presentation and Disclosure in Financial Statements" and related amendments to Hong Kong Interpretation 5

HKFRS 18 replaces HKAS 1 "Presentation of Financial Statements". It carries forward many of the existing requirements in HKAS 1, with limited changes, and some HKAS 1 requirements will be moved to HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and HKFRS 7 "Financial Instruments: Disclosures".

HKFRS 18 will not impact the recognition and measurement of financial statements items but the presentation of them. It introduces three major new requirements, including:

- reporting newly defined subtotals (namely "operating profits" and "profits before financing and income tax"), and classifying items into five newly defined categories (namely "operating", "investing", "financing", "income tax" and "discontinued operation"), depending on the reporting entity's main business activities, in the statement of profit or loss;

- disclosure of management-defined performance measures ("MPMs") in a single note to the financial statements; and

- enhanced guidance of aggregation and disaggregation of information in the financial statements.

Besides, narrow-scope amendments have been made to HKAS 7 "Statement of Cash Flows", which includes:

- using "operating profit or loss" as the starting point for indirect method for the presentation of operating cash flows purposes; and

- the option for classifying interest and dividend cash flows as operating activities is eliminated.

In addition, there are consequential amendments to several other standards.

HKFRS 18, and the amendments to the other HKFRSs, are effective for annual period beginning on or after 1 January 2027 and must be applied retrospectively with specific transition provisions. The directors of the Group are still in the process of assessing the impact of HKFRS 18, particularly with respect to the structure of the Group's consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact of how information is grouped in the consolidated financial statements, including the items currently labelled as "other".

3. OPERATING SEGMENT INFORMATION

The chief operating decision-makers mainly include executive directors of the Company. They review the Group's internal reporting in order to assess performance, allocate resources, and determine the operating segments based on these reports. Segment results are evaluated based on reportable gross profit margin.

The Group has four reportable segments as follows:

(a) Manufacture and sale of furniture

(b) Development properties for sales and property investments

(c) Hotel operations

(d) Trading of aluminium ingots and bars

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. The following is an analysis of the Group's revenue and results by reportable and operating segments:

Year ended 31 December 2024

	Manufacture and sale of furniture *RMB'000*	Development properties for sales and property investments *RMB'000*	Hotel operations *RMB'000*	Trading of aluminium ingots and bars *RMB'000*	Total *RMB'000*
Segment revenue					
Sale to external customers	**505,306**	**–**	**15,206**	**5,095**	**525,607**
Segment results	**43,807**	**–**	**(8,170)**	**(226)**	**35,411**
Loss before tax	**(352,381)**	**(31,631)**	**(19,521)**	**(28,040)**	**(431,573)**
Segment assets	**2,970,555**	**1,688,565**	**184,229**	**184,724**	**5,028,073**
Segment liabilities	**2,594,500**	**240,266**	**146,041**	**601,117**	**3,581,924**

Year ended 31 December 2023

	Manufacture and sale of furniture *RMB'000*	Development properties for sales and property investments *RMB'000*	Hotel operations *RMB'000*	Trading of aluminium ingots and bars *RMB'000*	Total *RMB'000*
Segment revenue					
Sale to external customers	782,825	–	12,838	32,253	827,916
Segment results	57,857	–	(32,847)	1,107	26,117
Loss before tax	(324,877)	(36,008)	(48,492)	(9,741)	(419,118)
Segment assets	3,968,026	1,529,559	517,122	549,532	6,564,239
Elimination of intersegment receivables					(1,258,440)
Total assets					5,305,799
Segment liabilities	3,680,180	277,300	272,454	547,781	4,777,715
Elimination of intersegment payables					(1,258,440)
Total liabilities					3,519,275

Information about a major customer

No revenue from sales to a single customer amounted to 10% or more of the Group's revenue during the year (2023: Nil).

Geographical information

Because the majority of the Group's revenue and non-current assets were located in Mainland China, no related geographical information of revenue and non-current assets is presented.

4. REVENUE, OTHER INCOME AND GAINS

The Group's principal activities are disclosed in note 1 to the consolidated financial statements.

An analysis of revenue, other income and gains is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of goods	**407,825**	767,980
Installation and other ancillary services	**102,576**	47,098
Hotel operation income	**15,206**	12,838
	525,607	827,916

Revenue from contracts with customers

(i) Disaggregated revenue information

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major products and services provided:

31 December 2024

	Manufacture and sale of furniture	**Hotel operations**	**Trading of aluminium ingots and bars**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Revenue recognised at a point in time	**402,730**	**8,415**	**5,095**	**416,240**
Revenue recognised over time	**102,576**	**6,791**	**–**	**109,367**
Total revenue from contracts with customers	**505,306**	**15,206**	**5,095**	**525,607**

31 December 2023

	Manufacture and sale of furniture	Hotel operations	Trading of aluminium ingots and bars	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue recognised at a point in time	755,148	7,118	32,253	794,519
Revenue recognised over time	27,677	5,720	–	33,397
Total revenue from contracts with customers	782,825	12,838	32,253	827,916

(ii) ***Performance obligation***

The following table shows the amount of revenue recognised in the current year that was included in the contract liabilities at the beginning of the year:

	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the year	**65,398**	23,376

Other income and gains

	2024	2023
	RMB'000	*RMB'000*
Bank interest income	**5,023**	10,458
Interest income from an associate	**42,503**	51,425
Government subsidy *(Note)*	**2,189**	4,464
Compensation income from controlling shareholder of an associate	**9,467**	–
Compensation from legal cases	**4,000**	–
Gain arising from change in fair value of investment properties	**1,978**	–
Gain on debt restructuring	**–**	7,827
Fair value gain on financial assets at fair value through profit or loss	**–**	20,885
Gain from derecognition of leases upon early termination	**2,790**	515
Gain on disposal of property, plant and equipment	**–**	236
Rental income	**–**	7,444
Sales of scraps	**–**	452
Others	**2,038**	4,543
	69,988	108,249

Note: The provincial government granted the Group a lump sum for investment in plant and machinery for manufacturing activities. This amount was recognised as deferred government grants and was amortised to profit or loss over 5–30 years being the estimated useful life of the system.

5. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest on borrowings (including medium term bonds)	**130,461**	126,913
Interest on loans from related parties	**39,055**	14,730
Interest on lease liabilities	**2,140**	3,027
	171,656	144,670

6. LOSS BEFORE INCOME TAX

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

	2024	2023
	RMB'000	*RMB'000*
Cost of inventories sold	**467,880**	755,585
Cost of services provided	**22,316**	41,945
Depreciation of property, plant and equipment	**45,162**	110,785
Depreciation of right-of-use assets	**21,672**	26,163
Amortisation of intangible assets	**463**	596
Research and development costs	**–**	1,933
Lease payments not included in the measurement of lease liabilities	**1,122**	5,482
Auditor's remuneration	**2,200**	3,508
Employee benefit expense (including directors' remuneration)		
– Wages and salaries	**126,574**	166,569
– Pension scheme contributions	**21,754**	20,422
	148,328	186,991
Fair value gain on financial assets at fair value through profit or loss	**–**	(20,885)
Write-down of inventories to net realisable value	**31,049**	4,269
Write-down of property, plant and equipment	**45,021**	–
Provision/(Reversal of provision of) for ECL allowance		
– Trade receivables	**59,627**	15,354
– Other receivables	**10,203**	24,370
– Contracts assets	**285**	(179)
Impairment of goodwill	**–**	2,756
Write-down to net realisable value for assets classified as held for sale	**4,647**	–
Impairment of investments in associates	**–**	20,884
Fair value (gains)/losses on investment properties	**(1,978)**	2,400
Foreign exchange differences, net	**1,967**	3,675
Compensation, penalties and fines	**2,019**	3,399
Bank interest income	**(5,023)**	(10,458)
Interest income from an associate	**(42,503)**	(51,425)
Share of results of associates	**16,297**	12,048
Gain from derecognition of leases upon early termination	**(2,790)**	(515)
Loss on deemed disposal of interest in an associate	**9,861**	–
Gains on debt restructuring	**–**	(7,827)

7. INCOME TAX CREDIT

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits in Hong Kong during the year (2023: Nil). Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

	2024	2023
	RMB'000	*RMB'000*
PRC Enterprise Income Tax ("EIT")		
– Current tax	**8,639**	3,945
– Adjustment in respect of current tax of previous periods	**(40,653)**	(38,068)
Deferred tax expense	**(51,253)**	976
Total income tax credit for the year	**(83,267)**	(33,147)

8. DIVIDENDS

No dividend has been declared and paid by the Company during the year ended 31 December 2024 (2023: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amount is based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares in issue less shares held under share award scheme during the year of 2,477,877,326 (2023: 2,483,566,389).

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023. The calculations of basic and diluted loss per share are based on:

	2024	2023
	RMB'000	*RMB'000*
Loss		
Loss attributable to owners of the Company	**(334,391)**	(381,536)

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue less shares held under share award scheme during the year used in the basic and diluted loss per share calculation	**2,477,877,326**	2,483,566,389

10. TRADE RECEIVABLES

	2024 *RMB'000*	2023 *RMB'000*
Trade receivables		
– third parties	**278,902**	215,395
– related parties	**34,687**	42,925
	313,589	258,320
Less: ECL allowance	**(81,569)**	(21,942)
Trade receivables, net	**232,020**	236,378

The directors of the Group consider that the fair values of trade receivables are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

Trade receivables are mainly from hotel operations and sales of goods including furniture and trading. For sales of furniture, the Group's trading terms with its customers are mainly on credit, except for some new customers, where payment in advance is normally required. The credit period is generally 30 to 180 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. For hotel operations and trading, payment is generally received in advance. Overdue balances are reviewed regularly by senior management. 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. The Group does not hold any collateral or other credit enhancements over its trade receivables balance. Trade receivables are non-interest-bearing.

The trade receivables of RMB34,687,000 (2023: RMB42,925,000) which are due from related parties are unsecured, interest-free and repayable on demand.

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

	2024 *RMB'000*	2023 *RMB'000*
Within 1 year	**146,007**	166,023
1 to 2 years	**44,320**	70,355
Over 2 years	**41,693**	–
	232,020	236,378

The movements in ECL allowance for impairment of trade receivables are as follows:

	2024 *RMB'000*	2023 *RMB'000*
At 1 January	**21,942**	6,588
ECL allowance recognised during the year	**59,627**	15,354
At 31 December	**81,569**	21,942

11. 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:

	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**28,360**	87,801
1 to 3 months	**75,677**	52,501
3 to 6 months	**16,015**	19,600
6 to 12 months	**42,201**	33,921
More than 1 year	**43,542**	26,835
	205,795	220,658

The trade payables are non-interest-bearing and are normally settled for a period of 3 months extendable up to 1 year.

All amounts are short term and hence the carrying amounts of the Group's trade payables are considered to be a reasonable approximation of fair value.

12. AMOUNTS DUE FROM/(TO) RELATED PARTIES

As at 31 December 2024, the amounts due from associates is unsecured and repayable on demand or expected to be settled within one year. Except for the aggregate amount of RMB331,428,000 (2023: RMB237,872,000) which is interest-free, the remaining amounts bear interest at a rate of range from 8% to 12.5% per annum (2023: 8% to 12.5% per annum).

As at 31 December 2024, the loan from the ultimate holding company amounting to RMB924,769,000 (2023: RMB79,000,000) is unsecured and bearing interest rate at a rate of 8% per annum (2023: 8% per annum) and will be repayable within one year.

As at 31 December 2024, the loan from fellow subsidiaries amounting to RMB54,169,000 (2023: Nil) is unsecured and bearing interest rate at a rate of 6% to 6.25% per annum (2023: Nil) and will be repayable within one year.

As at 31 December 2024, the loan from an associate amounting to RMB27,200,000 (2023: RMB53,000,000) is unsecured and bearing interest at a rate of 5.8% per annum (2023: 5.8% per annum), and repayable within one year.

As at 31 December 2024, the loan from non-controlling interests amounting to RMB47,342,000 (2023: RMB45,013,000) is unsecured and bearing interest at a rate of 6.15% per annum (2023: 6.15% per annum) and will be repayable within one year.

As at 31 December 2023, the loan from a director amounting to RMB18,969,000 is unsecured, bears interest rate at a rate of 8% per annum and will be repayable within one year.

As at 31 December 2024, the loan from the immediate holding company amounting to RMB114,888,000 (2023: RMB95,113,000) is unsecured and bearing interest rate at a rate of 5.5% per annum (2023: 5.5% per annum) and will be repayable after one year.

13. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2024	2023
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Construction in progress	**32,083**	36,197

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2024, the Group recorded revenue of RMB525.6 million (2023: RMB827.9 million), representing a decrease of 36.5% from last year. The decrease in revenue was attributable to a weak consumer market and the Group's cessation of the commodities trading business during the year. The Group's overall gross profit margin increased from 3.2% in 2023 to 6.7% in 2024, primarily due to a slight improvement in the gross profit margin of the furniture business and the cessation of the low-margin commodities trading business during the year. For the furniture business, the gross profit margin increased from 7.4% in 2023 to 8.7% in 2024.

Loss for the year was RMB348.3 million (2023: loss for the year of RMB386.0 million), representing a decrease of 9.8%. Loss attributable to owners of the parent for the year was RMB334.4 million (2023: loss attributable to owners of the parent of RMB381.5 million), representing a decrease of 12.4%. The slight improvement was a result of the Group's enhanced gross profit margin, reduced operating expenses and reversal of over-provision of income tax, but offset by an increase in impairment of trade receivables and financial assets included in prepayments, deposits and other receivables, increase in finance costs and increase in share of losses of associates.

For the year ended 31 December 2024, selling and distribution expenses decreased by 39.4% to approximately RMB100.2 million (2023: RMB165.4 million), which was mainly due to a significant reduction in sales promotions and exhibition activities, as well as lower salaries and commissions resulting from a weak consumer market and reduced sales force, and the Group's closure of self-operated stores.

Administrative expenses decreased by 18.0% to RMB128.9 million (2023: RMB157.2 million), which was mainly attributable to a reduction in guarantee fees for bank and other loan financing, along with the implementation of the Group's cost-saving policy during the year.

Finance costs during the year increased by 18.7% to RMB171.7 million (2023: RMB144.7 million) due to an increase in average borrowings and average interest rate during the year.

Share of profits and losses of associates during the year increase from share of losses of RMB12.0 million for the year ended 31 December 2023 to share of losses of RMB16.3 million for the year ended 31 December 2024, which was mainly attributable to an increase in the share of loss of Guangzhou Gangke Real Estate Co., Ltd* ("Gangke", 廣州港科置業有限公司) during the year.

An income tax credit of RMB83.3 million (2023: RMB33.1 million) has been recorded for the year ended 31 December 2024, which mainly represented adjustment in respect of current tax of previous periods and deferred tax credit during the year.

* *For identification purposes only*

BUSINESS REVIEW

In the second half of 2024, the government of the People's Republic of China (the "PRC") implemented a series of fiscal stimulus measures aiming to boost the confidence of the society and promote the steady operation and high-quality development of the Mainland China's economy. However, comparing to 2023, the growth rate of household income and consumption decreased, indicating that consumers are more cautious in spending and the downgrading of overall consumption. Among this phenomenon, the adjustment in the real estate market continued, which induce weak demand for resident properties and hence directly affected the demand for furniture. Despite this, the Chinese government has introduced a series of measures to stimulate consumption, such as the "trade-in of old consumer goods" policy for furniture, which to some extent has alleviated the impact of weak consumption for furniture.

Throughout the year, the business of franchise distributors was significantly affected by the weak consumer market. By the end of the year, although the number of retail outlets increased by 0.1% year-on-year to 1,960, the purchase orders from franchisees decreased. Besides, the Group closed three self-operate stores, resulting in a one-off provision of store renovation and opening expenses. However, the timely discontinuation of the business halted monthly losses from these self-operate stores. To further enhance its brand appeal, the Company appointed Ms. Annabel Yao as the new spokesperson for the Group. This move highlights the rejuvenation of Group's youthful brand image, aiming to bridge the gap with younger consumers and convey the Royal brand's youthful, fashionable and energetic identity.

With the support of the controlling shareholder Science City (Guangzhou) Investment Group Co., Ltd* (科學城(廣州)投資集團有限公司) ("Science City", together with its subsidiaries, "Science City Group"), the Group aims at expanding its furniture projects for sizeable commercial clients. In the second half of the year, the Group successfully completed several large-scale furniture projects. However, due to the impact of slow down commercial activities, the furniture projects business also recorded a slight decline. Despite this, the management remains optimistic about the future development of furniture projects business.

The Group's hotel business located in Xiancun Town, Guangzhou Zengcheng District, continued its improvement resulting in an increase of hotel revenue by approximately 30.2% year-on-year. The Group will keep improving the quality in hospitality and brand image in order to strengthen its market competitiveness.

Inventory and prepayments, deposits and other receivables

The Group's inventory decreased by 10.3% to approximately RMB271.4 million as at 31 December 2024 (2023: RMB302.4 million), which was mainly due to provision for slow-moving inventories. Prepayments, deposits and other receivables increased by 9.6% to RMB442.6 million (2023: RMB404.0 million) mainly resulting from an increase in other tax receivables and prepayments for inventories.

* *For identification purposes only*

Working capital

The Group had net current liabilities of RMB699.2 million at the end of the year (2023: net current liabilities of RMB96.1 million). The Group will continue to take initiatives to manage its cashflow and capital commitments.

Liquidity and financial resources

The Group had cash and cash equivalents amounting to RMB20.5 million as at 31 December 2024 (2023: RMB29.3 million). As at 31 December 2024, the Group's current ratio (current assets to current liabilities) decreased to 0.74 (2023: 0.96) and net current liabilities increased to RMB699.2 million (2023: net current liabilities of RMB96.1 million). As at 31 December 2024, the interest-bearing bank and other borrowings amounted to RMB1,690.6 million (2023: RMB2,389.9 million), all denominated in Renminbi, loan from the immediate holding company, loan from the ultimate holding company, loan from fellow subsidiaries, loan from an associate, loan from non-controlling interests and medium term bonds are total amount of RMB1,209.1 million (2023: loan from the immediate holding company, loan from the ultimate holding company, loan from an associate, loan from non-controlling interests, loan from a director and medium term bonds are total amount of RMB328.6 million). Approximately 87.3% of the Group's cash and bank balances and time deposits were denominated in Renminbi with the remaining balance denominated in Hong Kong dollars. The exposure to the foreign exchange rate fluctuation during the year has been minimal since both of our operating cash inflow and outflow are predominantly in Renminbi. Currently, the Group does not maintain any hedging policy with respect to these foreign currency exposures.

Gearing ratio

The gearing ratio is defined as net debt divided by capital plus net debt, amounted to 72% as at 31 December 2024 (2023: 66%).

PROSPECTS

Looking ahead to 2025, the Chinese government is expected to continue implementing policies aimed at maintaining growth, including further elimination of restrictions in the real estate market and promotion of technological innovation. Although the recovery of Chinese economy is anticipated to continue, it will still take some time for the improvement of the consumer market in China.

The Group is determinated to continue allocating resources and proactively develop its home furnishing business. Leveraging its brand strength and the influence of its new spokesperson, the Group aims to expand its sales channels, further optimize its cost structure, streamline administrative expenses, and adjust its workforce to enhance operational efficiency and profitability. These measures are designed to address market challenges and solidify the Group's market position.

In 2025, the Group will also focus on optimizing its financial structure and strategically divesting assets to repay bank loans. Although it takes time to dispose of assets and debts, the Group is committed to reducing its debt levels and expenditure to lower financial costs and improve cash flow levels.

The Group will closely monitor market developments and remain flexible in adjusting its business strategies to navigate the complex and ever-changing market environment. These efforts are aimed at creating long-term value for shareholders of the Group.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Guangzhou Yuyuan Real Estate Development Co., Ltd.* (廣州御園地產發展有限公司) (an indirect wholly-owned subsidiary of the Company) intends to dispose of 25% equity interest in Dongma (Guangzhou Bonded Area) Grease Chemical Engineering Co., Ltd.* (東馬(廣州保税區)油脂化工有限公司), through public tender on Guangdong United Assets and Equity Exchange* (廣東聯合產權交易中心) ("**GUAEE**"). The public tender notice has been published on GUAEE on 20 February 2025.

Saved as disclosed in this announcement, there are no significant events affecting the Group after the year ended 31 December 2024 and up to the date of this announcement.

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULES 13.20 AND 13.22 AND DETAILS OF LOANS OF GRANT DISCLOSURE PURSUANT TO RULE 13.16 OF THE LISTING RULES

In accordance with the requirements of Rules 13.20 and 13.22 of the Listing Rules, the following were the details of advances to entity and financial assistances to an affiliated company of the Group which, together in aggregate, exceed 8% of the Group's total assets as at 31 December 2024.

Name of counterparty/ affiliated company	Amount	Nature	Interest rate	Repayment terms/method of repayment and maturity date	Security/ collateral	Source of funding	Banking facilities utilised or to be utilised which are guaranteed by the Group
1. Gangke[(1)]	Principal amount of up to RMB732 million	Shareholder's loan	8%–12.5% per annum	Repayable on demand	Unsecured	The Group's internal resources	N/A
2. Gangke[(2)]	Principal amount of up to RMB30 million	Loan	12.5% per annum	Repayable on demand	Unsecured	The Group's internal resources	N/A

Name of counterparty/ affiliated company	Amount	Nature	Interest rate	Repayment terms/method of repayment and maturity date	Security/ collateral	Source of funding	Banking facilities utilised or to be utilised which are guaranteed by the Group
3. Gangke[3]	Maximum RMB320 million	Share pledge provided by Wanlibao for the benefit of Industrial and Commercial Bank of China Limited, Xintang, Guangzhou Branch (中國工商銀行股份有限公司廣州新塘支行) over the 40% equity interests in the Gangke held by Wanlibao to secure the repayment of bank loan by Gangke	N/A	N/A	N/A	N/A	RMB216.7 million
4. Gangke[4]	Maximum RMB13 million	Guarantee provided by Wanlibao for the benefit of Guangzhou Yuexiu Industrial Investment Co., Ltd.* (廣州越秀實業投資有限公司) to guarantee the repayment of bank loan by Gangke	N/A	N/A	N/A	N/A	RMB10.0 million
Total	RMB1,095 million						RMB226.7 million

Notes:

(1) Pursuant to a joint venture agreement dated 27 October 2020 (the "JV Agreement"), the parties agreed to establish Gangke for the purpose of acquiring a parcel of land situated at Hengling Village, Shitan Town, Zengcheng District, Guangzhou* (廣州市增城區石灘鎮橫嶺村) of residential (and commercial) uses with a total land area of approximately 196,435.11 square metres (the "Target Land Parcel"). Gangke has successfully acquired the Target Land Parcel at the public auction held on 11 November 2020. Under the JV Agreement, the maximum commitment of Guangzhou Wanlibao Investment Co., Ltd.* (廣州萬利寶投資有限公司) ("Wanlibao") to Gangke, determined based on the shareholding percentage of Wanlibao in Gangke (i.e. 40%), amounts to RMB1.532 billion (the "Total Commitment"). Gangke represents an investment in an associate of the Company. Its equity interest is held as to 40% by Wanlibao (a wholly-owned subsidiary of the Company) and 60% by Jiangsu Ganglong Huayang Real Estate Co., Ltd.* ("Jiangsu Ganglong", 江蘇港龍華揚置業有限公司), an indirect wholly-owned subsidiary of Ganglong China Property Group Limited (the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 6968)).

* *For identification purposes only*

Wanlibao has extended to Gangke a shareholder's loan, being a part of the Total Commitment, representing a commitment and obligation of the Group under the JV Agreement, which is binding on the Group. Pursuant to a letter of confirmation dated 5 January 2022 entered into between Wanlibao and Gangke, the parties have agreed and confirmed the provision of a shareholder's loan (the "Shareholder's Loan") in the principal amount of up to RMB732 million and that certain previous contributions made shall be deemed to be and construed as advances provided by Wanlibao to Gangke under the Shareholder's Loan (and the date of such advances shall be deemed to be and construed as the date of drawdown under the Shareholder's Loan).

The Company considered that the establishment of Gangke represented a good investment opportunity to the Group, through which the Group will be able to hold an investment interest in Gangke and enjoy the estimated earnings of the development project in relation to the Target Land Parcel (the "Development Project"). With the Group's familiarity with and long-established presence in the Zengcheng District, and taking into account Jiangsu Ganglong's expertise and experience in property development projects; it is expected that the parties will exert their respective advantages and contribute to the successful development of Gangke and the Development Project.

(2) Guangzhou Royal Furniture Company Limited* ("Guangzhou Royal", 廣州皇朝家具有限公司), an indirect wholly-owned subsidiary of the Company, extended a loan to Gangke in the principal amount of up to RMB30.0 million (the "Loan"). The Loan was provided as further financial support for the Development Project, demonstrating the Group's continuous dedication in solidifying its investment as well as locking future return. As a key investment of the Group, the Group remains committed to the exploitation and realization of its potential, and will utilize its resources for such purpose having regard to the Group's funding needs, cashflow positions and business plan and strategy.

(3) A pledge over 40% of the equity interest in Gangke held by Wanlibao was provided by Wanlibao in favour of Industrial and Commercial Bank of China Limited, Xintang, Guangzhou Branch (中國工商銀行股份有限公司廣州新塘支行) pursuant to the terms of pledge agreement dated 29 September 2021 entered into between Wanlibao as pledgor and the lender as pledgee to secure the repayment of a maximum loan amount of RMB320 million. The pledge was provided by the Group in support of the Development Project, which enabled Gangke to obtain external financings while at the same time creating no immediate capital outflow for the Group.

(4) A guarantee was provided by Wanlibao in favour of Guangzhou Yuexiu Industrial Investment Co., Ltd.* (廣州越秀實業投資有限公司) pursuant to the terms of guarantee agreement dated 23 March 2023 entered into between Wanlibao as guarantor and the lender as guarantee to guarantee the repayment of a maximum loan amount of RMB13 million. The guarantee was provided by the Group in support of the Development Project, which enabled Gangke to obtain external financings while at the same time creating no immediate capital outflow for the Group.

* *For identification purposes only*

A statement of financial position of the affiliated company as at 31 December 2024 required to be disclosed under Rule 13.22 of the Listing Rules is set out below:

	Statement of financial position
	RMB'000
Current assets	4,827,300
Non-current assets	1
Current liabilities	2,416,039
Non-current liabilities	541,700
Net assets	1,869,562

EMPLOYMENT AND REMUNERATION POLICY

The total number of employees of the Group as at 31 December 2024 was 949 (2023: 1,358). The Group's remuneration policies are in line with local market practices where the Group operates and are normally reviewed on an annual basis. In addition to salary payments, there are other staff benefits including provident fund, medical insurance and performance related bonus.

Share award may also be granted to eligible employees and persons of the Group under the Performance Share Award Plan adopted by the Company on 14 May 2021. At 31 December 2024, no Shares have been awarded to any Selected Persons pursuant to the Performance Share Award Plan.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of independent auditor's report issued by the Company's independent auditor:

Opinion

We have audited the consolidated financial statements of Royale Home Holdings Limited (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty related to Going Concern

We draw attention to note 2.1 to the consolidated financial statements, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions under Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year under review except for the following deviation:

Code Provision C.2.1 of the CG Code stipulates that the roles of the Chairman of the Board and the Chief Executive Officer should be separate and should not be performed by the same individual, and that the division of responsibilities between the Chairman and the Chief Executive Officer should be clearly stated.

During the year ended 31 December 2024, Mr. Lin Ruhai has taken both the positions as Chairman and CEO. Mr. Lin Ruhai, in addition to his duties as Chairman, was also be responsible for the corporate strategic planning and overall business development of the Group as CEO. Mr. Lin Ruhai has extensive experience and his duties of overseeing the Group's operations are considered to be beneficial to the Group. The Company considers having Mr. Lin Ruhai acting as both Chairman and CEO would provide strong and consistent leadership to the Group and facilitate the efficient execution of business strategies within the Group. Since the Directors will meet regularly to consider major matters affecting operations of the Company, the Directors and the management of the Company believe that this structure will enable the Company to make and implement decisions promptly and efficiently. As a result, the Company currently does not propose to separate the functions of Chairman and CEO. The Board will continue to review and consider splitting the roles of Chairman and CEO at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted for compliance by the directors and relevant employees the code of conduct for dealings in securities of the Company as set out in Appendix C3 – Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") to the Listing Rules. The Company, having made specific enquiry, confirms that members of the Board complied throughout the year with the Model Code.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit of loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Company's auditors, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditors 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 the Company's auditors on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee has been established in compliance with Rules 3.21 and 3.22 of the Listing Rules and with written term of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, accounting principles, risk management and internal control systems of the Group and to review and monitor the appointment of the auditors and their independence. The Audit Committee has also held meeting with the Group's external auditors without the presence of executive directors and management of the Group, to discuss matters arising from the auditing, internal controls and financial reporting, including the review of the annual results for the year ended 31 December 2024, and report to the Board of material issues, if any, and make recommendations to the Board. The Audit Committee consists of three independent non-executive Directors namely Mr. Yue Man Yiu Matthew, who is the chairman of the Audit Committee, Mr. Lau Chi Kit and Mr. Chan Wing Tak Kevin. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2024.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares) during the year under review.

DIVIDENDS

The Board has resolved not to declare a final dividend for the year ended 31 December 2024 (2023: HK$nil per share for final dividend).

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 11 June 2025 to Monday, 16 June 2025, both days inclusive. In order to be eligible to attend and vote at the forthcoming annual general meeting to be held on Monday, 16 June 2025, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 10 June 2025.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, the Company has maintained a sufficient public float as required under the Listing Rules during the year and as at the date of this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the website of the Company (www.royale.todayir.com) and the Stock Exchange (www.hkexnews.hk). An annual report of the Company for the year ended 31 December 2024 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and make available on the abovementioned websites in due course.

By order of the Board
Royale Home Holdings Limited
Lin Ruhai
Chairman, Executive Director and Chief Executive Officer

Hong Kong, 31 March 2025

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Lin Ruhai (Chairman) and Mr. Tse Kam Pang (Co-Chairman); four non-executive Directors, namely, Mr. Wu Zhongming, Mr. Tao Ying, Ms. Yang Ying and Mr. Yan Weihao; and three independent non-executive Directors, namely, Mr. Lau Chi Kit, Mr. Yue Man Yiu Matthew and Mr. Chan Wing Tak Kevin.