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Zhong Ao Home Group Limited

中奧到家集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1538)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

FINANCIAL HIGHLIGHTS

- For the six months ended 30 June 2025, the revenue amounted to approximately RMB899.5 million, representing an increase of approximately 1.1% as compared with the corresponding period in 2024.
- For the six months ended 30 June 2025, the gross profit amounted to approximately RMB194.6 million, representing an increase of approximately 3.7% as compared with the corresponding period in 2024.
- For the six months ended 30 June 2025, the net profit amounted to approximately RMB58.9 million, representing an increase of approximately 4.4% as compared with the corresponding period in 2024.
- For the six months ended 30 June 2025, the basic earnings per share amounted to RMB6.2 cents, representing an increase of approximately 5.1% as compared with the corresponding period in 2024.
- The Board has resolved not to declare an interim dividend for the period (six months ended 30 June 2024: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of Zhong Ao Home Group Limited (the “**Company**”) is pleased to announce the unaudited consolidated financial information of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2025, together with the comparative figures for the corresponding period in 2024, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		For the six months ended 30 June	
	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
REVENUE	5	899,482	889,462
Cost of sales and services		(704,925)	(701,843)
Gross profit		194,557	187,619
Other income and gains		17,237	15,706
Selling and distribution expenses		(1,969)	(182)
Administrative expenses		(87,158)	(96,643)
Net impairment losses recognised on financial assets		(29,477)	(23,451)
Other expenses		(4,969)	(4,893)
Finance costs		(865)	(871)
Share of profits and losses of:			
Joint ventures		(906)	563
Associates		(1,338)	2,838
PROFIT BEFORE TAX	6	85,112	80,686
Income tax expenses	7	(26,221)	(24,265)
PROFIT FOR THE PERIOD		58,891	56,421
Attributable to:			
Owners of the parent	9	52,925	50,807
Non-controlling interests		5,966	5,614
		58,891	56,421
EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— For profit for the period (RMB)	9	0.062	0.059

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME (Continued)**

For the six months ended 30 June 2025

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>58,891</u>	<u>56,421</u>
Attributable to:		
Owners of the parent	52,925	50,807
Non-controlling interests	<u>5,966</u>	<u>5,614</u>
	<u>58,891</u>	<u>56,421</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

		30 June 2025	31 December 2024
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property and equipment		94,300	102,370
Investment properties	10	151,492	154,784
Right-of-use assets		5,793	5,940
Goodwill		225,282	225,282
Prepayments for acquisition of properties	11	9,059	9,259
Investments in joint ventures		4,433	5,339
Investments in associates		5,139	6,477
Other intangible assets		27,723	32,196
Prepayments and other receivables	13	12,265	12,566
Deferred tax assets		77,208	77,093
Total non-current assets		612,694	631,306
CURRENT ASSETS			
Inventories		1,861	9,072
Trade receivables	12	645,967	505,864
Prepayments and other receivables	13	247,732	248,787
Cash and cash equivalents		480,879	545,156
Total current assets		1,376,439	1,308,879
CURRENT LIABILITIES			
Trade payables	14	82,129	96,732
Other payables and accruals	15	570,124	539,660
Interest-bearing bank and other borrowings		40,000	45,920
Lease liabilities		1,524	1,523
Tax payables		121,753	119,172
Total current liabilities		815,530	803,007
NET CURRENT ASSETS		560,909	505,872
TOTAL ASSETS LESS CURRENT LIABILITIES		1,173,603	1,137,178

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION (Continued)**

30 June 2025

	30 June 2025	31 December 2024
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
NON-CURRENT LIABILITIES		
Deferred tax liabilities	34,384	33,893
Lease liabilities	5,320	5,425
	<hr/>	<hr/>
Total non-current liabilities	39,704	39,318
	<hr/>	<hr/>
NET ASSETS	1,133,899	1,097,860
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EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	7,082	7,082
Reserves	1,065,862	1,032,570
	<hr/>	<hr/>
	1,072,944	1,039,652
Non-controlling interests	60,955	58,208
	<hr/>	<hr/>
TOTAL EQUITY	1,133,899	1,097,860
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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

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, a limited liability company incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements (the “**Interim Financial Statements**”) for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2024.

The Interim Financial Statements have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair values. The Interim Financial Statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the Interim Financial Statements are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2024.

In the current interim period, the Group has adopted all the amendments to HKFRSs, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2025 for the preparation of the Interim Financial Statements. The application of the amendments to HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Interim Financial Statements and amounts reported for the current and prior periods.

The Group has not applied any new or amendments to HKFRSs that are not yet effective for the current interim period.

4. OPERATING SEGMENT INFORMATION

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 six months ended 30 June 2025 (unaudited)				
Segment revenue (note 5)				
Sales to external customers	655,964	169,555	73,963	899,482
Intersegment sales	44,398	31,115	25,948	101,461
	<u>700,362</u>	<u>200,670</u>	<u>99,911</u>	<u>1,000,943</u>
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(101,461)</u>
Revenue				<u><u>899,482</u></u>
Segment results	53,254	34,467	11,635	99,356
<i>Reconciliation:</i>				
Bank interest income				1,119
Changes in fair value of investment properties				(1,952)
Net foreign exchange gain				482
Corporate expenses				(10,950)
Share of losses of joint ventures				(906)
Share of losses of associates				(1,338)
Finance costs (other than interest on lease liabilities)				<u>(699)</u>
Profit before tax				<u><u>85,112</u></u>

4. 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>
30 June 2025 (unaudited)				
Segment assets	1,918,182	263,013	241,818	2,423,013
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(956,916)
Corporate and other unallocated assets				<u>523,036</u>
Total assets				<u><u>1,989,133</u></u>
Segment liabilities	1,079,304	204,200	178,264	1,461,768
<i>Reconciliation:</i>				
Elimination of intersegment payables				(784,099)
Corporate and other unallocated liabilities				<u>177,565</u>
Total liabilities				<u><u>855,234</u></u>

4. 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
For the six months ended 30 June 2024 (unaudited)				
Segment revenue (note 5)				
Sales to external customers	648,051	162,269	79,142	889,462
Intersegment sales	6,784	67,302	32,418	106,504
	<u>654,835</u>	<u>229,571</u>	<u>111,560</u>	<u>995,966</u>
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(106,504)</u>
Revenue				<u><u>889,462</u></u>
Segment results	49,113	31,681	10,694	91,488
<i>Reconciliation:</i>				
Bank interest income				2,303
Other interest income from financial assets at fair value through profit or loss				11
Changes in fair value of investment properties				(2,776)
Fair value change of financial assets at fair value through profit or loss				(500)
Net foreign exchange loss				(1,100)
Corporate expenses				(11,424)
Share of profits of joint ventures				563
Share of profits of associates				2,838
Finance costs (other than interest on lease liabilities)				<u>(717)</u>
Profit before tax				<u><u>80,686</u></u>
31 December 2024 (audited)				
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>

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Rendering of services	898,188	885,732
Sales of goods	1,294	3,730
	899,482	889,462

Revenue from contracts with customers

(i) Disaggregated revenue information

For the six months ended 30 June 2025 (unaudited)

<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	655,964	169,555	72,669	898,188
Sales of goods	–	–	1,294	1,294
	655,964	169,555	73,963	899,482
Geographical market				
Mainland China	655,964	169,555	73,963	899,482
Timing of revenue recognition				
Over time	655,964	169,555	72,669	898,188
At a point of time	–	–	1,294	1,294
	655,964	169,555	73,963	899,482

5. REVENUE (Continued)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

For the six months ended 30 June 2024 (unaudited)

<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	648,051	162,269	75,412	885,732
Sales of goods	—	—	3,730	3,730
	<u>648,051</u>	<u>162,269</u>	<u>79,142</u>	<u>889,462</u>
Geographical market				
Mainland China	<u>648,051</u>	<u>162,269</u>	<u>79,142</u>	<u>889,462</u>
Timing of revenue recognition				
Over time	648,051	162,269	75,412	885,732
At a point of time	—	—	3,730	3,730
	<u>648,051</u>	<u>162,269</u>	<u>79,142</u>	<u>889,462</u>

5. REVENUE (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 30 June 2025 and 31 December 2024 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.

6. PROFIT BEFORE TAX

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

		For the six months ended 30 June	
		2025	2024
	<i>Note</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Cost of services provided		703,849	699,060
Cost of goods sold		1,076	2,783
Employee benefit expense (excluding directors' and chief executive's remuneration)			
Salaries and other benefits		390,186	464,589
Retirement benefit scheme contributions		38,198	40,612
		428,384	505,201
Depreciation of items of property and equipment		14,742	17,572
Depreciation of right-of-use assets		935	1,256
Amortisation of other intangible assets		4,473	4,845
Net impairment losses recognised on trade receivables		28,051	20,613
Net impairment losses recognised on other receivables		1,426	2,838
Fair value loss on investment properties	10	1,952	2,776
Rental income		(1,872)	(937)
Foreign exchange (gain)/loss		(482)	1,100
Fair value change of financial assets at fair value through profit or loss		–	500
Bank interest income		(1,119)	(2,303)
Other interest income from financial assets at fair value through profit or loss		–	(11)
Loss on disposal of items of property and equipment		187	361
Loss on disposal of an investment property		263	–

7. INCOME TAX

A provision for PRC Enterprise income tax ("EIT") has been provided at the applicable income tax rate of 25% for the six months ended 30 June 2025 (six months ended 30 June 2024: 25%) on the assessable profits of the Group's subsidiaries in Mainland China, except for those subsidiaries which enjoy 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 is entitled to a reduced EIT rate of 15%. A subsidiary is recognised as HNTE during the year and accordingly, is subject to EIT rate of 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 Interim Financial Statements as no assessable profit was derived from Hong Kong during the six months ended 30 June 2025 and 2024.

7. INCOME TAX (Continued)

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
EIT	25,845	33,681
Deferred tax	376	(9,416)
	<hr/>	<hr/>
Total tax charge for the period	26,221	24,265
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8. DIVIDENDS

During the six months ended 30 June 2025, a dividend of HKD2.5 cents per share in respect of the year ended 31 December 2024 was declared by the directors of the Company and approved in the Company's annual general meeting on 3 June 2025. No interim dividend was paid, declared or proposed for the six months ended 30 June 2025 (2024: Nil).

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 period, and the weighted average number of ordinary shares of 854,550,000 shares (six months ended 30 June 2024: 854,550,000 shares) in issue during the period.

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

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	52,925	50,807
	<hr/>	<hr/>
Shares		
Weighted average number of ordinary shares in issue during the period	854,550,000	854,550,000
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Diluted earnings per share for the six months ended 30 June 2025 and 2024 were the same as the basic earnings per share, as the Company has no potential dilutive ordinary shares.

10. INVESTMENT PROPERTIES

	<i>RMB'000</i>
Carrying amount at 1 January 2025 (audited)	154,784
Disposal	(1,340)
Net loss from fair value adjustments (<i>note 6</i>)	(1,952)
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Carrying amount at 30 June 2025 (unaudited)	151,492
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Certain investment properties are leased to third parties under operating leases.

The Group's investment properties are all situated in Mainland China. The directors of the Company have determined that all the investment properties include commercial properties, residential properties and other properties, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 30 June 2025 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent firm of professionally qualified valuers, using the market approach, as at 30 June 2025. The Group appoints external valuer to be responsible for the external valuations of the Group's properties. The directors of the Company have discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

11. PREPAYMENTS FOR ACQUISITION OF PROPERTIES

As at 30 June 2025, the Group had paid deposits to property developers of approximately RMB9,059,000 (31 December 2024: RMB9,259,000) in relation to the acquisition of properties situated in Mainland China.

12. TRADE RECEIVABLES

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

	30 June 2025	31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within 1 year	522,928	386,168
1 to 2 years	63,028	61,144
Over 2 years	60,011	58,552
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	645,967	505,864
	<hr/> <hr/>	<hr/> <hr/>

13. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Payment on behalf of customers to utility suppliers	74,289	74,928
Deposits paid to utility suppliers	46,885	47,122
Other receivables (<i>note</i>)	186,511	185,635
Prepayments	68,138	68,068
	<u>375,823</u>	<u>375,753</u>
Less: Impairment allowance	(115,826)	(114,400)
Total	259,997	261,353
Less: non-current portion	(12,265)	(12,566)
Current portion	<u>247,732</u>	<u>248,787</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 RMB50.2 million (31 December 2024: RMB50.2 million) were pledged by certain residential properties, commercial properties and car parking spaces, the fair value of those collateral pledged was approximately RMB18.4 million (31 December 2024: RMB18.6 million) and the allowance for expected credit loss of approximately RMB31.8 million (31 December 2024: RMB31.6 million) 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:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 60 days	57,645	75,611
Over 60 days and within 180 days	7,277	5,019
Over 180 days and within 365 days	7,817	7,196
Over one year	9,390	8,906
	<u>82,129</u>	<u>96,732</u>

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

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

15. OTHER PAYABLES AND ACCRUALS

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Contract liabilities (<i>note a</i>)	82,732	94,205
Receipts on behalf of community residents for utilities	167,389	148,670
Received in advance	9,420	11,910
Accruals	160,794	164,778
Other payables (<i>note b</i>)	34,104	13,714
Deposits received	68,376	54,593
Dividends payable to non-controlling shareholders of subsidiaries	1,205	2,436
Amounts due to non-controlling equity holders of subsidiaries (<i>note c</i>)	1,952	3,008
Due to the ultimate holding company	14,213	13,810
Other tax payables	29,939	32,536
	<u>570,124</u>	<u>539,660</u>

15. OTHER PAYABLES AND ACCRUALS (Continued)

Notes:

(a) Details of contract liabilities as at 30 June 2025 and 31 December 2024 are as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Advances received from customers		
Sale of goods and installation services	3,783	9,700
Property management services	78,949	84,505
	<hr/>	<hr/>
Total contract liabilities	82,732	94,205
	<hr/>	<hr/>

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

- (b) Other payables are unsecured, non-interest-bearing and repayable on demand.
- (c) As at 30 June 2025 and 31 December 2024, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is a leading independent property management service provider in the PRC. In July 2025, a subsidiary of the Group — 廣東中奧物業管理有限公司 (Guangdong Zhong Ao Property Management Company Limited*) (“**Guangdong Zhong Ao**”) awarded 2025年度浙江省物業服務AAA級企業 (AAA-level Property Service Enterprise in Zhejiang Province in 2025*) from 浙江省住房和城鄉建設廳 (Zhejiang Provincial Department of Housing and Urban-Rural Development*).

The Group is engaged in the provision of property management services, cleaning and greening services and other services. The Group strives to provide more services and create more value for property owners and customers through diversified property management with its value-added services package. The Group adheres to the philosophy of “more wonderful, more well-being, more satisfactory 更美，更好，更滿意” to provide the services with best qualities to customers.

Property management business

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 CMS 31950, IEC 27001, ISO 50001, ISO 9001, ISO 14001 and OHSAS 18001.

As at 30 June 2025, the Group had a total delivered contracted gross floor area (“**GFA**”) of approximately 59.7 million square meters (“**sq.m.**”) and managed 552 residential and non-residential properties such as commercial or government buildings across 47 cities in China.

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 continues 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 seeks to expand its business within the same city or neighboring cities with a view to maximise its economies of scale.

The list below illustrates the cities in which properties of the Group were delivered contracted to manage were located and number of projects in each city as at 30 June 2025.

Eastern and Central China	Southern China	Northern China	Western China
1 Changde (2)	28 Cenxi (12)	43 Baotou (8)	45 Khorgos (5)
2 Chengzhou (2)	29 Foshan (17)	44 Zhangjiakou (1)	46 Lhasa (1)
3 Chongqing (1)	30 Guangzhou (4)		47 Urumqi (6)
4 Chuzhou (1)	31 Guilin (4)		
5 Hangzhou (39)	32 Heyuan (1)		
6 Huzhou (13)	33 Jiangmen (3)		
7 Jinan (1)	34 Kunshan (4)		
8 Kaifeng (1)	35 Laibin (4)		
9 Macheng (1)	36 Nanning (18)		
10 Nantong (10)	37 Qingyuan (4)		
11 Ningbo (284)	38 Sanya (6)		
12 Quzhou (6)	39 Wenchang (1)		
13 Shanghai (16)	40 Wuzhou (8)		
14 Shaoxing (7)	41 Yunnan (2)		
15 Suqian (2)	42 Zhaoqing (2)		
16 Suzhou (31)			
17 Taizhou (2)			
18 Wenzhou (1)			
19 Wuxi (6)			
20 Xuancheng (3)			
21 Yixing (2)			
22 Yueyang (1)			
23 Yunfu (1)			
24 Zhengzhou (2)			
25 Zhenjiang (4)			
26 Zhoukou (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 at the dates indicated.

	As at 30 June 2025	
	Sq.m. in thousands	No.
<i>Residential and Non-residential properties</i>		
Eastern and Central China ⁽¹⁾	42,978	441
Southern China ⁽²⁾	14,759	90
Northern China ⁽³⁾	1,145	9
Western China ⁽⁴⁾	835	12
Total	<u>59,717</u>	<u>552</u>

Notes:

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

Even though the second half of 2025 will still be full of challenges and uncertainties, the Group will continue to maintain its own advantage as an independent property management company and compete with its counterparts in the market by maintaining 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 customer base and its 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 with means of acquisitions and cooperation.

FINANCIAL PERFORMANCE REVIEW

Revenue

During the six months ended 30 June 2025, the Group recorded revenue of approximately RMB899.5 million, representing an increase of approximately 1.1% over the six months ended 30 June 2024.

The Group's revenue derived from property management business was approximately RMB648.1 million for the six months ended 30 June 2024 and approximately RMB656.0 million for the six months ended 30 June 2025, which represented an increase of approximately RMB7.9 million or 1.2%.

The Group's revenue derived from cleaning and greening business was approximately RMB162.3 million for the six months ended 30 June 2024 and approximately RMB169.6 million for the six months ended 30 June 2025, which represented an increase of approximately RMB7.3 million or 4.5%.

The Group's revenue derived from other businesses was approximately RMB79.1 million for the six months ended 30 June 2024 and approximately RMB74.0 million for the six months ended 30 June 2025, which represented a decrease of approximately RMB5.1 million or 6.5%.

Breakdown of revenue by business line and services

	For the six months ended 30 June		Change	
	2025	2024		
	RMB'000	RMB'000	RMB'000	%
Property management business	655,964	648,051	7,913	1.2
Cleaning and greening business	169,555	162,269	7,286	4.5
Other businesses	73,963	79,142	(5,179)	(6.5)
	<u>899,482</u>	<u>889,462</u>	<u>10,020</u>	<u>1.1</u>

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

Property management business

Revenue from the property management business increased by approximately RMB7.9 million or 1.2% over the corresponding period in 2024 and was primarily due to an increase in number of projects.

Cleaning and greening business

Revenue from the cleaning and greening business was approximately RMB169.6 million for the six months ended 30 June 2025, comparing to approximately RMB162.3 million or the six months ended 30 June 2024, represented an increase of approximately RMB7.3 million or 4.5%, mainly due to the increase demand for cleaning and greening services.

Other businesses

Revenue from other businesses decreased by approximately RMB5.2 million or 6.5% over the corresponding period in 2024 and was primarily due to impact of the economic environment.

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 property and equipment 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 approximately 0.4% from approximately RMB701.8 million for six months ended 30 June 2024 to approximately RMB705.0 million for six months ended 30 June 2025. The increment was due to the increase in the corresponding revenue.

Gross Profit and Gross Profit Margin

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

	For the six months ended 30 June 2025		2024	
	(Unaudited)		(Unaudited)	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Property management business	162,349	24.7	156,828	24.2
Cleaning and greening business	23,609	13.9	21,582	13.3
Other businesses	8,599	11.6	9,209	11.6
Total	<u>194,557</u>	<u>21.6</u>	<u>187,619</u>	<u>21.1</u>

The Group's gross profit for the six months ended 30 June 2025 was approximately RMB194.6 million, comparing to approximately RMB187.6 million for the six months ended 30 June 2024, represented an increase of approximately RMB7.0 million or 3.7%. The Group's overall gross profit margin increased from 21.1% for the six months ended 30 June 2024 to 21.6% for the six months ended 30 June 2025.

Other Income and Gains

The Group's other income and gains for the six months ended 30 June 2025 was approximately RMB17.2 million, which increased by approximately RMB1.5 million as compared to approximately RMB15.7 million for the six months ended 30 June 2024. It was primarily due to increase in rental income.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the six months ended 30 June 2025 were approximately RMB2.0 million, comparing to approximately RMB0.2 million for the six months ended 30 June 2024, represented an increase of approximately RMB1.8 million. The increase was primarily due to increase in market expenses for business development.

Administrative Expenses

The Group's administrative expenses for the six months ended 30 June 2025 was approximately RMB87.2 million which decreased by approximately RMB9.4 million as comparing to approximately RMB96.6 million for the six months ended 30 June 2024 and was mainly due to efficient cost control incurred during the period.

Net Impairment Losses Recognised on Financial Assets

The Group's net impairment losses recognised on financial assets were approximately RMB29.5 million for the six months ended 30 June 2025, comparing to approximately RMB23.5 million for the six months ended 30 June 2024, representing an increase of approximately RM6.0 million which was primarily due to increase in trade and other receivables.

Other Expenses

The Group's other expenses for the six months ended 30 June 2025 was approximately RMB5.0 million, comparing to approximately RMB4.9 million for the six months ended 30 June 2024, representing a slight increase of approximately RMB0.1 million.

Finance Costs

The Group's finance costs amounted to approximately RMB0.9 million for the six months ended 30 June 2025 and 30 June 2024, respectively.

Income Tax Expenses

The Group's income tax expenses for the six months ended 30 June 2025 was approximately RMB26.2 million, comparing to approximately RMB24.3 million for the six months ended 30 June 2024, representing an increase of approximately RMB1.9 million or 8.1%. The increase was due to higher assessable profit incurred for the period.

Investment Properties

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

These operating leases 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.

Goodwill

As at 30 June 2025 and 31 December 2024, the Group recorded goodwill of approximately RMB225.3 million.

Since the performance of the acquired companies in the first half of 2025 met the management's expectation, the management of the Group determined that no impairment of goodwill should be recognised.

Trade Receivables

Trade receivables mainly arose from property management services and cleaning and greening services.

As at 30 June 2025, total trade receivables of the Group amounted to approximately RMB646.0 million, representing an increase of approximately RMB140.1 million as compared with approximately RMB505.9 million as at 31 December 2024. The increase was primarily due to the seasonality factor caused by property owners' tendency to settle management fee balances towards the end of the year.

Prepayments and Other Receivables

Total prepayments and other receivables decreased from approximately RMB261.4 million as at 31 December 2024 to approximately RMB260.0 million as at 30 June 2025. The decrease of approximately RMB1.4 million or 0.5% was mainly due to increased impairment allowance.

Other receivables included RMB13.7 million (31 December 2024: RMB14.1 million) advanced to three independent third parties for business purpose. The loans were unsecured and interest-free or bore interest at 7% per annum. Impairment provision of RMB4.4 million (31 December 2024: RMB4.4 million) is required for these loans as at 30 June 2025.

Other Payables and Accruals

Other payables and accruals primarily comprise receipts on behalf of community residents for utilities, receipts in advances, accruals, deposit received and other payables. Other payables and accruals increased from approximately RMB539.7 million as at 31 December 2024 to approximately RMB570.1 million as at 30 June 2025. The increase of approximately RMB30.4 million or 5.6% was primarily due to final dividend payable for year 2024 of approximately RMB19.6 million and increase of receipts on behalf of community residents for utilities.

Interest-bearing Bank and Other Borrowings

Bank borrowings decreased from approximately RMB45.9 million as at 31 December 2024 to RMB40.0 million as at 30 June 2025. As at 30 June 2025, the Group's bank borrowings represented a loan with principal amount of RMB40.0 million borrowed from Bank of Hangzhou by 浙江永成物業管理有限公司 (Zhejiang Yongcheng Property Management Company Limited*), an indirect wholly-owned subsidiary of the Company, which is secured by a corporate guarantee of Guangdong Zhong Ao, bears interest of 3.8% per annum and has an initial term of one year.

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 cash inflows generated from the operating activities and bank loans. As at 30 June 2025, net working capital (calculated as current assets less current liabilities) was approximately RMB560.9 million as compared to approximately RMB505.9 million as at 31 December 2024. The current ratio (calculated as current assets/current liabilities) was 1.7 times as at 30 June 2025 and 1.6 times as at 31 December 2024.

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 30 June 2025, the Group was in a good financial position with a net cash position amounting to approximately RMB438.9 million (31 December 2024: RMB496.2 million). Accordingly, no gearing ratio is presented.

Pledge of Assets

At 30 June 2025, investment properties of approximately RMB94.0 million (31 December 2024: RMB95.0 million) were pledged to secure certain banking facilities granted to the Group.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2025 (31 December 2024: Nil).

Employees and Remuneration Policies

As at 30 June 2025, excluding the employees under commission basis and employees under subcontracting contracts, the Group had approximately 7,179 (31 December 2024: 9,351) 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 staffs and functional heads are reviewed on a yearly basis. In addition to basic salaries, performance related salaries 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 staffs and other employees with a view to upgrade their skills and knowledge. These training courses comprise of internal courses run by the management of the Group and external courses provided by professional trainers which range from technical training for butlers to financial and administrative trainings for management staff.

OTHER INFORMATION

References are made to the announcements of the Company dated 1 August 2022, 17 April 2023, 29 April 2024, 31 May 2024, 30 October 2024 and 7 April 2025 (the “**Announcements**”) in relation to the civil lawsuit commenced by Guangdong Zhong Ao against 梁錫偉 (Liang Xiwei*) (“**Mr. Liang**”).

As disclosed in the Announcements, Guangdong Zhong Ao has received the judgment (the “**Judgment**”) from the PRC court and it was ordered by the PRC court that (i) Mr. Liang to pay Guangdong Zhong Ao the outstanding option price adjudged by the PRC court in the amount of RMB30,565,479.45 and the relevant interest amount; (ii) Mr. Liang to pay Guangdong Zhong Ao the penalty; 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 car parking spaces).

On 31 May 2024, Guangdong Zhong Ao received a written appeal by Mr. Liang as the appellant against the Judgment. The appeal was dismissed by the PRC Court and the original Judgment was upheld. As at the date of this announcement, Guangdong Zhong Ao has initiated the enforcement proceedings and is currently in communication with the court concerning the auction of the mortgaged properties to satisfy the debts owed by Mr. Liang.

CHANGE OF DIRECTORS’ AND SENIOR MANAGEMENT’S INFORMATION

The Directors confirmed that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil). The Board will consider to declare a final dividend if the annual results of the Group for the year ending 31 December 2025 are satisfactory.

CORPORATE GOVERNANCE

The Board is committed to maintaining and upholding high standards of corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise the interests of the shareholders of the Company (“**Shareholders**”).

The Company has adopted the code provisions set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix C1 to the Listing Rules as its code of corporate governance.

In the opinion of the Directors, the Company applied and complied with all the code provisions of the CG Code throughout the six months ended 30 June 2025, except for certain deviations as specified and explained with considered reasons hereunder:

Code Provision C.2.1

Chairman and chief executive officer are two key aspects of the management of a company. Chairman is responsible for providing leadership for the board and management of the board while chief executive officer is responsible for day-to-day management of business. Clear division of these responsibilities should be in place to ensure a balance of power and authority. The code provision C.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

During the period, Mr. Liu Jian (“**Mr. Liu**”) was both the chairman and chief executive officer of the Company. This constitutes a deviation from the code provision C.2.1 of the CG Code.

The Company considers that having Mr. Liu act as both the chairman and chief executive officer provides a strong and consistent leadership to the Group and allow for more effective strategic planning and management of the Group. Further, in view of Mr. Liu’s experience in the industry, personal profile and role in the Group and historical development of the Group, the Group considers it is to the benefit of the Group that Mr. Liu continues to act as both the chairman and chief executive officer of the Company. Therefore, the Company currently has no intention to separate the functions of chairman and chief executive officer.

EVENTS AFTER THE REPORTING PERIOD

There are no material events undertaken by the Group subsequent to 30 June 2025 and up to the date of this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code of conduct for Directors in their dealings in Company’s securities. Having made specific enquiry of all Directors, all the Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2025.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.22 of the Listing Rule and the CG Code. The Audit Committee consists of three members, namely Mr. Chan Wai Cheung, Admiral, Mr. Chan Ka Leung, Kevin and Mr. Yang Jianpeng, all being independent non-executive Directors. Mr. Chan Wai Cheung, Admiral is the chairman of the Audit Committee with the appropriate professional qualifications. The interim results of the Group for the six months ended 30 June 2025 have been reviewed by the Audit Committee.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

Save as disclosed above, the Group had no material acquisition or disposal of subsidiaries or associated companies during the six months ended 30 June 2025. In addition, the Group had no significant investments held during the six months ended 30 June 2024.

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

During the six months ended 30 June 2025, neither the Company, nor any of its subsidiaries repurchased, redeemed or sold any of the Company’s listed securities.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.gdzawy.com). The interim report of the Company for the six months ended 30 June 2025 containing all the information required by the Listing Rules will be dispatched to the Company's Shareholders and published on the above websites in due course.

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

Hong Kong, 28 August 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. Yang Jianpeng as independent non-executive Directors.

* *For identification purpose only*