ZHENRO SERVICES GROUP LIMITED
正榮服務集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6958)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

ANNUAL RESULTS AND OPERATIONAL HIGHLIGHTS

1. For the year ended 31 December 2024, the revenue of the Group was approximately RMB1,113.9 million, which was quite stable as compared with the revenue of RMB1,145.5 million in the same period of 2023.

2. The revenue of the Group is mainly derived from four major businesses: (i) property management services; (ii) value-added services to non-property owners; (iii) community value-added services; and (iv) commercial operational management services. During the year ended 31 December 2024, (i) property management services remained the largest source of revenue for the Group, revenue from property management services reached approximately RMB830.3 million, accounting for approximately 74.5% of the overall revenue, representing a year-on-year increase of approximately 4.0% as compared with approximately RMB798.3 million in the same period of 2023; (ii) revenue from value-added services to non-property owners amounted to approximately RMB58.5 million, accounting for approximately 5.2% of the overall revenue, representing a year-on-year decrease of approximately 38.9% compared to approximately RMB95.7 million in the same period of 2023; (iii) revenue from community value-added services reached approximately RMB148.4 million, accounting for 13.3% of the overall revenue, representing a year-on-year increase of approximately 3.1% compared to approximately RMB143.9 million in the same period of 2023; and (iv) revenue from commercial operational management services amounted to approximately RMB76.8 million, accounting for 6.9% of the overall revenue, representing a year-on-year decrease of approximately 28.6% compared to approximately RMB107.5 million in the same period of 2023.

3. For the year ended 31 December 2024, the gross profit of the Group was approximately RMB232.9 million, representing a slight decrease of approximately 4.8% from approximately RMB244.7 million in the same period of 2023.

4. For the year ended 31 December 2024, the loss of the Group was approximately RMB235.4 million as compared with the loss of approximately RMB81.9 million in the same period of 2023. The loss attributable to owners of the parent for the year ended 31 December 2024 was approximately RMB235.9 million as compared with the loss of approximately RMB81.2 million in the same period of 2023.

5. During the year ended 31 December 2024, the gross floor area ("**GFA**") under management of the Group's property management services was approximately 80.3 million square meters ("**sq.m.**"), representing a slight decrease of approximately 0.6% from approximately 80.8 million sq.m. as at 31 December 2023.

6. The Board resolved not to recommend any final dividend for the year ended 31 December 2024 (2023: nil).

The board (the "**Board**") of directors (the "**Directors**") of Zhenro Services Group Limited (the "**Company**" or "**Zhenro Services**") is pleased to announce the audited consolidated results (the "**Annual Results**") of the Company and its subsidiaries (together, the "**Group**" or "**Zhenro Services Group**" or "**We**") for the year ended 31 December 2024 (the "**Reporting Period**"), together with the comparative figures for the same period of 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000*
REVENUE	*5*	**1,113,933**	1,145,503
Cost of sales		**(880,989)**	(900,831)
GROSS PROFIT		**232,944**	244,672
Other income and gains	*5*	**23,158**	15,840
Administrative expenses		**(137,983)**	(145,770)
Impairment losses on financial assets, net		**(38,891)**	(99,884)
Impairment of goodwill		**(214,777)**	–
Fair value losses on investment properties		**(55,599)**	(64,590)
Share of profits and losses of associates		**(300)**	(109)
Finance costs		**(13,364)**	(6,755)
LOSS BEFORE TAX	*6*	**(204,812)**	(56,596)
Income tax expense	*7*	**(30,584)**	(25,340)
LOSS FOR THE YEAR		**(235,396)**	(81,936)
Attributable to:			
Owners of the parent		**(235,915)**	(81,189)
Non-controlling interests		**519**	(747)
		(235,396)	(81,936)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted	*9*	**RMB(0.23)**	RMB(0.08)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024	2023
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(235,396)**	(81,936)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Translation difference of the financial statements of group companies into presentation currency	**(11)**	(23)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(11)**	(23)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(11)**	(23)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(235,407)**	(81,959)
Attributable to:		
Owners of the parent	**(235,926)**	(81,212)
Non-controlling interests	**519**	(747)
	(235,407)	(81,959)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property and equipment		**12,645**	5,716
Right-of-use assets		**2,040**	1,761
Investment properties		**247,740**	164,600
Goodwill		**323,000**	537,777
Other intangible assets		**30,584**	37,446
Investments in associates		**771**	1,071
Finance lease receivables		**8,915**	—
Deferred tax assets		**61,935**	55,953
Total non-current assets		**687,630**	804,324
CURRENT ASSETS			
Finance lease receivables		**42,186**	–
Trade receivables	*10*	**342,377**	309,747
Due from related companies		**32,367**	45,441
Prepayments, other receivables and other assets		**97,716**	108,060
Cash and bank balances		**572,211**	579,146
Total current assets		**1,086,857**	1,042,394
CURRENT LIABILITIES			
Trade payables	*11*	**134,945**	165,434
Other payables and accruals		**415,252**	427,701
Due to related companies		**1,456**	2,439
Interest-bearing bank and other borrowings	*12*	**56,650**	64,040
Tax payable		**99,851**	65,839
Lease liabilities		**81,446**	3,121
Total current liabilities		**789,600**	728,574
NET CURRENT ASSETS		**297,257**	313,820
TOTAL ASSETS LESS CURRENT LIABILITIES		**984,887**	1,118,144

	Note	2024 RMB'000	2023 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*12*	**3,020**	9,060
Lease liabilities		**118,691**	899
Deferred tax liabilities		**10,945**	12,279
Other payables		**7,969**	7,364
Total non-current liabilities		**140,625**	29,602
NET ASSETS		**844,262**	1,088,542
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital		**7,867**	7,867
Reserves		**833,853**	1,074,564
		841,720	1,082,431
Non-controlling interests		**2,542**	6,111
TOTAL EQUITY		**844,262**	1,088,542

NOTES TO FINANCIAL STATEMENTS
31 December 2024

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated in the Cayman Islands on 17 December 2018. The registered office address of the Company is 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company's subsidiaries are principally engaged in the provision of property management services, value-added services to non-property owners, community value-added services for residential and non-residential properties, commercial operational management services in the People's Republic of China ("**PRC**")/Chinese Mainland.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 July 2020 (the "**Listing Date**").

In the opinion of the directors of the Company, the ultimate controlling shareholder of the Group is Mr. Ou Guowei together with his family members.

2.1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") promulgated by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

the contractual arrangement with the other vote holders of the investee;

rights arising from other contractual arrangements; and

the Group's voting rights and potential voting rights.

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

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

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

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

2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")
Amendments to IAS 7 and IFRS7	*Supplier Finance Arrangements*

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

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRSs, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor to its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[2]

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/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments*: *Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio which mainly includes car park spaces. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life or head lease period of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Principal versus agent consideration for revenue from contracts with customers

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified services itself (i.e. the Group is a principal) or to arrange for those services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified service before that service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified service by another party. In this case, the Group does not control the specified service provided by another party before that service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified services to be provided by the other party.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. As at 31 December 2024, the carrying amount of goodwill was RMB323,000,000.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and due from related companies. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Impairment of non-financial long-term assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets, including right-of-use assets, property and equipment and other intangible assets at the end of year. These non-financial long-term assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales or lease transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair value of investment properties

Investment properties, including car park spaces and the leased commercial properties held as a right-of-use asset, are carried in the consolidated statement of financial position at their fair value. The fair value of the investment properties was determined by reference to valuations conducted on these properties by an independent and professionally qualified valuer using property valuation techniques which involve certain assumptions of prevailing market conditions. Favourable or unfavourable changes to these assumptions may result in changes in the fair value of the Group's investment properties included in the consolidated statement of financial position and the corresponding adjustments to the changes in fair value reported in the consolidated statement of profit or loss.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of property management services, value-added services to non-property owners, community value-added services and commercial operational management services. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

During the year, the Group operated within one geographical location because all of its revenue was generated in Chinese Mainland and all of its long-term assets/capital expenditure were located/incurred in Chinese Mainland. Accordingly, no geographical information is presented.

Information about major customers

There was no revenue from sales to a single customer or a group of customers under common control amounting to 10% or more of the Group's revenue for the years ended 31 December 2023 and 2024.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from property management services, value-added services to non-property owners, community value-added services and brand and management output services during the year.

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

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers	**1,065,245**	1,095,253
Revenue from other sources		
– Sublease services	**48,688**	50,250
Total	**1,113,933**	1,145,503

Revenue from contracts with customers

(i) Disaggregated revenue information

	Property management services *RMB'000*	Value-added services to non-property owners *RMB'000*	Community value-added services *RMB'000*	Brand and management output services *RMB'000*	Total *RMB'000*
2024					
Type of goods or services					
Rendering of services	**830,266**	**58,470**	**148,414**	**28,095**	**1,065,245**
Geographical market					
Chinese Mainland	**830,266**	**58,470**	**148,414**	**28,095**	**1,065,245**
Timing of revenue recognition					
Revenue recognised over time	**830,266**	**53,423**	**32,388**	**24,433**	**940,510**
Revenue recognised at a point in time	**–**	**5,047**	**116,026**	**3,662**	**124,735**
Total revenue from contracts with customers	**830,266**	**58,470**	**148,414**	**28,095**	**1,065,245**
2023					
Type of goods or services					
Rendering of services	798,346	95,724	143,892	57,291	1,095,253
Geographical market					
Chinese Mainland	798,346	95,724	143,892	57,291	1,095,253
Timing of revenue recognition					
Revenue recognised over time	798,346	88,869	32,009	51,450	970,674
Revenue recognised at a point in time	–	6,855	111,883	5,841	124,579
Total revenue from contracts with customers	798,346	95,724	143,892	57,291	1,095,253

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

	2024 ***RMB'000***	2023 *RMB'000*
Property management services, and brand and management output services	**163,903**	154,974

(ii) Performance obligations

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

Property management services and value-added services to non-property owners

For property management services and value-added services to non-property owners, the Group recognises revenue in the amount that equals the right to invoice which corresponds directly with the value to the customer of the Group's performance to date on a monthly or quarterly basis. The Group has elected the practical expedient for not disclosing the remaining performance obligations for these types of contracts.

Community value-added services

The services are rendered in a short period of time which is generally less than a year and there was no unsatisfied performance obligation at the end of each of the reporting period.

Brand and management output services

For brand and management output services to property owners, the Group recognises revenue in the amount that equals the right to invoice which corresponds directly with the value to property owners of the Group's performance to date on a monthly or quarterly basis. The Group has elected the practical expedient for not disclosing the remaining performance obligations for these types of contracts.

Other income and gains

	2024	2023
	RMB'000	*RMB'000*
Interest income	**661**	1,611
Government grants*	**2,352**	3,353
Rental income	**2,596**	2,677
Value added tax additional deduction	**–**	2,685
Finance income from finance leases	**3,695**	3,445
Gain on derecognition of right-of-use assets for a sublease	**11,985**	–
Others	**1,869**	2,069
Total	**23,158**	15,840

* During the year ended 31 December 2024, various government grants have been received for operation in Jiangsu, Fujian province and Shanghai, Chinese Mainland, to reward business performance and support operational development of enterprises in that area. There are no unfulfilled conditions or contingencies relating to these grants.

6. LOSS BEFORE TAX

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

	2024	2023
	RMB'000	*RMB'000*
Cost of service provided*	**571,134**	557,071
Depreciation of property and equipment	**3,957**	2,528
Depreciation of right-of-use assets	**1,175**	3,870
Amortisation of other intangible assets	**7,464**	7,242
Lease payments not included in the measurement of lease liabilities	**3,780**	2,989
Auditor's remuneration	**2,000**	2,600
Impairment of financial assets, net		
Impairment/(reversal of impairment) of finance lease receivables, net	**1,344**	(2,166)
Impairment of trade receivables, net	**31,181**	42,312
Impairment of due from related parties, net	**5,169**	59,239
Impairment of other receivables, net	**1,197**	499
Impairment of goodwill	**214,777**	–
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages, salaries and other allowances	**353,942**	371,298
Pension scheme contributions and social welfare	**57,810**	59,887
Total	**411,752**	431,185

* Cost of services provided represents "Cost of sales" in the consolidated statement of profit or loss excluding employee benefit expense, depreciation of property and equipment, depreciation of right-of-use assets and amortisation of other intangible assets.

7. INCOME TAX

The Group is entitled to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong was not liable for income tax as it did not have any assessable profits arising in Hong Kong during the reporting period.

The general corporate income tax rate in PRC is 25%. Certain of the Group's subsidiaries enjoy the preferential income tax treatment for Small and Micro Enterprise ("**SLE**") with the income tax rate of 20% and are eligible to have their tax calculated based on 25% or 50% of their taxable income. One of the Group's subsidiaries is located in Economic Area of GuangXi North Bay in western regions of China and enjoy the preferential income tax rate of 9%.

	2024	2023
	RMB'000	*RMB'000*
Current – Chinese Mainland:		
Charge for the year	**37,900**	34,227
Deferred tax	**(7,316)**	(8,887)
Total tax charge for the year	**30,584**	25,340

A reconciliation of tax expense applicable to loss before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective tax rate for the reporting period is as follows:

	2024	2023
	RMB'000	*RMB'000*
Loss before tax	**(204,812)**	(56,596)
At the statutory tax rate	**(51,203)**	(14,149)
Lower tax rate for specific provinces or enacted by local authority	**8,099**	2,455
Expenses not deductible for tax	**56,032**	3,226
Tax losses utilised from previous years	**(769)**	(706)
Temporary differences not recognised	**10,053**	26,666
Tax losses not recognised	**8,372**	7,848
Tax charge/(credit) at the Group's effective rate	**30,584**	25,340

8. DIVIDENDS

The directors do not recommend any interim or final dividend in the respective of the period/year.

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

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,037,500,000 (2023: 1,037,500,000) outstanding during the year.

The Group had no potential dilutive ordinary shares outstanding during the year ended 31 December 2024 and 2023.

The calculation of basic and diluted per share are based on:

	2024	2023
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**(235,915)**	(81,189)
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic and diluted earnings per share calculation	**1,037,500,000**	1,037,500,000

10. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the invoice date and net of loss allowance, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**290,394**	240,139
1 to 2 years	**47,176**	66,719
2 to 3 years	**4,807**	2,889
Total	**342,377**	309,747

11. TRADE PAYABLES

An aging analysis of the trade payables as at the end of year, based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**116,999**	130,768
Over 1 year	**17,946**	34,666
Total	**134,945**	165,434

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	At 31 December 2024		
	Effective interest rate *(%)*	**Maturity**	***RMB'000***
Current			
Bank loans – secured	**5**	**2025**	**43,850**
Bank loans – unsecured	**2.1-5**	**2025**	**6,760**
Current portion of long term			
Bank loans – secured	**5**	**2025**	**6,040**
Total – current			**56,650**
Non-current			
Bank loans – secured	**5**	**2026**	**3,020**
Total			**59,670**

	At 31 December 2023		
	Effective interest rate *(%)*	Maturity	*RMB'000*
Current			
Bank loans – unsecured	5	2024	45,000
Bank loans – unsecured	4.1-5.2	2024	13,000
Current portion of long term			
Bank loans – secured	5	2024	6,040
Total – current			64,040
Non-current			
Bank loans – secured	5	2025-2026	9,060
Total			73,100

	2024 ***RMB'000***	2023 *RMB'000*
Analysed into:		
Repayable within one year	**56,650**	64,040
Repayable within two to five years	**3,020**	9,060
Total	**59,670**	73,100

The Group's borrowings are all denominated in RMB and bore interest at fixed rates.

13. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2025.

CHAIRMAN'S STATEMENT

Dear Shareholders, Partners and all Colleagues:

I am pleased to present to you the annual results of the Group for the Reporting Period.

RESULTS REVIEW

During the Reporting Period, the revenue of the Group was approximately RMB1,113.9 million, which was quite stable as compared with the revenue of approximately RMB1,145.5 million for the same period of 2023; the loss of the Group was approximately RMB235.4 million, as compared with the loss of approximately RMB81.9 million for the same period of 2023; the loss attributable to owners of the parent was approximately RMB235.9 million, as compared with the loss of approximately RMB81.2 million for the same period of 2023.

REVIEW OF 2024: FOCUSING ON INNOVATION WITH HIGH-QUALITY DEVELOPMENT

The year 2024 is a crucial year for China's economy to "seek progress while maintaining stability". Faced with the intensifying adverse effects brought about by changes in the external environment, the intensive emerging of deep-rooted structural contradictions accumulated over a long period of time in China as well as the severe situation where the competition in the property industry has become fierce, Zhenro Services Group has always been adhering to the core value of "attaining prosperity with integrity" (正直構築繁榮), taking "quality service" as the anchor, optimizing incremental growth and revitalizing the existing stock assets, enhancing quality and increasing total volume, as well as achieving resilient growth in operations against the trend.

The hard-earned growth of Zhenro Services Group was attributable to its efforts in anchoring core resources, focusing on competitive growth, and adhering to quality and business innovation in line with the national strategic guidelines.

Focusing on prime regions, expanding outward for steady development

We continued our focus on prime regions and stepped up efforts to expand into core cities including Shanghai, Nanjing, Suzhou, Fuzhou and Nanchang, in a bid to extend our management radius coverage. We continued to explore the segments with great growth potential such as commercial and office buildings, school, finance and rail transit. We unlocked urban renewal and ventured into fields such as the digital economy, big health and pharmaceutical industrial parks, and national cultural and tourism attractions.

Insisting on quality research and innovating diversified ecology

The property segment upgraded the four guarantees and one service under the smart services. In 2024, we continued to carry out special quality improvement projects such as the Green Action, the Bright Action and the Rejuvenation Action, focusing on creating model projects of "one specialty for one district", renovating smart car parks and enabling convenient travel with technologies. "Ronglehui (榮樂慧)" empowered the manager service to learn about the property owners' needs in a timely manner and provide targeted and satisfactory services to them. Meanwhile, our staff actively assumed corporate social responsibility and carried out convenience and public welfare activities, which has led to a steady increase in customer satisfaction and continuous enhancement of our services.

The commercial segment initiated the "Rongguang Action (榮光行動)" to renovate the interior and exterior of the shopping malls with new hardware and software so that different scenes in each place and different pleasure in each scene can be achieved. Our business model has achieved an innovative shift from venue operation to "scene + traffic" operation.

For the community value-added services, we launched the program of "Healthier Zhenro's Communities (正榮社區更健康)", which incorporated traditional Chinese culture into daily life to create a circle of healthy life; integrated interesting and convenient content into the community to enhance the immersion into the environment; and combined our door-to-door service with JD.com Service+ (京東服務+) by which a user can call a butler to offer door-to-door service with a single click. We have established a self-operated system for the renovation centers, and innovated the service capability for the "Three Savings".

Optimizing the organizational structure and enhancing the quality of talent

In terms of organization, we took property management and commercial operation as our dual-wheel drive, and set up two major business segments, namely property and commercial segments, to enhance the independent operation of our core business. Meanwhile, we upgraded our headquarter structure to ensure efficient decision-making based on the principle of "optimizing our headquarter, refining our platforms and strengthening our projects"; implemented a hierarchical authorization system for our regional/subsidiary platforms, granting each business unit more autonomy to flexibly address market demand; streamlined our project management to improve execution efficiency and customer responsiveness.

In terms of talent, we optimized the talent structure, enhanced the depth of talent, and built an echelon talent pool through the selection of high-quality talents and the empowerment of high-performance operations, to promote the high-performance organizational management with high-performance talents, thereby cultivating a cultural atmosphere with high performance, and promoting the sustainable and stable development of the Company.

Outlook for 2025: concentrating on new areas with enhanced quality and efficiency

This year marks the end of the "14th Five-Year Plan", and China's economy is moving upward in terms of total volume and new momentum. China has implemented a moderately loose monetary policy, strengthened its livelihood-oriented policies, smoothened the economic cycle and led industrial upgrading through consumption promotion, expanded the supply of diversified services such as health, elderly care, disability assistance, childcare and housekeeping, developed new types of consumption, and promoted the stabilization of the real estate market as well as the transformation of old and dilapidated buildings in urban villages. The property and commercial business is ushering in new opportunities.

In 2025, Zhenro Services will adhere to the development model of "stabilizing foundations through basic services, regenerating vitality through innovative services, and empowering growth through asset management", stick to high-quality development, optimize services and enhance efficiency, with the goal of creating premium communities and co-building scenarios for property owners and merchants.

Building digital intelligence with quality services

For the basic services, we will practice the "24°C Quality Service Standard" to drive the transformation of our core business philosophy towards "All-Round + High-Efficiency Service". In alignment with the national "AI+" Initiative, we will deepen the application of "Rong Wisdom" (榮智慧) and "Rong Business Connect" (榮商通) systems, promote the in-depth integration of digital operations and business scenarios, aiming to achieve a 30% improvement in service efficiency.

Expanding into new areas with a focus on core strengths

Focusing on the concept of matching demand and solving demand, our value-added services are strategically anchored in property owner centric operations, forging cross-industry benchmark partnerships, building self-operated brands, accelerating public infrastructure value enhancement and building a Ronghe ecological chain with "Healthier Zhenro's Communities". At the same time, with the help of artificial intelligence (AI), the self-circulating chain will be deepened. For the innovative business, we will innovate in the property business scenarios, the complementary business model, the property owner-centric business needs and the market-oriented business portfolio, to create an open and win-win platform mechanism. In terms of market expansion, we will continue to consolidate our leading position in the core cities of the Yangtze River Delta and expand the markets in the Pearl River Delta, Beijing-Tianjin-Hebei and Chengdu-Chongqing regions. We will focus on the potential business types such as large-scale commercial complexes, industrial parks and urban services. Through mergers and acquisitions and restructuring, we reserve high-quality resources and inject strong impetus to the sustainable growth of the Company.

Achieving organization coordination under the leadership of our culture

Zhenro Services will take "attaining prosperity with integrity" as its core culture, deepen the "Integrity•Action (正•行動)"cultural practice, integrate values into performance appraisal and community service scenarios, and cultivate the organizational gene of "Accountability and Innovation". In terms of talent development, Zhenro Services will implement the "One Hundred Talents Plan", establish a competency model covering all employees, strengthen internal promotion and cross-regional rotation mechanism, and enhance advantageous employment with the dual engine of "science and technology + humanities" through culture empowerment, strategic anchoring, talent strengthening and organizational synergy, thus driving the city's high-quality development.

Last but not least, I would like to express my high respect and sincere appreciation to all shareholders, investors, partners and all employees of Zhenro Services for their dedication and hard work! With strong winds driving our journey forward, we set out again to take on great challenges. With the striving spirit, Zhenro Services will stand at the forefront of the industry transformation and create sustainable value for shareholders, employees and the society!

Zhenro Services Group Limited
Liu Weiliang
Chairman of the Board

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business model of the Group

The Group has four business lines, namely, (i) property management services; (ii) value-added services to non-property owners; (iii) community value-added services; and (iv) commercial operational management services, forming an offering of integrated services to its customers that covers the entire value chain of property management.

- Property management services. The Group provides a wide range of property management services to property developers, property owners, residents and commercial property tenants. The Group's property management services primarily include (i) cleaning services; (ii) security services; (iii) landscaping services; and (iv) repair and maintenance services for both residential and non-residential properties and commercial properties.

- Value-added services to non-property owners. The Group offers a comprehensive range of property-related business solutions to non-property owners, which primarily include property developers. The Group's value-added services to non-property owners primarily consist of (i) sales assistance services (involving assistance to property developers in showcasing and marketing their properties, cleaning and maintenance services, security and visitor management services); (ii) additional tailored services customised to meet specific needs of customers on an as-needed basis and sales of goods; (iii) housing repair services; (iv) preliminary planning and design consultancy services; and (v) pre-delivery inspection services.

- Community value-added services. The Group provides community value-added services to property owners and residents. The community value-added services primarily include (i) home-living services; (ii) car park management, leasing assistance and other services; and (iii) common area value-added services to improve the living experience of customers and to maintain and enhance the value of their properties.

- Commercial operational management services. The Group provides commercial operational management services to the tenants and the customers, which primarily include (i) brand and management output services and (ii) sublease services.

The Group believes that its property management service business line serves as the basis for the Group to generate revenue, expand its business scale, and increase its customer base for its community value-added services to property owners and residents. The Group's provision of value-added services to non-property owners enables it to gain early access to property development projects and establish and cultivate business relationships with the property developers, enhancing the Group's competitive advantage in securing engagements for property management services. The comprehensive range of the Group's community value-added services business line helps to enhance its relationship with customers and improve their satisfaction and loyalty. The Group believes that its four business lines will continue to enable it to gain greater market shares and expand its business presence in China.

PROPERTY MANAGEMENT SERVICES

Continual Optimization in Both Area and Scale

The Group adhered to the strategic target to steadily expand its management coverage area, and has achieved steady growth in contracted GFA and GFA under management through multiple efforts. As at 31 December 2024, the Group's contracted GFA amounted to approximately 108.7 million sq.m., representing a slight decrease of 0.8% as compared with that as at 31 December 2023, and the number of contracted projects totalled 447. As at 31 December 2024, GFA under management of the Group's property management services was approximately 80.3 million sq.m., representing a slight decrease of approximately 0.6% as compared with that as at 31 December 2023. As at 31 December 2024, the number of projects under management by the Group totalled 368.

The table below indicates the movement in the Group's contracted GFA and GFA under management for the years ended 31 December 2024 and 2023 respectively:

	For the year ended 31 December			
	2024		2023	
	Contracted GFA ***('000 sq.m.)***	**GFA under management** ***('000 sq.m.)***	Contracted GFA *('000 sq.m.)*	GFA under management *('000 sq.m.)*
As of the beginning of the period	**109,643**	**80,763**	109,093	80,128
New engagements [(1)]	**159**	**105**	992	974
Terminations [(2)]	**(1,086)**	**(561)**	(442)	(339)
As of the end of the period	**108,716**	**80,307**	109,643	80,763

Notes:

(1) With respect to residential communities the Group managed, new engagements primarily included preliminary management contracts for new properties developed by property developers and property management service contracts for residential communities replacing their previous property management service providers.

(2) These terminations included the Group's voluntary non-renewal of certain property management service contracts as it reallocated its resources to more profitable engagements in an effort to optimise its property management portfolio.

Geographic presence of the Group

As at 31 December 2024, the Group had geographic presence in 50 cities in China.

The table below sets forth a breakdown of the Group's total GFA under management as at the dates indicated and total revenue generated from property management services by geographic location for the years ended 31 December 2024 and 2023 respectively:

	As at 31 December or for the year ended 31 December					
	2024			2023		
	GFA under management *('000 sq.m.)*	**Revenue** *RMB'000*	**Regional revenue as a percentage of total revenue** *%*	GFA under management *('000 sq.m.)*	Revenue *RMB'000*	Regional revenue as a percentage of total revenue *%*
Yangtze River Delta Region[(1)]	**26,323**	**358,848**	**41.6**	27,073	373,703	46.8
Bohai Rim Region[(2)]	**2,734**	**48,394**	**5.7**	3,435	51,768	6.5
Midwest Economic Region[(3)]	**25,629**	**196,579**	**25.5**	24,287	165,963	20.8
Western Straits Region[(4)]	**25,572**	**226,444**	**27.2**	25,968	206,912	25.9
Total	**80,258**	**830,265**	**100.0**	80,763	798,346	100.0

Notes:

(1) Cities in which the Group has property management projects in the Yangtze River Delta Region include Shanghai, Nanjing, Suzhou, Hefei, Jiaxing, Taizhou, Chuzhou, Lu'an, Wuhu, Huainan, Huzhou, Xuancheng, Chaohu, Fuyang, Taizhou, Xuzhou, Suqian and Wuxi.

(2) Cities in which the Group has property management projects in the Bohai Rim Region include Tianjin, Jinan, Luoyang and Zhengzhou.

(3) Cities in which the Group has property management projects in the Midwest Economic Region include Nanchang, Yichun, Changsha, Wuhan, Xi'an, Ganzhou, Suizhou, Yueyang, Chongqing, Chengdu, Ji'an, Huanggang, Sanmenxia, Shiyan, Xiangfan, Guangyuan, Kunming and Xianyang.

(4) Cities in which the Group has property management projects in the Western Straits Region include Fuzhou, Putian, Nanping, Quanzhou, Sanming, Zhangzhou, Yunfu, Zhongshan, Xiamen and Foshan.

VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

The Group provides value-added services to non-property owners, which mainly comprise (i) sales assistance services (involving providing assistance to property developers in showcasing and marketing their properties, cleaning and maintenance services, and security and visitor management services); (ii) additional tailored services customised to meet specific needs of its customers on an as-needed basis, and sales of goods; (iii) housing repair services; (iv) preliminary planning and design consultancy services; and (v) pre-delivery inspection services. Most of these non-property owners are property developers.

For the year ended 31 December 2024, revenue from value-added services provided to non-property owners decreased by 38.9% to approximately RMB58.5 million compared to approximately RMB95.7 million in the same period of 2023, mainly due to the decreased demand for services such as sales assistance services and additional tailored services in the real estate pre-sale projects developed by the Group and the partner property developers. For the year ended 31 December 2024, the revenue from value-added services to non-property owners accounted for 5.2% of the total revenue of the Group.

The following table sets forth the revenue breakdown of value-added services provided to non-property owners for the years ended 31 December 2024 and 2023:

	For the year ended 31 December			
	2024		2023	
	RMB'000	*%*	*RMB'000*	*%*
Sales assistance services	**32,563**	**55.8**	50,238	52.5
Additional tailored services	**15,872**	**27.1**	25,789	26.9
Housing repair services	**8,621**	**14.7**	15,886	16.6
Preliminary planning and design consultancy services	**74**	**0.1**	1,109	1.2
Pre-delivery inspection services	**1,340**	**2.3**	2,702	2.8
Total	**58,470**	**100.0**	95,724	100.0

COMMUNITY VALUE-ADDED SERVICES

The Group provides community value-added services to property owners and residents of properties under management, which mainly comprise (i) home-living services; (ii) car park management, leasing assistance and other services; and (iii) common area value-added services.

For the year ended 31 December 2024, the revenue from community value-added services increased by 3.1% to approximately RMB148.4 million compared to approximately RMB143.9 million in the same period of 2023, mainly due to the increase in the number of service users and the increase in provision of diversified home-living products. For the year ended 31 December 2024, revenue from community value-added services accounted for 13.3% of the total revenue of the Group.

The following table sets forth the revenue breakdown of community value-added services for the years ended 31 December 2024 and 2023:

	For the year ended 31 December			
	2024		2023	
	RMB'000	*%*	*RMB'000*	*%*
Home-living services[(1)]	**111,277**	**75.0**	111,883	77.8
Car park management, leasing assistance and other services[(2)]	**18,944**	**12.8**	15,299	10.6
Common area value-added services[(3)]	**18,193**	**12.2**	16,710	11.6
Total	**148,414**	**100.0**	143,892	100.0

Notes:

(1) It mainly includes services such as cleaning, group purchase, turnkey furnishing, home maintenance, value-added services related to tenants of commercial properties and utility fee collection services.

(2) It mainly includes management and assistance of parking lot leasing, provision of real estate brokerage services related to properties and parking spaces to owners and other services.

(3) It mainly includes common area advertising space and service income from common area leasing.

COMMERCIAL OPERATIONAL MANAGEMENT SERVICES

Since the Group's acquisition of Zhenro Commercial Management Co., Ltd. in 2021, it has engaged in the provision of commercial operational management services to tenants and customers, which primarily include (i) brand and management output services; and (ii) sublease services.

As at 31 December 2024, the number of commercial operation projects under management of the Group was 12, and the total GFA under management was approximately 0.9 million sq.m.. During the Reporting Period, the commercial operation projects under management were located in, among other cities, Fuzhou, Changsha, Putian, Shanghai, Taixing, Zhuzhou and Xi'an. During the Reporting Period, the revenue of commercial operational management services was approximately RMB76.8 million.

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from four major businesses: (i) property management services; (ii) value-added services to non-property owners; (iii) community value-added services; and (iv) commercial operational management services. During the Reporting Period, the Group's revenue amounted to approximately RMB1,113.9 million, which was quite stable as compared with RMB1,145.5 million in the same period of 2023.

The following table sets out the revenue contribution of each business segment during the periods indicated:

	For the year ended 31 December				
	2024	**Percentage of revenue**	2023	Percentage of revenue	Growth rate
	RMB'000	***%***	*RMB'000*	*%*	*%*
Property management services	**830,266**	**74.5**	798,346	69.6	4.0
Value-added services to non-property owners	**58,470**	**5.2**	95,724	8.4	-38.9
Community value-added services	**148,414**	**13.3**	143,892	12.6	3.1
Commercial operational management services	**76,783**	**6.9**	107,541	9.4	-28.6
Total	**1,113,933**	**100.0**	1,145,503	100.0	-2.8

Property management services has remained the largest source of income for the Group. During the Reporting Period, revenue from property management services reached approximately RMB830.3 million, accounting for 74.5% of the total revenue of the Group. Such revenue growth was mainly attributable to the ongoing optimization of the property management services portfolio, with a focus on expanding higher-margin projects while systematically divesting from under-performing projects. The decrease in value-added services to non-property owners was mainly due to the substantial decrease in the demand for services such as sales assistance services and additional tailored services. The increase in revenue from community value-added services was mainly due to the increase in the number of service users and the increase in provision of diversified home-living products. The decrease in revenue from commercial operation management services was mainly due to lower occupancy rates and rental concessions granted to tenants.

Cost of Sales

The cost of sales of the Group mainly includes staff costs, subcontracting costs, greening and landscaping costs, utilities expenses, tax and surcharges, depreciation and amortisation, office expenses and community activity costs.

During the Reporting Period, the cost of sales of the Group was approximately RMB881.0 million, representing a decrease of approximately 2.2% as compared with approximately RMB900.8 million in the same period of 2023. The decrease in the cost of sales was primarily due to the reduction in the revenue of the Group.

Gross profit and gross profit margin

During the Reporting Period, the Group's gross profit decreased by approximately 4.8% from approximately RMB244.7 million for the same period in 2023 to approximately RMB232.9 million.

During the Reporting Period, the gross profit margin of the Group slightly decreased by 0.5 percentage points to 20.9% from 21.4% for the same period in 2023.

The gross profit margin of the Group by business line is as follows:

	For the year ended 31 December		
	2024	2023	Changes in gross profit margin
	Gross profit margin	*Gross profit margin*	*Percentage points*
	%	*%*	
Property management services	**19.1**	20.0	-0.9
Value-added services to non-property owners	**14.2**	2.8	11.4
Community value-added services	**25.3**	25.7	-0.4
Commercial operational management services	**36.6**	42.0	-5.4
Total	**20.9**	21.4	-0.5

Other income and gains

During the Reporting Period, the other income and gains of the Group increased by approximately 46.2% from approximately RMB15.8 million for the same period in 2023 to approximately RMB23.2 million. The increase was mainly due to the one-off recognition of gain on right-of-use assets for commercial sublease projects.

Administrative expenses

During the Reporting Period, the administrative expenses of the Group decreased by approximately 5.3% from approximately RMB145.8 million for the same period in 2023 to approximately RMB138.0 million. During the Reporting Period, administrative expenses accounted for 12.4% of the revenue, representing a slight decrease of 0.3 percentage points as compared with 12.7% in the same period in 2023, mainly due to the Company's efforts to enhance operational efficiency, optimize management structure, improve per capita effectiveness and strictly control cost expenditure.

Impairment of goodwill

During the Reporting Period, the goodwill impairment of the Group was approximately RMB214.8 million (2023: RMB nil). Due to the fierce market competition and the cyclical fluctuations of the real estate market in the PRC, the future revenue growth rate and gross profit margin of Zhenro Commercial Management Co., Ltd., which was acquired by the Group in 2021, was lower than forecasted, resulting in the corresponding goodwill impairment of the Group.

Income tax

During the Reporting Period, the income tax expense of the Group increased by approximately 20.7% from approximately RMB25.3 million for the same period in 2023 to approximately RMB30.6 million. The increase was mainly due to effective cost containment measures, which led to the rise in taxable profits.

Loss attributable to owners of the parent

During the Reporting Period, the loss attributable to owners of the parent for the period was approximately RMB235.9 million, as compared to approximately RMB81.2 million in the same period in 2023.

Property and equipment

The property and equipment of the Group mainly included buildings, office equipment, electronic equipment and other assets. As at 31 December 2024, the property and equipment of the Group was approximately RMB12.6 million, representing an increase of approximately RMB6.9 million or 121.2% as compared to approximately RMB5.7 million as at 31 December 2023. The increase was mainly due to the Company's capitalisation of the improvement expenditure as property and equipment.

Trade receivables

The Group's trade receivables mainly derived from its revenue from property management services and value-added services provided to non-property owners. As at 31 December 2024, the Group's trade receivables amounted to approximately RMB342.4 million, representing an increase of approximately RMB32.6 million or approximately 10.5% as compared to approximately RMB309.7 million as at 31 December 2023. The increase was mainly due to the revenue growth of property management services and the non-residential portfolio repositioning.

Prepayments, deposits and other receivables

The Group's prepayments, deposits and other receivables primarily consisted of payments made on behalf of our property owners such as payments for the utility bills and public facility maintenance fund, as well as security deposits with local authorities and deposits in relation to the public biddings. As at 31 December 2024, the Group's prepayments, deposits and other receivables amounted to approximately RMB97.7 million, representing a decrease of 9.57% as compared with approximately RMB108.1 million as at 31 December 2023. The decrease was mainly attributable to the decrease in prepaid rent and the accelerated collection of current accounts.

Trade payables

As at 31 December 2024, the Group's trade payables amounted to approximately RMB134.9 million, representing a decrease of approximately 18.4% from approximately RMB165.4 million as at 31 December 2023. The decrease was mainly due to the decrease in the business size of the Group's value-added services to non-property owners and the decrease in the purchase of goods from independent third-party providers.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet the funding requirements of the Group in the foreseeable future.

During the Reporting Period, the Group's cash was mainly used for working capital and acquisition of subsidiaries, which was mainly funded from cash flow generated from operations and proceeds raised from the Company's initial public offering.

The Group's interest-bearing and other borrowings were all denominated in RMB and bore interest at fixed rates. As at 31 December 2024, the borrowings of the Group amounted to RMB59.7 million, compared to RMB73.1 million as at 31 December 2023. From the respective drawdown dates, the Group's interest-bearing and other borrowings repayable within one year were RMB56.7 million and repayable over one year were RMB3.0 million as at 31 December 2024, while the Group's borrowings repayable within one year were RMB64.0 million and repayable over one year were RMB9.1 million as at 31 December 2023. Except as disclosed herein and apart from intra-group liabilities, the Group did not have any outstanding loan capital, bank overdrafts and liabilities, or other similar indebtedness, debentures, mortgages, charges or loans as at 31 December 2024.

PLEDGE OF ASSETS

As at 31 December 2024, the Group's bank borrowings, in the amount of RMB9,060,000 (31 December 2023: RMB15,100,000) were pledged by 70% equity interests of Jiangsu Sutie Property Management Co., Ltd., a subsidiary of the Group.

As at 31 December 2024, the Group's bank borrowings of RMB43,850,000 (31 December 2023: RMB21,000,000) were pledged by the Group's car park spaces.

FINANCIAL RISKS

INTEREST RATE RISK

The Group's exposure to risk for changes in interest rates is primarily related to the Group's interest-bearing bank and other borrowings. The Group was not exposed to material risk directly relating to changes in market interest rates. The Group did not use derivative financial instruments to hedge interest rate risk. The Group's all bank borrowings were obtained with fixed interest rates.

FOREIGN EXCHANGE RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles its transactions is mainly RMB. Any depreciation of RMB would adversely affect the value of any dividends the Group pays to shareholders outside of the PRC. The Group has no cash at banks denominated in foreign currencies. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk.

DEBT TO ASSET RATIO

As at 31 December 2024, the Group's debt to asset ratio was 0.07 times, which was the same as at 31 December 2023. Debt to asset ratio equals interest-bearing bank and other borrowings divided by total equity.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during the Reporting Period.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liabilities.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the Reporting Period, there were no significant investments held by the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 December 2024, save as its planned investments in the information management system and "Rong Wisdom (榮智慧)" service software funded by the net proceeds as described under "USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING" in this announcement, the Group had no future plans for material investments or capital assets.

EMPLOYEES

As at 31 December 2024, the Group had approximately 3,270 employees (31 December 2023: approximately 3,485 employees). During the Reporting Period, the total staff costs were approximately RMB411.8 million (31 December 2023: approximately RMB431.2 million).

In terms of talent training, the Group will further enhance its employee training program with internal and external resources. The employee training program primarily covers key areas in the Group's business operations, which provides continuous training to its existing employees at different levels to specialise and strengthen their skill sets.

The Group adopts remuneration policies similar to its peers in the industry. The remuneration payable to its staff is fixed by reference to the duties and the prevailing market rates in the region. Discretionary performance bonus is paid to employees after assessments to reward their contributions. The Group also participates in social insurance contribution plans or other pension schemes prescribed by the local governments and is required to pay on behalf of its employees a monthly social insurance funds covering pension fund, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance, and the housing provident fund, or to contribute regularly to mandatory provident fund schemes on behalf of its employees.

In determining the remuneration and compensation packages of the Directors and senior management, the Group will take into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The net proceeds raised in connection with the initial public offering of the Company in July 2020 (including the exercise of the over-allotment option) amounted to approximately HK$1,267.7 million (equivalent to approximately RMB1,141.7 million) (the "**Net Proceeds**").

The proposed use of the Net Proceeds (as reallocated and announced on 19 May 2021) and the actual usage of the Net Proceeds up to 31 December 2024 are set out below:

Proposed use of Net Proceeds	**Net Proceeds Re-allocated**	**Unutilized Net Proceeds as at 1 January 2024**	**Utilized Net Proceeds from 1 January 2024 to 31 December 2024**	**Unutilized Net Proceeds as at 31 December 2024**	**Expected time of full utilization***
	RMB million	*RMB million*	*RMB million*	*RMB million*	
Development of the Group's information management system	228.3	102.8	35.2	67.6	Before 31 December 2025
Further development of the Group's "Rong Wisdom (榮智慧)" service software	171.2	76.6	25.7	50.9	Before 31 December 2025
General business operations and working capital	114.2	–	–	–	Not applicable
Acquisition of Zhenro Commercial Management	628.0	–	–	–	Not applicable
Total	**1,141.7**	**179.4**	**60.9**	**118.5**	

* As the development progress of the information system and "Rong Wisdom (榮智慧)" software is lagging behind expectations, the expected time of full utilization will be postponed to before 31 December 2025.

OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company (including the sale of treasury shares as defined by the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")) during the Reporting Period. As at the end of the Reporting Period, the Company did not hold any treasury shares.

FINAL DIVIDEND

The Board resolved not to recommend any final dividend for the year ended 31 December 2024 (2023: nil).

EVENTS AFTER THE REPORTING PERIOD

From the end of the Reporting Period to the date of this announcement, no significant event affecting the Company and its subsidiaries has taken place.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting (the "**AGM**") of the Company will be held on Friday, 20 June 2025. A notice convening the AGM will be published on the Company's website and the Stock Exchange's website and dispatched to the shareholders of the Company (if requested). For the purpose of determination of eligibility to attend, speak and vote at the AGM, the register of members of the Company will be closed from Tuesday, 17 June 2025 to Friday, 20 June 2025 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend, speak and vote at the AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Monday, 16 June 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining and strengthening high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness, so as to safeguard and protect the interests of its shareholders and to enhance corporate value and accountability system. The Company has adopted the principles and code provisions of the Corporate Governance Code ("**Corporate Governance Code**") as contained in Part 2 of Appendix C1 to the Listing Rules as in force from time to time as the basis of the Company's corporate governance practices.

During the Reporting Period, the Company has complied with all applicable code provisions set out in the Corporate Governance Code. The Board will continue to review and monitor the practices of the Company for the purpose of complying with the Corporate Governance Code and maintaining high standard corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code (the "**Model Code**") for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions.

All Directors have confirmed, following specific enquiry made by the Company, that they have complied with the guidelines contained in the Model Code throughout the Reporting Period.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a public float of not less than 25% as required under the Listing Rules during the Reporting Period and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee include, but are not limited to, (i) reviewing and supervising financial reporting process and internal control system of the Group, risk management and internal audit; (ii) providing recommendations to the Board; and (iii) performing other duties and responsibilities as may be assigned by the Board.

The Audit Committee comprises of three members, namely Mr. Zhang Wei and Ms. Wei Qin, who are independent non-executive Directors, and Mr. Liu Weiliang, who is a non-executive Director. Mr. Zhang Wei has been appointed as the chairman of the Audit Committee, and Ms. Wei Qin has the appropriate professional qualifications or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The annual results of the Company for the year ended 31 December 2024 had been reviewed by the Audit Committee before being recommended to the Board for approval.

The Audit Committee has reviewed and discussed the annual results of the Company for the year ended 31 December 2024 with the management and the external auditor of the Company. The Group's auditor agreed that the figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this announcement are consistent with the figures set out in the Group's consolidated financial statements for the year.

SCOPE OF WORK OF THE AUDITOR

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2024, but represents an extract from the consolidated financial statements for the year ended 31 December 2024 which have been audited by the auditor of the Company, Ernst & Young, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The work performed by Ernst & Young 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 Ernst & Young on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk), as well as the website of the Company (www.zhenrowy.com). The annual report will be despatched to the shareholders of the Company (if requested), and will be made available on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Zhenro Services Group Limited
Liu Weiliang
Chairman of the Board

Hong Kong, 27 March 2025

As at the date of this announcement, Mr. Deng Li and Mr. Wang Wei are the executive Directors; Mr. Liu Weiliang is the non-executive Director; and Mr. Au Yeung Po Fung, Mr. Zhang Wei and Ms. Wei Qin are the independent non-executive Directors.