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HEVOL SERVICES GROUP CO. LIMITED
和泓服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6093)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- Total revenue of the Group for the year ended 31 December 2024 was approximately RMB1,365.1 million, representing an increase of approximately RMB51.8 million or approximately 3.9% as compared to approximately RMB1,313.3 million for the corresponding period in 2023.

- Gross profit of the Group for the year ended 31 December 2024 was approximately RMB349.6 million, representing an increase of approximately RMB13.4 million or approximately 4.0% as compared to approximately RMB336.2 million for the corresponding period in 2023. The overall gross profit margin of the Group for the year ended 31 December 2024 was approximately 25.6%, which was generally in line with the corresponding period in 2023.

- Profit after income tax of the Group for the year ended 31 December 2024 was approximately RMB86.6 million, representing a decrease of approximately RMB27.5 million or approximately 24.1% as compared to approximately RMB114.1 million for the corresponding period in 2023. The net profit margin of the Group for the year ended 31 December 2024 was approximately 6.3%, representing a decrease of 2.4% as compared to approximately 8.7% for the corresponding period in 2023.

- Earnings per share attributable to equity shareholders of the Company amounted to RMB9.71 cents for the year ended 31 December 2024 (2023: RMB13.91 cents).

- Total GFA under management of the Group for the year ended 31 December 2024 was approximately 62.2 million sq.m., representing an increase of approximately 6.4 million sq.m. or approximately 11.5% as compared with approximately 55.8 million sq.m. for the corresponding period in 2023; total contracted GFA for the year ended 31 December 2024 was approximately 70.2 million sq.m., representing an increase of approximately 5.5 million sq.m. or approximately 8.5% as compared with approximately 64.7 million sq.m. for the corresponding period in 2023.

The board (the "**Board**") of directors (the "**Directors**") of Hevol Services Group Co. Limited (the "**Company**") is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	3	**1,365,068**	1,313,283
Cost of sales		**(1,015,461)**	(977,067)
Gross profit		**349,607**	336,216
Other income and gains and losses	4	**11,041**	39,724
Expected credit losses ("**ECL**") allowance on trade and other receivables, net		**(43,132)**	(45,519)
Administrative expenses		**(206,082)**	(186,583)
Finance costs	5(a)	**(3,660)**	(1,380)
Share of profit of associates		**101**	12
Profit before income tax	5(b)	**107,875**	142,470
Income tax expense	6	**(21,252)**	(28,336)
Profit for the year		**86,623**	114,134
Other comprehensive income for the year, net of nil tax			
Items that will not be reclassified subsequently to profit or loss:			
– Exchange differences on translation of the Company's financial statements into its presentation currency		**(173)**	4,396
Total comprehensive income for the year		**86,450**	118,530
Profit for the year attributable to:			
Equity shareholders of the Company		**54,388**	77,899
Non-controlling interests		**32,235**	36,235
		86,623	114,134
Total comprehensive income for the year attributable to:			
Equity shareholders of the Company		**54,215**	82,295
Non-controlling interests		**32,235**	36,235
		86,450	118,530
Earnings per share attributable to equity shareholders of the Company (expressed in RMB cents)			
Basic and diluted	8	**9.71**	13.91

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	**2024** **RMB'000**	2023 *RMB'000*
Non-current assets			
Property, plant and equipment		**23,784**	23,581
Intangible assets	9	**92,161**	107,146
Investment properties		**78,868**	55,005
Goodwill		**460,519**	461,296
Investments in associates		**1,661**	412
Other deposits	*10*	**26,476**	25,329
Deferred tax assets		**36,674**	31,572
		720,143	704,341
Current assets			
Inventories		**1,245**	1,381
Trade and other receivables	*10*	**731,199**	565,332
Financial assets at fair value through profit or loss		**–**	3,180
Restricted bank deposits		**1,232**	34
Bank balances and cash		**273,705**	378,205
		1,007,381	948,132
Current liabilities			
Bank borrowings		**46,965**	16,500
Contract liabilities	*3(a)*	**381,434**	334,877
Trade and other payables	*11*	**445,227**	435,602
Lease liabilities		**10,923**	9,477
Income tax liabilities		**6,375**	9,079
		890,924	805,535
Net current assets		**116,457**	142,597
Total assets less current liabilities		**836,600**	846,938
Non-current liabilities			
Bank borrowings		**35,980**	38,500
Lease liabilities		**6,829**	5,510
Deferred tax liabilities		**24,708**	25,622
		67,517	69,632
Net assets		**769,083**	777,306

	Notes	**2024**	2023
		RMB'000	*RMB'000*
EQUITY			
Share capital	*12*	**38**	38
Reserves		**693,047**	696,916
Equity attributable to equity shareholders of the Company		**693,085**	696,954
Non-controlling interests		**75,998**	80,352
Total equity		**769,083**	777,306

NOTES

For the year ended 31 December 2024

1. GENERAL INFORMATION

Hevol Services Group Co. Limited (the "**Company**") was incorporated in the Cayman Islands on 28 May 2018 as an exempted company with limited liability under the Companies Law, Cap 22 (law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

The Company is an investment holding company and its subsidiaries (collectively, the "**Group**") are principally engaged in the provision of property management services and related value-added services in the People's Republic of China (the "**PRC**").

The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

In the opinion of the directors, the immediate and ultimate holding company of the Company is Brilliant Brother Group Limited, a company incorporated in the British Virgin Islands ("**BVI**"). The controlling shareholder of the Company is Mr. Liu Jiang ("**Mr. Liu**" or the "**Controlling Shareholder**").

The functional currency of the Company is Hong Kong Dollars ("**HK$**"), while the consolidated financial statements are presented in thousands of Renminbi ("**RMB'000**"), unless otherwise stated. The consolidated financial statements are presented in RMB as in the opinion of the directors of the Company, it presents more relevant information to the management who monitors the performance and financial position of the Group based on RMB.

The consolidated financial statements for the year ended 31 December 2024 were approved for issue by the board of directors on 28 March 2025.

2. BASIS OF PREPARATION

Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, International Accounting Standards and Interpretations (collectively "**IFRS Accounting Standards**") issued by the International Accounting Standards Board ("**IASB**"). The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets which are measured at fair value.

It should be noted that accounting estimates and assumptions are used in the preparation of these consolidated financial statements. Although these estimates are based on the management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

New and amended IFRS Accounting Standards and changes in accounting policies

The IASB has issued the following amendments to IFRS Accounting Standards that are first effective for the current accounting period of the Group:

- Amendments to 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**"); and
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements.

The Group has not applied any new or amended IFRS Accounting Standards that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRS Accounting Standards are discussed below:

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases)

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.

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS, 1 Presentation of Financial Statements)

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 these consolidated financial statements.

Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

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.

Issued but not effective IFRS Accounting Standards

Up to the date of issue of these consolidated financial statements, the IASB has issued a number of amendments to IFRS Accounting Standards, which are not yet effective for the year ended 31 December 2024 and which have not been early adopted in these consolidated financial statements. These amendments which are potentially relevant to the Group are as follows:

	Effective for accounting periods beginning on or after
Presentation and Disclosure in Financial Statements (IFRS 18)	1 January 2027
Subsidiaries without Public Accountability: Disclosure (IFRS 19)	1 January 2027
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026
Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	*Note*
Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rate)	1 January 2025
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 (Annual Improvements to IFRS Accounting Standards – Volume 11)	1 January 2026

Note: No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far the directors considered that the adoption of these amendments is unlikely to have material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the provision of property management services and related valued-added services and leasing services in the PRC. This operating segment has been identified on the basis of internal management reports reviewed by the chief operating decision-maker (the "**CODM**"), being the executive directors of the Company. The CODM reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the executive directors of the Company regard that there is only one segment which is used to make strategic decisions.

An analysis of the Group's revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers and recognised over time		
Property management services	**1,077,895**	987,472
Community value-added services	**241,491**	243,069
Value-added services to non-property owners	**29,212**	72,275
	1,348,598	1,302,816
Leasing income (not within the scope of IFRS 15)	**16,470**	10,467
	1,365,068	1,313,283

Geographical information

The major operating entities of the Group are domiciled in the PRC. As at 31 December 2024 and 2023, substantially all of the non-current assets (other than deferred tax assets) of the Group were located in the PRC.

Information about major customers

For the year ended 31 December 2024, revenue from companies controlled by the Controlling Shareholder contributed 2.0% (2023: 3.1%) of the Group's revenue. Other than companies controlled by the Controlling Shareholder, the Group had a large number of customers and none of whom contributed 10% or more of the Group's revenue for the year ended 31 December 2024 and 2023.

(a) Contract liabilities

The Group recognised the following revenue-related contract liabilities as at the end of the reporting period:

	2024	2023
	RMB'000	*RMB'000*
Contract liabilities	**381,434**	334,877

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. Increase in contract liabilities as a result of the growth of the Group's business and therefore more advance payments were made by the property owners.

(b) Revenue recognised in relation to contract liabilities

The following table shows the revenue recognised related to brought-forward contract liabilities.

	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the year		
Property management services	**209,678**	232,164
Community value-added services	**13,473**	15,661
Value-added services to non-property owners	**642**	474
	223,793	248,299

(c) Unsatisfied performance obligations

For property management services, the Group recognises revenue in the amount that equals to the right to invoice which correspond directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligation for these types of contracts. The term of the contracts for value-added services to non-property owners is generally set to expire when the counterparties notify the Group that the services are no longer required.

For community value-added services, they are rendered in short period of time and there is no material unsatisfied performance obligation at the reporting date.

4. OTHER INCOME AND GAINS AND LOSSES

	2024	2023
	RMB'000	*RMB'000*
Government subsidy income *(note)*	**2,641**	5,240
Recovery of bad debts	**7,474**	43,766
Bank interest income	**410**	420
Sundry income	**1,165**	2,438
Fair value gain on financial assets at FVTPL	**25**	18
Gain on disposal of property, plant and equipment	**7**	81
Loss on disposal of a subsidiary	**–**	(14,024)
Gain on disposal of investment properties	**–**	986
Impairment on goodwill	**(777)**	–
Gain on bargain purchase	**96**	799
	11,041	39,724

Note:

During the years ended 31 December 2024 and 2023, government subsidy income mainly related to cash subsidies granted by the PRC government in respect of value-added tax relief and in support of the Group's operating activities which are either unconditional or with conditions that having been satisfied.

5. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

		2024	2023
		RMB'000	*RMB'000*
(a)	**Finance costs**		
	Interest expenses on lease liabilities	**643**	423
	Finance costs on interest-bearing bank borrowings	**3,017**	957
		3,660	1,380
(b)	**Other items**		
	Auditor's remuneration	**2,250**	2,480
	Amortisation of intangible assets *(note 9)*	**15,143**	16,273
	Depreciation of property, plant and equipment		
	– Owned assets	**5,634**	5,105
	– Right-of-use assets	**2,460**	3,541
	Depreciation of investment properties		
	– Owned properties	**2,562**	3,858
	– Sub-leased properties	**5,997**	2,435
	Legal and professional fees	**16,136**	14,916
	Short-term leases	**1,628**	1,592

6. INCOME TAX EXPENSE

	2024	2023
	RMB'000	*RMB'000*
Current tax – PRC enterprise income tax		
Current year	**27,988**	31,719
(Over)/under-provision in prior years	**(808)**	205
	27,180	31,924
Deferred tax		
Credited to profit or loss for the year	**(5,928)**	(3,588)
Total income tax expense	**21,252**	28,336

Notes:

(a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law and accordingly, is exempted from Cayman Islands income tax.

(b) BVI income tax

Pursuant to the relevant rules and regulations of BVI, the Group is not subject to any income tax in BVI for the years ended 31 December 2024 and 2023.

(c) Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Company has no assessable profits arising in Hong Kong in the current and prior years.

(d) **PRC enterprise income tax**

The income tax provision of certain PRC entities of the Group has been calculated at the statutory tax rate of 25% on the estimated assessable profits for the years ended 31 December 2024 and 2023, based on the existing legislation, interpretations and practices in respect thereof.

The preferential income tax rate applicable to certain of the Group's PRC entities within the scope of the China's Western Development Program and Hainan Free Trade Port Program was 15% for the years ended 31 December 2024 and 2023.

Pursuant to the relevant laws and regulation in the PRC, certain of the Group's PRC entities which are qualified as small low-profit enterprises enjoyed a preferential tax rate of 20% for the years ended 31 December 2024 and 2023. In addition, in accordance with the "Notice on Preferential Income Tax Policies Applicable to Small Low-profit Enterprises", the small and low-profit enterprises are entitled to a tax concession for 75% and 50% of its taxable income for the annual taxable income of less than RMB1,000,000 and the portion that exceeds RMB1,000,000 but does not exceed RMB3,000,000 (inclusive) for the years ended 31 December 2024 and 2023, respectively.

(e) **PRC withholding income tax**

According to the relevant laws and regulations in the PRC, the Group is also liable to a 10% withholding tax on dividends to be distributed from the Group's foreign-invested enterprises in the PRC in respect of its profits generated from 1 January 2008. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

7. DIVIDENDS

The directors do not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

8. EARNINGS PER SHARE

(a) **Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

	2024	2023
Profit attributable to equity shareholders of the Company *(RMB'000)*	**54,388**	77,899
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share *(thousands)*	**560,000**	560,000
Basic earnings per share *(expressed in RMB cents)*	**9.71**	13.91

(b) **Diluted earnings per share**

Diluted earnings per share for the years ended 31 December 2024 and 2023 equals the basic earnings per share as there were no dilutive potential ordinary shares in existence during the years.

9. INTANGIBLE ASSETS

	Customer relationships *RMB'000*	Computer software *RMB'000*	Total *RMB'000*
Year ended 31 December 2023			
Opening net carrying amount	122,165	5,331	127,496
Acquisition of subsidiaries	2,327	–	2,327
Disposal of a subsidiary	(6,506)	–	(6,506)
Additions	–	102	102
Amortisation	(14,598)	(1,675)	(16,273)
Closing net carrying amount	103,388	3,758	107,146
At 31 December 2023			
Cost	137,986	10,458	148,444
Accumulated amortisation	(34,598)	(6,700)	(41,298)
Net carrying amount	103,388	3,758	107,146

	Customer relationships ***RMB'000***	**Computer software** ***RMB'000***	**Total** ***RMB'000***
Year ended 31 December 2024			
Opening net carrying amount	**103,388**	**3,758**	**107,146**
Additions	**–**	**334**	**334**
Disposal	**–**	**(176)**	**(176)**
Amortisation	**(13,951)**	**(1,192)**	**(15,143)**
Closing net carrying amount	**89,437**	**2,724**	**92,161**
At 31 December 2024			
Cost	**137,986**	**10,616**	**148,602**
Accumulated amortisation	**(48,549)**	**(7,892)**	**(56,441)**
Net carrying amount	**89,437**	**2,724**	**92,161**

Amortisation charges recognised is analysed as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Administrative expenses	**15,143**	16,273

10. TRADE AND OTHER RECEIVABLES

	Notes	2024 RMB'000	2023 RMB'000
Trade receivables	*(a)*		
– Third parties		**473,795**	397,572
– Related parties		**89,825**	77,094
		563,620	474,666
Less: ECL allowance on trade receivables		**(110,953)**	(86,364)
		452,667	388,302
Other receivables	*(b)*		
Deposits and other receivables		**83,554**	72,685
Other deposits		**193,159**	117,301
Payment on behalf of property owners		**6,440**	5,551
Advances to employees		**3,276**	3,788
		286,429	199,325
Less: ECL allowance of other receivables		**(8,549)**	(7,235)
		277,880	192,090
Prepayments		**27,128**	10,269
		305,008	202,359
Less: Other deposits classified as non-current assets (net of ECL allowance of RMB2,525,000 (2023: RMB 3,709,000))		**(26,476)**	(25,329)
		278,532	177,030
		731,199	565,332

(a) Trade receivables

Trade receivables mainly arise from property management services and value-added services.

Property management services income are received in accordance with the term of the relevant property service agreements. Service income is due for payment upon rendering of services.

The ageing analysis of trade receivables based on invoice date, net of ECL allowance, is as follows:

	2024	2023
	RMB'000	*RMB'000*
0 – 90 days	**83,317**	89,610
91 – 180 days	**54,883**	61,467
181 – 365 days	**105,135**	99,659
1 to 2 years	**109,602**	87,585
2 to 3 years	**63,931**	26,603
Over 3 years	**35,799**	23,378
	452,667	388,302

The movement in the ECL allowance on trade receivables is as follows:

	2024	2023
	RMB'000	*RMB'000*
Balance at the beginning of the year	**86,364**	67,766
Disposal of a subsidiary	**–**	(6,028)
Bad debts written off	**(17,229)**	(15,321)
ECL allowance recognised, net	**41,818**	39,947
Balance at the end of the year	**110,953**	86,364

The Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors.

The Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables, whether determined on an individual or collective basis.

As at 31 December 2024, certain of the Group's trade receivables amounted to RMB70,000,000 (2023: RMB70,000,000) were pledged as securities of the Group's bank borrowings of RMB35,500,000.

During the year ended 31 December 2024, certain trade debtors agreed to transfer the legal title of their owned properties to the Group in settlement of their outstanding trade receivables owed to the Group totaling RMB31,056,000 (2023: RMB6,200,000). The fair value of these properties at the dates of transfer approximates the carrying amount of these trade receivables.

During the year ended 31 December 2023, the Group signed several tripartite agreements with its trade debtors and trade creditors, pursuant to which the Group agreed to assign to these creditors the entire rights, titles and interests in and to the outstanding debts in total of RMB55,091,000 owed by these debtors by offsetting against the Group's trade payables owed to these creditors.

During the year ended 31 December 2023, the Group made partial settlement of the consideration payables in respect of the acquisition of Chongqing Xinlongxin by assigning its entire rights, titles and interests in and to certain of its trade receivables amounted to RMB36,911,000 to the vendor (note 11(ii)).

(b) Other receivables

Payment on behalf of property owners

The balance mainly represents the payments on behalf of property owners in respect of utilities and maintenance costs of the properties.

Advances to employees

Advances to employees mainly represent advances for various expenses to be incurred in the ordinary course of business.

Other deposits

Other deposits mainly represent deposits paid to government or property developers at the inception of entering into tenders for property management services contracts.

ECL allowance on other receivables measured at amortised cost

Impairment of other receivables from third parties (excluding prepayments) are assessed collectively and individually and measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. Impairment of amounts due from related parties was limited to 12-month ECL since the related parties have a strong capacity to meet its contractual cash flow in the near term.

11. TRADE AND OTHER PAYABLES

		2024	2023
	Notes	***RMB'000***	*RMB'000*
Trade payables			
– Third parties	*(iii)*	**137,307**	128,400
Other payables			
Accrued charges and other payables		**122,567**	104,463
Consideration payables	*(ii)*	**487**	6,089
Financial guarantees issued	*(i)*	**–**	5,721
Renovation deposits collected from property owners		**64,032**	68,055
Amounts collected on behalf of property owners		**42,293**	31,008
Other tax liabilities		**30,433**	31,939
Staff costs and welfare accruals		**48,108**	59,927
		307,920	307,202
		445,227	435,602

Notes:

(i) In prior years, Guizhou Huaxin Financing Guarantee Co., Ltd ("**Guizhou Huaxin**"), an independent third party, which was engaged in provision of financial services, had entered into certain financial guarantee contracts to provide financial guarantees to independent third parties borrowers ("**Independent Borrower**") in relation to the bank borrowings obtained by the Independent Borrowers from certain PRC banks. A subsidiary of the Company, Guiyang Xinglong Property Management Co., Ltd. ("**Guiyang Xinglong**"), had also entered into financial guarantee contracts with Guizhou Huaxin and the PRC banks to provide financial guarantees to Guizhou Huaxin. Pursuant to the terms of the above guarantees, upon default of bank borrowings by the Independent Borrowers, Guizhou Huaxin and Guiyang Xinglong are jointly and severally liable for the repayment of the outstanding principal together with accrued interest and penalties (the "**Default Payment**") owed by the Independent Borrowers to the PRC banks. The guarantees periods start from the date of grant of the bank borrowings to expiry of the financial guarantee contracts. Pursuant to the sale and purchase agreement of the Group's acquisition of Guiyang Xinglong, the vendor of Guiyang Xinglong (the "**Vendor**") had undertaken to indemnify the Group against any losses arising from the litigations and claims against Guiyang Xinglong which had been incurred before the acquisition date. As at 31 December 2023, there was one financial guarantee contract outstanding with maximum exposure amounted to RMB5,721,000 and the financial liability relating to this financial guarantee contract was RMB5,721,000. According to the final court order issued in respect of this financial guarantee contract during the period, the Group had to undertake the repayment of total amount of RMB5,462,000 to banks in PRC in respect of the financial guarantee contract. The Vendor had indemnified the Group for the total loss of RMB5,462,000 undertook by the Group by cash settlement of RMB5,000,000 to the Group and the remaining balance of RMB462,000 due from the Vendor was recognised as other receivables in the consolidated statement of financial position. The over-provision of financial guarantee contract for the year ended 31 December 2024 amounted to RMB259,000 was recognised as other income in the consolidated statement of profit or loss and other comprehensive income. Accordingly, all financial guarantee contract was settled during the period and the balance became Nil as at 31 December 2024.

(ii) As detailed in note 10(a), the Group made partial settlement of the consideration payable of RMB43,000,000 in respect of the acquisition of Chongqing Xinlongxin during the year ended 31 December 2023 by assigning to the vendor the entire rights, titles and interests in and to certain trade receivables of the Group of RMB36,911,000. As at 31 December 2023, the remaining consideration payable to the vendor of Chongqing Xinlongxin amounted to RMB6,089,000. As at 31 December 2024, the Group still owed the amount of consideration of RMB487,000 to the vendor of Chongqing Xinlongxin.

During the year ended 31 December 2023, the Group also fully settled the consideration payable in respect of the acquisition of Guiyang Xinglong of RMB16,138,000 by (i) settlement of tax expenses of RMB7,500,000 related to this acquisition on behalf of the vendor; (ii) offsetting the amount of the indemnification of financial guarantee contracts of RMB6,534,000 and (iii) cash settlement of the remaining balance of RMB2,104,000.

(iii) Trade payables

The Group was granted by its suppliers credit periods ranging from 30 to 90 days. The ageing analysis of trade payables based on invoice date is as follows:

	2024	2023
	RMB'000	*RMB'000*
0 to 30 days	**57,286**	59,310
31 to 180 days	**46,745**	48,670
181 to 365 days	**13,316**	12,462
Over 1 year	**19,960**	7,958
	137,307	128,400

12. SHARE CAPITAL

	Number of shares	Nominal value of shares *United States dollar (“**US$**”)*
Authorised:		
Ordinary shares of the Company:		
Ordinary shares at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	5,000,000,000	50,000

	Number of shares	Nominal value of shares *US$*	Equivalent nominal value of shares *RMB’000*
Issued and fully paid:			
Ordinary shares of the Company:			
As at 1, January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**560,000,000**	**5,600**	**38**

13. SHARE OPTION SCHEME

On 14 June 2019 (the “**Adoption Date**”), the Company adopted a share option scheme (the “**Share Option Scheme**”). The purpose of the Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage the selected participants to work towards enhancing the value of the Company and the shareholders as a whole.

The Share Option Scheme is valid and effective for a period of 10 years commencing on the Adoption Date unless terminated earlier by the shareholders in general meeting.

The maximum number of shares issuable upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed 10% of the total number of shares in issue.

No option of the Company was granted to the Company’s employees and other eligible participants since the Adoption Date and up to the date of these consolidated financial statements.

14. COMMITMENTS

(a) Lease commitments

As lessor

The Group had total future minimum lease receivables under non-cancellable operating leases falling due as follows:

	2024	2023
	RMB'000	*RMB'000*
Within one year	**1,546**	1,479
After one year but within two years	**343**	686
After two years but within three years	**–**	343
	1,889	2,508

(b) Capital commitments

Capital commitments outstanding at the end of the reporting period not provided for were as follows:

	2024	2023
	RMB'000	*RMB'000*
Capital injection into certain subsidiaries	**489**	3,510
Capital injection into the associates	**–**	960
	489	4,470

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Hevol Services Group Co. Limited, I am pleased to present the results announcement of the Company for the year ended 31 December 2024 (the "**Reporting Period**").

The year of 2024 is full of challenges and opportunities. In the face of the complex and volatile market environment, all employees of the Group united as one and forged ahead with determination, achieving remarkable results: the management scale grew steadily, the number of newly signed projects reached a new high, further consolidating the Group's market share in core regions. The service quality has been continuously enhanced, and multiple "Five-Enjoyment Service Benchmark" projects have been successfully completed, with continuously improving customer satisfaction and significantly enhanced brand influence. In 2024, the Group rose to the 24th place in the ranking of China's Top 100 Property Service Enterprises. The Group has always adhered to the service concept of "Happy Life With Hevol", continuously improved service quality, actively expanded the market, deepened value-added services, and maintained steady development.

For the twelve months ended 31 December 2024, the Group achieved revenue of approximately RMB1,365.1 million, representing an increase of approximately 51.8 million or approximately 3.9% compared to approximately RMB1,313.3 million for the same period in 2023; The Group's gross profit was approximately RMB349.6 million, representing an increase of approximately RMB13.4 million, or approximately 4.0% as compared to approximately RMB336.2 million in the same period in 2023. The profit after tax amounted to approximately RMB86.6 million, representing a decrease of approximately RMB27.5 million, or approximately 24.1% as compared to approximately RMB114.1 million over the same period in 2023. The profit attributable to the Company's shareholders amounted to approximately RMB54.4 million, representing a decrease of approximately RMB23.5 million, or approximately 30.2% as compared to approximately RMB77.9 million over the same period in 2023. The basic earnings per share was approximately RMB9.71 cents.

For the twelve months ended December 31, 2024, the Group managed 394 property services projects in 45 cities in 18 provinces and municipalities directly under the Central Government, with a total gross floor area ("**GFA**") under management of approximately 62.2 million sq.m., an increase of approximately 6.4 million sq.m., or approximately 11.5%, compared with approximately 55.8 million sq.m. by the end of 2023; The total number of projects under contract was 422 with a total contracted GFA of approximately 70.2 million sq.m., an increase of approximately 5.5 million sq.m. or approximately 8.5% compared with approximately 64.7 million sq.m. by the end of 2023.

STICKING TO THE FOUNDATION OF SERVICE QUALITY TO CULTIVATE THE GROUP'S DEVELOPMENT

In the course of the property management services industry, the Group has always regarded service quality as the foundation of corporate development, this foundation embodies our responsibility and commitment to property owners. Through in-depth analysis of property owners' latent needs, the Group is dedicated to creating a warm and comfortable living environment for property owners. This year, guided by the Party-building initiatives, the Group meticulously established the Party Building Leadership Model featuring "One Core, Six Wings", translating our responsibility and accountability into tangible actions.

Together with the community, the Group has pioneered a new era of grassroots governance based on "co-creation, co-governance, and shared benefits". We refined the "two points and one line" service standard to enhance property owners' quality of life at every touchpoint. By building a Warmth Service System, we fundamentally transformed traditional service models, progressively elevating "satisfactory service" to "touching service". In collaboration with neighborhood committees and engaged property owners, we have launched initiatives such as service innovation, compassionate assistance, and heartfelt care, dedicating ourselves to fostering community warmth and strengthening grassroots governance through collective cohesion. The Group's insistence on service quality and the continuous improvement of its Professional and Warm – hearted service system, as well as its proactive innovation to enhance market competitiveness, have contributed to the Group's sustainable and steady development in the property services industry.

ADHERENCE TO THE THIRD-PARTY ENTRUSTMENT DEVELOPMENT LINE DRIVES THE CONTINUOUS INCREASE IN SCALE

The Group remains firmly committed to the development path of third-party entrustment. In the fiercely competitive property management service market, it has actively grasped market opportunities and continuously expanded its business territory. Relying on its professional market analysis and judgment as well as resolute decision-making, the Group has successfully signed contracts for a number of high-quality projects, further solidifying its position in the industry. The Group has always adhered to the core values of "Openness and Innovation, Co-creation and Shared Success" and implemented the partnership mechanism, joining hands with numerous like-minded partners. During the process of project advancement, the Group has given full play to the advantages of both parties. From the early-stage project planning and resource integration, to the mid-stage project implementation and service implementation, and then to the later-stage operation and management, every stage has seen close collaboration. Mutual benefit and a win-win situation have been achieved, jointly opening up a broader market space. At the same time, the Group has deeply cultivated the existing market, taken the enhancement of service quality as its core competitiveness, continuously strengthened its brand influence, won the trust of more customers, further expanded its market share in the market competition, and steadily marched towards higher development goals.

FOCUSING ON HOUSING AND AUTOMOBILE BUSINESS TO CREATE VALUE-ADDED SERVICE GROWTH

Standing at the forefront of the industry's development, the Group is keenly aware that property service enterprises have long since ceased to be traditional basic service providers and are gradually transforming into creators of a better life. In order to further expand its service boundaries and enhance the quality of life of owners, the Group focuses on two core areas, namely housing and automobile, which are closely related to the lives of owners. Driven by innovation, the Group has been actively exploring new modes of value-added services to provide owners with a more diversified and personalized service experience to create a one-stop living service platform. In the field of value-added services for real estate, we have launched services such as rental and sale of housing, renovation of beautiful homes, and housing escrow, which help homeowners manage their assets and maximize the value of their real estate. In the area of automobile services, the Group provides owners with convenient services such as vehicle cleaning, maintenance and repair, new energy charging and new car replacement to satisfy their growing demand for vehicles. The Group will continue to focus on the needs of owners and provide them with value-added services that are of higher quality, more attentive and more practical, while at the same time opening up new avenues of growth for the Group in the face of fierce market competition.

EMBRACING AI CHANGES AND OPENING A NEW CHAPTER OF INTELLIGENT SERVICES

The current wave of AI intelligence is sweeping across the world, profoundly changing the development pattern of various industries. The Group has keenly captured the opportunities of this era and, with an open and innovative attitude, actively explores the diversified integration of AI technology with community security, equipment management, customer service and operation decision-making, and endeavors to make AI a new and powerful engine for promoting intelligent services. The Group will continue to upgrade its intelligent management platform to achieve interconnectivity and synergistic operation of information, and use technology as a powerful driving force to enhance service efficiency in all aspects, optimize service experience in depth and create new smart-service community.

Finally, on behalf of the Board, I would like to extend my gratitude to all shareholders, business partners, property owners, customers and suppliers for their long-term support and trust to the Group, and also the management and all staff for their hard work and contribution to the Group.

Liu Jiang
Chairman of the Board of Directors

Hong Kong, 28 March 2025

BUSINESS REVIEW

The Group is a renowned market player in the property management industry in China, and has been engaged in property management services for nearly 23 years. Leveraging on its comprehensive strength in property management services, the Group has won the title of "Top 100 Property Services Enterprises in China" issued by China Index Academy for consecutive years, and its comprehensive ranking rose from 29nd in 2023 to 24th in 2024. During the year, the Group won multiple awards such as, "2024 Leading Enterprise in Growth among the Top 100 Property Service Enterprises in China", "2024 Leading Property Service Quality Brand in China", "2024 Leading Property Value-added Service Operation Enterprise in China", "2024 Leading Tech-Empowered Property Management Enterprise in China" and "2024 Top 5 Growing Listed Property Enterprise in China".

As of 31 December 2024, the Group provided property management services, community value-added services and value-added services to non-property owners in 45 cities in 18 provinces and municipalities in China. The total number of projects under management amounted to 394, with a total GFA of approximately 62.2 million sq.m., representing an increase of approximately 6.4 million sq.m. or approximately 11.5% as compared to approximately 55.8 million sq.m. in the same period of 2023. The total number of 422 contracted projects and a total GFA of approximately 70.2 million sq.m., representing an increase of approximately 5.5 million sq.m. or approximately 8.5% as compared to approximately 64.7 million sq.m. in the same period of 2023.

As of 31 December 2024, the Group recorded revenue of approximately RMB1,365.1 million, representing an increase of approximately RMB51.8 million or approximately 3.9% as compared to approximately RMB1,313.3 million in the same period of 2023; gross profit of approximately RMB349.6 million, representing an increase of approximately RMB13.4 million or approximately 4.0% as compared to approximately RMB336.2 million in the same period of 2023. The Group recorded net profit after tax for the twelve months ended 31 December 2024 of approximately RMB86.6 million, representing an decrease of approximately RMB27.5 million or approximately 24.1% as compared to approximately RMB114.1 million in the same period of 2023.

PROPERTY MANAGEMENT SERVICES

Property Management Services

The Group provides a range of property management services for property owners and residents as well as property developers, including security, cleaning, greening, gardening services as well as repair and maintenance services. The Group's property management portfolio focuses on serving residential communities and also involves other types of properties, such as commercial properties and government offices, schools, hospitals and other professional services projects.

Adhering to service quality as the foundation is the Group's unchanging pursuit and the fundamental guarantee for its steady progress in the property service field. The Group deeply understands that only by truly centering on customers and providing high-quality, warm and attentive property services can it meet the diverse needs of modern property owners for a beautiful community life. To this end, the Group regularly conducted quality analysis to strengthen the concept of quality management, and consistently improved the detailed rules for quality control of the "two points and one line", continued to refine the service quality standards at every touchpoint along property owners' home access routes, and ensured the implementation of the quality standards through training, assessment and inspection to create service highlights. Additionally, relying on the leadership of the Party building and warm service guidelines, the Group organized diverse community cultural activities, such as the film screenings, Party history competitions, community sports games, etc., to enhance the property owners' sense of belonging and community identity. The Group will continue to uphold its persistent pursuit of service quality, create a better service experience for customers, and under the leadership of Party building, we have continuously deepened the connotation of warm service and improved the quality of service touchpoints to promote the enterprise to a higher level of development.

As of 31 December 2024, the revenue from property management services amounted to approximately RMB1,077.9 million, representing an increase of approximately RMB90.4 million or approximately 9.2% as compared to approximately RMB987.5 million in the same period in 2023. For the twelve months ended 31 December 2024, the Group's revenue generated from property management services, representing approximately 79.0% of the Group's total revenue for the period.

The expansion of the full-commission market, being one of the Group's strategic priorities, has achieved remarkable results in multiple dimensions this year, demonstrating a strong development momentum. In terms of regional layout, relying on the geographical advantage of the Chengdu operation headquarters, the Group has further consolidated its market position in the southwestern region. While deeply cultivating this core area, it has actively extended outward to achieve a national strategic layout. The Group has actively implemented the external partner mechanism for market expansion, fully integrating internal resources with external forces, thus forming a new pattern of internal-external coordinated development. Benefiting from this, more than 80 new contracted projects have been added within the year, and diverse service formats have been successfully expanded, highlighting the Group's strong market competitiveness and growth potential.

On 31 December 2024, the Group managed 394 property services projects across 45 cities in 18 provinces and municipalities in China, with a total contracted GFA of about 62.2 million sq.m., an increase of about 6.4 million sq.m. or about 11.5% compared with 55.8 million sq.m. in the same period in 2023, mainly covering six regions in China, namely Northern China, Northeastern China, Eastern China, Central China, Southwestern China and Southern China.

Geographical Coverage

The table below sets out the breakdowns of (i) revenue from property management services and (ii) GFA under management classified by geographic regions which the Group provides property management services for the periods indicated:

	31 December 2024				31 December 2023			
	Revenue generated from property management services		**GFA under management**		Revenue generated from property management services		GFA under management	
	RMB'000	***%***	***'000 sq.m.***	***%***	*RMB'000*	*%*	*'000 sq.m.*	*%*
Northern China[(1)]	**140,932**	**13.1**	**6,751**	**10.8**	107,759	10.9	6,099	10.9
Northeastern China[(2)]	**38,333**	**3.6**	**2,606**	**4.2**	42,082	4.3	2,845	5.1
Eastern China[(3)]	**221,772**	**20.6**	**15,536**	**25.0**	186,409	18.9	12,247	22.0
Central China[(4)]	**22,059**	**2.0**	**1,484**	**2.4**	16,762	1.7	1,062	1.9
Southwestern China[(5)]	**555,363**	**51.5**	**30,838**	**49.6**	545,679	55.2	29,561	53.0
Southern China[(6)]	**99,436**	**9.2**	**4,982**	**8.0**	88,781	9.0	3,951	7.1
Total	**1,077,895**	**100.0**	**62,197**	**100.0**	987,472	100.0	55,765	100.0

Notes:

(1) "Northern China" includes Beijing, Tianjin, Tangshan and Hohhot.

(2) "Northeastern China" includes Harbin, Shenyang, Panjin and Dandong.

(3) "Eastern China" includes Shanghai, Hangzhou, Jiaxing, Wenling, Suzhou, Kunshan, Jingjiang, Jiangyin, Taixing, Xinghua, Xuzhou, Xinyi, Huaian, Jinan and Huangshan.

(4) "Central China" includes Changsha, Yiyang, Yueyang, Huaihua and Zaoyang.

(5) "Southwestern China" includes Chongqing, Chengdu, Neijiang, Meishan, Guiyang, Zunyi and Qiannanzhou.

(6) "Southern China" includes Guangzhou, Dongguan, Zhongshan, Foshan, Jiangmen, Huizhou, Haikou, Sanya, Lingshui and Wenchang.

The Group managed a diverse portfolio of property management, comprising primarily residential properties and, to a lesser extent, non-residential properties. Non-residential properties include commercial properties and other types of professional service projects. The table below sets out the breakdowns of its: (i) revenue generated from property management services by type of properties, and (ii) total GFA under management by type of properties for the periods indicated:

	31 December 2024				31 December 2023			
	Revenue generated from property management services		**GFA under management**		Revenue generated from property management services		GFA under management	
	RMB'000	***%***	***'000 sq.m.***	***%***	*RMB'000*	*%*	*'000 sq.m.*	*%*
Residential properties	**939,070**	**87.1**	**56,463**	**90.8**	873,350	88.4	52,275	93.7
Non-residential properties	**138,825**	**12.9**	**5,734**	**9.2**	114,122	11.6	3,490	6.3
Total	**1,077,895**	**100.0**	**62,197**	**100.0**	987,472	100.0	55,765	100.0

Community value-added services

As an extension of the Group's property management services business, the Group provides community value-added services to property owners and residents according to their needs. The Group's community value-added services help to satisfy the needs of property owners and residents for quality life, enhance customer experience, as well as to create a healthier and more convenient living community. The community value-added services, mainly includes home-living services, real estate brokerage, housing decoration and renovation services, bulk purchases for community, online community business platform, parking space rental, and public facilities rental.

This year, the Group redefined the boundaries of value-added services and established the "Harmony Sharing Good Goods" system to provide owners with the most convenient and highest-quality one-stop home delivery services, making home life better. At the same time, it focuses on the real needs of property owners and focuses on the two core business segments of real estate and vehicles. In the real estate business sector, the "Harmony Sharing Good Homes" brand was created to carry out housing rental and sales and hotel management services, so that owners' idle assets can maintain and increase in value. The Group provides home renovation and refurbishment services to help property owners realize their aspirations for a perfect and comfortable living space. In the vehicle asset management business, the Group has established "Hongzhi New Energy" to capitalize on the boom in new energy development and independently carry out the construction of new energy charging piles to provide convenient charging services for new energy vehicle owners. A systematic vehicle peripheral service system has been established around the use of owners' vehicles to fully meet various needs for daily maintenance of owners' vehicles. The Group is committed to helping owners achieve their demands through accurate and efficient services based on an in-depth understanding of their needs, so that the owners can truly experience the service concept of "Happy Life With Hevol".

As of 31 December 2024, the Group's revenue from community value-added services reached approximately RMB258.0 million, representing an increase of approximately RMB4.5 million, or approximately 1.8% as compared to approximately RMB253.5 million in the same period in 2023. For the twelve months ended 31 December 2024, the Group's revenue generated from community value-added services, representing approximately 18.9% of the Group's total revenue for the period.

Value-added services to non-property owners

Revolving around the needs of property developers, the Group mainly provides site services and diverse property management services for property developers, and provides full-cycle and full-process services before property sales and delivery. Leveraging the Group's professional service standards in the property management industry, property developers are comprehensively aided in enhancing their brand value.

As of 31 December 2024, the Group's revenue from value-added services to non-property owners amounted to approximately RMB29.2 million, representing a decrease of approximately RMB43.1 million, or approximately 59.6% as compared to approximately RMB72.3 million over the same period in 2023. For the twelve months ended 31 December 2024, the Group's revenue generated from value-added services to non-property owners, representing approximately 2.1% of the Group's total revenue for the period.

PROSPECT

The Group has always adhered to the service concept of "Happy Life With Hevol", unswervingly adhered to the original intention of service, and made every effort to promote the Group to a new height. In terms of service quality, the Group continuously optimizes every service detail. From the meticulous carving of the community environment to the efficient operation and maintenance of facilities and equipment, from quickly responding to property owners' needs to providing personalized and attentive services, it comprehensively improves property owners' satisfaction. In terms of business expansion, the Group deepens cooperation with partners, gives play to the advantages of the partner mechanism, actively expands the market territory, and achieves mutual benefit and win-win results. In the field of value-added services, it focuses on the innovation and upgrading of housing and vehicle businesses to meet the diverse needs of property owners. It continuously explores the application of AI technology to create convenient and comfortable smart living scenarios for property owners, casting a new chapter in the development of the Group.

FINANCIAL REVIEW

Revenue

The Group derived revenue from: (i) property management services; (ii) community value-added services; and (iii) value-added services to non-property owners. Overall revenue increased by approximately RMB51.8 million, or approximately 3.9% from approximately RMB1,313.3 million in 2023 to approximately RMB1,365.1 million in 2024. Such growth was primarily attributable to the Group's intensification of market expansion efforts to acquire new property service projects, resulting in an increase in the total GFA under management. The Group's total GFA under management increased by 6.4 million sq.m., or approximately 11.5% from approximately 55.8 million sq.m. in 2023 to approximately 62.2 million sq.m. in 2024, and the number of projects under management increased from 335 to 394 so that the Group recorded an increase in revenue from property management services by approximately RMB90.4 million, or approximately 9.2%. The Group recorded an increase in revenue from community value-added services by approximately RMB4.5 million, or approximately 1.8% which is due to the Group's active development and enrichment of existing community value-added service categories. Meanwhile, due to the impact of the domestic real estate market, the sales assistance services and ancillary property management services provided to Hevol Real Estate Group and other property developers decreased, resulting in a decrease in value-added service income from non-property owners of approximately RMB43.1 million, or approximately 59.6%.

The following table sets out a breakdown of the Group's total revenue by business segment for the years indicated:

	Year ended 31 December					
	2024		2023		**Change**	
	RMB'000	**%**	*RMB'000*	%	*RMB'000*	%
Property management services	**1,077,895**	**79.0**	987,472	75.2	90,423	9.2
Community value-added services (including rental income)	**257,961**	**18.9**	253,536	19.3	4,425	1.8
Value-added services to non-property owners	**29,212**	**2.1**	72,275	5.5	(43,063)	(59.6)
Total	**1,365,068**	**100.0**	1,313,283	100.0	51,785	3.9

Property management services

Property management services primarily include providing security, cleaning, greening and gardening and repair and maintenance services to residential, commercial and other types of properties. Revenue increased by approximately RMB90.4 million, or approximately 9.2%, from approximately RMB987.5 million in 2023 to approximately RMB1,077.9 million in 2024. Such increase was primarily attributable to the increase in the total GFA under management resulting from the Group's intensification of market expansion efforts to acquire new property service projects. The Group's total GFA under management increased by approximately 6.4 million sq.m., or approximately 11.5% from approximately 55.8 million sq.m. in 2023 to approximately 62.2 million sq.m. in 2024, and the number of projects under management increased from 335 to 394.

Community value-added services

Revenue from community value-added services increased by approximately RMB4.5 million or approximately 1.8% from approximately RMB253.5 million in 2023 to approximately RMB258.0 million in 2024. Such increase was mainly due to the increase in revenue brought by the Group's active development and enrichment of existing community value-added service categories.

Value-added services to non-property owners

The Group provides a wide range of value-added services to non-property owners including sales site services, sales assistance services and ancillary property management services. Revenue from value-added services to non-property owners decreased by approximately RMB43.1 million, or approximately 59.6% from approximately RMB72.3 million in 2023 to approximately RMB29.2 million in 2024. The decrease was mainly due to a decrease of revenue from sales assistance services and ancillary property management services to Hevol Real Estate Group and other property developers resulted from impact of domestic real estate market.

Cost of Sales

Cost of sales of the Group primarily comprises staff costs, sub-contracting costs, utility expenses, repairs and maintenance costs, cost of providing ancillary property management services, material costs and sales taxes. Cost of sales increased by approximately RMB38.4 million or approximately 3.9% from approximately RMB977.1 million in 2023 to approximately RMB1,015.5 million in 2024. Such increase was mainly attributable to: (i) increase in the number of property services projects in the public construction category resulted in the outsourcing of certain services (such as greening and security) to other service providers, which increased the subcontracting costs by approximately RMB32.8 million, (ii) the increase of repairs and maintenance expenses by approximately RMB2.3 million from approximately RMB300.3 million in 2023 to approximately RMB302.6 million in 2024 resulted from an increasing costs of repairs and maintenances incurred for certain older public facilities in the residential communities. The increase of cost of sales was substantially in line with the growth rate of revenue, primarily due to the synchronous increase in the cost resulted from the Group's business expansion.

Gross Profit and Gross Profit Margin

The table below sets forth the Group's gross profit and gross profit margin by business segment for the years indicated:

	Year ended 31 December					
	2024		2023			
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Change	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property management services	**238,760**	**22.2**	218,379	22.1	20,381	9.3
Community value-added services (including rental income)	**105,051**	**40.7**	98,666	38.9	6,385	6.5
Value-added services to non-property owners	**5,796**	**19.8**	19,171	26.5	(13,375)	(69.8)
Total	**349,607**	**25.6**	336,216	25.6	13,391	4.0

Overall gross profit of the Group increased by approximately RMB13.4 million, or approximately 4.0% from approximately RMB336.2 million in 2023 to approximately RMB349.6 million in 2024. The increase in gross profit was primarily attributable to the economies of scale brought by the expansion of the Group's business. Overall gross profit margin of the Group remained basically the same as that of approximately 25.6% in 2023.

Property management services

Gross profit for the Group's property management services increased by approximately RMB20.4 million, or approximately 9.3% from approximately RMB218.4 million in 2023 to approximately RMB238.8 million in 2024. The increase of gross profit is primarily attributable to an increase in total GFA under management as a result of the Group's intensified market expansion efforts to acquire new property service projects. Gross profit margin of property management services increased slightly from approximately 22.1% in 2023 to approximately 22.2% in 2024, which remained consistent.

Community value-added services

Gross profit for the Group's community value-added services increased by approximately RMB6.4 million, or approximately 6.5% from approximately RMB98.7 million in 2023 to approximately RMB105.1 million in 2024, gross profit margin of community value-added services increased from approximately 38.9% in 2023 to approximately 40.7% in 2024. The increase in gross profit and gross profit margin was mainly due to an increase of revenue such as home-living and other services, which due to the efforts of the Group actively developed and enriched community value-added services categories.

Value-added services to non-property owners

Gross profit of value-added services to non-property owners of the Group decreased by approximately RMB13.4 million, or approximately 69.8% from approximately RMB19.2 million in 2023 to approximately RMB5.8 million in 2024. The decrease in gross profit was attributable to a decrease of sales assistance services and ancillary property management services provided to Hevol Real Estate Group and other property developers resulting from impact of real estate market in the PRC. Gross profit margin of value-added services to non-property owners decreased from approximately 26.5% in 2023 to approximately 19.8% in 2024, which was mainly attributable to a decrease of revenue from sales site services and ancillary property management services with relatively higher gross profit margin.

Other Income and gains and losses

Other income of the Group decreased by approximately RMB28.7 million, or approximately 72.2% from approximately RMB39.7 million in 2023 to approximately RMB11.0 million in 2024, which was mainly due to a decrease of recovery of bad debts amounted to approximately RMB36.3 million, a decrease of government grants and miscellaneous income amounted to approximately RMB3.0 million, which was set off by a decrease in loss on disposal of subsidiaries.

Administrative Expenses

Administrative expenses of the Group mainly include staff costs, travelling and entertainment, professional fees, telecommunication, utilities, depreciation and amortization. Administrative expenses of the Group increased by approximately RMB19.5 million, or approximately 10.5% from approximately RMB186.6 million in 2023 to approximately RMB206.1 million in 2024, primarily due to: (i) an increase in staff costs resulting from the expansion in the business scale of the Group; (ii) an increase in information system service fees for the improvement of management efficiency; and (iii) an increase of professional services fees related to legal services and intermediary services for efficiency management.

ECL allowance on trade and other receivables

The ECL allowance on trade and other receivables slightly decreased by approximately RMB2.4 million or approximately 5.2% from approximately RMB45.5 million in 2023 to approximately RMB43.1 million in 2024. The Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors. The Group has considered making individual assessment on the recoverability of trade receivables from related parties. Impairment of other receivables from third parties (excluding prepayments and advances to employees) are assessed collectively and individually and measured as either 12-month ECL or lifetime ECL. The increase in the ECL allowance on trade and other receivables was primarily driven by the increased trade receivables and certain upward adjustments of ECL rates based on the collection profile for sales in the past 36 months as well as the corresponding historical credit losses during that period and the current and forwarding-looking macroeconomic factors mainly including current situation in the domestic real estate sector and the economic growth of domestic market, affecting the customer's ability to settle the amount outstanding.

Income Tax Expenses

Income tax expenses of the Group decreased by approximately RMB7.0 million, or approximately 24.7% from approximately RMB28.3 million in 2023 to approximately RMB21.3 million in 2024, primarily due to the inclusion of tax effect on non-taxable income and utilisation of tax losses previously not recognised.

Profit for the Year

Profit for the year of the Group decreased by approximately RMB27.5 million, or approximately 24.1% from approximately RMB114.1 million in 2023 to approximately RMB86.6 million in 2024, primarily due to the increase in relevant expenses caused by the intensified efforts in market expansion to enlarge the management scale, as well as the increased provision for credit impairment made for trade receivables in this year.

Intangible Assets

Intangible assets decreased from approximately RMB107.1 million as at 31 December 2023 to approximately RMB92.2 million as at 31 December 2024. The decrease was mainly due to amortisation and depreciation for the year with aggregate amount of approximately RMB15.1 million.

Investment Properties

Investment properties which consisted of certain car parking spaces and shop premises, increased from approximately RMB55.0 million as at 31 December 2023 to approximately RMB78.9 million as at 31 December 2024 mainly due to investment property additions for the year of approximately RMB33.3 million, set off by disposal and depreciation of investment properties of aggregately approximately RMB9.4 million.

Goodwill

Goodwill slightly decreased from approximately RMB461.3 million as at 31 December 2023 to approximately RMB460.5 million as at 31 December 2024, such decrease was mainly due to the impairment of goodwill on the acquisition of Beijing He Zhong Zhidi Property Agency Co., Ltd. (北京和眾置地房地產經紀有限公司) ("**Beijing He Zhong**").

Other Receivables

Other receivables represented deposits paid for certain projects which to be completed and repaid over one year.

Trade and Other Receivables

Trade and other receivables include trade receivables, prepayments and other receivables. Trade receivables are mainly related to property management services as well as value-added services. Trade receivables of the Group increased from approximately RMB388.3 million as at 31 December 2023 to approximately RMB452.7 million as at 31 December 2024, primarily due to an increase in the number of projects under management from 335 in 2023 to 394 in 2024 resulting in an increase in accounts receivable. Other receivables mainly consist of deposits, prepayment and other receivables and payment on behalf of property owners. Other receivables increased from approximately RMB177.0 million as at 31 December 2023 to approximately RMB278.5 million as at 31 December 2024, mainly due to (i) a reallocation of other receivables of approximately RMB26.5 million to non-current assets; and (ii) the payment of deposits to property developers or owners' committees or other third parties at the beginning of entering into contract for property management services. The Group seeks to strengthen strict control over its outstanding receivables, performs ongoing credit evaluation of its customers and makes frequent contact with customers to encourage regular payment of management fees.

Contract Liabilities

The Group's contract liabilities mainly arise from advance payments made by customers while the underlying property management services are yet to be provided. Contract liabilities of the Group increased from approximately RMB334.9 million as at 31 December 2023 to approximately RMB381.4 million as at 31 December 2024, primarily due to the managing of an increasing number of property service projects from 335 in 2023 to 394 in 2024.

Trade and Other Payables

Trade payables of the Group increased from approximately RMB128.4 million as at 31 December 2023 to approximately RMB137.3 million as at 31 December 2024, primarily due to an increasing materials and utilities expenses payable for the Group's business expansion. Other payables mainly consist of accrued staff costs, accrued charges and other payables and collected amounts on behalf of property owner committees and property owners. The other payables of the Group increased slightly from approximately RMB307.2 million as at 31 December 2023 to approximately RMB307.9 million as at 31 December 2024. Total other payables remained broadly consistent, with increases in accrued expenses and other payables, and payment on behalf of property owners, offset by decreases in consideration payable, financial guarantees issued, and accrued staff costs.

Liquidity, Capital Structure and Financial Resources

The Group's bank balances and cash decreased from approximately RMB378.2 million as at 31 December 2023 to approximately RMB273.7 million as at 31 December 2024, primarily due to the consideration of approximately RMB52.3 million paid for the subsequent acquisition of 30% equity interest in Sichuan Wansheng Property Service Co., Ltd. ("**Sichuan Wansheng**"), and the payment of deposits to property developers or owners' committees or other third parties at the beginning of entering into contracts for property management services. Our cash and cash equivalents are denominated in RMB and HKD. The Group's financial position remained solid. The Group's net current assets decreased from approximately RMB142.6 million as at 31 December 2023 to approximately RMB116.5 million as at 31 December 2024. As at 31 December 2024, the Group's current ratio was approximately 1.13 times (31 December 2023: 1.18 times), which was mainly due to the increase in costs and expenses resulted from the increase in the number of projects under management from 335 in 2023 to 394 in 2024. The Group has borrowings of approximately RMB82.9 million as at 31 December 2024 (2023: approximately RMB55.0 million) which certain of the Group's investment properties of approximately RMB36.5 million were pledged for borrowings of RMB21.5 million.

Asset Charges

As at 31 December 2024, certain investment properties of the Group of RMB36.5 million (2023: RMB12.1 million) were pledged for bank borrowing of RMB21.5 million (2023: RMB4.0 million). Certain trade receivables of the Group of RMB70.0 million (2023: RMB70.0 million) were pledged for bank borrowings for RMB35.5 million (2023: RMB40.0 million).

Material Acquisition and Disposals of Assets

On 2 December 2024, Hevol Furuiying (Guizhou) Information Consultancy Limited* (和泓福瑞盈(貴州)信息諮詢有限公司) (the "**Purchaser**"), an indirect wholly-owned subsidiary of the Company, Mr. Deng Lihua (鄧利華) (the "**Seller**"), and Sichuan Wansheng entered into a sale and purchase agreement, pursuant to which the Seller agreed to dispose of and the Purchasers agreed to acquire in aggregate 30% equity interest of Sichuan Wansheng at a total consideration of RMB65,400,000. For details, please refer to the announcement of the Company dated 2 December 2024.

Save as disclosed above, during the Reporting Period, the Group did not conduct any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Significant Investment Held and Future Plans for Material Investment and Capital Assets

As of 31 December 2024, the Group did not hold any significant investment. The Group has no future plan for material investments or capital assets as at the date of this announcement.

Gearing Ratio

The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total interest-bearing debt less cash and cash equivalents. As at 31 December 2024 and 2023, the gearing ratio of the Group maintained at net cash position.

Contingent Liabilities

As at 31 December 2024, the Group did not have any contingent liabilities (2023: Nil).

Treasury Policies

The Group has adopted a prudent financial management approach towards its treasury policies to ensure the liquidity requirements from daily operation as well as capital expenditures are met. The Board closely monitors the Group's liquidity positions, while surplus cash will be invested appropriately with the consideration of the credit risks, liquidity risks and market risks of the financial instruments.

Foreign Exchange Risk

The Group's exposures to currency risk mainly arise from its bank balance of RMB267.0 million (2023: RMB373.9 million) denominated in RMB placed with banks in the Mainland China. The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group does not hedge its foreign currency risk. However, management monitors the foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Employees and Remuneration Policies

The Group had 4,951 employees as at 31 December 2024 (31 December 2023: 4,849 employees). For the year ended 31 December 2024, the Group's total staff costs were approximately RMB425.8 million (2023: RMB446.5 million). The remuneration package of the employees included salary, bonus and other cash subsidies. Employees were rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Group was subject to social insurance contribution plans or other pension schemes prescribed by the local governments and was required to pay on behalf of the employees, a monthly social insurance fund covering pension fund, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance, the housing provident fund, or other mandatory provident fund schemes on behalf of the employees. The Group hosted comprehensive internal staff training programmes for its staff to improve and enhance their technical and service skills, as well as to provide them with the knowledge of industry quality standards and work place safety standards. The Group provided orientation training to new hires and introduce them to the Group's corporate culture to understand its service standards and procedures. The Group also provided training courses and regular seminars on various aspects of its business operations, such as quality control and customer relationship management, to the Group's employees. The Group had also adopted a share option scheme, details of which are set out in note 13 to the consolidated financial statements in this announcement.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There are no material events subsequent to 31 December 2024 which could have a material impact on our operating and financial performance as of the date of this announcement.

CORPORATE GOVERNANCE

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high standard of corporate governance. Details of the corporate governance practices will be disclosed in the Company's report for the year. The Board is of the view that, during the year ended 31 December 2024, the Company has complied with all the code provisions on the Corporate Governance Code ("**CG Code**") set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

The Company has made specific enquiry of all Directors whether the Directors have complied with the required standard as set out in the Model Code for the year ended 31 December 2024 and all Directors confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the said period. No non-compliance event was found during the above period.

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

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

REVIEW OF ACCOUNTS

The audit committee of the Company (the "**Audit Committee**") was established with written terms of reference in compliance with Appendix C1 to the Listing Rules. The Audit Committee is delegated by the Board to be responsible for reviewing and monitoring the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit of the Group. The Audit Committee has reviewed the annual results and the consolidated financial statements of the Group for the year ended 31 December 2024 and reviewed with the management of the Group regarding the accounting principles and practices adopted by the Group, and discussed with them the internal controls and financial reporting matters.

The Audit Committee comprises Mr. Fan Chi Chiu, Dr. Chen Lei and Mr. Qian Hongji, who are independent non-executive Directors.

DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 December 2024 (for the year ended 31 December 2023: Nil).

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 27 May 2025 to Friday, 30 May 2025, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the annual general meeting of the Company to be held on Friday, 30 May 2025 (the "**AGM**"). In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration 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, Wan Chai, Hong Kong, not later than 4:30 pm on Monday, 26 May 2025.

NOTICE OF ANNUAL GENERAL MEETING

The AGM will be held on 30 May 2025 and a notice convening the AGM will be published and dispatched in the manner as required by the Listing Rules in due course.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the Listing Rules.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2024 have been agreed by the Group's auditor, BDO Limited (the "**Auditor**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the respective websites of the Company at www.hevolwy.com.cn and the Stock Exchange at www.hkexnews.hk. The annual report of the Company for the year ended 31 December 2024 containing all the information required under the Listing Rules will be dispatched to the Shareholders and made available on the above websites in due course.

By order of the Board
Hevol Services Group Co. Limited
Wang Wenhao
Executive Director

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises two executive Directors, namely Ms. Hu Hongfang and Mr. Wang Wenhao, two non-executive Directors, namely Mr. Liu Jiang and Mr. Zhou Wei, and four independent non-executive Directors, namely Dr. Chen Lei, Mr. Fan Chi Chiu, Dr. Li Yongrui and Mr. Qian Hongji.