TARGET
Intelligence Report

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ZHONG AO HOME GROUP LTD:
ONE IS HIGHLY UNLIKELY TO JUMP FOR JOY
ON SCANNING THIS COMPANY'S FINANCIALS

The Chairman of the Board of Directors of Zhong Ao Home Group Ltd (中奧到家集團有限公司) (Code: 1538, Main Board, The Stock Exchange of Hongkong Ltd) made the determination to allocate the entire six paragraphs, found at Page Six, as well as one paragraph at the top of Page Seven of the Annual Report of the Company in respect of the Financial Year, ended December 31, 2021, chronicling, for posterity, the seven awards that the Company had received from entities and (what have you) of the Government (and or certain quasi-governmental agencies) of the **P**eople's **R**epublic of **C**hina (**PRC**).

And, then, at the second paragraph of Page Seven, digressing from the waffle, found at Page Six and the single paragraph, found at the top of Page Seven, Mr Liu Jian (劉建) had this to say about the business of the Company:

> '*As at 31 December 2021, the Group had maintained its presence in 46 cities in China where it was contracted to manage a total of 637 residential properties and non-residential premises such as commercial or government buildings with an aggregate contracted **G**ross **F**loor **A**rea ("**GFA**") of 72.3 million **s**quare **m**eters ("**sq.m.**"). That remained the same compared to the aggregate contracted GFA of 72.0 million sq.m. as of 31 December 2020. In relation to the delivered GFA of 66.1 million sq.m. in 2021, which was similar to the delivered GFA of 65.6 million sq.m. as at 31 December 2020.*'

Zhong Ao Home Group Ltd, according to the database of **TOLFIN** (泰達資訊), the Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider, is described as follows:

> '*The principal activity of the Company is investment holding. Its subsidiaries are primarily engaged in the provision of property management services, sales assistance services, provision of cleaning and greening services and the provision of real estate agency services in the PRC.*

'The Company operates through three segments, namely, Southern Region, Eastern and Central Region, and the Northern Region of the PRC.'

The Company makes the claim of being '*an independent property management company, competing with counterparts in the marketplace*.'

Waffle Is One Thing; Facts Are Another

According to the database of **TOLFIN**, the following are indisputable facts with regard to the financials of Zhong Ao Home Group Ltd:

1. The Company's Revenue in respect of the 2021 Financial Year, was **r**en**m**in**b**i (**RMB**) 1,873,533,000, an increase, Year-On-Year, of 6.92 percent;

2. The Company's Profit Before Taxation in respect of the 2021 Financial Year was RMB190,883,000, a decrease, Year-On-Year, of 5.79 percent;

3. The Net Profit Attributable to Shareholders in respect of the 2021 Financial Year was RMB106,282,000, a decrease, Year-On-Year, of about 19.18 percent; and,

4. Total Equity (Shareholders' Funds) in respect of the 2021 Financial Year was RMB329,262,000, a decrease, Year-On-Year, of about 6.37 percent.

A Brief History Of Zhong Ao Home Group Ltd

On November 13, 2015, Zhong Ao Home Group Ltd pitched its Global Offering, comprising 224 million, one-cent shares, at the Offer Price Per Share between $HK1.72, the lowest acceptable level by Management, and $HK2.05, the highest expected level.

On November 24, 2015, Management of Zhong Ao Home Group Ltd announced that the Offer Price Per Share had been struck at $HK1.88.

Management proclaimed that it expected to net about $HK296.10 million from the net proceeds of the Global Offering.

On March 13, 2017, approximately 16 months after Zhong Ao Home Group Ltd had banked the $HK296.10 million, being the net proceeds of the Global Offering, Mr Yu Ho Ming (余浩銘), the Company Secretary of the day, caused to have published and disseminated an announcement, headlined, '***PROFIT WARNING***'.

The gist of that announcement was as follows:

'*The board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and investors that, based on the preliminary review of the unaudited consolidated* *management accounts of the Group for the year ended 31 December 2016 (the "**Management Accounts**"), the profits attributable to owners of the Company for the year ended 31 December 2016 is* (sic) *expected to record a significant decline as compared with the same period in 2015 or may lead to a loss. Such decline was mainly caused by the significant increase in expenses attributable to the investments made by the Group in enlarging the customer base of online-to-offline ("**O2O**") platform of the Group in order to develop its O2O business. Going forward, in order to mitigate the loss attributable to the development of the O2O business, the Group will consider introducing more stringent cost control measures to reduce the operating expenses of the O2O platform, such as outsourcing its operation, or exploring other feasible means in order to strive a balance between profitability, growth and building customer base in the O2O platform for the benefits of all stakeholders. **Shareholders of the Company and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company**.*

'*The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the Management Accounts currently available. Such Management Accounts have not been audited or reviewed by the auditors or audit committee of the Company and that the actual results for the Group may be different from what is disclosed herein. The Group is still in the process of finalizing the final results of the Group for the year ended 31 December 2016. Shareholders and potential investors of the Company should read carefully the final results announcement of the Company for the year ended 31 December 2016, which is …* CLICK TO ORDER FULL ARTICLE