遠洋服務
SINO-OCEAN SERVICE

遠洋服務控股有限公司
Sino-Ocean Service Holding Limited

(Incorporated in the Cayman Islands with limited liability)

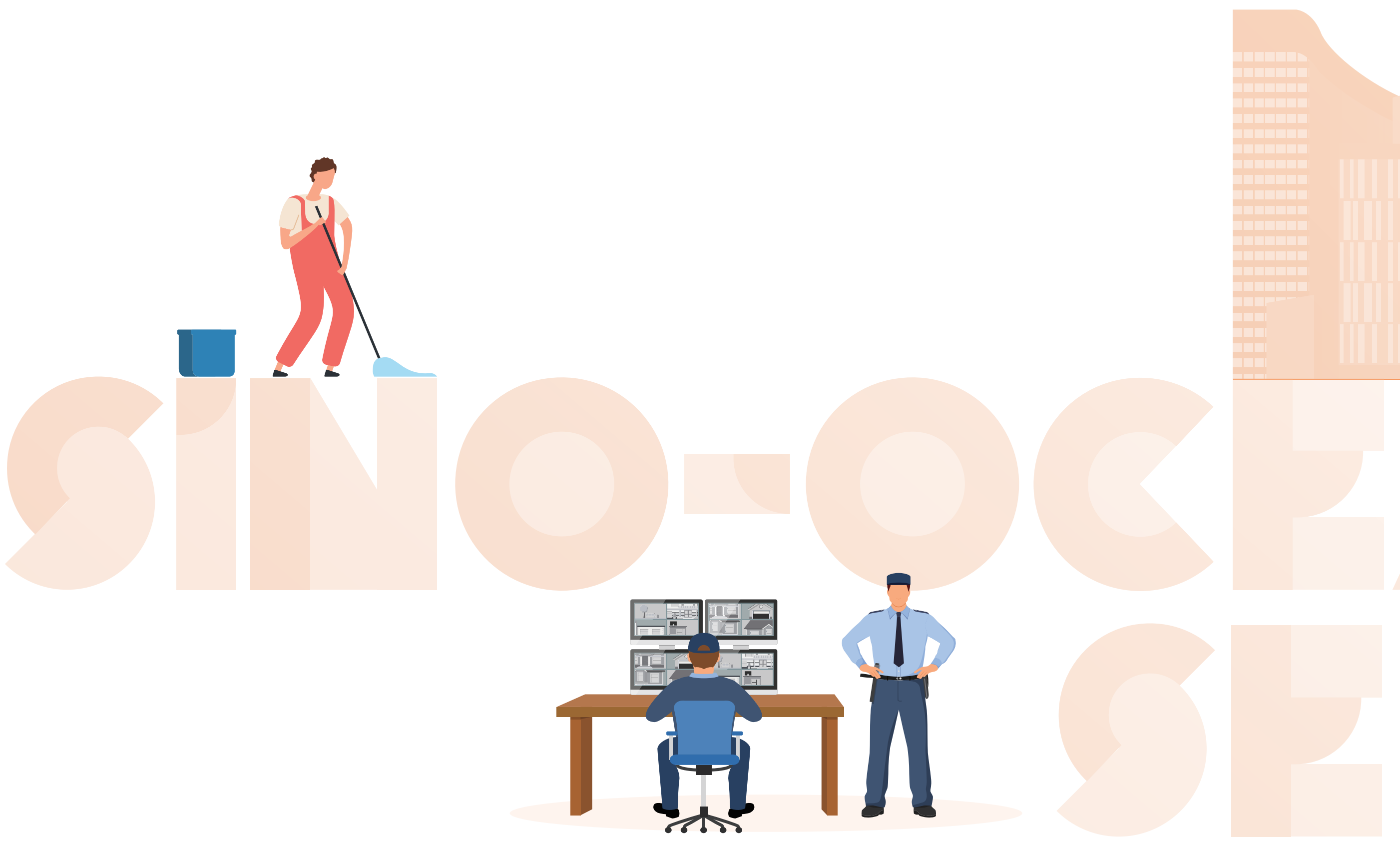
Stock Code: 06677.HK

2024
ANNUAL REPORT

SINO-OCEAN SERVICE

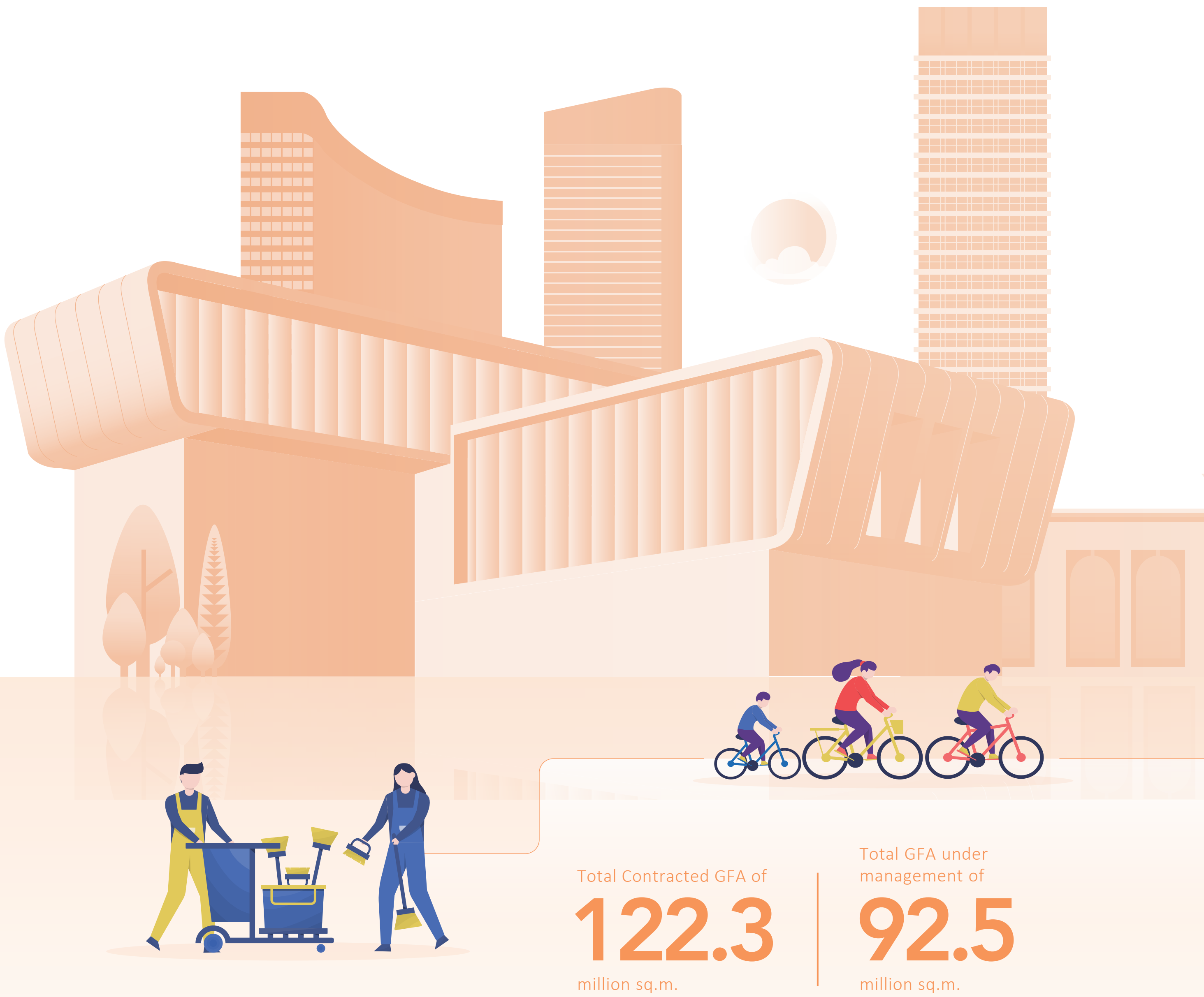
BEING
UNDERSTANDING
AND
INNOVATIVE

CONTENT



CORPORATE OVERVIEW

We are a comprehensive property management service provider with extensive geographic coverage in the PRC. According to China Index Academy, in terms of overall strength in 2024, we were honored with the title of "2024 Top100 Property Management Companies in China (Ranked 12th)" and we received other accolades such as "2024 Top100 China Leading Property Management Companies in terms of Customer Satisfaction Rate".



Our history can be traced back to 1997 when we commenced property management services with an initial focus on properties developed by Sino-Ocean Group Company, a leading comprehensive property developer in China of which shares are listed on the Main Board of the Stock Exchange (Stock Code: 03377). Since then, we have expanded our geographic coverage from the Beijing-Tianjin-Hebei region to the Bohai Rim region and other regions across China, with a focus on first-tier and second-tier cities in China. Headquartered in Beijing, we operate business in 86 cities across 28 provinces, autonomous regions and municipalities in China.

As at 31 December 2024, our total contracted GFA reached 122.3 million sq.m. and we managed 518 properties in China with a total GFA under management of 92.5 million sq.m., including 340 residential communities, 65 commercial properties and 113 other properties. Our property management services cover a wide range of property types, including residential communities, commercial properties (such as shopping malls and office buildings) and public and other properties (such as hospitals, schools, government buildings and public service facilities). In addition to property management services, we also provide a variety of community value-added services to property owners and residents of the properties under our management, including community asset value-added services, community living services and property brokerage services, as well as value-added services to non-property owners, including pre-delivery services, consultancy services and property engineering services to property developers and other property management companies.

Number of projects under property management services

340	65	113
Residential communities	Commercial properties	Other properties

GEOGRAPHIC COVERAGE

The following table shows the major cities in China of our contracted property management projects and property management projects under management are located as at 31 December 2024:

Beijing-Tianjin-Hebei

Beijing, Cangzhou, Handan, Hengshui, Langfang, Qinhuangdao, Shijiazhuang, Tangshan, Tianjin, Zhangjiakou

Bohai Rim

Anshan, Changchun, Dalian, Harbin, Huludao, Jinan, Jinzhong, Linyi, Qingdao, Shenyang, Songyuan, Taiyuan, Tieling, Yantai

Eastern China

Changzhou, Chuzhou, Hangzhou, Hefei, Huai'an, Jiaxing, Jinhua, Nanjing, Nantong, Ningbo, Shanghai, Suqian, Suzhou, Taizhou (Zhejiang Province), Wenzhou, Wuhu, Wuxi, Yangzhou, Zhenjiang, Zhoushan

Southern China

Chongzuo, Foshan, Fuzhou, Guangzhou, Haikou, Huizhou, Jiangmen, Liuzhou, Maoming, Nanning, Sanya, Shenzhen, Xiamen, Zhangzhou, Zhanjiang, Zhongshan

Central China

Changsha, Ezhou, Ganzhou, Hebi, Huaihua, Kaifeng, Luohe, Nanchang, Sanmenxia, Shangqiu, Wuhan, Xiangtan, Xilinguole, Xinxiang, Xuchang, Yongzhou, Zhengzhou, Zhoukou

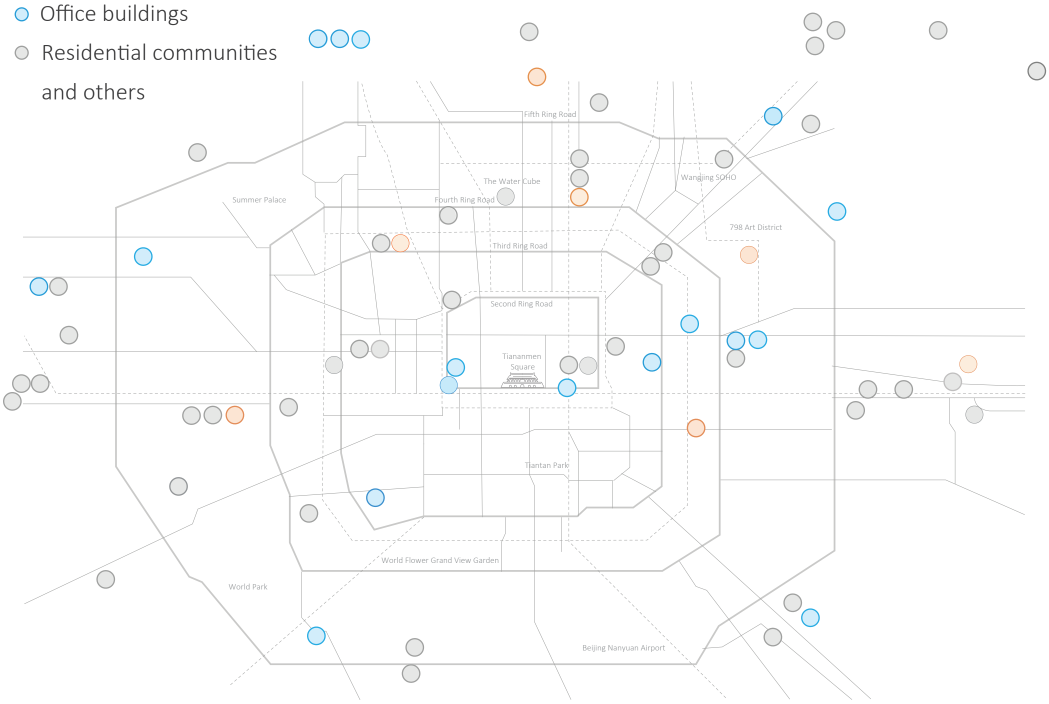
Western China

Chengdu, Chongqing, Guiyang, Kunming, Urumqi, Xi'an, Xining, Yuxi

69+

Properties under management in Beijing

- Shopping malls
- Office buildings
- Residential communities and others

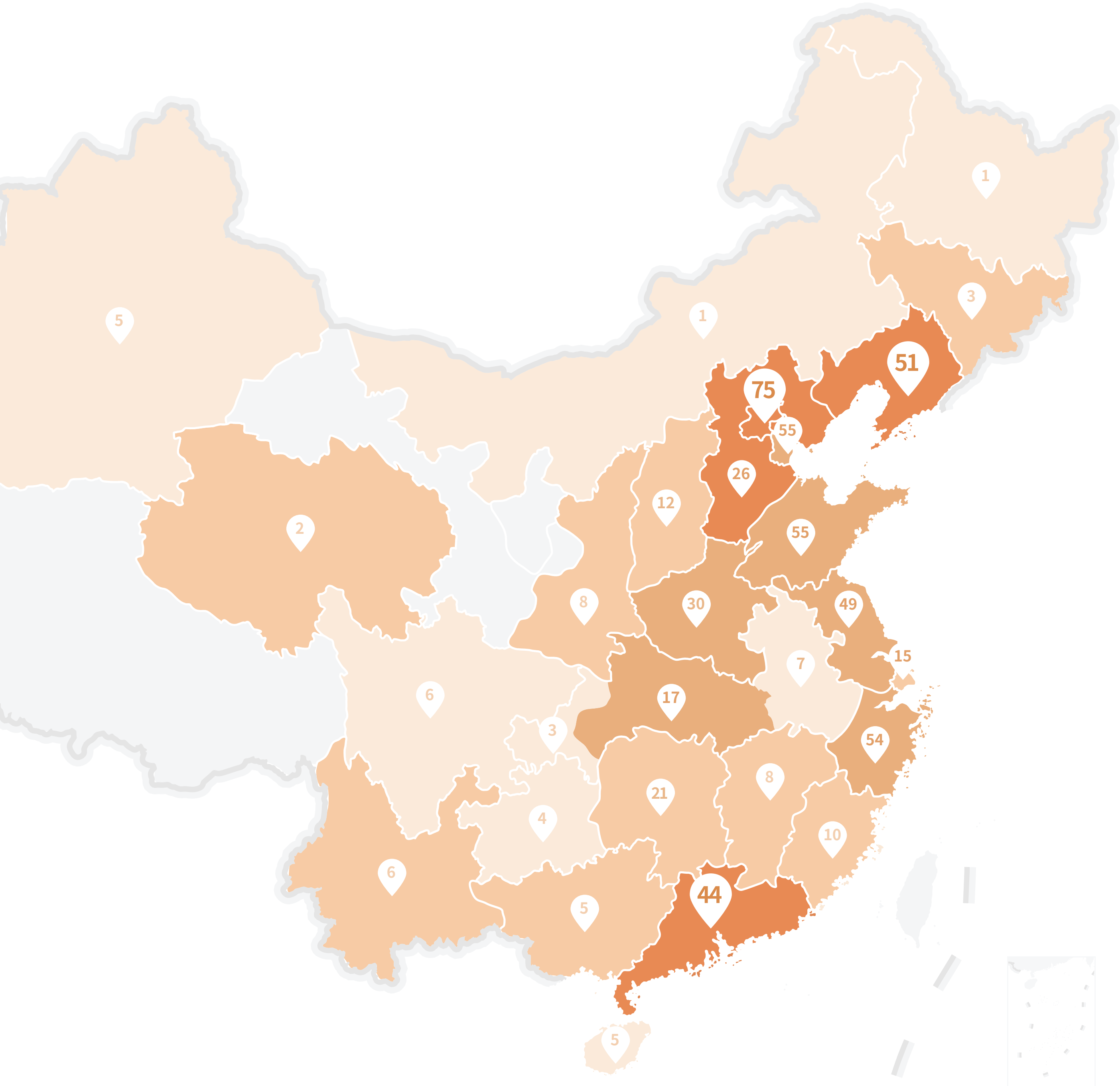


The map below illustrates geographic coverage of the contracted GFA and the number of contracted projects as at 31 December 2024:

Contracted GFA (million sq.m.)

< 1 ≥1 to <5 ≥5 to <10 ≥10

Number of contracted projects



CORPORATE INFORMATION

The corporate information of the Company as of the date of this annual report is set out below:

Directors

Executive Directors

Mr. YANG Deyong *(Joint Chairman)*
Mr. HOU Min *(Chief Executive Officer)*
Ms. ZHU Geying *(Chief Financial Officer)*

Non-executive Director

Mr. CUI Hongjie *(Joint Chairman)*

Independent Non-executive Directors

Dr. GUO Jie
Mr. HO Chi Kin Sammy
Mr. LEUNG Wai Hung

Audit Committee

Mr. LEUNG Wai Hung *(Chairman of committee)*
Mr. CUI Hongjie
Dr. GUO Jie
Mr. HO Chi Kin Sammy

Nomination Committee

Mr. YANG Deyong *(Chairman of committee)*
Mr. CUI Hongjie
Dr. GUO Jie
Mr. HO Chi Kin Sammy
Mr. LEUNG Wai Hung

Remuneration Committee

Mr. HO Chi Kin Sammy
(Chairman of committee)
Mr. YANG Deyong
Mr. HOU Min
Dr. GUO Jie
Mr. LEUNG Wai Hung

Company Secretary

Mr. SUM Pui Ying

Authorised Representatives

Mr. YANG Deyong
Mr. SUM Pui Ying

Registered Office

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal Place of Business

Headquarters in the PRC
3rd Floor, Tower A
Ocean International Center
56 Dongsihuanzhonglu
Chaoyang District, Beijing

Suite 601, One Pacific Place
88 Queensway
Hong Kong

Principal Bankers

(in alphabetical order)
Agricultural Bank of China, Ltd.
Bank of China (Hong Kong) Limited
Bank of China Limited
Bank of Communications Co., Ltd.
China CITIC Bank International Limited
China Construction Bank Corporation
China Everbright Bank Co., Ltd.
China Merchants Bank Co., Ltd.
China Minsheng Banking Corp., Ltd.
CMB Wing Lung Bank Limited
Industrial and Commercial Bank of China, Ltd.
Mizuho Bank., Ltd.
Shanghai Pudong Development Bank Co., Ltd.
The Hongkong and Shanghai Banking Corporation Limited

Auditor

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal Advisor

Norton Rose Fulbright Hong Kong

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Listing Information

The Stock Exchange of Hong Kong Limited
Stock Code: 06677

Company Website

www.sinooceanservice.com

Investor Relations Contact

ir@sinooceanservice.com

FINANCIAL AND OPERATIONAL SUMMARY

CONSOLIDATED RESULTS

For the years ended 31 December

(RMB million)	2024	2023	Changes
Revenue	**2,840**	3,133	**−9%**
Gross profit	**517**	598	**−14%**
Gross profit margin (%)	**18%**	19%	**−1pt**
Profit for the year	**29**	40	**−28%**
Net profit margin (%)	**1%**	1%	**0pt**
Profit attributable to owners of the Company	**29**	42	**−31%**
Basic and diluted earnings per share (RMB)	**0.024**	0.036	**−31%**
Proposed final dividend per share (RMB)	**—**	0.0144	**N/A**

CONSOLIDATED FINANCIAL POSITION

As at 31 December

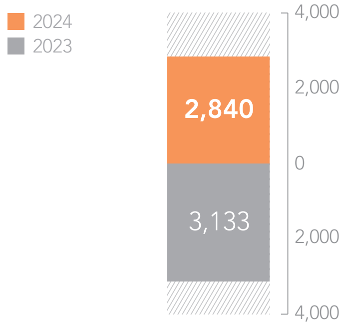
(RMB million)	2024	2023	Changes
Total assets	**4,023**	4,039	**−0.4%**
Total equity	**2,137**	2,146	**−0.4%**
Equity attributable to owners of the Company	**2,096**	2,099	**−0.1%**
Cash resources[1]	**781**	661	**18%**
Current ratio (times)	**1.6**	1.6	**—**

Note:

1) Including the restricted bank deposits

Revenue

(RMB million)

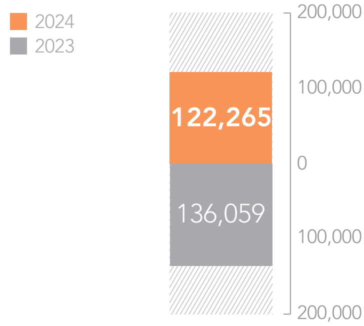


down from 2023

9%

Contracted GFA

('000 sq.m.)

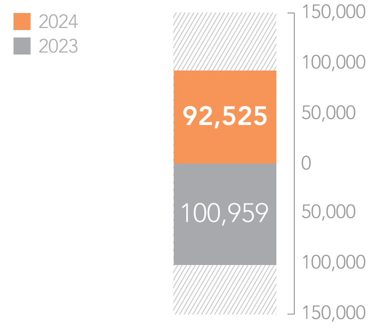


down from 2023

10%

GFA under management

('000 sq.m.)

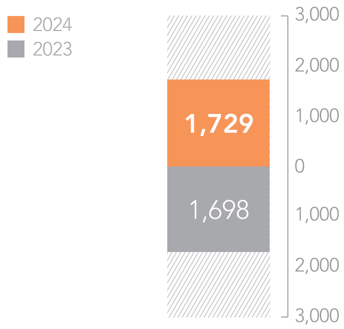


down from 2023

8%

Revenue from management services on residential and other non-commercial properties

(RMB million)

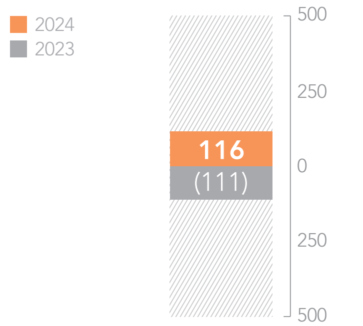


up from 2023

2%

Net cash generated from/(used in) operating activities

(RMB million)

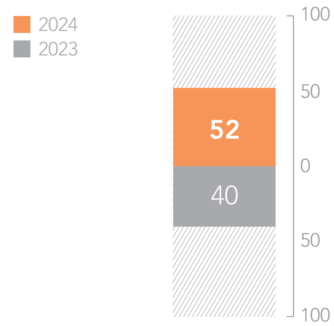


up from 2023

204%

Dividend payout ratio for the year

(%)

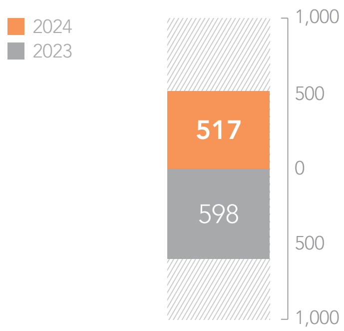


up from 2023

12 pts

Gross profit

(RMB million)

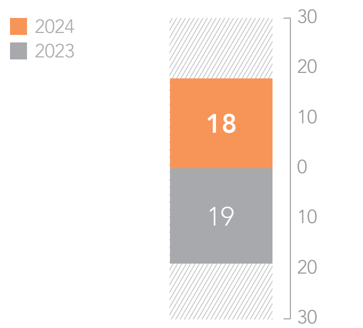


down from 2023

14%

Gross profit margin

(%)

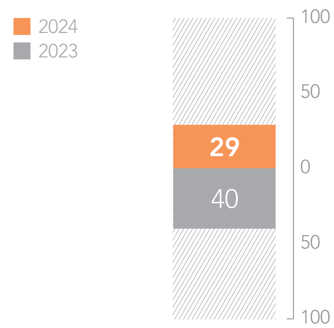


down from 2023

1 pt

Profit for the year

(RMB million)



down from 2023

28%

MAJOR EVENTS

March	Sino-Ocean Service announces its 2023 annual results. Sino-Ocean Service announced its 2023 annual results and held a results briefing. For the year ended 31 December 2023, the Group's revenue was RMB3,133.2 million, gross profit was RMB597.7 million. Among them, revenue from property management and commercial operational services was RMB2.21 billion, a YoY increase of approximately 12.4%, and its proportion to the gross profit increased by approximately 9.8 percentage points YoY to 60.6%. The proportion of revenue from third party continued to increase to 85%, and the proportion of revenue from related parties decreased by 8 percentage points YoY to 15%.
May	The first offline self-operated convenience store opens. Sino-Ocean Service's value-added retail business opened up the "online + offline" business closed loop, and the first offline self-operated convenience store opened. Sino-Ocean Service relies on the self-operated convenience store model to create an offline traffic distribution center. At the same time, it combines own advantages of the properties to carry out community group buying business to meet the daily needs of owners, effectively deepen the content of value-added services, and provide owners with a richer and more convenient life.
June	The launch of activities for Youth Citizen Growth Practice Base. The Sino-Ocean Youth Citizen Growth Practice Base activity jointly organized by Sino-Ocean Service and the Sino-Ocean Charity Foundation has been launched again. 8 new Youth Citizen Growth Practice Bases have been set up across the country to carry out spine health education, children's learning and practice of first aid knowledge such as drowning prevention, earthquake self-rescue, fire self-rescue, to guard the healthy growth of children.
June	Conducting special operations for production safety. Sino-Ocean Service concentrated on conducting special operation on production safety in June. Each project carried out special rectification of falling objects from heights, special rectification of special equipment, special inspection and evaluation of high-risk construction operation maintenance, fire protection and flood control safety inspections, etc. Total of 18 safety publicity and consultation activities were carried out for various projects of Sino-Ocean Service, 9 safety knowledge and skills competitions were held, 36 safety accident emergency plans were improved, and 738 accident emergency rescue plan drills were carried out.
July	Community value-added service business launches special services of "leakage monitoring and leakage repair". Sino-Ocean Service's home improvement business continues to segment customer needs, refine full-cycle home products, and join hands with first-line maintenance brands to launch special services of "leakage monitoring and leakage repair" to provide owners with kitchen and bathroom leakage inspections and window wall leakage inspections, solve water leakage in houses, provide professional and efficient maintenance services for the renovation of old houses, and provide owners with good quality, worry-free, and fast service experience.
August	Sino-Ocean Service announces its 2024 interim results. On 27 August, Sino-Ocean Service announced its 2024 interim results. For the six months ended 30 June 2024, Sino-Ocean Service achieved revenue of RMB1,436.0 million, gross profit of RMB327.4 million, and gross profit margin of 22.8%, a YoY increase of 2.1 percentage points. Among them, revenue from property management services on residential and other non-commercial properties increased by 4.0% YoY, the proportion of revenue from property management services increased by 3.3 percentage points to 73.3%, and revenue from third parties accounted for 90.4% of total income, an increase of 4 percentage points YoY.
November	Special drill for fire protection day. On 9 November, National Fire Protection Day, Sino-Ocean Service carried out fire drills across the country. Each project conducted practical fire drills such as simulated fire, fire disposal, and simulated escape, and jointly participated with owners and merchants to improve emergency safety handling capabilities.
December	Publication of White Paper on Standardisation of Non-residential Service System. On 12 December, Sino-Ocean Service published the "White Paper on Standardisation of Non-residential Service System", which includes 21 standard service scenarios and 50 sub-scenarios to standardize service focus points, improve the construction of standardized service systems, and ensure excellent service quality. Meanwhile, 9 residential service and 7 non-residential service system standardization videos were released to promote the implementation of service standardization.

AWARDS AND HONORS

China Index Academy

1 2024 Top100 Property Management Companies in China (Ranked 12th)
2 2024 Top100 China Leading Property Management Companies in terms of Customer Satisfaction Rate

CRIC Property Management

1 2024 Quality Leading Companies of China in Property Service
2 2024 Leading Companies of China in Residential Property Service
3 China Leading Enterprise in terms of Office Property Services in 2024
4 2024 Best ESG Practice among China Listed Property Companies
5 2024 Leading Enterprise in ESG Sustainable Development for China Property Services

EH Consulting

1 10th place in 2024 Listed Property Management Companies in China
2 12th in the 2024 China Property Enterprise Service Capability Ranking
3 Top 10 in 2024 Listed Property Management Companies with the Most Special Features in China
4 2024 Pioneer Property Enterprise for Residential Asset Value Preservation in Beijing
5 2024 Benchmark Enterprise for China Property Management Office Services Models

Zhitong Finance

1 Most Valuable Real Estate and Property Service Companies
2 Most Socially Responsible Listed Company

CHAIRMAN'S STATEMENT

On behalf of the Board, I have the pleasure to present the annual results of the Group for the year ended 31 December 2024.

2024 MARKET REVIEW

In 2024, governments of various levels rolled out multiple policies, to promote the development of property management industry. The "Industrial Deconstruction and Adjustment Guidance Catalog (2024) (產業結構調整指導目錄(2024年本))" implemented on 1 February 2024 officially included property services in the area of encouraged commercial services, encouraging property management companies to raise service quality, optimize property management regulatory systems and service standards, to be more standardized, brand-conscious, digitalized, professional and high-end. The property management industry entered the critical period of transformation and advancement, facing opportunities and challenges of the new norm. Growth rate of management scale and operating revenue slackened. "Reduce speed and raise quality" and management streamlining were the main theme. The industry was more concentrated and competition for expansion was intense. Branding and service quality became the core competitiveness. In the meantime, the risks were gradually cleared and the capital market stabilized steadily. Listed companies used dividend payouts and share buybacks to boost investor confidence. Increasingly more companies introduced information and digital systems to accelerate hardware innovation and enhance competitive advantages.

In 2024, the Group persevered with high quality and sustainable operation, continued to optimize and standardize service systems, upgrade services and user experience; focused on market-oriented expansion and high-end projects, cultivation of core cities and augmentation of project management efficiency; expanded value-added areas, intensified services, focused on customer retail business, satisfied owners' diverse living needs; paid full attention to streamlining management, improving business structure, increasing development resilience; actively introduced information and intelligence systems to enable better service quality and efficiency. We remained steadfast to "being understanding and innovative", and guided by customers' needs. We spared no efforts towards achieving our goal of becoming a branded superior comprehensive property management service provider in China.

2024 RESULTS

For the year ended 31 December 2024, the Group's revenue was RMB2,840.0 million, down approximately 9% YoY. The decrease was mainly due to the initiatives of the Group to adjust the projects with low efficiency and quality. In the revenue composition, the revenue of property management services on residential and other non-commercial properties was RMB1,729.3 million remained as the main source of income, representing an increase of approximately 2% YoY, accounting for 61% of the Group's total revenue, compared to 54% from the previous year. The gross profit was RMB517.3 million; net profit for the year was RMB28.6 million; profits attributable to the owners of the Company was RMB28.9 million; basic earning per Share was RMB0.024; net operating cash inflow was RMB115.6 million, increasing by RMB226.7 million YoY.

Remained steadfast with the initial resolution of being sincere, reliable and professional with a view to continually raising service quality

The Group persevered with cultivating the origin of service quality, building "a full life cycle service system" with sincerity, reliability and professionalism. With the trinity service matrix of "all-age health", "whole-hearted companionship" and "all-day care", we continued to satisfy residents' multi-dimensional needs for an ideal community life, and provide a healthy and enjoyable life through quality services.

In 2024, the Group continued to carry out quality renewal activities across the country. As we refreshed vegetation, refurbished public facilities and installed creative visuals, we created an internet-famous sites and enhanced spatial environment; we provided caring services for people's convenience, paid attention to vacant properties and elderly's empty nests, increased the frequency of home visits, provided heart-felt care and assurances. We enriched facilities for extra convenience, provided more re-chargers, storage cabinets at parking spaces, pickup cabinets for Meituan food delivery, opened a takeaway station and added dedicated fast track and parking space to facilitate faster and easier delivery, satisfying owners' life needs "within one kilometer of the community".

We actively explored the grassroot governance model of "co-building, co-governing, co-managing", put into practice community co-governance led by the Party, combining multiple red forces from community staff and party-member owners to participate in community governance to solve property management issues. For example, a "red conference room" was started in Sky Masion in Suzhou Bay, a project under management, providing a platform for communication; a "neighborhood mediation room", a red activity room and a red reading corner were established in Ocean Chanson in Tianjin, involving the government, property owners and the management company in community governance, addressing property owners' pressing issues and seeking solutions, creating a good co-building, co-governing and sharing pattern. The Ocean City project and King Realm project in Zhongshan were awarded the title of "red property" community in Zhongshan's property management in 2024, proof of recognition by the industry for their grassroot governance.

We considered safety barriers for property owners very important and hence regularly inspected facilities, cleared fire escapes and managed electric vehicle access to ensure community safety. Fire drills, special drills for new energy vehicle fires and passengers trapped in elevators were carried out to raise ability in response to emergencies, to protect owners and their possessions.

In 2024, the Group initiated the empowering action of "Customer Service Specialist 100-Day Through-train" to raise service staff's professionalism and encourage the execution of standardization for better services to owners. By conducting offline competitions of skills, setting good examples and inspecting service level, we effectively motivated every member of service staff to raise awareness and standard. At the same time, we put in place intelligent service systems for improved efficiency. In 2024, we built a smart parking management platform by transforming and connecting parking systems of suppliers for various regions and projects, achieving smart management in 144 projects and 242 parking lots.

Persisted in quality and sustainable development while focusing on multi-business expansion in core cities

The Group was intent on enhancing market-oriented independent operating capabilities and improving project quality. We aimed to achieve our expansion target through management streamlining measures including deep cultivation of core cities, focusing on quality projects, optimizing our portfolio and synergy of multi-business expansion. As at 31 December 2024, contracted GFA of property management was 122.3 million sq.m., GFA under management was 92.5 million sq.m. We persisted on market-oriented expansion. Newly added contracted GFA in 2024 was 6.4 million sq.m., of which the ratio from third-party increased from approximately 69% to 81% in total newly added contracted GFA, including industrial parks, public structures, offices, residential units and hospitals and etc.

The Group maintained the quest for quality development and strived to provide efficient services to quality clients in regions where we had an edge, such as traditional core cities of Beijing, Tianjin, Qingdao and Wuhan. Our deep cultivation created effects of scale in the regions and raised coverage. GFA under management in first and second-tier cities reached 85%. In terms of business types, we focused on high quality existing residential units, as well as new stocks that were selling well. We also put in a lot of efforts in expanding into non-residential such as hospitals, industrial parks and public structures. We continually strengthened our reach to major clients, accurately grasped their core needs and came up with diversified and bespoke solutions. In 2024, we secured several local landmark projects including Beijing's Zhengchuang New Retail Industrial Base, Tianjin CNOOC Service Industrial Park, Shenyang TBEA Industrial Park, expressway service areas under Guangxi Transportation Investment Group, and Qingdao University Affiliated Hospital.

Optimized value-added business structure, satisfied users' diverse service needs

The Group adhered to developing around owners' needs, moving towards platform-based and in-depth community services. We continued to penetrate the four core business segments of community living, leasing and sale, home decoration and spatial resources, endeavoring to provide better, more convenient and diverse service experience for property owners. In 2024, we actively promoted community value-added products for a composite supply system of "commodity + service", increased reach through online and offline operations to create a pan-community business model.

For community living services, we cultivated the customers' market, consolidated quality supply-chain resources to enrich the product service system, expanded the sub-segments of housekeeping and custodian services, piloted self-operated businesses such as convenient stores and elderly-friendly make-over, provided more precise, defined and professional multi-faceted and comprehensive services. For space resources, we innovated the property space operating model, strategically planned community storage and smart recharging facilities, set up a dynamic evaluation system for space utilization, and fashionable consumption scenarios. We kept introducing and supporting outstanding partners to promote management and shared mechanisms across cities and regions to open up co-operation opportunities. As regards property agency business, we explored the advantage of being close to the properties for sale and offered diversified rental and sales services, built a special "property + rental and sales" system, developed flexible sales plans, nurtured a team of agents and created differentiating competitiveness. For home improvement, we continued to push forward with specific services for old properties including self-operating refurbishing, paid maintenance, space and storage renovation. We enriched the product range and raised service standards. In response to demands of existing housing, we rolled out three new business models: "rental and sales + home improvement" package, self-operated decoration and paid maintenance, completing the home improvement changes in the era of existing housing.

Going green drove commercial value to bounce, commercial property services empowered sustainable expansion

The Group was seriously engaged in mid to high-end commercial property services. By establishing a standardized system covering the full life cycle of services for these premises, we built core competitiveness in the three dimensions of basic services, smart operation and maintenance, and green energy conservation, creating sustainable business value for clients. We adopted a menu-like service model across the board, accurately responded to clients' individual needs. Using "building • health" as operating principle, we established standardized business systems to provide owners with premium property services experience.

The Group continued to go green and explore low carbon services. By in-depth integration of sustainable development into business logic, we created a triple value system of "green certification premium + lower cost from energy saving + room for asset appreciation", and brought about a replicable solution for healthy commercial property services. By combining the Golden Key service standards and localized operating experience, a three-in-one solution of "certification + technology + service" was formulated. Projects under management were awarded three LEED platinum certifications, five WELL healthy building certifications and two BOMA certifications. In 2024, an intelligent transformation of the cooling water system in the refrigeration unit in Ocean Plaza was conducted. The smart control and sensor raised the cooling efficiency and considerably reduced energy consumption. Energy saving was achieved in the Ocean International Center by installing radar sensor lights in the stairwells resulting in reducing power loading. Kitchen waste recycling capacity was visibly enhanced after a recycling system was in place and operative. It also provided a sustainable solution for re-using waste. As a result of our outstanding capabilities in commercial property services, leading green management and immense experience in sustainable management, the Group won the "2024 China Property Services Sample Benchmark Enterprise of Office Property Services" and "2024 China Model Property Management Companies in terms of Characteristic Property Samples — High-end Office Buildings" awards issued by EH Consulting.

Built a livelihood ecosystem, crafted a communal desirable life

While upgrading service quality, the Group remained committed to our social responsibilities, being responsive to the policy of "strengthening property management to build better homes", deeply integrating into all aspects of people's lives, crafting a harmonious and healthy community, practicing the multi-dimensional development strategy of corporate social responsibility, building an ESG value-creation system, and endeavoring to make co-existence and mutual benefits of economic values and social values a reality.

We actively explored public services and cultural facilities in communities, organized diverse social and cultural events for all age groups, as well as caring and sharing activities for the underprivileged, the elderly and children, to encourage harmony in inter-personal relationships. To help ensure children grow up healthily, in 2024, the Group worked with the Sino-Ocean Charity Foundation to establish eight Sino-Ocean Youth Citizen Growth Practice Bases, educating and drilling them on spinal health, the prevention of drowning, and self-preservation during earthquakes and fires.

In terms of green and sustainable development, the Group is always committed to saving energy and reducing emission, making environmental protection an essential part of property management and assuming our corporate ESG responsibilities. As regards environmental protection, we promoted a green production model for carbon peaking and carbon neutrality goals. For staff's development we built a platform for their career growth and a general welfare system. In the arena of public welfare, we launched targeted assistance projects for communal prosperity. For compliance, we established a transparent governance framework and ethical decision-making mechanism. Through systematic accountability, we continued to create shared values and promoted the synergetic growth of enterprises and society.

The Group adhered to the origin of service and was guided by users' needs and satisfaction. Our quality service and professional capabilities were recognized by owners, tenants and the industry. Sino-Ocean Service ranked 12th in the "2024 Top100 Property Management Companies in China" and "2024 Top100 China Leading Property Management Companies in terms of Customer Satisfaction" issued by the China Index Academy. We were also awarded the "2024 Leading Companies of China in Residential Property Service" and "2024 Quality Leading Companies of China in Property Service" issued by CRIC Property Management and China Property Management Research Institution. The Group was also awarded the "10th place in 2024 Listed Property Management Companies in China" and "Top 10 in 2024 Listed Property Management Companies with the Most Special Features in China" by EH Consulting.

2025 OUTLOOK

The property management industry is in an upward cycle driven by the dual forces of "stock optimization and incremental innovation". As a result of iteration of demands, benefits of policies and reshaping of landscape, the industry will develop in a more professional, intelligent, humane and diversified manner. Enterprises possessing good brands and quality services will enjoy more space for growth.

In 2025, Sino-Ocean Service will persevere with what we have determined strategically, drive revenue in multiple dimensions, penetrate regions where we enjoy an edge, pursue high-quality expansion, raise operating efficiency of projects, and streamline management for profit breakthroughs. We will tighten up management of receivables to ensure capital flow, focus on raising quality, continue with the construction and implementation of standardization systems, increase owners' loyalty and trust, and raise satisfaction. We will upgrade and iterate organizational capabilities, focus on manpower efficiency and build a strategic talent nurturing system; continually fortify internal controls, augment compliance and governance, advocate for honest work practice and upright work ethics. Bearing the mission of "bringing quality service to everyone", and our original aspirations of being sincere, reliable and professional, we remain steadfast in our strategy of sustainability and high quality. We set sail and remain on course as we move forward. We are determined to become a branded superior comprehensive property management service provider in China.

APPRECIATION

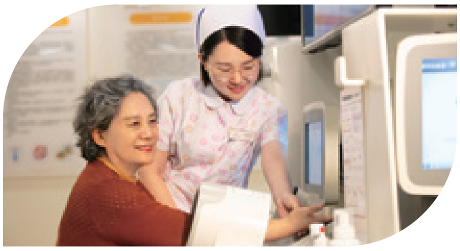
On behalf of the Board, I would like to extend my deepest gratitude to all Shareholders, investors, customers, business partners, the government for the tremendous support and all the directors, management and the entire staff who have worked together with the Group. We could not have enjoyed our continued stable growth without their unreserved support.

YANG Deyong
Joint Chairman

Hong Kong, 24 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's discussion and analysis for the year ended 31 December 2024 is summarized below:



BUSINESS REVIEW

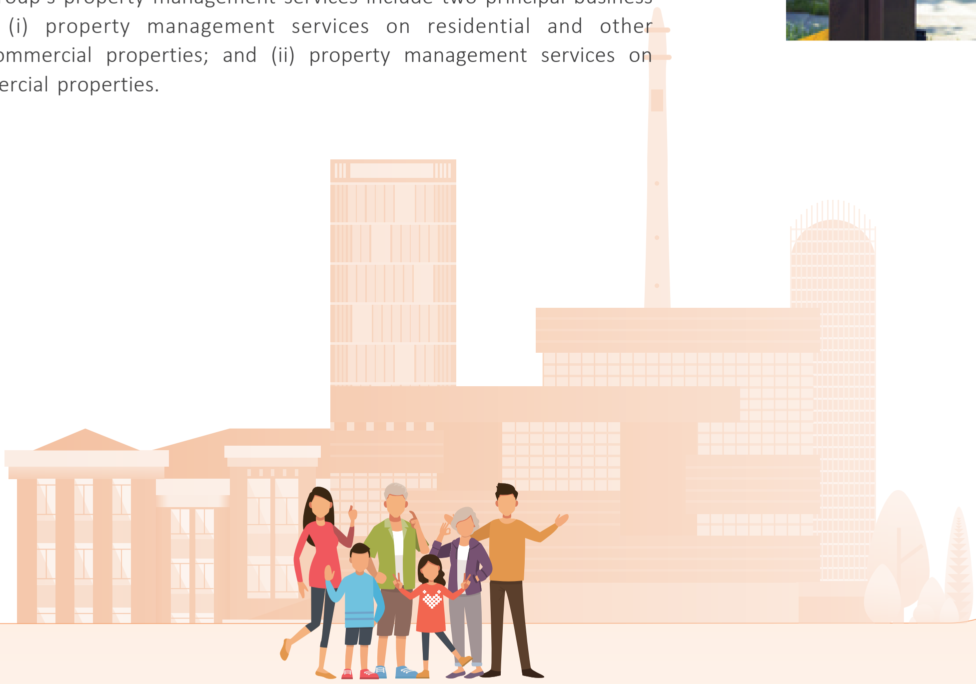
Business overview

The Group is a comprehensive property management service provider with extensive geographic coverage in the PRC. We manage a portfolio of diversified property types covering mid- to high-end residential properties, commercial properties such as shopping malls and office buildings, and public and other properties, providing customers with comprehensive services along the value chain of property management, including property management services, community value-added services and value-added services to non-property owners. The Group has consistently enjoyed a sound reputation in the industry on the back of its quality services and proven industry experience over the years.

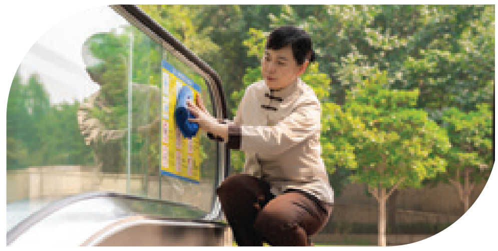
The Group's services include three principal business segments: (i) property management services; (ii) community value-added services; and (iii) value-added services to non-property owners.

Property management services

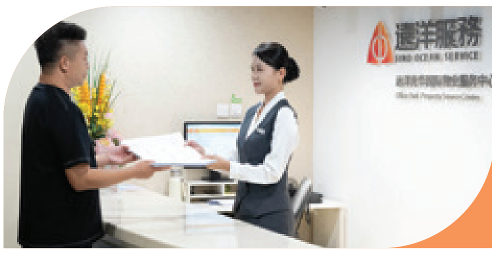
The Group's property management services include two principal business lines: (i) property management services on residential and other non-commercial properties; and (ii) property management services on commercial properties.



Property management services



Community value-added services



Value-added services to non-property owners

Property management services on residential and other non-commercial properties

The Group provides a range of property management services including security, cleaning, greening, gardening and repair and maintenance services for residential and other non-commercial properties (such as hospitals, public service facilities, government buildings and schools).

Property management services on commercial properties

The Group provides a range of property management services, including security, cleaning, greening, gardening and repair and maintenance services for shopping malls and office buildings.

Community value-added services

We provide community value-added services to property owners and residents of our managed properties to address their lifestyle and daily needs which mainly include:

(i) community asset value-added services such as carpark management, energy management and community operation services;

(ii) community living services such as home appliances maintenance and repair services, retail sales of commodities, home decoration services, housekeeping and other bespoke services; and

(iii) property brokerage services.

Value-added services to non-property owners

We provide value-added services to non-property owners, including mainly:

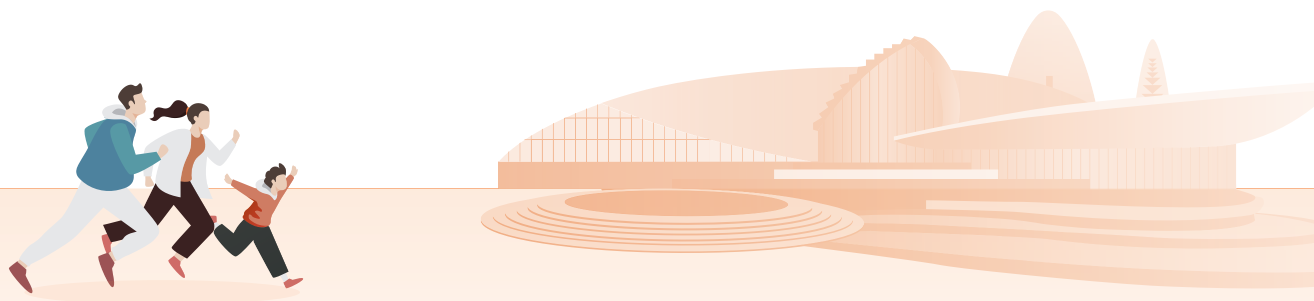
(i) pre-delivery services to property developers to assist with their sales and marketing activities at property sales venues and display units;

(ii) consultancy services to property developers to assist with the overall planning and management of pre-sale activities; and

(iii) property engineering services.

OVERALL RESULTS

For the year ended 31 December 2024, the Group's total revenue from (i) property management services[1]; (ii) community value-added services; and (iii) value-added services to non-property owners amounted to RMB2,840.0 million, decreasing by approximately 9% as compared to the same period previous year.



The following table sets forth the breakdown of our revenue by business lines for the years ended 31 December 2024 and 2023 respectively:

For the years ended 31 December

	2024		2023	
	Revenue (RMB'000)	%	Revenue (RMB'000)	%
Property management and commercial operational services				
(a) Management services on residential and other non-commercial properties	**1,729,286**	**61**	1,698,024	54
(b) Commercial operational and property management services on commercial properties[1]	**353,721**	**12**	507,818	16
Sub-total	**2,083,007**	**73**	2,205,842	70
Community value-added services	**489,250**	**17**	544,404	18
Value-added services to non-property owners	**267,772**	**10**	382,963	12
Total	**2,840,029**	**100**	3,133,209	100

Note:

1) The master commercial operational services agreement dated 14 June 2021 entered into between the Company and Sino-Ocean Group Company in relation to the provision of commercial operational services by the Group (details of the agreement have been set out in the circular of the Company dated 21 July 2021) had expired on 31 December 2023. Taking into account the decreasing demand for commercial operational services in the market and the Group's focus on its strategic core businesses, the Company did not renew the master commercial operational services agreement with Sino-Ocean Group Company. The Group's revenue streams for 2024 mainly comprised of (i) property management services; (ii) community value-added services; and (iii) value-added services to non-property owners.

PROPERTY MANAGEMENT SERVICES

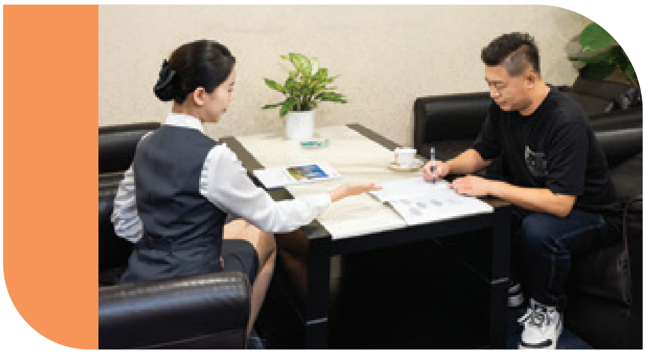
For the year ended 31 December 2024, the Group's revenue from property management services amounted to RMB2,083.0 million, representing approximately 73% of the Group's total revenue.

Making proactive regulation to strengthen development foundation while diversifying expansion to unleash development potential. Guided by a high-quality development strategy, the Group continues to optimize its business structure and enhance operational efficiency. By strategically scaling down low-efficiency projects and deepening market-oriented expansion mechanisms, it achieves precise refinement of its business portfolio. As of 31 December 2024, the Group had 578 contracted property management service projects of varied business types, with contracted GFA of 122.3 million sq.m., a decrease of approximately 10% compared to 31 December 2023; and GFA under management of 92.5 million sq.m., a decrease of approximately 8% compared to 31 December 2023, mainly due to the proactive exit from low-efficiency projects during the year. During the year, the Group continued to expand public service formats covering hospitals, industrial parks, logistics parks, government facilities and urban space on top of residential properties through multiple channels, such as public tendering, joint venture and strategic cooperation, further solidifying its multi-scenario service capability system.

The table below sets forth details of contracted GFA and GFA under management as at the dates indicated:

As at 31 December

	2024	2023
Contracted GFA ('000 sq.m.)	**122,265**	136,059
Number of projects relating to contracted GFA	**578**	607
GFA under management ('000 sq.m.)	**92,525**	100,959
Number of projects relating to GFA under management	**518**	506



Precision cultivation to enhance resource efficiency, standard upgrades to safeguard development quality. The Group consistently adheres to an outward expansion strategy centering on core cities, deepening the grid-based layout in these key areas. By intensifying management grids in advantageous regions, strengthening ecosystem partnership with strategic clients, and iteratively upgrading its service and product offerings, the Group enhanced control over regional markets and market competitiveness. In 2024, the Group achieved new contracted GFA of 6.4 million sq.m., of which approximately 81% came from third parties, demonstrating its independent outward expansion capacity. Based on the multi-selection standard of "premium returns, stable cash flow and efficient payment collection", the Group focused on quality projects in high net value cities with the concentration of its contracted GFA and GFA under management in strategic cities in the past three years maintaining a high and stable level, and intensive resource operation efficiency further enhanced.

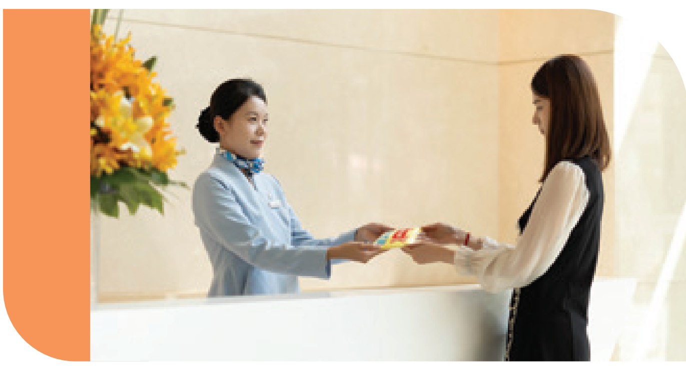
The table below sets forth a breakdown of the Group's contracted GFA and GFA under management as at the dates indicated by the source of projects:

As at 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.)	%
Properties developed/owned by Sino-Ocean Group (including its joint ventures and associates)	58,309	48	50,948	55	61,601	45	51,808	51
Properties developed/owned by other third parties[1]	63,956	52	41,577	45	74,458	55	49,151	49
Total	122,265	100	92,525	100	136,059	100	100,959	100

Note:

1) Refers to property developers other than Sino-Ocean Group (including its joint ventures and associates); and property owners of certain public and other properties other than Sino-Ocean Group (including its joint ventures and associates).



As of 31 December 2024, our projects covered 86 cities across 28 provinces, autonomous regions and municipalities in China. Our geographical presence covered 5 major city clusters of China, including the Beijing-Tianjin-Hebei region, Bohai Rim region, Eastern China region, Southern China region and Central and Western China region. We continued to strengthen our strategic advantage in the Beijing-Tianjin-Hebei region and Bohai Rim region, maintain a stable service capacity in the Eastern China region and Southern China region, and witness the sustained release of growth momentum in emerging Central and Western China region, achieving a more balanced regional layout. As of 31 December 2024, the Beijing-Tianjin-Hebei region, Bohai Rim region, Eastern China region, Southern China region, and Central and Western China region accounted for approximately 30%, 22%, 17%, 13% and 18%, respectively, of our GFA under management.

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

As at or for the year ended 31 December

	2024				2023			
	Contracted GFA ('000 sq.m.)	GFA under management ('000 sq.m.)	Revenue (RMB'000)	%	Contracted GFA ('000 sq.m.)	GFA under management ('000 sq.m.)	Revenue (RMB'000)	%
Beijing-Tianjin Hebei region[1]	41,735	27,781	674,220	32	47,085	33,026	694,830	33
Bohai Rim region[2]	24,424	20,421	417,481	20	26,983	21,503	401,191	19
Eastern China region[3]	18,887	15,942	403,480	19	21,610	17,260	456,012	22
Southern China region[4]	13,829	11,843	286,008	14	16,619	13,923	265,616	12
Central and Western China region[5]	23,390	16,538	301,818	15	23,762	15,247	292,907	14
Total	122,265	92,525	2,083,007	100	136,059	100,959	2,110,556	100

Notes:

1) "Beijing-Tianjin-Hebei region" refers to cities or municipalities including Beijing, Tianjin, Shijiazhuang, Qinhuangdao, Langfang, etc.

2) "Bohai Rim region" refers to cities including Dalian, Qingdao, Shenyang, Jinan, Changchun, Taiyuan, etc.

3) "Eastern China region" refers to cities or municipalities including Hangzhou, Wenzhou, Shanghai, Zhenjiang, Suzhou, Nantong, Nanjing, Wuxi, Jinhua, etc.

4) "Southern China region" refers to cities including Zhongshan, Shenzhen, Zhanjiang, Nanning, Foshan, Guangzhou, Sanya, Liuzhou, etc.

5) "Central and Western China region" refers to cities or municipalities including Wuhan, Changsha, Zhengzhou, Xi'an, Chengdu, Chongqing, Kunming, Xining, Nanchang, Guiyang, etc.

The Group's projects are mainly concentrated in first-tier and second-tier cities such as Beijing, Tianjin, Qingdao and Wuhan. First-tier and second-tier cities accounted for approximately 85% of our GFA under management.

The table below sets out a breakdown of the contracted GFA and GFA under management in cities where the Group's property management service projects were primarily located as at 31 December 2024 according to the city classification by China Business Network in 2024:

	Contracted GFA		GFA under management	
	'000 sq.m.	%	'000 sq.m.	%
First-tier cities	18,915	15	17,440	19
New first-tier cities	32,746	27	26,908	29
Second-tier cities	39,245	32	34,557	37
Other cities	31,359	26	13,620	15
Total	122,265	100	92,525	100

PROPERTY MANAGEMENT SERVICES ON RESIDENTIAL AND OTHER NON-COMMERCIAL PROPERTIES

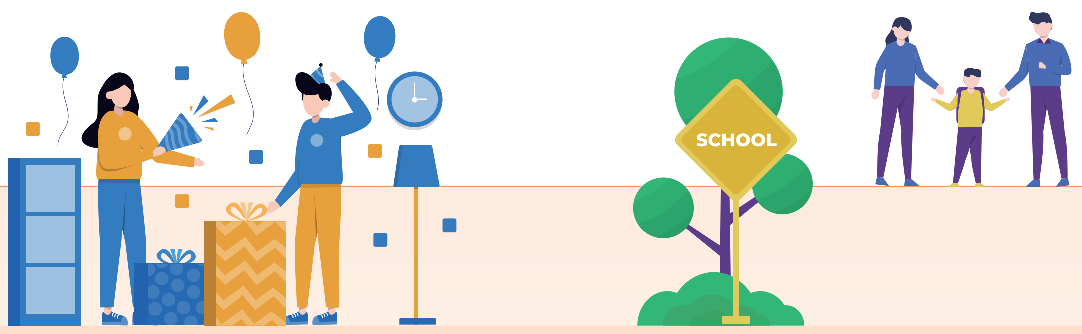
As at 31 December 2024, the contracted GFA of the Group's residential and other non-commercial property projects were 113.2 million sq.m., a decrease of about 10% as compared to 31 December 2023, and our GFA under management was 87.0 million sq.m., representing a decrease of approximately 8% as compared to 31 December 2023.

The table below sets forth details of the contracted GFA and GFA under management of the Group's residential and other non-commercial properties projects as at the dates indicated:

As at 31 December

	2024	2023
Contracted GFA ('000 sq.m.)	113,226	125,676
Number of projects relating to contracted GFA	502	523
GFA under management ('000 sq.m.)	87,003	94,812
Number of projects relating to GFA under management	453	438

Building a foundation of quality to deepen service value, and co-creating an ecosystem to lead sustainable development. In 2024, adhering to the philosophy of serving customers with an artisan's spirits, we focused on improving property service quality, unleashing the Company's internal potential, and driving high-quality, sustainable, and service-oriented development. The Group's property fee collection rate reached 84% with a satisfaction score of 87. During the year, we further optimized and revised various professional work manuals, launched a "White Paper on Standardisation of Non-residential Service System (非住服務體系標準化白皮書)" in the non-residential business format, iteratively upgraded the standardisation video, strengthened business training, and carried out a "Customer Service Specialist 100-Day Through-train (客服專家100天直通車)" empowerment initiative. Empowerment actions were carried out to strengthen service standardisation and enhance customer service capabilities. We actively explored innovative shared governance models nationwide, uniting community party organisations, property owners, and property projects with multiple parties involved in community governance to foster a collaborative, co-governed and shared environment. Additionally, we upgraded and renewed various aspects such as park environments, greening and beautification, and public facilities and equipments, ensuring sustained quality enhancements to keep communities vibrant and well-maintained. With exceptional service standards and refined operational capability, we were ranked 12th in 2024 China Property Enterprise Service Capability Ranking (2024中國物業企業服務力第12名), 12th in the 2024 Top100 Property Management Companies in China (2024中國物業服務百強企業第12位), and recognized as a 2024 Top100 China Leading Property Management Companies in terms of Customer Satisfaction Rate (2024中國物業服務百強滿意度領先企業). We integrated green concepts into our daily property management and adopted low-carbon and energy-saving practices, earning us the titles of 2024 Leading Enterprise in ESG Sustainable Development for China Property Services (2024中國物業ESG可持續發展領先企業) and 2024 Leading Enterprise in Low-Carbon Operations in China Property Sector (2024中國物業低碳運營領先企業). In terms of community cultural development, we established eight new Sino-Ocean Youth Citizen Growth Practice Bases (遠洋小公民成長實踐基地) with over 160 activities held in the first phase of the Youth Citizen program throughout the year. Cooperating with the Blue Sky Rescue Team (藍天救援隊), we conducted safety workshops themed "emergency self-rescue (應急自救)". Through events such as Ocean Marathon, youth football matches and badminton tournaments, we have been fostering a healthy and active environment for children's growth.



PROPERTY MANAGEMENT SERVICES ON COMMERCIAL PROPERTIES

For the year ended 31 December 2024, the Group's revenue from property management services on commercial properties amounted to RMB353.7 million, representing a decrease of approximately 30% compared to last year, affected by the Group's termination of commercial operational services. The Group provides property management services primarily to shopping malls and office buildings.

The table below sets forth details of the contracted GFA and GFA under management of the Group's commercial property management projects as at the dates indicated:

As at 31 December

	2024	2023
Contracted GFA ('000 sq.m.)	**9,039**	10,383
Number of projects relating to contracted GFA	**76**	84
GFA under management ('000 sq.m.)	**5,522**	6,147
Number of projects relating to GFA under management	**65**	68

Deepening service system to strengthen development foundation while upgrading value creation to activate growth momentum. As at 31 December 2024, the Group's commercial property management service projects had a contracted GFA amounted to 9.0 million sq.m. and GFA under management of 5.5 million sq.m., decreasing by approximately 13% and 10%, respectively, as compared to 31 December 2023. First-tier and second-tier cities accounted for 99% of our GFA under management. The average property management fee for the year was RMB10.2/sq.m./month. The Group's commercial property management services were focused on the two principal business forms of shopping malls and office buildings. During the year, we focused on building a customer-oriented service product system, fully implementing a menu-based service model tailored to the characteristics of customers in shopping malls and high-end office buildings, and providing personalized and comprehensive service solutions for corporate customers. While improving basic property services, we focused on owners' assets efficiency enhancement and tenant business scenarios enabling, independently developed network resource integration services and energy-saving solutions for parking spaces, which formed a value-added service product matrix that can be quickly replicated, actively satisfying the daily and business needs of customers while achieving growth in both performance and value.

In addition, the Group has decided to exit from two commercial property services projects (the "Relevant Projects") which are consistently loss-making, from 2025 onwards. The Relevant Projects are properties developed/owned by Sino-Ocean Group. Sino-Ocean Group was expected to pursue the business opportunities in relation to the Relevant Projects (the "Relevant Business Opportunities") upon the Group's exit. In accordance with the Deed of Non-competition, the independent board committee of the Company, comprising all of the Independent Non-executive Directors, having taken into account the Group's strategic focus and operational efficiency considerations as well as the historical financial performance of the Relevant Projects, considered that it was in the best interests of the Group not to pursue the Relevant Business Opportunities, and the Company has thereafter confirmed in writing to the controlling Shareholders that the Group has declined the Relevant Business Opportunities pursuant to the Deed of Non-competition. Based on our rich experience and expertise in commercial property services, we will continue to focus on the commercial property services segment and continue to strengthen our commercial property services ecosystem, promote the long-term operation of our assets and create sustainable revenue growth for our property owners.

COMMUNITY VALUE-ADDED SERVICES

Value-added service matrix deepens value creation and iterative operation models enhance development resilience. For the year ended 31 December 2024, our revenue from community value-added services amounted to RMB489.3 million, representing a decrease of approximately 10% compared to the previous year and accounting for approximately 17% of the Group's total revenue. In 2024, the Group deepened its business strategy focus around the four core business segments of "community living, leasing and sale, home decoration and spatial resources", and accurately targeted at enhancing customer value. In terms of community living services, we constructed a full-scene service chain of "online live streaming + omni-channel instant fulfillment", and expanded to high-frequency livelihood services such as home laundry and community water stations, strengthening the advantage of the community's "last-kilometre" services. In connection with leasing and sales services, we deepened the diversified cooperation mechanism of joint ventures and part-time jobs, optimized standardized operation system of stores, and enhanced the sustainable development of business operations. Regarding home decoration services, we upgraded our core product structure and service content, and focusing on the pain points of local renewal needs. We improved the innovative operation and promotion of home products, and optimized the service experience of the entire process of design, construction and delivery. In connection with spatial resources, we optimized the space efficiency evaluation system, successfully incubated innovative businesses and further carried out project layout, effectively improving the efficiency of space resource assets.

Strengthening operational pillars through core business refinement and unleashing growth potential through innovative business model cultivation. On premise of stable operation of our four principal businesses, we continued to carry out diversified business activities. Through implementing "one strategy for one project" precise matching mechanism, we actively developed new businesses that are suitable for our projects' own conditions and market environment, completed the construction of self-operated stores such as convenience stores, decoration stores, and elderly care services, and achieved the implementation of new consumer scenario businesses such as community warehousing, charging piles, paid repair services, and live broadcast marketing, further enriching the service scenarios and service levels of value-added services, meeting daily business needs and enhancing the convenience and satisfaction of community life.

The following table sets forth a breakdown of the Group's revenue generated from community value-added services by service types for the years ended 31 December 2024 and 2023, respectively:

For the year ended 31 December

	2024		2023	
	RMB'000	%	RMB'000	%
Community asset value-added services[1]	**350,690**	**72**	381,941	70
Community living services[2]	**100,778**	**21**	81,456	15
Property brokerage services[3]	**37,782**	**7**	81,007	15
Total	**489,250**	**100**	544,404	100

Notes:

1) Community asset value-added services mainly include carpark management services and community space operation services.

2) Community living services mainly include housekeeping and cleaning services, repair and maintenance services of home electrical appliances and equipment, retail sales of commodities, home decoration services and other bespoke services.

3) Property brokerage services mainly include sales transactions and sales agency services of parking spaces, agency in the resale or lease transactions of owners' properties and parking spaces.

VALUE-ADDED SERVICES TO NON-PROPERTY OWNERS

Upgrading professional capabilities to cope with market changes and expanding regional network to consolidate service base. For the year ended 31 December 2024, our revenue from value-added services to non-property owners amounted to RMB267.8 million, a decrease of approximately 30% as compared to the previous year and accounting for approximately 10% of the Group's total revenue. The decline in revenue from value-added services to non-property owners was mainly attributable to the dual impact from objective real estate market and the Group's proactive business structure adjustment. We will continue to promote strategic optimization of our business structure, strengthen our professional service capabilities in the operation and maintenance of engineering facilities and equipment, and improve our full-cycle technical solutions system; deepen our penetration into the regional market, and enhance the effectiveness of our deep cultivation in the cities through the replication of our benchmark projects and the building of our localized teams; and strategically lay out professional fields such as facilities management "FM", asset management "AM" to build a diversified ecosystem in tandem with our basic property services, in order to lay the foundation for the sustainable development of our business.

The following table sets forth a breakdown of the Group's revenue generated from value-added services to non-property owners by service types for the years ended 31 December 2024 and 2023, respectively:

For the year ended 31 December

	2024		2023	
	RMB'000	%	RMB'000	%
Pre-delivery services[1]	**86,631**	**32**	154,842	40
Consultancy services[2]	**63,143**	**24**	100,228	26
Property engineering services[3]	**117,998**	**44**	127,893	34
Total	**267,772**	**100**	382,963	100

Notes:

1) Mainly represents on-site services to offer pre-delivery services to property developers, such as assistance for their sales and marketing activities at property sales venues and display units, so as to create high-quality service brands for property developers among potential property buyers.

2) Mainly represents consultancy services to property developers at the early stage of their property development on the overall planning of properties and coordination of their relevant pre-sale activities to avoid possible planning issues and reduce development and construction costs as well as operation and management costs at the later stage.

3) Mainly represents property engineering services to property developers and other property management companies, including property engineering, greening, gardening, repair and maintenance of residential communities and non-residential properties, equipment operation and maintenance and the upgrade of smart security systems.

FUTURE DEVELOPMENT PLANS AND OUTLOOK

Committing to service quality, enabling sustainable development and enhancement and building a solid foundation for property ballast. We will continue to deepen our core strategy on service quality, establish a full-cycle management system covering standard formulation, implementation supervision and dynamic optimization, and strengthen the fundamental role of standardization in our business operations. Focusing on core user experience scenarios such as homecoming routes and quality improvement of public spaces, we will establish a mechanism for collaborative promotion of special inspections and time-bound rectification. Through high-frequency touchpoint renovation projects, we aim to achieve visible improvements in living experience. In terms of talent development, we will promote a tripartite mechanism of training certification, performance assessment and salary incentives to systematically enhance the execution of standardized services by frontline staff, and conduct regular skill enhancement training and service standards supervision to ensures the on-the-ground implementation of standardized services. We will also establish a multi-dimensional quality evaluation system, deeply integrating customer follow-ups with internal quality audits to form a continuous driving force for service improvement, thereby comprehensively enhancing the overall service levels.

Strategic upgrade of value-added business to enhance core business competitiveness through comprehensive empowerment. We will persistently implement the operating principles of service deepening, layout optimisation and resource rationalisation, focus on core projects and implement the "one strategy for one project" precision development mechanism, formulate differentiated value-added business implementation plans through dynamic monitoring of the market environment, in-depth project assessment and accurate profiling of customer base; dig deep into the pain points of owners' living needs, study owners' home consumption needs in phases, and flexibly adjust products and service matrices to achieve the repurchase rate and scale growth of value-added business; strengthen resource integration and establish a tiered management system for suppliers to achieve efficiency and scale growth; and strengthen resource integration and establish a tiered management system for suppliers to achieve efficiency and scale growth. Starting from the goal of "providing owners with personalised value-added services", we will accelerate the layout of new business models, increase the pace of business innovation, and advance digital transformation. We will set up an online service centre, improve private traffic pool on WeChat official accounts, mini-programs, and social media, implement precise marketing strategies and tap into the demand for high-frequency home services to achieve the transformation and upgrading of its community value-added services.

Insisting on high-quality expansion standards and deepening urban coverage to support long-term healthy development. We will focus on core cities for expansion and continue to improve our management coverage. In terms of business formats, we will develop multi-format synergies, strengthen the expansion of non-residential properties such as hospitals, public buildings and industrial parks while maintaining residential and commercial properties as the mainstay. We will strictly control external expansion standards, optimize pre-project evaluation mechanism and focus on project profitability and capital security, and conduct regular post-expansion reviews to promptly optimize and implement rectification measures, continuously improving overall project efficiency and building long-term and high-quality expansion and operational capacities. We will strengthen talent development within our expansion team and optimize assessment indicators and enhance incentive measures. Meanwhile, we will enrich and improve the existing system qualification database, tailor bidding systems based on the nature of clients and service requirements, and empower the development team through cross-departmental collaborations to enhance bidding competitiveness and efficiency. In addition, we value the personal development of our employees. We will regularly organise team seminars to precipitate project bidding experience and achieve internal knowledge sharing; we will also employ external experts for targeted training to cultivate multi-dimensional ability such as bidding, negotiation and customer relationship maintenance, ensuring high efficiency output in external expansion.

Strengthening risk control systems and enhancing compliance governance efficiency. We will continue to refine our internal control and compliance management mechanisms, strengthen the performance of the Board in fulfilling its duties and responsibilities, and focus on enhancing decision-making quality in areas such as strategic planning execution, operational target monitoring, financial budget approval and major transaction reviews. We will deeply integrate integrity and compliance culture into all business units by developing a robust risk early-warning mechanism and a regular self-inspection and rectification system. We will strictly fulfil information disclosure obligations, optimize announcement review process and investor communication mechanism, and regularly report to the Board and Shareholders on progress of major issues, ensuring governance transparency and the timeliness of information dissemination.

FINANCIAL REVIEW

Revenue

The Group's revenue in 2024 decreased by approximately 9% to RMB2,840.0 million, from RMB3,133.2 million in 2023. The Group's revenue is mainly generated from (i) property management services[1]; (ii) community value-added services; and (iii) value-added services to non-property owners, which contributed approximately 73%, 17% and 10% of the Group's total revenue in 2024, respectively.

The following table sets forth the breakdown of our revenue by business lines for the years ended 31 December 2024 and 2023 respectively:

For the year ended 31 December

	2024		2023	
	(RMB'000)	%	(RMB'000)	%
Property management and commercial operational services[1]	**2,083,007**	**73**	2,205,842	70
Community value-added services	**489,250**	**17**	544,404	18
Value-added services to non-property owners	**267,772**	**10**	382,963	12
Total	**2,840,029**	**100**	3,133,209	100

Note:

1) The master commercial operational services agreement dated 14 June 2021 entered into between the Company and Sino-Ocean Group Company in relation to the provision of commercial operational services by the Group (details of the agreement have been set out in the circular of the Company dated 21 July 2021) had expired on 31 December 2023. Taking into account the decreasing demand of commercial operational services in the market and the Group's focus on its strategic core businesses, the Company did not renew the master commercial operational services agreement with Sino-Ocean Group Company. The Group's revenue streams for 2024 mainly comprised of (i) property management services; (ii) community value-added services; and (iii) value-added services to non-property owners.

Revenue from property management and commercial operational services decreased by approximately 6% to RMB2,083.0 million in 2024 from RMB2,205.8 million in 2023. The decrease was mainly attributable to the combined effects of the following factors: (i) the increase in revenue from property management services on residential properties; (ii) the decrease in revenue from property management services on commercial properties; and (iii) the absence of revenue from commercial operational services for the year.

Revenue from community value-added services decreased by approximately 10% to RMB489.3 million in 2024 from RMB544.4 million in 2023, which was mainly attributable to the overall economic situation and the downturn in the real estate market, leading to the decrease in revenue from property brokerage services and community asset value-added services; partially offset by the increase in revenue from community living services as the Group has further developed the online store and launched pilot businesses such as convenience store during the year.

Revenue from value-added services to non-property owners decreased by approximately 30% to RMB267.8 million in 2024 from RMB383.0 million in 2023. The decrease was mainly caused by (i) the decrease in revenue from pre-delivery services by approximately 44% to RMB86.6 million in 2024 from RMB154.8 million in 2023, which was mainly attributable to the decrease in pre-sale activities in the real estate market; and (ii) the decrease in revenue from consultancy services by approximately 37% to RMB63.1 million in 2024 from RMB100.2 million in 2023, which was mainly attributable to the Group's proactive withdrawal from consultancy services with a low rate of return.

Cost of sales and services

For the year ended 31 December 2024, cost of sales and services was RMB2,322.7 million as compared to RMB2,535.5 million in 2023, representing decrease of approximately 8%.

The cost of sales and services comprised mainly (i) outsourced security, greening and cleaning expenses; (ii) employee benefit expenses, maintenance and utilities expenses; (iii) cost of consumables and construction materials; (iv) cost of merchandises sold; and (v) sub-contract expenses for home improvement and property agency services.

Outsourced security, greening and cleaning expenses in 2024 decreased by approximately 6% to RMB854.8 million as compared to RMB905.2 million in 2023, which was in line with the decrease in revenue scale of property management services of the Group.

Employee benefit expenses, maintenance and utilities expenses in 2024 decreased by approximately 4% to RMB1,191.2 million as compared with that of RMB1,246.1 million in 2023, which was in line with the decrease in total revenue of the Group.

Cost of consumables and construction materials decreased by approximately 50% to RMB29.2 million in 2024, as compared to RMB58.2 million in 2023, which was mainly attributable to the decrease in revenue from value-added services to non-property owners.

Cost of merchandises sold increased by approximately 84% to RMB75.5 million in 2024 from RMB41.0 million in 2023, which was in line with the increase in the scale of the retail sales in our community living services.

Sub-contracting expenses for home improvement and property agency services decreased by approximately 17% to RMB22.9 million in 2024 from RMB27.5 million in 2023, which was due to the decrease in revenue of the home decoration and property agency services cause by the downturn of the overall real estate market.

Gross profit and gross profit margin

Gross profit in 2024 decreased by approximately 14% to RMB517.3 million from RMB597.7 million in 2023. The overall gross profit margin for the year of 2024 was 18% (2023: 19%).

The table below sets forth the breakdown of our gross profit and gross profit margin by business lines for the years ended 31 December 2024 and 2023 respectively:

For the years ended 31 December

	2024		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	%	(RMB'000)	%
Property management and commercial operational services[1]	**321,422**	**15**	362,111	16
Community value-added services	**151,977**	**31**	164,635	30
Value-added services to non-property owners	**43,881**	**16**	70,993	19
Total	**517,280**	**18**	597,739	19

Note:

1) Please refer to Note 1 of the section headed "Revenue" under the Management Discussion and Analysis of this annual report

Gross profit margin for property management services decreased from approximately 16% in 2023 to approximately 15% in 2024. The reduction in gross profit margin was primarily resulted from the decrease in gross profit margin of property management services due to the adverse economic conditions during 2024.

Gross profit margin for community value-added services increased from approximately 30% in 2023 to approximately 31% in 2024, remaining stable compared to 2023.

Gross profit margin for value-added services to non-property owners decreased from approximately 19% in 2023 to approximately 16% in 2024, which was primarily attributable to the decrease in gross profit margin from pre-delivery services and property engineering services in 2024.

Among the business lines, our community value-added services generally recorded a higher gross profit margin as we can utilize our existing resources from provision of property management services and incur less direct cost, in particular, staff cost.

Other income and other (losses)/gains, net

The other income in 2024 was RMB20.2 million, a decrease of RMB9.5 million from RMB29.7 million in 2023. The decrease was mainly attributable to the decrease in government grants received and the decrease in reversal of other payables.

We recorded other net losses of RMB2.7 million in 2024 (2023: other net gain of RMB14.2 million). Other net losses mainly arose from the disposal loss of the divestment of investment properties, net exchange losses of dividend payment, and the disposal loss of the equity interest of a subsidiary, during the year.

Operating expenses

Selling and marketing expenses decreased by approximately 6% to RMB21.0 million in 2024 (2023: RMB22.4 million).

Administrative expenses in 2024 decreased by approximately 16% to RMB228.6 million from RMB272.9 million in 2023. This decrease was primarily due to the Group’s implementation of strict cost control measures during the period.

Net impairment losses on financial assets

Net impairment losses on financial assets decreased by approximately 2% to RMB254.0 million in 2024 from RMB260.0 million in 2023, which was mainly comprised of the provision made by the Group for the impairments on trade and other receivables.

Net impairment losses on goodwill and investment properties

In 2024, due to the overall real estate market downturn in the PRC, the Group recorded net impairment losses on goodwill and investment properties of RMB9.2 million and RMB5.4 million, respectively (2023: RMB6.6 million and RMB6.5 million, respectively).

Finance cost

Finance costs in 2024 and 2023 amounted to RMB0.6 million and RMB0.8 million, respectively, mainly comprised interest expenses of the lease liabilities.

Share of results of joint ventures

In 2024, the Group recorded a loss of RMB0.6 million (2023: RMB8.8 million) in the share of results of joint ventures. The recorded loss was mainly due to the decline in the financial performance of the joint ventures affected by the downturn of the overall economic situation.

Taxation

Income tax credit of approximately RMB13.3 million was recorded in 2024 (2023: income tax expenses of RMB23.7 million). It is mainly due to the decrease in operating profit and income tax credit arising from the recognition of deferred tax assets due to the change in tax rate of a subsidiary.

Profit attributable to owners of the Company

Due to (i) the continuous adverse impact of the real estate market, which led to a decline in both revenue and gross profit margin; and (ii) the absence of disposal of investment in a joint venture during the year, while the Group recorded a one-off gain on disposal of investment in a joint venture in 2023, the profit attributable to owners of the Company for the year of 2024 decreased by approximately 31% to RMB28.9 million, as compared to RMB42.1 million for the year of 2023. Our management will continue to focus on the improvement of our Shareholders' return as an on-going task.

Investment properties

Investment properties represented commercial properties, office buildings and parking spaces located in the PRC, which were held to earn rentals. As at 31 December 2024, the Group's investment properties amounted to RMB89.5 million (31 December 2023: RMB61.5 million). This change was mainly due to the transfer of certain office buildings from self-use to rental use and the disposal of certain commercial properties during the year, in consideration of business operation needs.

Property, plant and equipment

Property, plant and equipment mainly consisted of office and operating equipment, leasehold improvement, vehicles and buildings. As at 31 December 2024, the Group's property, plant and equipment decreased to RMB34.5 million from RMB104.7 million as at 31 December 2023. Please refer to the section headed "Investment properties" for more details of the changes.

Intangible assets

Intangible assets comprised of computer software, property management contracts, customer relationships, trademark and goodwill. As at 31 December 2024, the Group's intangible assets decreased to RMB668.9 million from RMB699.0 million as at 31 December 2023. The decrease was primarily due to amortisation and goodwill impairment losses during the year.

Inventories

Inventories primarily consisted of parking spaces, commercial properties and community facilities held for sale and consumables held for consumption during the provision of property management services. Our inventories were RMB614.2 million as at 31 December 2024 (31 December 2023: RMB651.4 million).

Trade and note receivables

Trade and note receivables are amounts due from customers for goods sold or services provided in the ordinary course of business. Our trade and note receivables mainly arise from our property management services and value-added services provided. We usually issue a monthly payment notice to our customers of value-added services, who must pay accordingly. We generally do not grant a credit term to our customers of property management services and 60 days for value-added services to non-property owners are granted.

As at 31 December 2024, trade and note receivables amounted to RMB1,038.2 million, representing a decrease of approximately 8% as compared to RMB1,123.0 million as at 31 December 2023. We will continue to enhance various measures to ensure the timeliness and expedite the recovery of our trade and note receivables.

Prepayments and other receivables

Prepayments and other receivables include prepayment to suppliers, other receivables and prepaid tax. As at 31 December 2024, the Group's prepayments and other receivables remained stable at RMB522.6 million (31 December 2023: RMB525.0 million).

Trade and other payables

Trade payables primarily represent our obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, including purchase of utilities and materials and purchase from sub-contractors. Accruals and other payables primarily represent: (i) deposit; (ii) amounts collected on behalf of property owner; (iii) accrued payroll and welfare payables; (iv) other payables to related parties; and (v) other tax payables.

As at 31 December 2024, trade and other payables amounted to RMB1,301.2 million (31 December 2023: RMB1,275.1 million).

Contract liabilities

Contract liabilities represent our obligations to provide the contracted property management services, community value-added services and valued-added services to non-property owners. Contract liabilities mainly arose from the advance payments made by customers while the underlying services such as property management services and carpark management services are yet to be provided. As at 31 December 2024, our contract liabilities amounted to RMB494.1 million, representing a decrease of approximately 5% as compared to RMB518.1 million as at 31 December 2023, which was in line with the decrease in revenue.

Capital expenditures

In 2024, we incurred capital expenditures of RMB13.9 million (2023: RMB46.3 million), which mainly consisted of (i) purchase of investment properties; (ii) purchase of intangible assets such as computer software; and (iii) purchase of property, plant and equipment.

Financial resources and liquidity

Regarding the funding and treasury policies and objectives, our principal cash requirements are to pay for working capital needs and capital expenditures for the expansion and procurement of property, plant and equipment and business acquisition. We meet these cash requirements by relying on our cash on hand and at financial institutions, net cash flows from operating activities and net proceeds from listing as our principal source of funding.

As at 31 December 2024, the Group had cash and cash equivalents of RMB761.1 million and restricted bank deposits of RMB19.4 million, amounted to RMB780.5 million in aggregate; of which approximately 99.9% (31 December 2023: approximately 99.9%) of the Group's cash resources were denominated in RMB with the remaining balances denominated in HKD, and a current ratio of 1.6 times (31 December 2023: 1.6 times), which calculated by dividing total current assets by total current liabilities. We have ample financial resources and an adaptable financial management policy to support our business expansion in the coming years.

The principal activities of the Group are conducted in the PRC. During the year ended 31 December 2024, the Group did not use any financial instruments for hedging purpose. In view of the potential Renminbi exchange rate fluctuations, we will continue to monitor the foreign exchange exposure, and take prudent measures to reduce foreign exchange risks.

As at 31 December 2024 and 31 December 2023, the Group had no borrowings.

Gearing ratio

Gearing ratio is calculated by dividing total borrowings by total equity, based on the sum of bank loans and other borrowings as at the corresponding date divided by the total equity on the same date. As at 31 December 2024, gearing ratio was nil (31 December 2023: nil).

Significant investments

As at 31 December 2024, we did not have any significant investments.

Save as disclosed in the paragraphs headed "Use of net proceeds from listing", we have no other plans for material investments or capital assets.

Capital commitments

As at 31 December 2024, the Group had no capital commitments (31 December 2023: nil).

Charge on assets

As at 31 December 2024, we did not have any charges on our assets.

Contingent liabilities

As at 31 December 2024, we did not have any significant contingent liabilities.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

The Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures for the year ended 31 December 2024.

Employees and human resources

As at 31 December 2024, the Group had 8,585 employees (31 December 2023: 9,081 employees). The total number of employees serving the Group decreased primarily attributed to the optimisation of the Group's business strategy. At the same time, we continued to elevate our effort on improving both manpower effectiveness and control capability, as well as optimising resources allocation of the Group during the year. Our employee benefit expenses for 2024 was RMB871.3 million (2023: RMB970.9 million), which was in line with the decrease in number of employees.

We have adopted an effective human resource system that provides differentiated employee training, performance evaluation and incentive measures which are tailored to the needs of different positions, from entry-level staff to senior management, with different skill requirements and career aspirations. We have competitive compensation plan, sound employee welfare policy, regular performance appraisal and internal rating system to attract external talents as well as retaining employees and management for our business expansion. We have also implemented various types of incentive schemes for different levels of employees.

We believe that our results-driven and value-sharing culture together with our well-developed talent selection, cultivation and evaluation initiatives have enabled us to identify, recruit, train and retain employees who share our fundamental values and are able to provide professional and high-quality services to customers, thus making us stand out from our competitors.

Event after the reporting period

As at the date of this annual report, there was no important event affecting the Group after the financial year ended 31 December 2024.

Use of net proceeds from listing

The Shares were listed on the Main Board of the Stock Exchange on 17 December 2020 with 296,000,000 new Shares issued at a final offer price of HKD5.88 per Share. After deduction of the underwriting fees and commissions and expenses payable by the Company, net proceeds from the listing amounted to approximately HKD1,691.7 million (equivalent to approximately RMB1,426.3 million) and the net proceeds per Share were HKD5.72 (equivalent to approximately RMB4.82). Such proceeds were intended to be applied in the manner consistent with that disclosed in the Prospectus as set out below:

- Approximately 60%, or HKD1,015.0 million (equivalent to approximately RMB855.8 million), will be used to pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of our property management business;
- Approximately 20%, or HKD338.3 million (equivalent to approximately RMB285.3 million), will be used to develop smart community through upgrading of our systems for smart management;
- Approximately 10%, or HKD169.2 million (equivalent to approximately RMB142.6 million), will be used to enhance our level of digitisation and our internal information technology infrastructure; and
- Approximately 10%, or HKD169.2 million (equivalent to approximately RMB142.6 million), will be used for working capital and general corporate purpose.

As disclosed in the announcement of the Company on 11 November 2022 (the "Change in Use of Proceeds Announcement"), having carefully considered the increasingly competitive landscape in the property management industry in the PRC and the rise in operation costs brought about by the COVID-19 pandemic, the Group has taken a more conservative approach and has been exploring means with comparatively less capital commitment and manageable risks to better utilize the unutilized net proceeds and increase the proportion of businesses that could bring about a more stable source of income, with a view to bringing about considerable returns to the Shareholders. As such, in order to improve the efficiency and to optimize the use of the unutilized net proceeds, the Board had resolved to change the proposed use of unutilized net proceeds in the amount of approximately RMB532.3 million originally allocated for (a) pursuing selective strategic investment and acquisition opportunities and to further develop strategic alliances and expanding the scale of the Company's property management business; (b) developing smart community by upgrading the Company's systems for smart management; and (c) enhancing the Company's level of digitisation and the Company's internal information technology infrastructure, towards the (i) further expansion of and diversification into value-added services; (ii) further expansion of the business of commercial asset operation; and (iii) acquisition of self-use office premises (the "Reallocation"). Please refer to the Change in Use of Proceeds Announcement for details.

As at 31 December 2024, our planned use and actual use of net proceeds from listing was as follows:

	Planned use of net proceeds as disclosed in the Prospectus (RMB million)	Utilized immediately before the Reallocation (RMB million)	Planned use of net proceeds after Reallocation (RMB million)	Amount utilized/(refunded) after Reallocation up to 31 December 2023 (RMB million)	Unutilized as at 31 December 2023 (RMB million)	Utilized/(Refunded) during the year (RMB million)	Unutilized as at 31 December 2024 (RMB million)	Expected timetable for the usage of the unutilized net proceeds as at 31 December 2024
Pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of our property management business	855.8	663.3	663.3	(80.0) (Note 1)	80.0	(15.0) (Note 2)	95.0	On or before 30 June 2025
Develop smart community through upgrading of our systems for smart management	285.3	28.3	28.3	–	–	–	–	N/A
Enhance our level of digitisation and our internal information technology infrastructure	142.6	44.8	59.8	15.0	–	–	–	N/A
Working capital and general corporate purpose	142.6	142.6	142.6	–	–	–	–	N/A
Further expansion of and diversification into value-added services including (i) the acquisition of exclusive sales rights for parking spaces, and/or (ii) the investment in and/or acquisition of target(s) that provide complementary value-added services and other upstream and downstream business synergies	–	–	375.5	372.8	2.7	2.0 (Note 3)	0.7	On or before 30 June 2025
Further expansion of the business of commercial asset operation pursuant to the commercial property leasing and operation arrangement	–	–	79.4	79.4 (Note 4)	–	–	–	N/A
Acquisition of self-use office premises in Shenzhen and Beijing, PRC	–	–	77.4	77.4 (Note 5)	–	–	–	N/A
Total	1,426.3	879.0	1,426.3	464.6	82.7	(13.0)	95.7	

Notes:

1) During the year ended 31 December 2022, the Group paid RMB80.0 million to an independent third party as earnest money for the potential acquisition of a PRC property management company. The potential acquisition did not materialise and the earnest money was subsequently refunded to the Group in 2023. As at the date of this report, the refunded RMB80.0 million had not been utilized. The expected time to utilize such refunded net proceeds had been further extended from on or before 31 December 2024 (as disclosed in the 2023 annual report of the Company) to on or before 30 June 2025, as it would take time for the Company to evaluate and identify suitable investment and acquisition targets under the current market conditions. It is expected that such refunded net proceeds would still be utilized for the purpose of pursuing selective strategic investment and acquisition and to further develop strategic alliances and expand the scale of the Company's property management business as disclosed in the Prospectus and the Change in Use of Proceeds Announcement.

2) During 2024, RMB15.0 million was refunded from an independent third party to the Group. Such amount was paid by the Group as earnest money for the potential acquisition of a PRC property management company in 2022. The potential acquisition did not materialize and the earnest money was subsequently refunded to the Group during 2024. As at the date of this report, the refunded RMB15.0 million had not been utilized. The time to utilize such refunded net proceeds is expected to be on or before 30 June 2025, as it would take time for the Company to evaluate and identify suitable investment and acquisition targets under the current market conditions. It is expected that such refunded net proceeds would still be utilized for the purpose of pursuing selective strategic investment and acquisition and to further develop strategic alliances and expand the scale of the Company's property management business as disclosed in the Prospectus and the Change in Use of Proceeds Announcement.

3) Out of the unutilized net proceeds of RMB2.7 million as at 31 December 2023, RMB2.0 million were utilized for further expansion of our value-added services, such as convenient store and senior living services, during 2024. As at the date of this report, RMB0.7 million had not been utilized. The expected time to utilize such remaining net proceeds had been further extended from on or before 31 December 2024 (as disclosed in the 2023 annual report of the Company) to on or before 30 June 2025, as no suitable opportunities for the use of the remaining net proceeds had been identified and it would take time for the Company to evaluate and identify suitable opportunities under the current market conditions. It is expected that such remaining net proceeds would still be utilized for the purpose of further expansion of and diversification into value-added services pursuant to the reallocation arrangement as disclosed in the Change in Use of Proceeds Announcement.

4) As disclosed in the Change in Use of Proceeds Announcement, approximately RMB79.4 million of the unutilized net proceeds were reallocated to further expansion of the business of commercial asset operation pursuant to the commercial property leasing and operation arrangement as detailed in the announcement of the Company dated 11 November 2022. The RMB79.4 million was the one lump sum rental payment for such commercial property leasing and operation arrangement.

5) As disclosed in the Change in Use of Proceeds Announcement, approximately RMB77.4 million of the unutilized net proceeds were reallocated to the acquisition of self-use office premises in Shenzhen and Beijing, PRC (the "Acquired Premises"), as detailed in the announcement of the Company dated 11 November 2022. Among the RMB77.4 million paid, approximately (i) RMB28.4 million was the payment for the acquisition of the Shenzhen property, which comprised 14 rooms on the 6th floor of block 13 of Ocean Plaza of Ocean Express (遠洋新幹線遠洋廣場) located in Shenzhen; and (ii) RMB49.0 million was the payment for the acquisition of the Beijing properties, which comprised (a) 301, 3rd floor of Block 1 of Ocean Metropolis (遠洋都會中心) (also known as 遠洋新天地); (b) 401, 4th floor of Block 1 of Ocean Metropolis (遠洋都會中心); and (c) 501, 5th floor of Block 1 of Ocean Metropolis (遠洋都會中心) located in Beijing. After taking into account the change and development of the business environment subsequent to the acquisition of the Acquired Premises, the scale adjustment and the maximisation of the operational effectiveness of the Group's businesses, and with a view to optimizing the use of the Acquired Premises, as at the date of this report, the Acquired Premises had been re-designated for rental purposes. The Company will continue to carry out strategic reviews of the Group's assets from time to time with a view to maximising returns to the Shareholders and, with due consideration given to factors including the then market conditions, valuation as well as the interests of the Company and the Shareholders as a whole, the Company may also consider to dispose of all or part of the Acquired Premises in future should suitable opportunity arises.

Save for the aforesaid changes, the Directors were not aware of any material change to the planned use of net proceeds as at the date of this report. Despite the above change in the use of the unutilized net proceeds, the Board confirmed that there are no material changes in the nature of the business of the Group as set out in the Prospectus. The Board considered the above change in the use of the unutilized net proceeds was fair and reasonable as this would allow the Company to deploy its financial resources more effectively to reduce the operation costs of the Group and enhance the profitability of the Group and was therefore in the interests of the Group and the Shareholders as a whole.

The unutilized net proceeds prior to the full utilization were deposited with licensed banks or financial institutions in Mainland China and Hong Kong. As at the date of this report, the unutilized net proceeds amounted to RMB95.7 million. The expected timeline of full utilization set out above is based on the Directors' best estimation barring unforeseen circumstances, and is subject to change in light of future development of market conditions.

DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Company as of the date of this annual report are as follows:

Executive Directors

Mr. YANG Deyong

Mr. YANG Deyong, aged 51, joined the Board in September 2020 and is currently the Joint Chairman, Executive Director, chairman of the Nomination Committee and member of the Remuneration Committee. He is also a director of certain subsidiaries of the Company. Mr. Yang joined Sino-Ocean Group Company, the controlling Shareholder and the shares of which are listed on the Main Board of the Stock Exchange, in April 2007 and served successively as general manager of Sino-Ocean Property Development Zhongshan (Shenzhen) Co., Ltd.* (遠洋地產中山(深圳)開發有限公司), general manager of customer services division, assistant to the president and vice president of Sino-Ocean Group and other positions. Mr. Yang joined Ocean Homeplus in August 2015 and served successively as a director, chairman and general manager. He also acted as the Chief Executive Officer from September 2020 up to 24 March 2025. Mr. Yang has extensive experience in corporate governance, business development and management. Mr. Yang graduated from Renmin University of China with a bachelor's degree in economics in 1995; graduated from Sun Yat-sen University with a master's degree in business administration in 2004; and graduated from China Europe International Business School with an EMBA degree in 2015.

Mr. HOU Min

Mr. HOU Min, aged 44, joined the Board in April 2024 and is currently an Executive Director, the Chief Executive Officer and a member of the Remuneration Committee. He is also a director of certain subsidiaries of the Company. Mr. Hou joined Sino-Ocean Group in August 2008 and is serving as the general manager of the office of CEO affairs of Sino-Ocean Group. Mr. Hou previously served as customer service director, deputy general manager and general manager of companies established in Hainan Province, deputy general manager of property development department in the Southern Region, and deputy general manager of the office of CEO affairs of Sino-Ocean Group. Mr. Hou is currently a deputy to the 8th People's Congress of Sanya and a member of its Legislative Affairs Commission. Mr. Hou has extensive experience in real estate operations management, customer service and corporate governance. Mr. Hou graduated from the Guanghua School of Management, Peking University with a master's degree in business administration in 2018; and graduated from China Europe International Business School with a degree in executive master of business administration (EMBA) in 2024.

Ms. ZHU Geying

Ms. ZHU Geying, aged 51, joined the Board in September 2020 and is currently an Executive Director. Ms. Zhu has been appointed as the chief financial officer of the Company with effect from 31 December 2024. She is also a director of certain subsidiaries of the Company. Ms. Zhu joined Sino-Ocean Group in July 2001 and served successively as the project finance manager and the chief financial officer of the enterprise division of Sino-Ocean Group; Ms. Zhu joined Ocean Homeplus in October 2016, and has been appointed as a director since February 2018. She also acted as the chief financial officer from April 2019 and was re-designated as the chief operating officer from August 2021 up to December 2024. Ms. Zhu has over 28 years of financial management experience. Ms. Zhu graduated from the Capital University of Economics and Business with a bachelor's degree in economics in 1996. In July 2010, she was qualified as a senior accountant in the PRC.

Non-executive Director

Mr. CUI Hongjie

Mr. CUI Hongjie, aged 52, joined the Board in September 2020 and is the Joint Chairman, Non-executive Director, member of the Audit Committee and the Nomination Committee. Mr. Cui joined Sino-Ocean Group in August 1996 and is serving as an executive director, a member of the strategic and investment committee and an executive president of Sino-Ocean Group Company. Mr. Cui previously served as general manager of the costing and engineering department, general manager of technology and cost department, assistant to CEO and vice president of Sino-Ocean Group. Mr. Cui has extensive experience in operation and development of real estate, product creation and management. Mr. Cui graduated from Beijing University of Technology with a bachelor's degree in engineering in 1996 and a master's degree in engineering in 2001; and graduated from China Europe International Business School with a master's degree in business administration in 2022. Mr. Cui is a member of the Royal Institution of Chartered Surveyors, a national registered first-class constructor and a senior engineer.

Independent Non-executive Directors

Dr. GUO Jie

Dr. GUO Jie, aged 60, joined the Board in November 2020 and is serving as an Independent Non-executive Director, member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Since May 1997, Dr. Guo has worked in the school of economics of Renmin University of China, and is currently a professor and a doctoral advisor in the school of economics, engaged in teaching and research. Dr. Guo graduated from Renmin University of China with a master's degree in economics in 1996 and a doctorate in economics in 2004.

Mr. HO Chi Kin Sammy

Mr. HO Chi Kin Sammy, aged 54, joined the Board in August 2022 and is serving as an Independent Non-executive Director, chairman of the Remuneration Committee, member of the Audit Committee and the Nomination Committee. Mr. Ho worked in Atherton Asset Management Limited (an asset management company which was licensed by the Securities and Futures Commission in Hong Kong) from 2013 to 2022, and served as a director, a responsible officer and a portfolio manager. Mr. Ho has over 25 years of experience in investment, asset management and finance. Mr. Ho graduated from Hong Kong Baptist College (now known as Hong Kong Baptist University) with a bachelor's degree of business administration in finance in 1993; and graduated from Seattle Pacific University with a master's degree of business administration in management in 1996. Mr. Ho is a Chartered Financial Analyst (CFA).

Mr. LEUNG Wai Hung

Mr. LEUNG Wai Hung, aged 57, joined the Board in August 2022 and is serving as an Independent Non-executive Director, chairman of the Audit Committee, member of the Nomination Committee and the Remuneration Committee. Mr. Leung holds a bachelor's degree in business administration from The Chinese University of Hong Kong. He has been a fellow member of The Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Mr. Leung has more than 20 years of working experience in various listed companies in Hong Kong mainly engaged in property business including Cheung Kong (Holdings) Limited (now known as CK Hutchison Holdings Limited) (stock code: 001). Mr. Leung also has extensive financial experience in initial public offering ("IPO"), merger and acquisition as well as fund raising and is familiar with the business environment of both Hong Kong and the Mainland China. In addition, Mr. Leung has extensive experience in real estate investment trusts ("REIT"). He participated in the IPO setup of the first private sector REIT, Prosperity REIT (stock code: 808) in Hong Kong in 2005 and worked for the manager of Fortune REIT (stock code: 778) as a Finance Director from 2011 to 2012. He worked as the financial controller of Shougang Concord International Enterprises Company Limited (now known as Shoucheng Holdings Limited) (stock code: 697) from 2013 to 2018. He also worked as the financial controller and company secretary of BeijingWest Industries International Limited (stock code: 2339) from April 2022 to December 2024. Mr. Leung has been an independent non-executive director of Fineland Living Services Group Limited (stock code: 9978) since October 2017, China Fortune Holdings Limited (stock code: 110) since July 2021 and Wing Lee Development Construction Holdings Limited (stock code: 9639) since September 2024. Mr. Leung has also been an independent non-executive director of Gemini Investments (Holdings) Limited (stock code: 174), an associated company of Sino-Ocean Group Company, since April 2024.

Senior Management

Mr. GUO Zhibao

Mr. GUO Zhibao, aged 50, is the vice president of the Company. Mr. Guo joined the Company in 2015 and is also a director and/or general manager of certain subsidiaries of the Company. Mr. Guo used to be a director of the electromechanical committee at Beijing Vanke Property Services Co., Ltd. and an equipment manager of the technology department at Longfor Property Services Group Co., Ltd. He has extensive experience in electromechanical professional technology research and development and management, and engineering management. Mr. Guo completed a degree in civil engineering at China University of Geosciences, via distance learning in 2016; he graduated from Beijing Open University Shunyi Branch with a bachelor's degree in administrative management in 2020. Mr. Guo is a registered electrical engineer in the PRC.

Mr. DU Xin

Mr. DU Xin, aged 49, is the vice president of the Company. Mr. Du joined the Company in 2008 and is also a director and/or general manager of certain subsidiaries of the Company. Mr. Du used to be a business manager and a consulting manager of Shenzhen Gemdale Property Management Co., Ltd., and the business manager and a project manager of Agile Group Holdings Limited. He has extensive experience in business operations and project management. Mr. Du completed a degree in engineering management at Central South University, via distance learning in 2015. Mr. Du is a qualified quality control engineer in the PRC.

Mr. WANG Lifeng

Mr. WANG Lifeng, aged 48, is the vice president of the Company. Mr. Wang joined the Company in 2009 and is also a director and/or general manager of certain subsidiaries of the Company. He has served as the general manager of Shenyang Ocean Foundation Property Management Co., Ltd., and the general manager and regional supervisor of Dalian Ocean Foundation Property Management Co., Ltd. Mr. Wang used to be a project development supervisor of Shenyang Vanke Enterprises Company Limited, responsible for real estate development-related work. Mr. Wang has extensive experience in business operations and project management. Mr. Wang completed a degree in construction engineering at Tianjin University, via correspondence learning in 2004; he graduated from Dalian University of Technology with a master's degree in business administration in 2019. Mr. Wang is registered as a civil engineer and a certified property manager in the PRC.

Company Secretary

Mr. SUM Pui Ying

Mr. SUM Pui Ying, aged 63, has been appointed as the Company Secretary since August 2022. Mr. Sum joined Sino-Ocean Group Company in May 2007 and is the company secretary of Sino-Ocean Group Company. Mr. Sum is also the chairman of the board, an executive director, the chairman of the investment committee and the chairman of the nomination committee of Gemini Investments (Holdings) Limited, an associated company of Sino-Ocean Group Company and listed on the Stock Exchange. Mr. Sum was the chief financial officer of Sino-Ocean Group Company. He is a director of certain subsidiaries of Sino-Ocean Group Company. Mr. Sum has extensive experience in corporate management of listed companies, investment and financing and financial management. Mr. Sum graduated from The Hong Kong Polytechnic University and obtained a professional diploma in Accounting in 1988, graduated from University of Wales and obtained a master's degree in Business Administration in 1991, and graduated from The University of Hong Kong and obtained a diploma in Legal Studies in 1996. Mr. Sum is currently a fellow member of the HKICPA and a fellow member of the Institute of Chartered Accountants in England & Wales.

INVESTOR RELATIONS REPORT

PROMOTING VALUES

The management of the Company attaches great importance to effective communication with Shareholders, investors, analysts, financial media and the public and is always prepared to listen to their valuable opinions and suggestions on the Company. The Company firmly believes that an efficient and transparent information disclosure mechanism helps investors to understand the Group's business progress, strategic plans and future direction in a timely and accurate manner, so that they could reasonably evaluate the Company's value, thereby enhancing investors' confidence and ultimately creating maximum value for our Shareholders.

During 2024, the Company maintained proactive communication with analysts and investors through results announcement press conferences, the official WeChat public account of Sino-Ocean Service and roadshows. The investor relations department participated in investor conferences and industry activities organized by various brokerage firms, while developing other channels to facilitate efficient communication with all parties. Concurrently, the Company announced the Company's business developments and updates via our official WeChat public account to keep all parties informed of the Company's latest business development in real-time.

To further enhance our investor relations capabilities, the Company will continue to be engaged in more frequent communication with investors to ensure timely, accurate and effective information. In the future, we will continue to strive for wider coverage and more recommendations to enhance investors' recognition and their confidence in and loyalty to the Company and to safeguard the interests of our Shareholders. The Company will publish public information such as announcements, interim and annual reports on the Company's website at www.sinooceanservice.com and maintain regular communication with the capital market through designated personnel. Interested parties can obtain such information by contacting our investor relations department at ir@sinooceanservice.com for any inquiries or additional information.

SHARE PRICE PERFORMANCE

For the trading days during the period from 1 January 2024 to 31 December 2024, the Company recorded:

	Highest	Lowest
Price per Share of the Company (HKD)	0.75	0.31

As at 31 December 2024, the total number of issued Shares of the Company was 1,184,000,000 Shares at a closing price of HKD0.60. Based on the closing price on 31 December 2024, the market capitalisation of the Company was HKD710.4 million.

SUSTAINABILITY REPORT

The Group is committed to integrating sustainability concepts into its corporate strategy and day-to-day operational management to achieve high-quality corporate development. We prioritise environmental, social and governance (ESG) matters, actively engaging with internal and external stakeholders on these issues. We also endeavour to become an exemplar among peers in terms of the practice of sustainability, fulfilment of social responsibility and development of an exceptional service-oriented enterprise. We are honored to have received the "2024 Leading Enterprise in ESG Sustainable Development for China Property Services" and "2024 Leading Enterprise in Low-Carbon Operations in China Property Sector" jointly presented by CRIC Property Management and China Property Management Research Institution.

OPERATIONAL COMPLIANCE: CORNERSTONE FOR SUSTAINABLE DEVELOPMENT

The Group appreciates that resolute adherence to compliance is fundamental to the healthy and lasting development of a company. By continuously enhancing corporate governance, strengthening internal controls, and persistently upholding probity in business practices, the Company has provided a stalwart backing for its sustainability. In stringent accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and other pertinent laws and regulations, as well as the regulatory rules of the Stock Exchange, the Group has been continuously refining its corporate governance system to elevate governance standards. The Company has established a standardized governance framework, and adopted a Board governance model led by Co-chairs. As the highest decision-making body, the Board is responsible for formulating development strategies, overseeing business activities, evaluating management and sustainability performance, and periodically reviewing the organizational structure to safeguard and enhance the overall interests of the Company and its Shareholders. The three specialist committees established under the Board, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, have been performing their duties in a diligent manner in accordance with clearly-defined terms of reference, providing diverse perspectives and professional insights for corporate governance. The Group discloses relevant information via the Stock Exchange's website and the official website of the Company in a true, accurate and timely manner in strict accordance with the requirements of pertinent laws, regulations and regulatory documents. We are committed to fulfilling our information disclosure obligations as a listed company, in order to ensure the transparency, fairness and impartiality of corporate information disclosure and protect the legitimate rights and interests of the Company, its investors and minority shareholders. In accordance with the CG Code and business development needs, in 2024, the Company, after consideration and approval by the Board and/or relevant Board Committees, revised its Management Remuneration Policy, Operational Independence Standards, Terms of Reference of the Audit Committee, and Terms of Reference of the Nomination Committee. These revised policies were subsequently published and implemented.

Because integrity is considered essential across the organisation, Sino-Ocean Service adopts a zero-tolerance attitude towards violations of business ethics such as corruption, bribery and fraud, and constantly improves the integrity management system. The Company ensures it can maintain integrity by improving internal rules, unblocking reporting channels, and by carrying out integrity training. Internal control policies have been developed and implemented in strict compliance with laws and regulations, including the "Anti-corruption and Anti-bribery Policy", "Measures for the Handling of Staff Violation of Discipline", "Measures for Avoiding Conflict of Interest", "Measures for Inspection and Examination of Monitored Cases", "Measures for Whistleblowing and Complaints", "Whistleblowing Policy" and others. The Group has continued to unblock its whistleblowing channels and improve the whistleblower protection mechanism, regularly carry out integrity education and training, while regulating operations to maintain integrity, to effectively ensure the Company's sound operation and healthy development.

CUSTOMER-ORIENTED: ARTISAN'S SPIRIT AS DRIVING FORCE

The Group upholds the service concept of "being understanding and innovative". To this end, it persistently commits to customer needs, earnestly protects customer rights and interests, cooperates with suppliers to achieve win-win results, and provides users with meticulous and ingenious services. Bearing the mission of "bringing quality service to everyone", and upholding the core values of "Care, Reliability, and Expertise", we provide premium property management services to our homeowners, with a comprehensive and well-regulated management system. We are committed to optimising the physical health environment within our communities, creating a comfortable community atmosphere, promoting neighborhood culture development, and building a harmonious and healthy community ecology. Based on our rich management experience in commercial and office property management, we have formulated the "White Paper on Standardisation of Non-residential Service System". Specializing in the high-end commercial and office sectors, we offer bespoke premium property services centered around four key modules, namely "Healthy Operation, Asset Appreciation, Energy Management, and Smart Buildings". Our operating approach, defined by three ideas of "Integrated Wellbeing + Full Customization + Comprehensive Shared Value", provides customised high-end property management services.

The Group continues to pursue comprehensive upgrading of standardised, automated, digitalised, and intelligent management technologies. In this reporting period, we prioritized improvements to three key systems — the resident system, smart parking system, and payment infrastructure system — to enhance both the resident experience and management effectiveness. Our aim is to not only address the evolving needs of our customers but also to elevate the overall digital intelligence of our communities, setting a new industry standard for smart community development.

LOW-CARBON: CREATING A GREEN BUSINESS ENVIRONMENT

In adherence to the philosophy of green development, the Group has integrated low-carbon practices and emission reduction into its day-to-day operations. We are committed to identifying and responding to climate risks, improving the environmental management system, enhancing the efficiency of resource utilisation, reducing pollutant emissions as well as strengthening ecological protection and development. We firmly believe that green development is the essential path to sustainable corporate development and will strive to continuously contribute to building a green future.

The Group is committed to green operation and consistently improves its environmental management regime in a sweeping effort to enhance energy management, resource management and waste management, increase its resource utilisation ratio, investigate pathways to low-carbon transition and attain harmony with the environment. During the reporting period, the Company continuously optimized its internal management regulations and various operating guides in compliance with pertinent laws and regulations, whilst introducing improvements emission reduction measures catering to different types of emissions to ensure compliance with the emission control standards in different stages of daily operation such as greening, cleaning and security. The Group exercises management over waste generated in the process of operation. In 2024, in line with the "Operational Guide for the Management of Garbage Disposal", which stipulates a 100% non-hazardous transfer rate for hazardous and non-hazardous waste, the Company entered into "Domestic Waste Disposal and Transportation Contract", "Kitchen Waste Disposal and Transportation Contract" and "Construction Waste Disposal and Transportation Contract" with professional service providers to regulate the treatment, disposal and transportation of various types of waste. During the reporting period, the Group obtained a 10-star certification for garbage sorting service capacity. Meanwhile, several projects under our management were awarded the title of "Waste Classification Demonstration Communities". The Group takes into full consideration the efficiency of energy and water resource utilisation at all links of operation. In compliance with the Management Regulations for Energy Conservation and Reduction of Consumption, the Group enhances the management of consumables such as natural gas and gasoline and forge a conservation-friendly enterprise in accordance with the principles of management according to the law, technological progress, consumption reduction and efficiency enhancement, effective supervision and sustainable development. The Group addresses climate change as an important agenda, supporting the green transformation of the Company's operation and facilitate greater contribution to carbon neutrality by the Company's business. We proactively identify and adapt to the physical risks and transition risks posed by climate change, and have developed corresponding preventive measures and management approaches for different types of potential risks, striving to achieve comprehensive identification, scientific assessment, effective prevention and orderly management and control.

WHERE TALENTS MEET: EMPOWERING PEOPLE FOR STRONGER VIBRANCE

The Group considers its staff as the driving force that helps us to fulfill the vision of "becoming a branded superior comprehensive property management service provider". In line with the principle of mutual respect and common growth, we have developed a comprehensive regime for the protection of staff privileges and benefits, provided career development paths for staff, such that the Company's kindness and care is appreciated by staff, who will thus provide more vibrance for the Company's development.

The Group firmly adheres to the principle of equality in employment and vigorously adopts a management philosophy underpinned by a people-centric principle, pursuant to which a sound internal human resources management system has been established to facilitate protection of basic staff rights. As the occupational health and safety staff is the bedrock of the Group's development, we are committed to enhancing the Company's ability to prevent the occurrence of accidents and protecting staff from hazardous factors such as occupational diseases during the course of production and labour work. Meanwhile, the Group consistently places a strong emphasis on staff development throughout an employee's career cycle and the building of succession teams. A clear path for career development for staff has been developed by the Company, in line with the "Measures for the Administration for Promotion and Organizational Appointments" and "Methods for the Administration of Job Grades and Ranks". Additionally, the Company also has established a comprehensive training regime with key resources such as the training system, lecturer teams, professional course system and Yi Academy. The Group highly values staff welfare and quality of life. A variety of recreational activities have been organized and appropriate and effective assistance has been provided to staff to enhance their sense of solidarity and belonging with the Company and to become their strongest backing and most caring partner.

GIVING BACK TO THE SOCIETY: INSPIRING HEALTH AND ENTHUSIASM IN THE COMMUNITY

The Group is committed to becoming a facilitator of social progress and a rallying force for community development. We share the power of charity through solid actions in support of community welfare activities with a special focus on meeting people's expectations for good living and helping the society to find happiness in a life of sustainability.

In an active bid to explore the provision of public services for people's livelihood and create warm, responsible communities, the Group has organized a variety of community welfare activities for the care and benefit of people, addressing not only material needs of community residents, but also the spiritual care and support. Through continuous organization of community welfare activities, the Group has improved the quality of life of the community residents, as well as created a community characterized by mutual support, harmony and inclusivity, contributing to the construction of a better society with sustainable development. In vigorous fulfillment of its corporate social responsibility, the Group has made active contributions to drive the qualitative development of community welfare and charity. In 2024, we were engaged in a range of diverse and substantive community welfare initiatives such as charitable donation, volunteer repair services, public welfare publicity, fulfilling our social responsibility and conveying warmth and positive energy through actions.

The Group believes that sustainability is paramount to the Company's development, as the sustainability concept is actively implemented in all dimensions of its business. In ongoing adherence to its principle of "being understanding and innovative", we are consistently enhancing our general strengths in an effort to provide high-quality and heartwarming services to customers and continuously forge new benchmarks for the servicing sector with excellent servicing abilities. The 2024 ESG Report will be separately published in accordance with the Environmental, Social and Governance Reporting Code set out in Appendix C2 to the Listing Rules and will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.sinooceanservice.com) at the same time as the publication of this annual report.

REPORT OF THE DIRECTORS

The Board is pleased to present its report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the Group is a comprehensive property management service provider with extensive geographic coverage in the PRC. The Group's property management services cover a wide range of property types, including residential communities, commercial properties (such as shopping malls and office buildings) and public and other properties (such as hospitals, schools, government buildings and public service facilities). In addition to property management services, the Group provides a variety of community value-added services to property owners and residents of the properties under its management, including community asset value-added services, community living services and property brokerage services, and value-added services to non-property owners, including pre-delivery services, consultancy services and property engineering services to property developers and other property management companies. For details of the business of the Group, please refer to the Management Discussion and Analysis of this annual report.

A list of principal subsidiaries of the Company is set out in note 13 to the consolidated financial statements of this annual report. The analysis of the Group's operating segments and revenue and cost of sales and services in its major operation activities is set out in the Management Discussion and Analysis of this annual report and note 6 and note 7 to the consolidated financial statements of this annual report.

RESULTS AND APPROPRIATIONS

Results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of comprehensive income on page 95 of this annual report.

During the year under review, a final dividend of RMB0.0144 per Share (equivalent to HKD0.0159 per Share, rounded to the nearest four decimal places) in respect of the financial year ended 31 December 2023 and an interim dividend of RMB0.0125 per Share (equivalent to HKD0.0137 per Share, rounded to the nearest four decimal places) in respect of the six months ended 30 June 2024 were paid by the Company.

The Board did not recommend the payment of final dividend for the year ended 31 December 2024. Taking into account the interim dividend paid during the year, the Company's dividend payout ratio for the year ended 31 December 2024 is 52% (2023: 40%).

CLOSURE OF 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), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the forthcoming AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Monday, 26 May 2025.

DIVIDEND POLICY

The Company has adopted a dividend policy which sets out the basic principles and factors for considerations by the Board for the distribution of dividends. The Company strives to maintain a stable dividend payout ratio in order to enhance the Company's long-term investors' confidence in the Company's stock and strengthen the momentum of the Company's future share price. The Company intends to declare dividends twice a year in an aggregate amount of not less than 25% of the annual consolidated profit attributable to the owners of the Company.

On the premise that a stable dividend payout ratio shall be maintained, the Company is required to balance the Group's result of operations, working capital, cash position, future business and earnings, capital requirements, contractual restrictions, if any, as well as any other factors which the Directors may consider relevant.

In addition, any declaration and payment as well as the amount of the dividends will be subject to (i) the provisions of the Articles which provide that the Company may declare dividends at a general meeting but no dividend shall be declared in excess of the amount recommended by the Board; and (ii) Cayman Islands Companies Act which permits dividends to be paid out of the profits of a company or subject to satisfaction of the solvency test prescribed by the Cayman Islands Companies Act, out of sums standing to the credit of its share premium account. The Company's dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future.

RESERVES

Movements in the reserves of the Group and the Company during the year under review are set out in the consolidated statement of changes in equity and note 28, note 29 and note 38(a) to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

The Company's total distributable reserves as at 31 December 2024 amounted to RMB1,065.7 million.

SHARE CAPITAL

There was no movement in the share capital of the Company during the year ended 31 December 2024. Details of the Company's share capital are set out in note 27 to the consolidated financial statements of this annual report.

As at 31 December 2024, the Company did not hold any treasury shares.

FIXED ASSETS

Movements in the Group's fixed assets are set out in note 18 to the consolidated financial statements of this annual report.

BORROWINGS

As at 31 December 2024, the Group had no borrowings.

DONATIONS

For the year ended 31 December 2024, the Group's donations for charity and other purposes amounted to approximately RMB675,200.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are set out in the Chairman's Statement and the sections headed "BUSINESS REVIEW" and "FUTURE DEVELOPMENT PLANS AND OUTLOOK" under the Management Discussion and Analysis of this annual report respectively. The description of principal risks and uncertainties that the Group may be facing are set out in the section headed "2024 MARKET REVIEW" under the Chairman's Statement and note 4 to the consolidated financial statements of this annual report. As at the date of this annual report, there was no important event affecting the Group after the year ended 31 December 2024. A discussion and analysis of the Group's performance and financial position during the year including analysis using financial key performance indicators is set out in the Financial and Operational Summary on pages 10 to 11 of this annual report and in the section headed "FINANCIAL REVIEW" under the Management Discussion and Analysis of this annual report.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group is subject to the PRC laws and regulations in relation to labour, safety and environment protection matters. In addition, it has established occupational safety and sanitation systems, implemented the ISO14001 and BS-OHSAS18001 standards, and provided employees with workplace safety trainings on a regular basis to increase their awareness of work safety issues.

The Board also considers that establishing and implementing sound ESG principles and practices will help increasing the investment value of the Company and providing long-term returns to the stakeholders. To ensure the effectiveness of our ESG risk management measures and internal control systems, the Board will be responsible for overseeing the formulation and reporting of the ESG strategies and determining the ESG related risks. The Board intends to adopt the following approaches and strategies to evaluate and manage the material ESG related issues and ensure the Company's compliance with the relevant rules and regulations, including but not limited to, reviewing ESG reports of similar industry to identify the relevant ESG areas, discussing with the Company's key stakeholders on the material ESG areas identified, and discussing among our management to ensure all the material ESG areas which are important to the Group's business development are being reported and complied with.

The Board considers the protection of the environment to be important and has implemented measures in the operation of the Group's businesses to ensure its compliance with all applicable requirements. Given the nature of the Group's operations, we do not believe the Group is subject to material environmental liability risk or compliance costs.

For more details, please refer to the section headed "LOW-CARBON: CREATING A GREEN BUSINESS ENVIRONMENT" under the Sustainability Report of this annual report and the 2024 ESG Report which will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinooceanservice.com) at the same time as the publication of this annual report.

STAKEHOLDER RELATIONS

Sino-Ocean Service appreciates the importance of communications and interaction with its stakeholders, who can be broadly classified into seven groups: investors, government, employees, property owners and customers, environment, business partners and community. Based on reviews of past efforts in the fulfilment of relevant responsibilities and analyses of current conditions in international and domestic developments, Sino-Ocean Service has endeavoured to achieve sustainable development in economic, social and environmental values in collaboration with these stakeholders.

The Board believes that the support of Shareholders and investors to the Group is essential. The Group adheres to the best practice in information disclosure in terms of accuracy, transparency and consistency all the time. The Group is committed to maintaining highly honest, sincere and effective communication with financial community and other stakeholders. The Group makes proactive communication with investors through results announcement press conferences and roadshows. The Group also attends investors' conferences and communicates with investors constantly to foster two-way communication between the Company and its investors. After each general meeting, the management reserved time for individual Shareholders to voice their opinions and concerns, ensuring all Shareholders present were given opportunity to discuss the key issues with our representatives. For further information, please refer to the Investor Relations Report of this annual report.

An enterprise should form initiatives in support of national policies as a means to respond to government expectations and demands. Over the years, Sino-Ocean Service closely followed national policies while showing a persistent concern and support for people's livelihood. The Group has never ceased to develop projects for its market segment. Meanwhile, the Group has exerted the strength of a property management company in public management, and strived to improve people's living standard and integrate into community governance.

The awards and recognitions we received in 2024 included the "2024 Top100 Property Management Companies in China (Ranked 12th)" and "2024 Top100 China Leading Property Management Companies in terms of Customer Satisfaction Rate" issued by the China Index Academy. We were also awarded the "2024 Leading Companies of China in Residential Property Service" and "2024 Quality Leading Companies of China in Property Service" issued by CRIC Property Management and China Property Management Research Institution. The Group was also awarded the "10th place in 2024 Listed Property Management Companies in China" and "Top 10 in 2024 Listed Property Management Companies with the Most Special Features in China" by EH Consulting.

On the employees front, please refer to the section headed "WHERE TALENTS MEET: EMPOWERING PEOPLE FOR STRONGER VIBRANCE" under the Sustainability Report of this annual report.

At Sino-Ocean Service, we treasure our property owners and customers as one of our most important groups of stakeholders and attend to their needs by promoting healthy lifestyles, quality life, amicable neighbor relations and civilized community atmosphere. For more details, please refer to the section headed "2024 RESULTS" under the Chairman's Statement and the section headed "CUSTOMER-ORIENTED: ARTISAN'S SPIRIT AS DRIVING FORCE" under the Sustainability Report of this annual report.

On the environmental front, please refer to the section headed "ENVIRONMENTAL POLICY AND PERFORMANCE" above and the section headed "LOW-CARBON: CREATING A GREEN BUSINESS ENVIRONMENT" under the Sustainability Report of this annual report.

The Group commits to mutual growth and benefit with its business partners and drives them in sustainable development and fulfillment of social responsibility. Sino-Ocean Service has business partners across the nation. The Group gives priority to local suppliers based on the locations of relevant projects and engages in regular discussion with business partners. Strategic suppliers are assessed and classified (based on the results of the assessment) on a semi-annual basis, while feedback on cooperation in strategic procurement is collected every other two months to ensure timely understanding of the partners' businesses and developments. In 2019, Sino-Ocean Group Company officially issued the Sino-Ocean Group Supplier Code of Conduct. As a member of Sino-Ocean Group, Sino-Ocean Service strictly adhered to the Sino-Ocean Group Supplier Code of Conduct to ensure that the suppliers of Sino-Ocean Service share the Group's views on accountability. In the meantime, Sino-Ocean Service has also shared the idea of "micro-charity, co-participation and co-sustainability" with its partners. Under the proposition of "shared benefits", an increasing number of them have joined hands with Sino-Ocean Service to create a better world.

Our corporate social responsibility is performed and completed primarily through "Sino-Ocean Charity Foundation", which is funded by Sino-Ocean Group and serves as the hub for a network of charitable resources with special emphasis on education support. Its specialised platform has effectively integrated the resources of Sino-Ocean Service and provided the most professional and compliant channel for the charitable donations and public welfare cooperations between the members of Sino-Ocean Group and their partners.

Please refer to the 2024 ESG Report for further details.

COMPLIANCE WITH LAWS AND REGULATIONS

With the rapid development of the property management industry in China, the regulatory framework of the property management industry is becoming increasingly well developed and mature. Property service enterprises shall comply with the applicable laws and regulations of the PRC in all aspects of their business activities, including the establishment of property management enterprises, the selection of property service enterprises, property management operations (including security, cleaning, greening, gardening and repair and maintenance services, etc.), labour, environmental protection and foreign exchange control, and shall be bound by laws and regulations at different levels. The Group recognises the importance of conducting business activities in accordance with applicable laws and regulations, and non-compliance in any of the above aspects may result in serious risks and consequences. The Group has reasonably allocated its financial and human resources (especially the construction of the compliance and risk control team) to ensure continuous compliance with various laws, regulations and policy requirements, and has maintained good working relationships with government regulatory agencies through effective communication. The Group strictly complies with the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environment Pollution by Solid Waste, the Energy Conservation Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China and other applicable laws and regulations. During the year under review, to the best of our knowledge, there were no material breaches of or non-compliance with applicable laws and regulations in Mainland China and Hong Kong by the Group that had a significant impact on the business and operations of the Group.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 68 to 88 of this annual report.

REMUNERATION POLICY AND RETIREMENT BENEFITS OF THE GROUP

A reasonable and comprehensive remuneration package is one of the measures in attracting, retaining and motivating experienced people of high calibre. The Group's remuneration policy has been determined by reference to, including but not limited to, the corporate business performance, the efficiency and accomplishments of the staff, and the remuneration level of the same industry in the market.

Details of the Group's retirement benefit plans are set out in note 11 to the consolidated financial statements of this annual report.

BASIS OF DETERMINING REMUNERATION TO DIRECTORS

The Group's remuneration policy is also applicable to the Directors. The Board determines the remuneration and compensation packages of the Directors and senior management of the Company by receiving recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment, responsibilities and performance of the Directors and senior management of the Company and performance of the Group. No Director is involved in deciding his/her own remuneration.

FIVE-YEAR FINANCIAL SUMMARY

A five-year financial summary of the Group is set out on page 162 of this annual report.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities (including the sale of treasury shares, if any) of the Company during the year ended 31 December 2024.

DIRECTORS

The table below sets out certain information on the members of the Board during the year under review and up to the date of this annual report:

Name	Position
Mr. YANG Deyong	Joint Chairman and Executive Director(Note (i))
Mr. HOU Min	Chief Executive Officer and Executive Director (appointed on 16 April 2024)(Note (i))
Ms. ZHU Geying	Executive Director and Chief Financial Officer(Note (ii))
Mr. CUI Hongjie	Joint Chairman and Non-executive Director
Mr. ZHU Xiaoxing	Vice Chairman and Non-executive Director (resigned on 16 April 2024)
Dr. GUO Jie	Independent Non-executive Director
Mr. HO Chi Kin Sammy	Independent Non-executive Director
Mr. LEUNG Wai Hung	Independent Non-executive Director

Notes:

(i) Mr. HOU Min was appointed as the vice chairman of the Board and a Non-executive Director with effect from 16 April 2024, and has been re-designated as the Chief Executive Officer and an Executive Director with effect from 24 March 2025, following which, (1) Mr. HOU Min no longer serves as the vice chairman of the Board; and (2) Mr. YANG Deyong remains as the Joint Chairman and an Executive Director while ceasing to serve as the Chief Executive Officer.

(ii) Ms. ZHU Geying was appointed as the chief financial officer of the Company and ceased to be the chief operating officer of the Company with effect from 31 December 2024.

Brief biographical details of the Directors as of the date of this annual report are set out on pages 41 to 43 of this annual report.

DIRECTORS' SERVICE CONTRACTS

The term of service as a Director is subject to retirement by rotation and re-election in accordance with the provisions of the Articles. Each of the Non-executive Directors and the Independent Non-executive Directors has entered into a letter of appointment with the Company for a term of one year which is renewable and subject to retirement by rotation and re-election in accordance with the provisions of the Articles.

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with any member of the Group which is not determinable by the Group within one year without the payment of compensation other than statutory compensation.

PERMITTED INDEMNITY

The Articles provides that each Director shall be entitled to be indemnified out of the assets and profits of the Company against any action, loss or damage which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors' and officers' liability insurance in respect of relevant legal actions against the Directors and officers of the Group which was in force during the year and up to the date of this annual report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS" in this report, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent company was a party and in which any Director or any entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year under review.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS" in this report, no contract of significance (whether for the provision of services to the Group or not) in relation to the Group's business to which the Company or any of its subsidiaries was a party and any of the controlling Shareholders or their subsidiaries was the other party subsisted at the end of the financial year or at any time during the financial year under review.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year under review was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

EQUITY-LINKED AGREEMENTS

No equity-linked agreement was entered into by the Company during the financial year or subsisted at the end of the financial year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long position in the shares of the associated corporation of the Company

Name of Directors	Name of associated corporation	Capacity/nature of interests	No. of ordinary shares of associated corporation held	Approximate percentage of total issued share capital of associated corporation (Note)
Mr. YANG Deyong	Sino-Ocean Group Company	Beneficial owner	118,777	0.002%
Ms. ZHU Geying	Sino-Ocean Group Company	Beneficial owner	38,531	0.001%
Mr. CUI Hongjie	Sino-Ocean Group Company	Beneficial owner	369,571	0.005%

Note:

Calculated based on Sino-Ocean Group Company's total number of issued ordinary shares of 7,616,095,657 as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, none of the Directors nor the chief executive of the Company had any interest or short position in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 352 of the SFO or which were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as the Directors were aware, as at 31 December 2024, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholders	Capacity/nature of interests	Long/ short position	No. of Shares held	Total	Approximate percentage of the Company's total issued share capital (Note (iii))
Sino-Ocean Group Company	Interest of controlled corporation (Note (i))	Long position	777,882,500	777,882,500	65.70%
Shine Wind	Beneficial owner	Long position	755,600,000	777,882,500	65.70%
	Interest of controlled corporation (Note (ii))	Long position	22,282,500		

Notes:

(i) Shine Wind is a wholly-owned subsidiary of Sino-Ocean Group Company and therefore, Sino-Ocean Group Company was deemed to be interested in these Shares in which Shine Wind was interested by virtue of the SFO.

(ii) 22,282,500 Shares were held by a company in which Shine Wind was indirectly interested as to 49% and therefore, Shine Wind was deemed to be interested in these Shares by virtue of the SFO.

(iii) Calculated based on the Company's total number of issued Shares of 1,184,000,000 as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

DEED OF NON-COMPETITION

On 30 November 2020, the controlling Shareholders entered into the Deed of Non-competition in favor of the Company (for itself and as trustee for each member of the Group), pursuant to which each of the controlling Shareholders undertakes that it shall not, and shall use its best endeavors to procure that its close associates (excluding the Group) shall not, solely or jointly or through representation of any person, enterprise or company, carry on, engage in or make any investment, whether for profit, reward or otherwise in the Group's principal business, namely, the provision of property management services, community value-added services and value-added services to non-property owners.

For details regarding the Deed of Non-competition, please refer to the paragraphs headed "NON-COMPETITION UNDERTAKING" in the section of "RELATIONSHIP WITH CONTROLLING SHAREHOLDERS" in the Prospectus.

The Company and the Independent Non-executive Directors had received an annual written confirmation from each of the controlling Shareholders that it has not breached the terms of the Deed of Non-competition during the year under review. The Independent Non-executive Directors had also carried out an annual review on the compliance of the Deed of Non-competition and were satisfied that the controlling Shareholders had duly complied with the Deed of Non-competition during the year under review.

COMPETING INTERESTS

None of the Directors has interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts with any Director or any person engaged in the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year under review.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, the aggregate sales and purchases attributable to the Group's five largest customers and suppliers were approximately 7.02% of the Group's total revenue and approximately 13.02% of the Group's total purchase respectively.

For the year ended 31 December 2024, the aggregate sales attributable to the Group's largest customer was approximately 4.15% of the Group's total revenue.

For the year ended 31 December 2024, the aggregate purchases attributable to the Group's largest supplier was approximately 5.55% of the Group's total purchase.

Apart from Sino-Ocean Group Company and its subsidiaries, during the year ended 31 December 2024, as far as the Directors are aware, neither the Directors, their close associates, nor the Shareholders (which to the knowledge of the Directors own more than 5% of the number of issued shares (excluding treasury shares) of the Company) had any interest in the five largest customers and suppliers of the Group.

CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

Sino-Ocean Group Company through its wholly-owned subsidiary, Shine Wind, is a controlling Shareholder for the purpose of the Listing Rules. Accordingly, Sino-Ocean Group Company and its associates (as defined under Chapter 14A of the Listing Rules) (excluding the Group) (i.e. the Sino-Ocean Connected Persons) are connected persons of the Company by virtue of Rule 14A.07 of the Listing Rules and the transactions below conducted between the Group and the Sino-Ocean Connected Persons constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors was in any way materially interested in such transactions. Nevertheless, Mr. CUI Hongjie and Mr. ZHU Xiaoxing, each a Non-executive Director at the relevant time, had abstained from voting on the Board resolutions approving the relevant transactions by virtue of their directorship and/or senior positions in Sino-Ocean Group Company and/or its associates (other than the Group).

Continuing connected transactions

During the year under review, the Group had conducted the following continuing connected transactions that were not fully exempt under Chapter 14A of the Listing Rules, details of which are disclosed below in compliance with the requirements of Chapter 14A of the Listing Rules:

Partially exempt continuing connected transactions

1. Master operational support services agreement

On 11 November 2022, the Company (on behalf of each member of the Group) and Sino-Ocean Group Company (on behalf of each Sino-Ocean Connected Person) entered into an agreement (the "2023–2025 Master Operational Support Services Agreement"), pursuant to which the Group shall purchase from the Sino-Ocean Connected Persons (i) certain operational support services such as engineering and construction services, decoration services, staff secondment and other supporting services and (ii) certain technology support services, including supply of information technology systems and construction and/or maintenance services of systems, to support its business operations. The 2023–2025 Master Operational Support Services Agreement has a fixed term commencing from 1 January 2023 and ending on 31 December 2025, and may be terminated during its term by a party by giving the other party a 30-day prior written notice.

The fees of the operational support services payable by the Group to the Sino-Ocean Connected Persons under the 2023–2025 Master Operational Support Services Agreement shall be determined on arm's length basis with reference to (i) the cost paid by the Sino-Ocean Connected Persons to their independent suppliers and/or their labour costs based on relevant man hours; (ii) where available, the prevailing market prices charged by the Sino-Ocean Connected Persons to other customers for the same or similar services; or (iii) where available, the prevailing market prices charged by third party service providers for the same or similar services in the market. The Group will, where applicable, request the relevant Sino-Ocean Connected Person to provide the Group with the terms of contemporaneous transactions between the relevant Sino-Ocean Connected Person and its independent customers for the same or similar services, in order to ensure that the fees charged by the relevant Sino-Ocean Connected Person to the Group are fair and reasonable to the Group.

The annual caps in respect of the transactions contemplated under the 2023–2025 Master Operational Support Services Agreement are as follows:

	Annual caps (RMB'000)		
	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ending 31 December 2025
Purchase amount	80,000	81,000	82,000

For the year ended 31 December 2024, the transaction amount of the above transaction was RMB12,736,843 which did not exceed its annual cap.

Details of the continuing connected transactions contemplated under the 2023–2025 Master Operational Support Services Agreement have been disclosed in the announcement of the Company dated 11 November 2022.

2. Master properties leasing agreement

On 11 November 2022, the Company (on behalf of each member of the Group) and Sino-Ocean Group Company (on behalf of each Sino-Ocean Connected Person) entered into an agreement (the "2023–2025 Master Properties Leasing Agreement"), pursuant to which the Group shall rent from the Sino-Ocean Connected Persons (i) properties for self-use/operation (e.g. as office) and (ii) properties/car parking spaces for sub-leasing to its independent customers, such transactions are exempt from recognition as right-of-use assets under HKFRS 16. The 2023–2025 Master Properties Leasing Agreement has a fixed term commencing from 1 January 2023 and ending on 31 December 2025, and may be terminated during its term by a party by giving the other party a 30-day prior written notice.

The rent payable by the Group to the Sino-Ocean Connected Persons under the 2023–2025 Master Properties Leasing Agreement shall be determined on arm's length basis with reference to (i) in respect of properties for the Group's self-use/operation, the prevailing market rent of similar properties in the vicinity; and (ii) in respect of properties/car parking spaces for sub-leasing to the Group's independent customers, the prevailing market rent of similar properties/car parking spaces in similar locations with a discount thereon to be agreed on arm's length basis by taking into account the expected costs (including, among others, labour costs, administrative costs and maintenance costs) of the Group in relation to the sub-leasing of the relevant properties/car parking spaces to its independent customers.

The annual caps in respect of the transactions contemplated under the 2023–2025 Master Properties Leasing Agreement are as follows:

	Annual caps (RMB'000)		
	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ending 31 December 2025
Rent	42,000	42,000	42,000

For the year ended 31 December 2024, the transaction amount of the above transaction was RMB7,918,361 which did not exceed its annual cap.

Details of the continuing connected transactions contemplated under the 2023–2025 Master Properties Leasing Agreement have been disclosed in the announcement of the Company dated 11 November 2022.

Non-exempt continuing connected transactions

3. Master property management services agreement

On 11 November 2022 and 10 January 2023, the Company (on behalf of each member of the Group) and Sino-Ocean Group Company (on behalf of each Sino-Ocean Connected Person) entered into an agreement and a supplemental agreement (collectively, the "2023–2025 Master Property Management Services Agreement"), respectively, pursuant to which the Group shall provide property management services, such as security, cleaning, greening, gardening and repair and maintenance services, to the Sino-Ocean Connected Persons in respect of (i) property units developed for sale by the Sino-Ocean Connected Persons which have been completed and are either unsold or sold but not yet delivered to the buyers of such property units; and (ii) commercial properties (including shopping malls, office buildings and carpark spaces) owned, used or operated by the Sino-Ocean Connected Persons. The 2023–2025 Master Property Management Services Agreement has a fixed term commencing from 31 January 2023, the date of the approval by the independent Shareholders at the EGM, and ending on 31 December 2025, and may be terminated during its term by a party by giving the other party a 30-day prior written notice.

The fees payable by the Sino-Ocean Connected Persons to the Group under the 2023–2025 Master Property Management Services Agreement shall be determined on arm's length basis with reference to (i) the nature, size and location of the relevant properties; (ii) the scope of the property management services; (iii) the Group's expected operational costs (including, among others, labour costs, material costs and administrative costs) in relation to the provision of the property management services; and (iv) the fees charged by other property management service providers for similar services in respect of similar types of properties in the market. The fees charged by the Group to the Sino-Ocean Connected Persons shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable), and the terms offered by the Group to the Sino-Ocean Connected Persons shall not be less favorable to the Group than terms offered by the Group to its independent customers for the same or similar type and scope of property management services.

The Group usually issues a monthly, quarterly or annually payment notice to the Sino-Ocean Connected Persons, depending on the location of the properties, for the services rendered under the 2023–2025 Master Property Management Services Agreement, and the Sino-Ocean Connected Persons shall pay the Group upon the receipt of the payment notice.

The annual caps in respect of the transactions contemplated under the 2023–2025 Master Property Management Services Agreement are as follows:

	Annual caps (RMB'000)		
	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ending 31 December 2025
Services amount	365,000	435,000	540,000

For the year ended 31 December 2024, the transaction amount of the above transaction was RMB51,782,928 which did not exceed its annual cap.

Details of the continuing connected transactions contemplated under the 2023–2025 Master Property Management Services Agreement have been disclosed in the announcement of the Company dated 11 November 2022 and the circular of the Company dated 13 January 2023.

4. Master pre-delivery services agreement

On 11 November 2022 and 10 January 2023, the Company (on behalf of each member of the Group) and Sino-Ocean Group Company (on behalf of each Sino-Ocean Connected Person) entered into an agreement and a supplemental agreement (collectively, the "2023–2025 Master Pre-delivery Services Agreement"), respectively, pursuant to which the Group shall provide pre-delivery services, such as on-site cleaning, security inspection, repair and maintenance, parking management and other customer related services, to the Sino-Ocean Connected Persons at their property sales venues and display units. The 2023–2025 Master Pre-delivery Services Agreement has a fixed term commencing from 31 January 2023, the date of the approval by the independent Shareholders at the EGM, and ending on 31 December 2025, and may be terminated during its term by a party by giving the other party a 30-day prior written notice.

The fees payable by the Sino-Ocean Connected Persons to the Group under the 2023–2025 Master Pre-delivery Services Agreement shall be determined on arm's length basis with reference to (i) the scope of the pre-delivery services; (ii) the Group's expected operational costs (including, among others, labour costs, material costs and administrative costs) in relation to the provision of the pre-delivery services; and (iii) the fees charged by other pre-delivery service providers for similar services in the market. The terms offered by the Group to the Sino-Ocean Connected Persons shall not be less favorable to the Group than terms offered by the Group to its independent customers for the same or similar type and scope of pre-delivery services.

The Group typically issues a monthly payment notice to the Sino-Ocean Connected Persons for the services rendered under the 2023–2025 Master Pre-delivery Services Agreement, and the Sino-Ocean Connected Persons shall pay the Group within 60 days following the date of the payment notice.

The annual caps in respect of the transactions contemplated under the 2023–2025 Master Pre-delivery Services Agreement are as follows:

	Annual caps (RMB'000)		
	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ending 31 December 2025
Services amount	250,000	276,000	300,000

For the year ended 31 December 2024, the transaction amount of the above transaction was RMB57,427,732 which did not exceed its annual cap.

Details of the continuing connected transactions contemplated under the 2023–2025 Master Pre-delivery Services Agreement have been disclosed in the announcement of the Company dated 11 November 2022 and the circular of the Company dated 13 January 2023.

5. Master consultancy and other value-added services agreement

On 11 November 2022 and 10 January 2023, the Company (on behalf of each member of the Group) and Sino-Ocean Group Company (on behalf of each Sino-Ocean Connected Person) entered into an agreement and a supplemental agreement (collectively, the "2023–2025 Master Consultancy and Other Value-added Services Agreement"), respectively, pursuant to which the Group shall provide the Sino-Ocean Connected Persons with consultancy and other value-added services, which mainly include (i) consultancy services, such as advisory services on overall project design, planning and coordination of pre-sale activities and other specific areas including project cleaning and security; (ii) property engineering and repair and maintenance services; and (iii) property sales agency services (including the exclusive parking space sales agency services. The 2023–2025 Master Consultancy and Other Value-added Services Agreement has a fixed term commencing from 31 January 2023, the date of the approval by the independent Shareholders at the EGM, and ending on 31 December 2025, and may be terminated during its term by a party by giving the other party a 30-day prior written notice.

The fees payable by the Sino-Ocean Connected Persons to the Group under the 2023–2025 Master Consultancy and Other Value-added Services Agreement shall be determined on arm's length basis with reference to (i) where applicable, the fees charged by the Group to its independent customers for the same or similar type and scope of value-added services; or (ii) where the Group has not provided the same or similar type and scope of value-added services to its independent customers, the Group's expected costs (including, among others, labour costs, material costs and administrative costs) of providing the relevant services plus a profit margin of not less than 10%. The terms offered by the Group to the Sino-Ocean Connected Persons shall not be less favorable to the Group than terms offered by the Group to its independent customers for the same or similar type and scope of value-added services, where applicable.

The Group usually issues a monthly payment notice to the Sino-Ocean Connected Persons for the services rendered under the 2023–2025 Master Consultancy and Other Value-added Services Agreement, and the Sino-Ocean Connected Persons shall pay the Group within 60 days following the date of the payment notice.

The annual caps in respect of the transactions contemplated under the 2023–2025 Master Consultancy and Other Value-added Services Agreement are as follows:

	Annual caps (RMB'000)		
	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ending 31 December 2025
Services amount	592,000	682,000	813,000

For the year ended 31 December 2024, the transaction amount of the above transaction was RMB81,779,965 which did not exceed its annual cap.

Details of the continuing connected transactions contemplated under the 2023–2025 Master Consultancy and Other Value-added Services Agreement have been disclosed in the announcement of the Company dated 11 November 2022 and the circular of the Company dated 13 January 2023.

6. Exclusive parking space sales agency services framework agreement

On 14 October 2022 and 10 January 2023, the Company (on behalf of each member of the Group) and Sino-Ocean Group Company (on behalf of each Sino-Ocean Connected Person) entered into an agreement and a supplemental agreement (collectively, the "2023–2025 Exclusive Parking Space Sales Agency Services Framework Agreement"), respectively, pursuant to which Sino-Ocean Group Company (on behalf of each Sino-Ocean Connected Person) has agreed to grant the exclusive sales rights to the Group and the Company (on behalf of each member of the Group) has agreed to provide exclusive sales agency services with respect to the target parking spaces to the Sino-Ocean Connected Persons. The 2023–2025 Exclusive Parking Space Sales Agency Services Framework Agreement has a fixed term commencing from 31 January 2023, the date of the approval by the independent Shareholders at the EGM, and ending on 31 December 2025.

Pursuant to the 2023–2025 Exclusive Parking Space Sales Agency Services Framework Agreement, to obtain the exclusive sales rights in respect of the target parking spaces, the Group shall from time to time pay the Sino-Ocean Connected Persons fully refundable deposits according to the payment schedule to be determined and agreed between the Group and the relevant Sino-Ocean Connected Persons under specific agreements, and the Group shall charge the difference between (i) the actual sales price to be paid by a third party purchaser and (ii) the corresponding base price for the relevant target parking space as fees for providing exclusive sales agency services with respect to the relevant target parking space. The amount of deposit payable for the obtaining of the exclusive sales right in respect of a target parking space shall not exceed 50% of the base price thereof. The base price in respect of a target parking space (being the minimum price for the sale of such target parking space to be agreed by the Group and the relevant Sino-Ocean Connected Person) shall be determined after arm's length negotiation by the parties taking into consideration factors including but not limited to the average price of comparable parking spaces in the surrounding markets of such target parking space, and the location, occupancy rate, parking space ratio and sale progress of the relevant project, and the base price in respect of a target parking space shall not exceed 80% of the average price (determined with reference to the recent historical transaction prices, and/or the quoted selling prices (obtained through public websites such as Anjuke (安居客), Lianjia (鏈家) and 58 Tongcheng (58同城)) of at least three parking spaces) of comparable parking spaces in the surrounding markets (being parking spaces situated in surrounding areas of similar levels of commercial prosperity, residential project positioning, per capita income, traffic conditions and infrastructure (where applicable)) thereof.

The annual cap in respect of the balance of deposits to be paid under the 2023–2025 Exclusive Parking Space Sales Agency Services Framework Agreement at any time during each of the three years ending 31 December 2025 is as follows:

	Annual caps (RMB'000)		
	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ending 31 December 2025
Deposits	450,000	450,000	450,000

As at 31 December 2024, the balance of deposits paid under the above transaction was RMB436,553,297. The balance of paid deposits did not exceed its annual cap at any time during the year ended 31 December 2024.

The provision of sales agency services under the 2023–2025 Exclusive Parking Space Sales Agency Services Framework Agreement shall form part of the continuing connected transactions pursuant to the 2023–2025 Master Consultancy and Other Value-added Services Agreement, and the sales agency service fees payable by the Sino-Ocean Connected Persons to the Group shall be subject to the relevant annual caps thereunder as disclosed above.

Details of the continuing connected transactions contemplated under the 2023–2025 Exclusive Parking Space Sales Agency Services Framework Agreement have been disclosed in the announcement of the Company dated 14 October 2022 and the circular of the Company dated 13 January 2023.

Pursuant to Rule 14A.55 of the Listing Rules, all the Independent Non-executive Directors have reviewed the above continuing connected transactions conducted during the year and confirmed that such transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the respective agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

In accordance with Rule 14A.56 of the Listing Rules, the auditors of the Company have provided a letter to the Board, confirming that, with respect to the above continuing connected transactions conducted during the year:

(1) nothing has come to their attention that causes them to believe that the transactions have not been approved by the Board;

(2) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(3) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(4) nothing has come to their attention that causes them to believe that the transactions have exceeded the relevant annual cap for the year ended 31 December 2024.

Related party transactions

A summary of significant related party transactions entered into by the Group during the year under review is contained in note 36 to the consolidated financial statements of this annual report. Save as disclosed above, none of the related party transactions described in the aforementioned note falls within the definition of “connected transaction” or “continuing connected transaction” under Chapter 14A of the Listing Rules and is subject to reporting requirement during the year under review.

The Company has complied with the requirements in accordance with Chapter 14A of the Listing Rules with respect to the non-fully exempt continuing connected transactions conducted by the Group during the year under review.

CHANGE IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of the Directors subsequent to 9 September 2024 (being the latest practicable date prior to the issue of the interim report of the Company for the six months ended 30 June 2024) and up to the date of this annual report required to be disclosed are set out below:

- Mr. LEUNG Wai Hung has been appointed as an independent non-executive director of Wing Lee Development Construction Holdings Limited (the shares of which were initially listed on the Stock Exchange on 9 October 2024, stock code: 9639) since September 2024.
- Mr. HOU Min was appointed as a director of certain subsidiaries of the Company in November 2024.
- Ms. ZHU Geying, an Executive Director, was appointed as the chief financial officer of the Company and ceased to be the chief operating officer of the Company with effect from 31 December 2024.
- Mr. LEUNG Wai Hung has ceased to be the financial controller and company secretary of BeijingWest Industries International Limited (stock code: 2339) since 1 January 2025.
- Mr. HOU Min has been re-designated from a Non-executive Director to an Executive Director, and has been appointed as the Chief Executive Officer with effect from 24 March 2025, following which, (i) Mr. HOU Min no longer serves as the vice chairman of the Board and a member of the Audit Committee, but remains as a member of the Remuneration Committee; and (ii) Mr. YANG Deyong remains as the Joint Chairman, an Executive Director, the chairman of the Nomination Committee and a member of the Remuneration Committee while ceasing to serve as the Chief Executive Officer. The appointment of Mr. HOU Min as an Executive Director has no specific term but is subject to retirement by rotation and re-election at the AGM in accordance with the Articles. Mr. HOU Min will be entitled to a position salary comprising RMB900,000 per annum with reference to his experience, qualifications, duties and responsibilities within the Company and the prevailing market conditions. He is also entitled to a discretionary bonus to be determined by the Remuneration Committee and the Board having regard to the operating results of the Group. With reference to the basis of determining executive discretionary bonus for the year of 2024, the total amount of emoluments (including position salary and discretionary bonus) expected to be paid to Mr. HOU Min for the year of 2025 is approximately RMB1,800,000.
- The annual salary of Mr. YANG Deyong and Ms. ZHU Geying were adjusted to RMB1,475,000 and RMB720,000 per annum respectively with effect from the year of 2024, as approved by the Board on 24 March 2025 with the recommendation of the Remuneration Committee. Such remunerations were determined with reference to their respective performance, duties and responsibilities within the Company, the prevailing market conditions and the Company's remuneration policy. They are also entitled to a discretionary bonus to be determined by the Remuneration Committee and the Board having regard to the operating results of the Group.

SUFFICIENT PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

AUDITORS

At the request of the Board, PricewaterhouseCoopers ("PwC") resigned as the auditor of the Company for the year ended 31 December 2022 with effect from 2 December 2022. At the recommendation of the Audit Committee, the Board appointed Fan, Chan & Co. Limited as the new auditor of the Company to fill the casual vacancy following the resignation of PwC with effect from 2 December 2022. Details of the aforementioned change of auditor of the Company have been disclosed in the announcement of the Company dated 2 December 2022.

At the request of the Board, Fan, Chan & Co. Limited resigned as the auditor of the Company for the year ended 31 December 2023 with effect from 15 June 2023. At the recommendation of the Audit Committee, the Board appointed BDO Limited as the new auditor of the Company to fill the casual vacancy following the resignation of Fan, Chan & Co. Limited with effect from 15 June 2023. Details of the aforementioned change of auditor of the Company have been disclosed in the announcement of the Company dated 15 June 2023.

The consolidated financial statements of the Group for the year ended 31 December 2024 have been audited by BDO Limited, whose term of office will expire upon the conclusion of the forthcoming AGM. Ordinary resolution for re-appointment of BDO Limited as the auditor of the Company and fixing its remuneration will be proposed at the forthcoming AGM for the Shareholders' approval.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or the law of the Cayman Islands, being the jurisdiction in which the Company is incorporated, under which the Company would be obliged to offer new shares on a pro-rata basis to the existing Shareholders.

CONSULTING PROFESSIONAL TAX ADVISERS

Shareholders are recommended to consult professional advisers if they are in any doubt as to the tax implications of purchasing, holding, disposing of, dealing in or the exercise of any rights in relation to the Company's shares.

By order of the Board

YANG Deyong

Joint Chairman

Hong Kong, 24 March 2025

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report of the Company.

COMMITMENT TO CORPORATE GOVERNANCE

The Board and the management of the Group are committed to achieving and maintaining high standards of corporate governance, which they consider to be critical in safeguarding the integrity of the Company's operations and maintaining investors' trust in the Company, so as to create long-term sustainable growth for Shareholders and deliver long-term values to all stakeholders. The management of the Group also actively observes the latest corporate governance developments in Hong Kong and overseas.

Corporate culture

Corporate culture underpins the core competitiveness for a company's sustainable development and the conceptual foundation with which it wins the support of the public. The Board is responsible for formulating the Company's objectives, values and strategies and ensuring these align with its corporate culture. The Company upholds a corporate culture founded on the bedrock of probity and compliance, in adherence to which it maintains high standards in corporate governance and enhances the organisation values of acting lawfully, ethically and responsibly on an ongoing basis. It is also committed to becoming a people-centric enterprise with an emphasis on fostering a positive cultural ambience. At the same time, the Board and the Nomination Committee take into full consideration the backgrounds of candidates when selecting them for appointment to the Board, while various systems have been established in connection with the Directors and the management, such as rules governing conflict of interests, to ensure impartiality and integrity of the Directors in their conduct of business, such that they could lead by example in promoting the desired culture. To ensure the propagation of the corporate culture across the Group at all levels and consistent reflection of such culture in the conduct of its business, Sino-Ocean Service has continued to improve its corporate culture development and management system, including comprehensive systems for work advancement, inspection and appraisal and reward and punishment, in order to ensure genuine implementation of key tasks in corporate culture building in compliance with relevant rules and regulations and in a purposeful manner. Meanwhile, the Company also promotes its corporate culture through various channels, internalizing the values of "Dedication, Reliability, and Professionalism" into service behaviors. For instance, daily morning meetings are held to share insights and understanding of these values, which are then reinforced through daily customer interactions to encourage behaviors that align with the Company's ethos. We have also enhanced commendation of the outstanding and education on the exemplary, sharing inspiring service stories to foster a positive spiritual atmosphere. We have been actively engaged in the Red Property initiative, whereby all Party sub-branches have organized Red cultural activities under the leadership of Party members in close adherence to the Party's guidance, enabling all employees to improve their professional standards and consistently explore and enhance the quality of their property services to provide high-quality services to customers. Such measures have not only enhanced the unity and solidarity of staff, but have also advanced the cultural building and development of the Company, improved customer service quality, and have facilitated the implementation of corporate strategies.

Corporate objectives and strategies

The Company's objectives, values and strategies are complementary to and in alignment with its corporate culture. Sino-Ocean Service formulates sustainable and qualitative development policies and strategies with the objective of fostering long-term sustainable growth for Shareholders and long-term value for stakeholders. The vision of Sino-Ocean Service is to be a "branded superior comprehensive property management service provider in China", with a mission to "deliver quality services to everyone". The Company focuses on its core business of service provision, empowering residents' lives through high-quality services. In line with our values of "Dedication, Reliability, and Professionalism", and guided by the brand philosophy and slogan "being understanding and innovative", we seek to understand customers' need in an in-depth manner to provide convenient and warm property services. From the users' perspective, the actions of Sino-Ocean Service always aim for customers' satisfaction, as we put ourselves in customers' shoes and fulfil customers' urgent needs with urgency, creating more value for customers. For a discussion and analysis of the Group's performance for the year and further details on the bases on which the Group generates long-term value and realizes its objectives, please refer to the Chairman's Statement and the section headed "BUSINESS REVIEW" under the Management Discussion and Analysis of this annual report. The Group incorporates the sustainability concept into its long-term development strategy and day-to-day operations and management to fortify the developmental foundation of compliant operations, while persisting in green operations as it consistently enhances its ability in low-carbon operation in active fulfilment of its social responsibility. For further details of the Group's sustainability practices and how they relate to its stakeholders, please refer to the Sustainability Report of this annual report and the 2024 ESG Report.

Corporate governance practices

In the opinion of the Board, the Company had applied the principles of the CG Code to its corporate governance structure and practices as described in this report and complied with all the applicable code provisions of the CG Code throughout the year ended 31 December 2024, except for the deviation as disclosed below:

During the year under review, the positions of the Joint Chairmen were held by Mr. YANG Deyong and Mr. CUI Hongjie, while Mr. YANG Deyong also performed the duties of the Chief Executive Officer. The Joint Chairmen provide leadership and guidance for the Board and ensure the effectiveness of the Board in fulfilling its roles and responsibilities and the establishment of sound corporate governance practices and procedures for the Company. The Joint Chairmen are also responsible for formulating the overall strategies and policies of the Company and monitoring their implementation.

The code provision C.2.1 of the CG Code requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, during the year under review, in view of the composition of the Board, Mr. YANG Deyong's in-depth knowledge of the operations of the Group and of the industry, his extensive business network and connections in the sector and the scope of operations of the Group, the Board believed that Mr. YANG Deyong, in his dual capacity as the Joint Chairman and the Chief Executive Officer, provided a realignment of power and authority under the corporate structure and facilitated the ordinary business activities of the Company. The Board also considered that as all major decisions were made in consultation with the Board and the senior management of the Company, there was sufficient balance of power with the joint-chairmen structure.

Upon the re-designation of Mr. HOU Min as the Chief Executive Officer with effect from 24 March 2025, Mr. YANG Deyong has ceased to hold the dual roles of the Joint Chairman and the Chief Executive Officer. The roles of the Joint Chairmen and the Chief Executive Officer have now been separated.

Corporate governance structure

The Board has established a governance structure by setting up three Board Committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee to perform the functions of the Board.

Board

Major duties:

- convene general meetings and implement the resolutions passed at the general meetings
- establish corporate strategy and ensure long-term sustainability
- determine business and investment plans
- formulate annual financial budget and financial statements
- formulate proposals for dividend distributions as well as exercise other powers, functions and duties as conferred by the Articles
- perform corporate governance duties

Audit Committee

Major duties:

- review and supervise the financial reporting process, financial information and risk management and internal control systems
- oversee the audit process and relationship with the external auditors
- review and oversee the existing and potential risks
- perform other duties and responsibilities assigned by the Board

Nomination Committee

Major duties:

- make recommendations to the Board on the appointment, re-appointment and removal of the Directors and senior management of the Company
- review the structure, size, composition and diversity of the Board and the Board diversity policy and make recommendations
- assess the independence of the Independent Non-executive Directors

Remuneration Committee

Major duties:

- establish and review the policy and structure of the remuneration for the Directors and senior management of the Company
- make recommendations to the Board on remuneration packages of the Executive Directors and senior management of the Company
- make recommendations to the Board on the remuneration of the Non-executive Directors

Directors' and relevant employees' securities transactions

The Company has adopted a Code of Conduct on terms no less exacting than those required standards set out in the Model Code. Following specific enquiries made by the Company with all the Directors, all the Directors have confirmed that they had complied with all the required standards set out in the Model Code and the Code of Conduct throughout the year ended 31 December 2024.

The Company has also set out a guideline no less exacting than the Model Code regarding securities transactions by the relevant employees (the "Relevant Employees") who, because of their roles and functions in the Company or its subsidiaries, are likely to be in possession of inside information. All the Relevant Employees are reminded of the necessity for compliance with the guideline regularly.

THE BOARD

Responsibilities

The Board, led by the Joint Chairmen, is responsible for achieving the corporate goals, formulating the development strategy, regularly reviewing the organizational structure, and monitoring the business activities and the performance of management so as to protect and maximize the interests of the Company and the Shareholders as a whole. Matters relating to the daily operations of the Group are delegated to the management. The delegated functions, power and work tasks are periodically reviewed to ensure that they remain appropriate. The Board will give clear directions to the management team as to their powers of management, and circumstances where the management team should report back. Approval has to be obtained from the Board prior to any decision being made or any commitments being entered into on behalf of the Group that are outside the scope of the operational authority delegated by the Board. Matters reserved for the Board include the overall strategy of the Group, major acquisitions and disposals, major capital investments, dividend policy, significant changes in accounting policies, material contracts, appointment and retirement of Directors, remuneration policy and other major operational and financial matters.

The Board is also collectively responsible for performing corporate governance duties including:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the Code of Conduct applicable to Directors and the guideline regarding securities transactions of the Relevant Employees; and

(e) to review the Company's compliance with the CG Code which is amended from time to time, and its disclosure in the corporate governance report.

During the year under review, the Board has considered, assessed, reviewed, approved and/or formulated, including but not limited to, the matters summarized below:

- annual budget, management results and performance update against annual budget, together with business reports from the management;
- interim results announcement and interim report for the six months ended 30 June 2024;
- final results announcement and annual report (including the corporate governance report) for the year ended 31 December 2023;
- recommendation of payment of final dividend for the year ended 31 December 2023 and declaration of interim dividend for the six months ended 30 June 2024;

- ESG report for the year ended 31 December 2023;
- corporate governance matters, including review of the internal policies and practices of the Company;
- revised terms of reference of the Audit Committee and the Nomination Committee; and
- change of Non-executive Director and change of executive responsibilities of Director.

The valuable recommendations contributed by each Board Committee are highly respected by the Board and the Board takes proactive actions to put the recommendations in place.

Board composition

As at the date of this annual report, the Board comprised seven Directors, including three Executive Directors, Mr. YANG Deyong (Joint Chairman), Mr. HOU Min and Ms. ZHU Geying; one Non-executive Director, Mr. CUI Hongjie (Joint Chairman); and three Independent Non-executive Directors, Dr. GUO Jie, Mr. HO Chi Kin Sammy and Mr. LEUNG Wai Hung. An updated list of the Directors and their role and function is published on the websites of the Company (www.sinooceanservice.com) and the Stock Exchange (www.hkexnews.hk). Composition of the Board is also disclosed, and the Independent Non-executive Directors are identified, in all corporate communications to the Shareholders.

The members of the Board are from a broad diversity with a wide background, rich industry experience and appropriate professional qualifications. Please refer to the Directors and Senior Management of this annual report for the profiles of the Directors.

Save as disclosed in the Directors and Senior Management of this annual report, the Directors have no other financial, business, family or other material/relevant relationships with one another.

(i) Joint Chairmen and Chief Executive Officer

As disclosed in the section headed "Corporate governance practices" in this report, during the year under review, the responsibilities of the Joint Chairman and the Chief Executive Officer were vested in one person, Mr. YANG Deyong. However, as (i) all major decisions were made in consultation with the Board and the senior management of the Company; (ii) there was a wide composition of the Board which comprised three Independent Non-executive Directors and two Non-executive Directors; and (iii) the Company had established a joint-chairmen structure and appointed Mr. CUI Hongjie as a Joint Chairman, the Board considered that there was sufficient balance of power and that the arrangement maintained a strong management position and also facilitated the ordinary business activities of the Company. Upon the re-designation of Mr. HOU Min as the Chief Executive Officer with effect from 24 March 2025, Mr. YANG Deyong has ceased to hold the dual roles of the Joint Chairman and the Chief Executive Officer. The roles of the Joint Chairmen and the Chief Executive Officer have now been separated.

(ii) Non-executive Directors and Independent Non-executive Directors

The functions of the Non-executive Directors and the Independent Non-executive Directors should include:

(a) participating in Board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;

(b) taking the lead where potential conflicts of interests arise;

(c) serving on the audit, remuneration and nomination committees, if invited; and

(d) scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

The Non-executive Directors and the Independent Non-executive Directors have made a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments. They give the Board and the Board Committees on which they serve the benefit of their skills, expertise, varied backgrounds and qualifications through regular attendance at and active participation in meetings.

The Company has received annual confirmations from all the Independent Non-executive Directors, namely Dr. GUO Jie, Mr. HO Chi Kin Sammy and Mr. LEUNG Wai Hung, in respect of their independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee has assessed and considered that all the Independent Non-executive Directors are independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules and free of any relationship that could materially interfere with the exercise of their independent judgements.

Pursuant to the letters of appointment, each of Mr. CUI Hongjie, Mr. HOU Min (appointed on 16 April 2024) and Mr. ZHU Xiaoxing (resigned on 16 April 2024) did not receive any Director's fee from the Company as a Non-executive Director during the year under review.

Mechanisms for ensuring independent views and input

The Board recognised that board independence is critical to good corporate governance and its effectiveness. The Company has established mechanisms to ensure independent views and input are available to the Board. The implementation and effectiveness of such mechanisms is reviewed annually by the Nomination Committee:

- three out of the seven Directors are Independent Non-executive Directors, which meets the requirements of the Listing Rules that the Board must have at least three Independent Non-executive Directors and must appoint Independent Non-executive Directors representing at least one-third of the Board;
- majority members of the Board Committees are Independent Non-executive Directors;
- the Nomination Committee will assess the independence, qualification and time commitment of a candidate who is nominated to be a new Independent Non-executive Director before appointment and assess the independence of the Independent Non-executive Directors and their time commitments annually;
- no equity-based remuneration with performance-related elements will be granted to the Independent Non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence;
- all Directors are encouraged to express freely their independent views and constructive challenges during the Board/Board Committee meetings;
- a Director (including an Independent Non-executive Director) who has a material interest in a matter shall not vote or be counted in the quorum on any Board resolution approving the same;
- all Directors (including the Independent Non-executive Directors) shall be provided with regular updates giving a balanced and understandable assessment of the Group's performance, position and prospects and also supplied with adequate information to enable them to make informed decision. All Directors (including the Independent Non-executive Directors) are entitled to seek further information and documentation from the management on the matters to be discussed at Board and/or Board Committee meetings, and upon reasonable request by individual Directors, external independent professional advice in appropriate circumstances is available, at the Company's expense;
- all Directors (including Independent Non-executive Directors) have full and timely access to advice from the Company Secretary; and
- the Joint Chairmen meet with the Independent Non-executive Directors annually without the presence of other Directors.

Appointment and re-election of Directors

The Directors give sufficient time and attention to the affairs of the Company. All Directors are required to disclose to the Company at the time of their appointment and in a timely manner the number and nature of offices held in public companies or organisations and other significant commitments, and any changes thereof.

Pursuant to the letters of appointment, all Non-executive Directors and Independent Non-executive Directors are appointed for a term of one year, which is renewable and subject to retirement by rotation and re-election at the AGM in accordance with the Articles.

Pursuant to the Articles, any Director appointed by the Board either to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the first AGM or any earlier general meeting of the Company after his appointment, and shall then be eligible for re-election at such meeting. Every Director, including each of the Non-executive Directors and the Independent Non-executive Directors, is subject to retirement by rotation at least once every three years. At least one-third of the Directors must retire from office at each AGM and their re-election is subject to the approval of the Shareholders.

Meetings

Code provision C.5.1 of the CG Code prescribes that at least four regular board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication. The Company has adopted the practice of holding Board meetings regularly. Additional meetings will be arranged if and when required. During the year under review, the Board convened four meetings. For the summary of work during the year, please refer to the paragraphs headed "Responsibilities" under the section headed "THE BOARD" in this report.

The attendance of each Director at the Board meetings and general meeting of the Company held during the year under review is set out in the following table:

	Number of meetings attended/eligible to attend	
Directors	Board meeting	AGM
Mr. YANG Deyong	4/4	1/1
Ms. ZHU Geying	4/4	1/1
Mr. CUI Hongjie	4/4	1/1
Mr. HOU Min (appointed on 16 April 2024)	3/3	1/1
Mr. ZHU Xiaoxing (resigned on 16 April 2024)	1/1	0/0
Dr. GUO Jie	4/4	1/1
Mr. HO Chi Kin Sammy	4/4	1/1
Mr. LEUNG Wai Hung	4/4	1/1

Notices of regular Board meetings are given to all Directors at least 14 days before the meetings. For regular Board Committee meetings, at least 7-day notice is given. For other Board meetings and other Board Committee meetings, reasonable notice is generally given.

The agenda of Board meetings is set after consultation with a Joint Chairman. All Directors are given an opportunity to include matters in the agenda. The agenda accompanying board papers, which are prepared in a form and quality sufficient to enable the Board to make informed decisions, are given to all Directors in a timely manner. All Directors are properly briefed on issues arising from any Board meetings by a Joint Chairman.

Minutes of Board meetings and meetings of Board Committees with details of the matters considered and decisions reached are kept by the Company Secretary and are open for inspection with a reasonable notice by any Director. All Directors and members of the Board Committees are urged to attend the Board meetings and the Board Committee meetings in person. For the Directors and committee members who are unable to attend any meeting in person, participation through electronic means will be arranged.

All Directors have full and timely access to all relevant information as well as advice and services of the Company Secretary. Upon making request to the Board, all Directors may obtain independent professional advice at the Company's expense for carrying out their functions.

Where a substantial Shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would only be dealt with by a Board meeting. The Independent Non-executive Directors who, and whose close associates, have no material interest in the transaction would be present at such Board meeting.

The Joint Chairmen promote a culture of openness and actively encourage Directors with different views to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's functions. The Joint Chairmen meet with the Independent Non-executive Directors at least annually without the presence of other Directors.

Training for Directors

For any newly appointed Director, he/she will be provided with an induction training so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations as a Director under the Company's policies, the Listing Rules and the relevant regulatory requirements.

In compliance with Rule 3.09D of the Listing Rules, Mr. HOU Min, who was appointed as a Non-executive Director on 16 April 2024, obtained legal advice on 15 April 2024 from a firm of solicitors qualified to advise on Hong Kong law. The advice covered, among others, (i) the requirements under the Listing Rules that are applicable to him as a Director, and (ii) the possible consequences of making a false declaration or giving false information to the Stock Exchange. Mr. HOU Min has confirmed he understood his obligations as a Director.

There are also arrangements in place for providing continuing briefing and professional development to the Directors, whenever necessary, in order to ensure that they have a proper understanding of the Company's operations and business. To assist their continuous professional development, the Company Secretary recommends relevant seminars and courses for the Directors to attend from time to time. During the year under review, the Company has organized a training to the Directors related to the disclosure requirements in respect of notifiable and connected transactions under the Listing Rules, directors' duties of listed companies and the Deed of Non-competition.

All Directors also understand the importance of continuous professional development. They are committed to participating in suitable training to develop and refresh their knowledge and skills. A record of the training received by the respective Directors is kept by the Company.

During the year under review, the Directors participated in the following trainings:

Directors	Type of trainings
Mr. YANG Deyong	A, B
Ms. ZHU Geying	A, B
Mr. CUI Hongjie	A, B
Mr. HOU Min (appointed on 16 April 2024)	A, B
Mr. ZHU Xiaoxing (resigned on 16 April 2024)	—
Dr. GUO Jie	A, B
Mr. HO Chi Kin Sammy	A, B
Mr. LEUNG Wai Hung	A, B

Remarks:

A: training(s) organized by the Company

B: reading professional journals and updates relating to the economy, general business, property management, corporate governance or director's duties and responsibilities etc.

Directors' and officers' liability insurance and indemnity

The Articles provides that each of the Directors and other officers of the Company is entitled to be indemnified out of the assets and profits of the Company against any action, loss or damage which he/she may sustain or incur in or about the execution of duties of his/her office or otherwise in relation thereto provided that such indemnity shall not extend to any matter in respect of fraud or dishonesty which may attach to any of the said persons.

The Company has arranged appropriate liability insurance to indemnify its Directors and officers for their liabilities arising out of corporate activities. During the year under review, no claim was made on the liability insurance for the Directors and the officers of the Company.

BOARD COMMITTEES

The Board has set up three Board Committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense. All resolutions passed by the Board Committees will be reported to the Board.

The attendance of each Director at the Board Committee meetings (where applicable) during the year under review is set out in the following table:

	Number of meetings attended/eligible to attend		
Directors	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting
Mr. YANG Deyong	N/A	2/2	1/1
Mr. CUI Hongjie	3/3	N/A	1/1
Mr. HOU Min (Note (i))	2/2	1/1	N/A
Mr. ZHU Xiaoxing (Note (ii))	1/1	N/A	N/A
Dr. GUO Jie	3/3	2/2	1/1
Mr. HO Chi Kin Sammy	3/3	2/2	1/1
Mr. LEUNG Wai Hung (Note (iii))	3/3	1/1	1/1

Notes:

(i) Mr. HOU Min was appointed as a member of each of the Audit Committee and the Remuneration Committee on 16 April 2024 and ceased to be a member of the Audit Committee on 24 March 2025.

(ii) Mr. ZHU Xiaoxing ceased to be a member of the Audit Committee on 16 April 2024.

(iii) Mr. LEUNG Wai Hung was appointed as a member of the Remuneration Committee on 16 April 2024.

Audit Committee

After the cessation of Mr. ZHU Xiaoxing as a member of the Audit Committee and the appointment of Mr. HOU Min as a member of the Audit Committee with effect from 16 April 2024, and the cessation of Mr. HOU Min as a member of the Audit Committee with effect from 24 March 2025, the Audit Committee consists of three Independent Non-executive Directors, namely Mr. LEUNG Wai Hung, Dr. GUO Jie and Mr. HO Chi Kin Sammy, and one Non-executive Director, namely Mr. CUI Hongjie. Mr. LEUNG Wai Hung, who has professional qualification in accountancy, is the chairman of the Audit Committee. None of them is a partner or former partner in the preceding two years of the existing auditors of the Company, or has or had in the preceding two years any financial interest in the existing auditors.

The main duties of the Audit Committee are to, including but not limited to, review and supervise the financial reporting process and risk management and internal control systems of the Group, review the Group's financial information, consider the appointment, independence and remuneration of the auditors and any matters related to the removal and resignation of the auditors, oversee the audit process, review and oversee the existing and potential risks of the Group and perform other duties and responsibilities as assigned by the Board. The written terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The Audit Committee held three meetings during the year under review. The Executive Directors, senior management and/or the external auditors of the Company were invited to join the discussions at the meetings, as the case may be.

The tasks performed by the Audit Committee during the year under review included but not limited to:

(i) review of the audit plan of the external auditors and discussion with them about the nature and scope of the audit;

(ii) review of the interim and annual consolidated financial statements;

(iii) review of the continuing connected transactions conducted by the Group;

(iv) discussion with the external auditors on, including but not limited to, the financial position of the Group, the audit opinion, internal control system, financial risks and the significant matters which might have an impact on the consolidated financial statements;

(v) review of the overall financial position of the Group;

(vi) review and discussion of the nature and extent of significant risks (including ESG risks) of the Group and assessment of the control of the risks;

(vii) review of the adequacy and effectiveness of the risk management and internal control systems including review of accounting, financial reporting, internal audit functions, as well as those relating to the ESG performance and reporting and then giving of recommendation to the Board for any enhancement;

(viii) review with the management of the Company the accounting policies and practices adopted by the Group;

(ix) meeting with the external auditors in the absence of the Executive Directors and senior management of the Company to discuss issues regarding audit;

(x) review and approval of the remuneration and terms of engagement of external auditors;

(xi) review of the external auditors' independence and objectivity and the effectiveness of audit process according to applicable standards as well as consideration of the re-appointment of the external auditors;

(xii) review of the engagement to perform non-audit service(s);

(xiii) review and recommendation of the adoption of revised terms of reference of the Audit Committee; and

(xiv) review of the internal control policies of the Company, including the whistleblowing policy and the anti-corruption and anti-bribery policy.

Remuneration Committee

After the appointment of each of Mr. HOU Min and Mr. LEUNG Wai Hung as a member of the Remuneration Committee with effect from 16 April 2024 and the re-designation of Mr. HOU Min from a Non-executive Director to an Executive Director with effect from 24 March 2025, the Remuneration Committee comprises five members, being three Independent Non-executive Directors, namely Mr. HO Chi Kin Sammy, Dr. GUO Jie and Mr. LEUNG Wai Hung, and two Executive Directors, Mr. YANG Deyong and Mr. HOU Min. Mr. HO Chi Kin Sammy is the chairman of the Remuneration Committee.

The main duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for the Directors and senior management of the Company and make recommendations to the Board. The Remuneration Committee may consult with the Joint Chairmen about their remuneration proposals for other Executive Directors. The Remuneration Committee is also responsible for assessing performance of all Directors and senior management of the Company, making recommendations to the Board on the remuneration package and incentive payment of the Executive Directors and senior management of the Company, including benefits in kind, pension rights and compensation payments, and making recommendations to the Board on the remuneration of the Non-executive Directors and the Independent Non-executive Directors. The written terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee held two meetings during the year under review. The tasks performed by the Remuneration Committee during the year under review included but not limited to:

(i) review and approval of the report of the labour cost of the senior management of the Company for the year ended 31 December 2023;

(ii) assessment of the performance of the Executive Directors and senior management of the Company;

(iii) review and recommendation of the adoption of revised remuneration policy of the Directors and senior management of the Company;

(iv) recommendation to the Board on the remuneration packages of the Executive Directors and senior management of the Company and the Director's fees of the Non-executive Directors and the Independent Non-executive Directors for the year ended 31 December 2024, where necessary; and

(v) recommendation to the Board on the remuneration arrangement of the Non-executive Director appointed during the year.

No material matters relating to share schemes under Chapter 17 of the Listing Rules were required to be reviewed or approved by the Remuneration Committee during the year under review.

The remuneration of Directors is determined with reference to a number of factors, including but not limited to, their experience, qualifications, duties and responsibilities involved in the Company and the prevailing market conditions. Details of emoluments of Directors for the year under review are set out in note 39 to the consolidated financial statements of this annual report. The emoluments paid to senior management of the Company during the year under review were within the following band:

	Number of senior management
Above RMB1 million and below or equal to RMB2 million	4

Nomination Committee

The Nomination Committee comprises five members, being an Executive Director, Mr. YANG Deyong, a Non-executive Director, Mr. CUI Hongjie, and three Independent Non-executive Directors, namely Dr. GUO Jie, Mr. HO Chi Kin Sammy and Mr. LEUNG Wai Hung. Mr. YANG Deyong is the chairman of the Nomination Committee.

The main duties of the Nomination Committee are to make recommendations to the Board on the appointment, re-appointment and removal of the Directors and senior management of the Company, assess the independence of the Independent Non-executive Directors, and to review the structure, size, composition and diversity of the Board and the Board diversity policy (the "Board Diversity Policy") and make recommendations to the Board. The written terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The Nomination Committee held one meeting during the year under review. The tasks performed by the Nomination Committee during the year under review included but not limited to:

(i) review of and recommendation on the structure, size, composition and diversity of the Board and/or the Board Committees;

(ii) assessment of the independence of the Independent Non-executive Directors;

(iii) review of the mix of the Board, qualification, skills and experience of the Directors to be retired and entitled to be re-elected at the AGM and recommendation to the Board on the re-appointment of the Directors;

(iv) review of the Board Diversity Policy and the nomination policy of the Company (the "Nomination Policy");

(v) review and recommendation of the adoption of revised terms of reference of the Nomination Committee;

(vi) review of the implementation and effectiveness of the mechanisms that ensure independent views and input are available to the Board;

(vii) consideration of appointment of the Non-executive Director and change in composition of the Board Committees, and recommendation to the Board for approval; and

(viii) consideration of change of executive responsibilities of Director and recommendation to the Board for approval.

Summary of Nomination Policy under Nomination Committee

The purpose of the Nomination Policy is to set out the selection criteria and procedure for the selection, appointment and re-appointment of Directors so as to ensure the Board has a balance of skills, experience, and diversity of perspectives relevant to the Group's business, strategy and objectives. When seeking suitable Director candidates (including Independent Non-Executive Directors), the Nomination Committee may consider various sourcing channels, such as engaging professional recruitment agencies, seeking referrals from business networks, industry peers, or existing Directors, or placing recruitment advertisements, as appropriate. In assessing the suitability of a proposed candidate, the factors which would be used as reference by the Nomination Committee include but not limited to the following:

- reputation for integrity
- accomplishment and experience in the industry
- commitment in respect of available time and relevant interest
- diversity of the Board in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, professional experience, skills, knowledge, industry or other experience, expertise, independence and length of service
- potential contributions to the Board

Member(s) of the Nomination Committee shall convene a meeting of the Nomination Committee and invite nominations of candidates, if any, from Board members for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members. For filling a casual vacancy or appointing a Director as an additional member on the Board, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election or re-election at a general meeting, the Nomination Committee shall make nominations or recommendation to the Board for its consideration. A circular containing the names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information as required pursuant to the applicable laws, rules and regulations, of the proposed candidates nominated by the Board to stand for election or re-election at a general meeting will be sent to Shareholders. A candidate is allowed to withdraw his candidature at any time before the general meeting by serving a notice in writing to the Company Secretary. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election or re-election at any general meeting. If a Shareholder wishes to nominate a person for election as Director in general meeting, please refer to the "Procedures for Shareholders to Propose a Person other than a Retiring Director for Election as a Director" made available under the Corporate Governance section of the Investor Relations section on the Company's website.

Summary of Board Diversity Policy under Nomination Committee

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance and succession planning and hence the purpose of the Board Diversity Policy aims to build and maintain a Board with a diversity of Directors, in terms of, including but not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge, industry or other experience, expertise, independence and length of service. These differences will be taken into account in determining the optimum composition of the Board. The Company will also take into account factors based on its business model and specific needs from time to time. The Nomination Committee will discuss the measurable objectives for implementing diversity on the Board from time to time and recommend them to the Board for adoption.

An analysis of the Board composition as of the date of this annual report is set out in the following chart:

<table>
<tr><th>No. of Directors</th><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th><th>6</th><th>7</th></tr>
<tr><td>Gender</td><td>Female</td><td colspan="6">Male</td></tr>
<tr><td>Category</td><td colspan="3">Executive Directors</td><td>Non-executive Director</td><td colspan="3">Independent Non-executive Directors</td></tr>
<tr><td>Age Group</td><td>Below 50</td><td colspan="5">50 or above and below 60</td><td>60 or above</td></tr>
<tr><td>Length of Service</td><td colspan="7">Below 5 years</td></tr>
<tr><td>Location</td><td colspan="2">Hong Kong</td><td colspan="5">Mainland China</td></tr>
<tr><td>Skill, Knowledge and Experience</td><td colspan="4">• Experience in property development, construction management, property management and property investment
• Corporate strategies and risk management
• Customer service
• Capital market, investment management, asset management and finance</td><td colspan="3">• Accounting and financial management
• Economics
• Listed company corporate governance</td></tr>
</table>

The Board is characterised by significant diversity and independence:

- all of the Directors having served the Board for less than 5 years
- the Board is reasonably diverse in terms of geographical area, with five Directors based in the Mainland China (where the Group's business and operations are situated in) and two Directors based in Hong Kong (where the Stock Exchange which the Company's Shares are listed on is situated in)
- female Director represents 14% of the Board members
- Independent Non-executive Directors represent 43% of the Board members
- diverse mix of expertise in different areas such as property industry experience, customer service, finance and accounting profession

The Nomination Committee reviews annually on the composition of the Board under diversified perspectives according to the Board Diversity Policy, and monitors the implementation of the Board Diversity Policy to ensure its effectiveness. The Board is satisfied that the current level of diversity of the Board is appropriate to the requirements of the Group's business model and specific needs and the Board Diversity Policy is consistently implemented. It is therefore not necessary to set any target or timeline for enhancing gender diversity on the Board for the time being. The Board targets to maintain at least the current level of female Director representation and as part of the succession planning, the Board will continue to seek opportunities to increase the female Director representation over time as and when suitable candidates are identified.

Gender diversity of workforce

The Group takes steps to promote gender diversity at all levels of its workforce. Equal opportunities for employment, training and career development are opened to all eligible employees regardless of gender. The Group promotes personal well-being and supports employees to balance work and home-life commitments. As at 31 December 2024, the gender diversity details of employees of the Group (excluding the Directors) are set out as follows:

	Male		Female	
Employee category	Number of persons	Percentage of employee category	Number of persons	Percentage of employee category
Senior management	3	100%	—	—
Middle management	70	61%	44	39%
Non-management personnel	5,118	60%	3,350	40%
All levels	5,191	60%	3,394	40%

As at 31 December 2024, among all employees of the Group (excluding senior management of the Company), 60% were male and 40% were female. The Board considers that the gender diversity in workforce is currently balanced taking in account the Group's business model and specific needs, and targets to maintain the current level of gender diversity in its workforce, with the ultimate goal of achieving gender parity. Nevertheless, the Group is committed to increase the proportion of female member in the senior management of the Company yet having the flexibility for the best candidate to be considered regardless of gender.

COMPANY SECRETARY

The Company Secretary is responsible for ensuring that Board procedures comply with all applicable laws, rules and regulations and advising the Board on corporate governance matters. Moreover, the Company Secretary is responsible for keeping all Directors updated on the Listing Rules, regulatory requirements, as well as internal codes of conduct of the Company. The Company Secretary reports to the Board through the Joint Chairmen whilst all Directors have access to the advice and services of the Company Secretary.

The Company Secretary possesses professional qualification and extensive experience in discharging his duties as the Company Secretary. During the year under review, the Company Secretary has taken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility to present a balanced, clear and understandable assessment in the consolidated financial statements of the annual and interim reports, other price sensitive announcements and other financial disclosures as required under the Listing Rules, and to report to regulators as well as to disclose information required pursuant to statutory requirements. Where the Directors are aware of material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern, such uncertainties would be clearly and prominently set out and discussed in detail in the corporate governance report of the Company.

The statement of the independent auditor of the Company about its reporting responsibilities and opinion on the financial statements of the Company for the year ended 31 December 2024 is set out in the Independent Auditor's Report on pages 89 to 94 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

Duties of the Board and the management

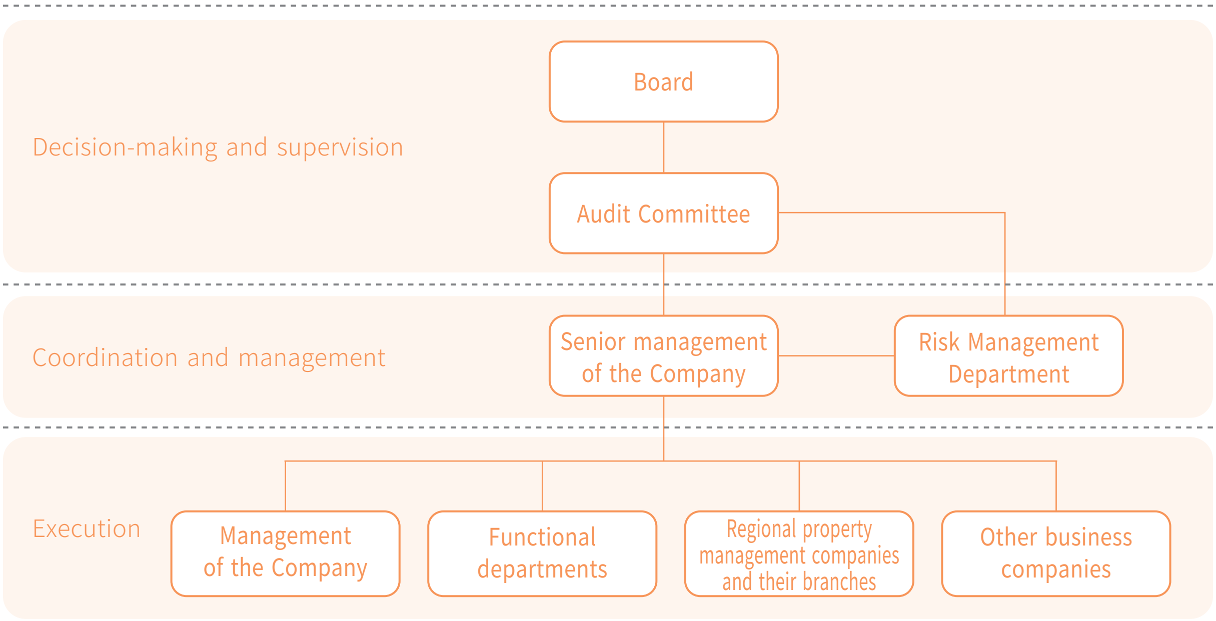
The Board reviews the Group's risk management and internal control systems annually which covers, among other things, the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions as well as those relating to the ESG performance and reporting and the effectiveness of the Group's risk management and internal control systems. The review of the effectiveness of the Group's risk management and internal control systems covers all material controls, including financial, operational and compliance controls and risk management functions.

Risk management

The Group is of the view that effective risk management is crucial to its business sustainability and success in the long term. To perfect the Group's risk management work, improve the quality of its operations, foster a sound culture for risk management, establish a comprehensive risk management regime, facilitate the accomplishment of the Group's overall strategic and operating goals and ensure the regulation and standardisation of risk management, the Company has formulated the "Comprehensive Risk Management System" as the standards for its risk management work.

The Board, the management and the functional departments, the subsidiary units and all staff of the Company have jointly participated in risk management and established an official organisational structure for risk management. Through the implementation of basic risk management processes and strategies in various steps and operating procedures of the Company's management based on its strategic and operating goals, relevant control measures are carried out in respect of the internal and external uncertainties in the Company's operation that might compromise the Company's interests to maximise such interests. The Risk Management Department is responsible for the organisation, coordination and centralised management of the Company's risk management work and furnishes the risk management work plan for the ensuing year at the end of each year to organise risk assessment work, whereby all functional departments and subsidiary units conduct relevant tasks such as risk identification and assessment and formulate risk response plans in accordance with the plan.

Organisational structure of risk management



Risk management process

Risk identification

potential risks associated with policy changes and changes in the environment that might affect the achievement of the Company's goals and its business operation are identified and managed on a differentiated basis according to different risk characteristics by corresponding management personnel or relevant positions. Each year, relevant risk information of the units is submitted to the Risk Management Department, which establishes a risk order list at the Company level with constant improvements after due screening and classification, whereby material risks are managed with heightened efforts.

Risk assessment

systematic analysis of risks in operating activities relating to internal control goals are conducted and major risk events affecting the accomplishment of goals are assessed and prioritised. Risk assessment work at the Company level is conducted by the units under the organisation of the Risk Management Department. The economic and non-economic losses of the Company that might result from such risks as a whole are considered and conclusive risk assessment documents are produced accordingly.

Risk response

based on the nature of risk events and the Company's ability to endure such risk events, risk response plans and measures and action plans for risk mitigation are formulated and implemented. Each unit should align with the Company's development strategy and their own business development realities to formulate major risk control plans for which they are responsible. They should regularly analyze the implementation of these plans and submit the reports as required to the Risk Management Department for consolidation, aggregation and finetuning.

Dynamic supervision of risk management

new material risk events and changes in the operating environment in the course of business development are identified on an ongoing basis and response strategies and measure are formulated based on actual conditions, while the progress of risk events is monitored in a continuous and dynamic manner and reported to the Risk Management Department in a timely manner.

Improvement of risk management work

the Risk Management Department submits the Company's risk control report to the Audit Committee twice each year for their review and ongoing supervision. The Company's risk control report is a regular report on risks inherent in operations and development, risk assessment outcomes and risk control status of the Company.

Through the establishment of the management organisational structure and processes, the Group has defined responsibilities in risk management work, the identification of risk information and response measures and set out its risk management procedures to facilitate systematic risk profiling and control.

Internal control

The Board requires the management to maintain sound and effective internal control. The Group has an internal audit function. Assessment of the Group's risk management and internal control and internal audit is independently conducted by the Risk Management Department, which is responsible for coordinating the Company's internal control work. At the end of each year, the Risk Management Department proposes the internal audit plan for the following year, the scope of which covers internal control audit, turnover audit, in-service audit and specific audit, subject to subsequent adjustments in the number of internal audit items and sequence of implementation depending on actual management needs, and such audit plan will be submitted to the general manager of the Risk Management Department and the general manager of the Company for approval. The Risk Management Department reports to the Audit Committee twice each year on, among others, any significant findings and the effectiveness of internal audit, risk management and internal control systems. All findings and rectification on internal control deficiencies are communicated with respective management and/or business units for process improvement, in order to ensure that satisfactory control is maintained. Any major audit findings and control deficiencies are reported to the Audit Committee and all rectification plans will be properly followed up by management and/or business units to ensure that they are remediated as intended within a reasonable period; and the status is reported to the Audit Committee. The Company has formulated the "Comprehensive Risk Management System" and "Internal Audit Management System" to enhance the effectiveness of internal audit and bring into full play the positive effect of internal audit on internal control and risk management and on the accomplishment of the Company's strategic goals.

The Board acknowledges that it is responsible for the risk management and internal control systems of the Group and reviewing their effectiveness. The risk management and internal control systems of the Group are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board, through the Audit Committee and the Risk Management Department, conducted the review of the risk management and internal control systems of the Group for the year ended 31 December 2024 and considered them remain effective and adequate. The Board, through the Audit Committee and the Risk Management Department, will also review the risk management and internal control systems of the Group on a continuous basis.

The Group has implemented the policy on price-sensitive inside information (the "Inside Information Policy") in order to ensure inside information is identified, handled and disseminated in compliance with the SFO and the Listing Rules. The Inside Information Policy also provides for the proper procedures and prohibition of handling inside information. The Group will disclose inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours provisions and satisfies the conditions under the SFO. Before the information is fully disclosed to the public, the Group will ensure that the information is kept strictly confidential. All employees are prohibited at all times from dealing in the securities of the Company when they are in possession of unpublished inside information. Further, relevant employees are subject to a 60-day blackout period prior to the release of the Company's annual results and a 30-day blackout period prior to the release of interim results and not allowed to release price-sensitive information to media, investors and financial institutions.

Whistleblowing channel

The Group adheres to promoting an open, transparent, sharing and responsible corporate culture and therefore has adopted a "Measures for Whistleblowing and Complaints" and a "Whistleblowing Policy" (the "Whistleblowing Policy") in order to strengthen company management, deal with various violations of laws and regulations, prevent corruption and fraud problems, resist commercial bribery through encouraging whistleblowers (including employees, suppliers, customers and business partners) to report the infractions of Directors, management and employees of the Company and to raise their concerns for any possible fraud, corruption or improprieties in any matter related to the Group.

According to the Whistleblowing Policy, the Risk Management Department is responsible for investigating and handling reported cases in accordance with relevant policies. The Audit Committee shall supervise the implementation of the Whistleblowing Policy and shall delegate to the Risk Management Department the day-to-day management responsibility under the Whistleblowing Policy. The Risk Management Department shall distinguish whether the reported matter is material and material cases shall be reported to the Audit Committee. The Audit Committee shall subsequently determine actions to be taken in respect of such material cases and may delegate the authority to take such actions. The Whistleblowing Policy has been published on the Company's website.

Reporting of infractions and clues and evidence of violations of laws and disciplines can be submitted on an anonymous or non-anonymous basis in the form of emails, letters or telephone calls for the attention to the Risk Management Department. All whistleblowing cases (if any) will be handled by the Risk Management Department on a confidential basis, the investigation results will be discussed and sanction will be imposed.

Anti-corruption and anti-bribery policy

Probity, integrity, fairness, impartiality and commercially ethical conduct represent part of the core corporate values of the Group. The Company has established an "Anti-corruption and Anti-bribery Policy" (the "Policy") and all Directors and employees of the Group are bound by the Policy and shall refrain from committing any forms of corruption, bribery, extortion, fraud and money-laundering. The Policy has been published on the Company's website.

The Group also organizes the employees to carry out compliance and integrity training every year to enhance the integrity awareness across the organisation. The compliance and integrity trainings are given to directors, senior management and staff of the Group. During the year, the Group held a total of 42 anti-corruption and anti-bribery training sessions.

SUSTAINABLE DEVELOPMENT

To ensure the smooth development of sustainability work, the Board acts as the supreme decision-making body for sustainability management to oversee all affairs relating to sustainability, formulate policies and strategies for sustainability and regulate the corporate ESG management structure. The Company has established the sustainability work group (the "Sustainability Work Group") which is responsible for collecting relevant information, supervising the execution of sustainability policies and strategies formulated by the Board, and reporting relevant work to the decision-making body regularly. Formed by the corresponding officers of various departments, the Sustainability Work Group elucidates the duties of various specialised positions in the strategy and established relevant mechanisms to safeguard smooth operation according to the Company's current sustainability principles. The Board appreciates the importance of sustainability for the Company and the society and firmly believes that sustainability is conducive to the Company's business growth.

The Board will continue to maintain a high level of sustainability, ensuring sound corporate governance, safeguarding employees' interests, protecting the environment and maintaining active communication and sound relations with stakeholders.

INDEPENDENT AUDITOR

BDO Limited is responsible for auditing and forming an independent opinion on the Group's consolidated financial statements for the year ended 31 December 2024.

Details of the remunerations paid/payable for the audit and non-audit services provided by the auditors to the Group for the year ended 31 December 2024 are set out in the table below:

Services rendered	RMB'000
Audit services:	
— Annual audit	2,830
Non-audit services:	
— Review of interim financial information	950
— Other services	0

CONSTITUTIONAL DOCUMENTS

There was no change in the Company's amended and restated memorandum and articles of association during the year ended 31 December 2024.

SHAREHOLDERS' RIGHTS AND COMMUNICATION

As one of the measures to safeguard the interests and rights of the Shareholders, separate resolutions are proposed at general meetings on every substantial matter, including the election of individual Directors, for Shareholders' consideration and voting. Furthermore, the Company regards AGM or EGM as an important event and the Directors (including the Joint Chairmen and chairman of each Board Committee), senior management of the Company, external auditors and external advisers (where necessary) make efforts to attend the AGMs or EGMs to address the Shareholders' queries. All resolutions proposed at general meetings will be voted by poll. The poll voting results will be posted on the websites of the Stock Exchange and the Company on the same day of the relevant general meetings.

An AGM must be called by notice of not less than twenty-one (21) clear days. All other general meetings (including an EGM) must be called by notice of not less than fourteen (14) clear days but if permitted by the rules of the Stock Exchange, a general meeting may be called by shorter notice, subject to the Cayman Islands Companies Act, if it is so agreed:

(a) in the case of a meeting called as an AGM, by all the members entitled to attend and vote thereat; and

(b) in the case of any other meeting, by a majority in number of the members having the right to attend and vote at the meeting, being a majority together representing not less than ninety-five per cent. (95%) of the total voting rights at the meeting of all the members.

Pursuant to the Articles, (i) the Board may whenever it thinks fit call EGMs; if at any time there are not sufficient Directors capable of acting to form a quorum, any one Director or any two or more Shareholder(s) representing at least ten per cent. (10%) of the total voting rights of all Shareholders having a right to vote at general meetings may convene an EGM in the same manner as nearly as possible as that in which meetings may be convened by the Directors, and (ii) any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business or resolutions specified in such requisition or to add any resolutions specified in such requisition to a meeting agenda; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. All requisitions shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the Board or the Company Secretary.

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the Company Secretary.

The Joint Chairmen ensure that appropriate steps are taken to provide effective communication with the Shareholders and that their views are communicated to the Board as a whole. The Board has adopted a shareholders' communication policy reflecting the current practices of the Company for communication with the Shareholders (the "Shareholders' Communication Policy"). The Shareholders' Communication Policy aims at ensuring that the Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner and to enhance communication between the Company and the Shareholders.

The Company adheres to high standards with respect to the disclosure of its financial statements. To foster two-way communication between the Company and the Shareholders and potential investors and to solicit and understand the views of the Shareholders and potential investors, the Company has also established an Investor Relations Department and provided email (ir@sinooceanservice.com) to receive and respond to enquiries from Shareholders and the public. In addition, the Company is committed to maximizing the use of its website as a channel to provide updated information in a timely manner and strengthen the communication with both the Shareholders and the public. Further information about investor relations is set out in the Investor Relations Report of this annual report.

During the year under review, an AGM was held on 30 May 2024 at which the Directors (including the Joint Chairmen and chairman of the Board Committees), senior management of the Company and external auditors made efforts to attend either in person or by means of electronic facilities to communicate with the Shareholders and to address their queries. In addition, all corporate communications and regulatory announcements were published by the Company on the websites of the Stock Exchange and the Company in a timely manner. The Company also maintained communication with analysts and investors through results announcement press conferences, the official WeChat public account of Sino-Ocean Service and roadshows. Efficient communication between the management and investors was arranged with positive feedback from all parties. The Board has reviewed the Shareholders' Communication Policy and in view of the above steps taken to communicate with the Shareholders, considered that it has been implemented effectively during the year.

INDEPENDENT AUDITOR'S REPORT

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To the Shareholders of
Sino-Ocean Service Holding Limited
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Sino-Ocean Service Holding Limited ("the Company") and its subsidiaries (together the "Group") set out on pages 95 to 161, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Loss allowances assessment of trade and note receivables

Refer to Note 5(a) "Critical accounting estimates and judgements" and Note 23 "Trade and note receivables" to the consolidated financial statements.

As at 31 December 2024, the gross amount of trade and note receivables of the Group amounted to approximately RMB1,746 million. Management has assessed the expected credit losses ("ECLs") of trade and note receivables and recognised provision for loss allowance of approximately RMB708 million on these trade and note receivables as of 31 December 2024. The net carrying amount of trade and note receivables represented approximately 26% of the total assets of the Group.

Provision for loss allowance of trade and note receivables was made based on an assessment of the lifetime expected credit losses, including an assessment of the risk of default and the expected loss rate. In performing the assessment, management considered the credit quality of debtors by considering their historical observed default rates, financial position, ageing profile of receivable balances, and other factors, and taking into account of current market conditions and forward-looking estimates at the end of each reporting period.

We focused on auditing the loss allowance assessment of trade and note receivables because the estimation of recoverable amount is subject to high degree of estimation uncertainty. The inherent risk in relation to the loss allowance assessment of trade and note receivables is considered significant due to the subjectivity of significant assumptions and estimates used.

How our audit addressed the key audit matter

We have performed the following procedures to address this key audit matter:

- understanding the key controls on how the loss allowance for trade and note receivables is estimated by the management;
- reviewing and assessing the application of the Group's policy for calculating ECLs to consider consistency of application;
- evaluating techniques and methodologies in ECLs model against the requirements of HKFRS 9;
- assessing the reasonableness of ECLs estimates from checking the information used by the management to make the judgements, which comprises testing the accuracy of the history of default, evaluating the current economic conditions and forward-looking information specific to the customers used in determining estimated loss rates, and considering subsequent settlements and the latest information subsequent to the year end date for any adjustments to default rate required;
- evaluating the appropriateness of the methodology and the reasonableness of key assumptions adopted with the involvement of our internal valuation experts;
- selecting samples from the aging analysis to consider appropriateness of classification of trade receivables to ensure proper determination of trade and note receivables with significant increase in credit risks by checking to the settlement records, and discussing with the management customers' current ability of settlement, any available information for assessing the creditability of the customers and the current economic environment in which the customers operate; and
- checking the mathematical accuracy of the ECLs.

Loss allowances assessment of other receivables

Refer to Note 5(b) "Critical accounting estimates and judgements" and Note 25 "Prepayments and other receivables" to the consolidated financial statements.

As at 31 December 2024, the gross amount of other receivables of the Group amounted to approximately RMB640 million. Management has assessed the ECLs of other receivables and recognised provision for loss allowance of approximately RMB166 million on these other receivables as of 31 December 2024. The net carrying amount of other receivables represented approximately 12% of the total assets of the Group.

The assessment of impairment of other receivables measured at amortised cost under the expected credit loss model is considered to be a key audit matter as it requires the application of judgement to reflect information about past events, current conditions and forecasts of future conditions, and use of subjective assumptions by the management.

How our audit addressed the key audit matter

We have performed the following procedures to address this key audit matter in relation to other receivables of the Group:

- understanding the key controls on how the impairment assessment of financial assets at amortised cost is estimated by the management;
- reviewing and assessing the application of the Group's policy for calculating ECLs to consider consistency of application;
- evaluating the appropriateness of the methodology and the reasonableness of key assumptions adopted with the involvement of our internal valuation experts;
- valuating techniques and methodologies in ECLs model against the requirements of HKFRS 9;
- assessing the reasonableness of the basis and judgement of the management in determining credit loss allowance on other receivables;
- testing the key data sources applied in the ECLs computation on a sample basis by checking to the supporting information and external data sources, as applicable; and
- checking the mathematical accuracy of the ECLs.

Impairment assessment of property management contracts and customer relationships, and goodwill

Refer to Note 5(c) "Critical accounting estimates and judgements" and Note 19 "Intangible assets" to the consolidated financial statements

As at 31 December 2024, the Group has recognised property management contracts and customer relationships of approximately RMB186 million and goodwill of approximately RMB447 million as arisen from the Group's acquisitions of property management subsidiaries (the "Subsidiaries").

For the purpose of impairment assessment, management has allocated the property management contracts and customer relationships, and goodwill to respective subsidiaries considering that each of these Subsidiaries is operating and generating cash flows independently and hence was considered as an individual cash-generating unit. Management assessed the recoverable amounts of these Subsidiaries with the assistance of an independent external valuer. The recoverable amounts were determined based on a value-in-use ("VIU") calculations. VIU is evaluated by discounting the cash flow projections of the relevant Subsidiaries based on the approved financial budgets of the respective Subsidiaries. The key assumptions as adopted in the impairment assessment mainly including (i) annual revenue growth rate, selling and market expenses and administrative expenses growth rate, (ii) gross margin, (iii) pre-tax discount rate and (iv) terminal cashflow growth rate.

We focused on auditing the impairment assessment of property management contracts and customer relationships, and goodwill because the estimation of recoverable amount is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of property management contracts and customer relationships, and goodwill is considered significant due to subjectivity of significant assumptions and estimates used.

How our audit addressed the key audit matter

We have performed the following procedures to address this key audit matter:

- understanding the Group's impairment assessment process, including the impairment model, basis of allocation of goodwill to CGUs, the preparation of the cash flow projections ("Cashflow Forecasts") and key management assumptions adopted in these Cashflow Forecasts through enquiries with the management;
- evaluating the competency, capabilities and objectivity of the independent external valuer by checking the valuer's related qualification and credentials in similar impairment assessment projects;
- evaluating the appropriateness of the methodology and the reasonableness of key assumptions adopted with the involvement of our internal valuation experts;
- challenging the appropriateness of the key assumptions adopted by the management in the Cashflow Forecasts, such as the budgeted gross margin and forecast growth rates, and discount rates applied and comparing them with available market data and our knowledge of the current market development in the PRC; and
- comparing the historical cash flows forecast against the performance of CGUs to test the accuracy of management's projections.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regards.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Ho Yee Man
Practising Certificate Number: P07395
Hong Kong, 24 March 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	7	**2,840,029**	3,133,209
Cost of sales and services	7,10	**(2,322,749)**	(2,535,470)
Gross profit		**517,280**	597,739
Selling and marketing expenses	10	**(21,019)**	(22,351)
Administrative expenses	10	**(228,565)**	(272,909)
Net impairment losses on goodwill		**(9,212)**	(6,622)
Net impairment losses on investment properties		**(5,375)**	(6,504)
Net impairment losses on financial assets		**(254,022)**	(260,041)
Other income	8	**20,211**	29,704
Other (losses)/gains	9	**(2,739)**	14,207
Operating profit		**16,559**	73,223
Finance costs	12	**(586)**	(762)
Share of results in joint ventures	14	**(644)**	(8,767)
Profit before income tax		**15,329**	63,694
Income tax credit/(expense)	15	**13,261**	(23,693)
Profit and total comprehensive income for the year		**28,590**	40,001
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**28,915**	42,148
Non-controlling interests		**(325)**	(2,147)
		28,590	40,001
Earnings per share for profit attributable to owners of the Company			
Basic and diluted (expressed in RMB per share)	16	**0.024**	0.036

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Assets			
Non-current assets			
Investment properties	17	**89,470**	61,532
Property, plant and equipment	18	**34,486**	104,732
Intangible assets	19	**668,853**	698,976
Right-of-use assets	20	**5,938**	10,906
Investments in joint ventures	14	**49,948**	50,592
Deferred income tax assets	31	**214,107**	134,967
		1,062,802	1,061,705
Current assets			
Inventories	22	**614,169**	651,355
Trade and note receivables	23	**1,038,241**	1,123,025
Contract assets	24	**4,727**	17,413
Prepayments and other receivables	25	**522,631**	525,020
Restricted bank deposits	26	**19,361**	9,120
Cash and cash equivalents	26	**761,144**	651,542
		2,960,273	2,977,475
Total assets		**4,023,075**	4,039,180
Equity			
Share capital	27	**99,829**	99,829
Reserves		**1,185,226**	1,217,071
Retained earnings		**811,212**	782,297
Equity attributable to owners of the Company		**2,096,267**	2,099,197
Non-controlling interests		**40,348**	46,513
Total equity		**2,136,615**	2,145,710

	Notes	2024 RMB'000	2023 RMB'000
Liabilities			
Non-current liabilities			
Trade and other payables	30	**9,706**	15,297
Lease liabilities	20	**4,090**	2,206
Deferred income tax liabilities	31	**46,074**	52,912
		59,870	70,415
Current liabilities			
Trade and other payables	30	**1,291,456**	1,259,766
Contract liabilities	7	**494,117**	518,064
Lease liabilities	20	**1,521**	5,460
Current tax liabilities		**39,496**	39,765
		1,826,590	1,823,055
Total liabilities		**1,886,460**	1,893,470
Total equity and liabilities		**4,023,075**	4,039,180

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements were approved and authorised for issue by the board of directors on 24 March 2025 and was signed on its behalf by:

Yang Deyong
Executive Director

Zhu Geying
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

		Attributable to owners of the company						
	Note	Share capital (Note 27) RMB'000	Statutory reserves (Note 28) RMB'000	Other reserve (Note 29) RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance as at 1 January 2023		99,829	13,108	1,404,072	740,149	2,257,158	51,100	2,308,258
Comprehensive income								
Profit for the year		—	—	—	42,148	42,148	(2,147)	40,001
Transactions with owners in their capacity as owners								
Dividends declared and paid during the year	32(a)	—	—	(146,109)	—	(146,109)	—	(146,109)
Deemed distribution		—	—	(54,000)	—	(54,000)	—	(54,000)
Distribution relating to non-controlling interests		—	—	—	—	—	(2,440)	(2,440)
Balance as at 31 December 2023		99,829	13,108	1,203,963	782,297	2,099,197	46,513	2,145,710

		Attributable to owners of the company						
	Note	**Share capital (Note 27) RMB'000**	**Statutory reserves (Note 28) RMB'000**	**Other reserve (Note 29) RMB'000**	**Retained earnings RMB'000**	**Total RMB'000**	**Non-controlling interests RMB'000**	**Total equity RMB'000**
Balance as at 1 January 2024		**99,829**	**13,108**	**1,203,963**	**782,297**	**2,099,197**	**46,513**	**2,145,710**
Comprehensive income								
Profit for the year		**—**	**—**	**—**	**28,915**	**28,915**	**(325)**	**28,590**
Transactions with owners in their capacity as owners								
Dividends declared and paid during the year	32	**—**	**—**	**(31,850)**	**—**	**(31,850)**	**—**	**(31,850)**
Disposal of a subsidiary	37	**—**	**—**	**—**	**—**	**—**	**(691)**	**(691)**
Deregistration of a subsidiary		**—**	**—**	**5**	**—**	**5**	**(3,971)**	**(3,966)**
Capital contributions from non-controlling interests		**—**	**—**	**—**	**—**	**—**	**665**	**665**
Distribution relating to non-controlling interests		**—**	**—**	**—**	**—**	**—**	**(1,843)**	**(1,843)**
Balance as at 31 December 2024		**99,829**	**13,108**	**1,172,118**	**811,212**	**2,096,267**	**40,348**	**2,136,615**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
Cash flows from operating activities		
Profit before income tax	15,329	63,694
Adjustments for:		
Loss/(gain) on disposal of property, plant and equipment	95	(127)
Loss on disposal of intangible assets	—	272
Loss on disposal of investment property	1,057	—
Share of results in joint ventures	644	8,767
Gain on disposal of investment in a joint venture	—	(20,559)
Loss on disposal of a subsidiary	719	—
Net impairment losses on financial assets	254,022	260,041
Net impairment losses on inventories	23,003	30,476
Net impairment losses on investment properties	5,375	6,504
Net impairment losses on goodwill	9,212	6,622
Depreciation of investment properties	3,697	67,054
Depreciation of right-of-use assets	5,389	7,123
Amortisation of intangible assets	35,346	33,490
Depreciation of property, plant and equipment	13,751	15,180
Interest income	(4,152)	(5,277)
Written off of account payables	(1,036)	(5,761)
Exchange losses	863	6,207
Finance costs	586	762
Operating cash flows before movements in working capital	363,900	474,468
Decrease/(increase) in inventories	14,183	(432,348)
Increase in trade and note receivables	(162,068)	(211,175)
(Increase)/decrease in prepayments and other receivables	(19,781)	184,459
Decrease in contract assets	12,686	2,940
Increase in restricted bank deposits	(10,241)	(8,649)
Increase/(decrease) in trade and other payables	9,656	(97,130)
(Decrease)/increase in contract liabilities	(23,947)	60,239
Cash generated from/(used in) operations	184,388	(27,196)
Income tax paid	(72,986)	(89,203)
Interest received	4,152	5,277
Net cash generated from/(used in) operating activities	115,554	(111,122)

	Notes	2024 RMB'000	2023 RMB'000
Cash flows from investing activities			
Deposit paid to third parties		—	(200,000)
Deposit refunded from			
—related party		—	392,395
—third parties		**15,000**	280,000
Acquisition of subsidiaries in previous year, net of cash acquired		—	(8,580)
Disposal of a subsidiary, net of cash and cash equivalents disposed of	37	**(1)**	—
Purchase of property, plant and equipment		**(6,604)**	(3,308)
Purchase of investment properties		**(908)**	(30,262)
Purchase of intangible assets		**(6,421)**	(12,710)
Dividend received from a joint venture		—	30,000
Proceeds from disposal of investment in joint ventures		—	59,000
Proceeds from disposal of property, plant and equipment		**383**	258
Proceeds from disposal of investment property		**33,523**	—
Net cash generated from investing activities		**34,972**	506,793
Cash flows from financing activities			
Dividends paid	32	**(31,850)**	(146,109)
Return of capital to non-controlling interests upon deregistration of subsidiaries		**(3,971)**	—
Payments of lease liabilities	33(b)	**(3,062)**	(3,114)
Distribution relating to non-controlling interests		**(1,843)**	(2,440)
Payment of consideration for common control combination		—	(58,799)
Capital contributions from non-controlling interests		**665**	—
Net cash used in financing activities		**(40,061)**	(210,462)
Net increase in cash and cash equivalents		**110,465**	185,209
Cash and cash equivalents at the beginning of the year		**651,542**	472,540
Exchange losses on cash and cash equivalents		**(863)**	(6,207)
Cash and cash equivalents at the end of the year		**761,144**	651,542

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Sino-Ocean Service Holding Limited ("the Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Cayman Islands Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) on 15 April 2020. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 17 December 2020 (the "Listing").

The Company is an investment holding company. The Company and its subsidiaries (together "the Group") are primarily engaged in the provision of property management services, community value-added services and value-added services to non-property owners in the People's Republic of China (the "PRC").

The Company's immediate holding company is Shine Wind Development Limited, which was incorporated with limited liability in the British Virgin Islands ("BVI"). Its ultimate holding company is Sino-Ocean Group Holding Limited ("Sino-Ocean Group Company"), a limited liability company incorporated in Hong Kong on 12 March 2007, and its shares are listed on the Stock Exchange.

The consolidated financial statements are presented in Renminbi ("RMB") (which is also the Company's presentational currency), unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors on 24 March 2025.

Business combinations under common control

Acquisition of Sino-Ocean Mechatronics Equipment Technology Development Co., Ltd.* (遠洋機電設備技術發展有限公司) ("Sino-Ocean Mechatronics") and the adoption of merger accounting.

On 24 February 2023, Ocean Homeplus Property Service Corporation Limited* (遠洋億家物業服務股份有限公司) ("Ocean Homeplus"), a wholly-owned subsidiary of the Company, and Beijing Qianyuan Property Co., Ltd.* (北京乾遠置業有限公司) ("Beijing Qianyuan"), a wholly-owned subsidiary of Sino-Ocean Group Company, entered into an equity transfer agreement, pursuant to which Ocean Homeplus has conditionally agreed to acquire 100% equity interest in Sino-Ocean Mechatronics at a total consideration of RMB58,799,000 (note 35).

The acquisition is regarded as "business combination under common control" and is accounted for using the principles and procedures of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 (Revised) "Merger Accounting for Common Control Combinations" ("AG 5") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and as further explained in note 3.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (collectively "HKFRS Accounting Standards") issued by the HKICPA and the applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

Application of Amendments to HKFRS Accounting Standards

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA that are first effective and relevant for the current accounting period of the Group:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current
Amendments to HK Int 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments listed above in the current year has had no material effect on the Group's financial performance and positions for the current and prior year.

New and Amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective for the current accounting period. The Group has already commenced an assessment of the impact of these new and amendments to HKFRS Accounting Standards but is not yet in a position to state whether these new and amendments to HKFRS Accounting Standards would have a material impact on its results of operations and financial position:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1, Lack of Exchangeability	1 January, 2025
Amendments to HKFRS 9 and HKFRS 7, Classification and Measurement of Financial Instruments	1 January, 2026
Amendments to HKFRS 9 and HKFRS 7, Contracts Referencing Nature — dependent Electricity	1 January, 2026
Annual improvements to HKFRS Accounting Standards — Volume 11	1 January, 2026
HKFRS 18, Presentation and Disclosure in Financial Statements	1 January, 2027
HKFRS 19, Subsidiaries without Public Accountability: Disclosures	1 January, 2027
Amendments to HK Int 5, Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January, 2027
Amendments to HKFRS 10 and HKAS 28, Sales or Contribution of Assets between an Investor and its Associates or Joint venture	To be determined

3. ACCOUNTING POLICIES

Principles of consolidation and equity accounting

Consolidation

The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control commences until the date control ceases.

Equity accounting

The Group's interests in joint venture are those arrangements in which the Group has joint control, whereby the Group has rights to net assets of the arrangement than rights to its assets and obligations for its liabilities. The Group's interests in joint venture are account for using the equity method of accounting in which the investments are initially recognised at cost, which includes transaction costs, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of other comprehensive income of the investee in other comprehensive income until the date on which joint control ceases or is classifies as held for sales. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in "Impairment of non-financial assets" below.

Separate financial statements

Investments in subsidiaries are accounted for at cost, which includes transaction cost, and less impairment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable. Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments that dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Business combinations and merger accounting for business combination under common control

The Group applies the acquisition method to account for business combinations not under common control when the acquired set of activities and assets meet the definition of a business and control is transferred to the Group. The consideration transferred for the acquisition is generally measured at fair value as are the identifiable net asset acquired and any previously held equity interest in acquiree.

The Group recognises any non-controlling interest in the acquiree at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

3. ACCOUNTING POLICIES (CONTINUED)

Business combinations and merger accounting for business combination under common control (Continued)

Under merger accounting, the net assets of the combining entities are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirers' interest in the net fair value of acquirees' identifiable net assets over cost at the time of common control combinations, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combinations. The comparative amounts in the consolidated statement of financial position are presented as if the entities had been combined at the beginning of previous year unless they first came under common control at a later date.

Foreign currency translation

Foreign currency transactions are translated into the functional currency of the respective group companies using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the profit or loss. All foreign exchange gains and losses are presented in the consolidated statement of comprehensive income on a net basis within other gain/(losses).

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

	Estimated useful lives	**Estimated net residual value**
— Buildings	20 years	0%
— Office and operating equipment	2–10 years	0–5%
— Vehicles	2–10 years	0–5%
— Leasehold improvement	Estimated useful lives or remaining lease terms of related lease whichever is shorter	0%

3. ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains/(losses)" in the consolidated statement of comprehensive income.

When the use of a property changes from owner-occupied to investment property, the property is reclassified accordingly but not remeasured. The reclassification does not change the carrying amount of the property and they do not change the cost of that property.

Investment properties

Investment properties, principally units of commercial properties and office building, and parking spaces, are held to earn rentals. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of investment properties over their estimated useful lives of 20 years and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Intangible assets

(a) Goodwill

Goodwill arising on business combination represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous held equity interest in the acquiree over the fair value of the identified net assets acquired. They are measured at cost less accumulated impairment losses.

(b) Trademarks

Separately acquired trademarks with a finite useful life are initially measured at cost and are subsequently measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate their cost over their estimated useful lives of 13 years, with reference to the period of legal rights, including the renewal period and cost of renewal.

(c) Property management contracts and customer relationships

Property management contracts and customer relationships acquired in business combinations with a finite useful life are initially recognised at fair value at the acquisition date and are subsequently measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method over the expected useful lives of 7.75 to 10 years.

3. ACCOUNTING POLICIES (CONTINUED)

Intangible assets (Continued)

(d) Computer software

Acquired computer software programs are initially recognised at cost and subsequently measured at cost less accumulated amortisation and impairment losses. Taking into account of the continuity, the stability and simplicity of the service provided by the Group and the past experience of the actual useful life of computer software, these costs are amortised over their estimated useful lives 5 to 10 years.

Impairment of non-financial assets

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level at which the goodwill is monitored for internal management purposes. An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Financial assets

Recognition, classification and measurement

The Group classifies its financial assets measured at amortised cost.

Trade and note receivables without significant financing component are recognised initially at transaction price. All other financial assets are initially measures at its fair value plus, transaction costs that are directly attributable to their acquisition or issuance. For trade and note receivables, they are amounts due from customers for services performed in the ordinary course of business. If collection of trade and note receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. The Group holds the trade and note receivables together with other receivable and bank deposits with the objective to collect the contractual cash flows and its contractual terms give rise on specified dates to cashflows that are solely payments of principal and interest on the principal outstanding amount and therefore measures them subsequently at amortised cost using the effective interest method. Their gross carrying amount is reduced by impairment losses. Interest income from these financial assets is included in interest income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other losses, net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

Impairment

The Group recognised on a forward-looking basis the expected credit losses associated with its financial assets measured at amortised cost.

3. ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Impairment (Continued)

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade and note receivables, the Group applies the simplified approach permitted by Financial Instruments (“HKFRS 9”), using the provision matrix which requires lifetime expected credit losses to be recognised from initial recognition of the receivables. The provision matrix is determined based on historical observed default rates over the expected life of the trade and note receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. For details of the Group’s accounting for trade and note receivables and description of the Group’s impairment policies, see Notes 4.1.2 and 23.

Impairment on other financial assets are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. Note 4.1.2 details how the Group determines whether there has been a significant increase in credit risk. If a significant increase in credit risk has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is measured by using specific identification of their individual costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sales.

Trade and other payables

Trade payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3. ACCOUNTING POLICIES (CONTINUED)

Current and deferred income tax (Continued)

(a) Current income tax

The current income tax charge is calculated on the basis of the tax raises and tax laws enacted or substantively enacted at the end of the reporting period in the countries where the entity operate and generate taxable income. The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary difference or temporary differences arising on investments in subsidiaries and joint venture, where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(b) Pension obligations

The Group's contributions to the defined contribution pension plans are expensed as incurred.

3. ACCOUNTING POLICIES (CONTINUED)

Employee benefits (Continued)

(c) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(d) Bonus entitlements

Expected costs of bonus payments are recognised as liabilities when constructive obligations are present, as a result of services rendered by employees and reliable estimations of the obligations can be made.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Revenue recognition

The Group provides property management services on residential and other non-commercial properties, commercial operational and property management services on commercial properties, community value-added services and value-added services to non-property owners. Revenue from providing services is recognised in the accounting period in which the services are rendered.

When either party to a contract has performed, the Group presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

3. ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Property management services on residential and other non-commercial properties and commercial operational and property management services on commercial properties (collectively referred to as "property management" and "commercial operational services")

For property management services, the Group bills a fixed amount for services provided and recognises as revenue in the amount to which the Group has a right to bill and that corresponds directly with the value of performance completed on a monthly basis.

For property management services income from properties managed under lump sum basis, where the Group as a principal is primary responsible for providing the property management services to the property owners, the Group recognises the fee received or receivable from property owners as its revenue when the customer simultaneously benefits from the services provided by the Group.

For property management services income from properties managed under commission basis, where the Group recognises the commission, which is calculated by a pre-determined amount of the property management fee received or receivable from the properties units as its revenue over time for arranging and monitoring the services as provided by other suppliers and the Group to the property owners.

For commercial operational services, including pre-opening management and operation management services, the Group charges pre-opening management service fees at certain multiplier per monthly rent. The Group charges fees from providing operation management services typically as a fixed amount or a percentage of the operating income or the operating profit of the relevant shopping malls and office buildings. Revenue from commercial operational services are recognised in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

Value-added services to non-property owners

Value-added services to non-property owners mainly includes (i) Pre-delivery services to property developers, which mainly includes cleaning and security services to property developer, which are billed based on the pre-determined price and revenue is recognised when such services are provided; (ii) Consultancy services, which are billed based on the contract amount with property developers and revenue is recognised when the services are provided; (iii) Property engineering services mainly include engineering and maintenance services of intelligent security equipment. Revenue from engineering services is recognised overtime as the work progresses.

Community value-added services

Community value-added services mainly includes (i) Property brokerage services in relation to commission income from sales and rental of second-hand properties, which is billed to property owners and third parties immediately upon the services are provided and is recognised on a net basis at point in time; (ii) Revenue from community asset value-added services, which is recognised over the time when such services are rendered; (iii) Revenue from community living services are charged for each service provided and recognised when the relevant services are rendered or the relevant commodities delivered; (iv) Revenue from sales of parking spaces and properties are recognised when the control of the use rights of parking spaces and properties is transferred to and accepted by customer and is billable immediately.

3. ACCOUNTING POLICIES (CONTINUED)

Leases

(a) *The Group as a lessee*

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group except for short-term leases, which are recognised on a straight-line basis over the lease term as an expense.

Right-of-use assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

The right-of-use asset is subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the right-of-use asset is periodically reduced by any impairment loss and adjusted for certain remeasurements of lease liability.

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. It is subsequently measured at amortised cost under effective interest method and adjusted for certain remeasurement. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate, which is generally the case. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(b) *The Group as a lessor*

A lease is classified as an operating lease if it does not transfer substantially all of the risks and rewards incidental to ownership of an underlying asset. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the terms of the relevant lease.

The lease receivable under lease arrangements are recognised as "other receivables" in the consolidated statement of financial position.

Government grants

Government grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the period in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: interest rate risk, credit risk, foreign exchange risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The board of directors reviews and approves policies for managing each of these risks and they are summarised below.

4.1.1 Fair value interest rate risk

The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. Lease liabilities exposes the Group to fair value interest rate risk. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

Other than cash and cash equivalents and the Group has no other significant interest bearing assets. The directors of the Company do not anticipate there is any significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of the interest-bearing assets are not expected to change significantly.

As of 31 December 2024 and 2023, the Group has no floating-interests-rate interest bearing liabilities.

4.1.2 Credit risk

The Group is exposed to credit risk mainly in relation to its trade and note receivables, other receivables, restricted bank deposits and cash and cash equivalents. The carrying amounts of trade and note receivables, other receivables, restricted bank deposits and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) Cash in banks

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(ii) Trade and note receivables, current assets

The Group has a large number of customers and there was no concentration of credit risk. Credit risk mainly arises from credit exposure from property owners and third-party non-property owner customers, and related party customers. The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period based on historical settlements records and experience and adjusts for forward-looking information, to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade and note receivables. To measure the expected credit losses, trade and note receivables have been grouped based on shared credit risk characteristics and the aging. The expected credit loss measurement also incorporates forward-looking information.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

4.1.2 Credit risk (Continued)

(iii) Other receivables

Management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience and adjusts for forward-looking information, to ensure that adequate impairment losses are made for irrecoverable amounts.

Forward-looking information incorporated in the expected credit loss model

The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. It considers available reasonable and supportable forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of individual property owner or the debtor
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade and note receivables and contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12-month ECL
Watch list	The debtor repays frequently, and usually full settlement was received after the maturity date	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating that the debtor is in financial difficulty and no settlement was received after the maturity date	Lifetime ECL — credit impaired	Lifetime ECL — credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

4.1.2 Credit risk (Continued)

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12 month or lifetime ECL	Gross carrying amount 2024 RMB'000	Gross carrying amount 2023 RMB'000
Financial assets at amortised cost						
Trade and note receivables	23	—	(Note)	Lifetime ECL (not credit impaired and provision matrix)	**1,251,422**	1,099,924
			Loss	Lifetime ECL (credit impaired)	**494,915**	505,405
Other receivables	25	—	Low risk	12-month ECL	**486,852**	522,010
		—	Doubtful	Lifetime ECL (not credit impaired)	**112,847**	69,267
			Loss	Lifetime ECL (credit impaired)	**40,641**	32,185
Contract assets	24	—	Low risk	Lifetime ECL (not credit impaired)	**4,727**	17,413
Cash and cash equivalents and restricted bank deposits	26	AAA to AA+	Low risk	12-month ECL (assessed individually)	**780,505**	660,662

Note: For trade and note receivables, and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors which were credit-impaired (whose expected credit losses are assessed individually), the Group determines the expected credit losses on these items grouped by past due status for trade receivables.

The Group uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Based on the Group's assessment of historical credit loss experience of the existing debtors and all available forward-looking information, including but not limited to the expected economic conditions in the PRC and expected subsequent settlements, the Group does not consider that default occurs for those contractual payments that are more than 90 days past due.

The Group used estimated loss rates based on aging for classes with different credit risk characteristics and exposures, and the estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

4.1.2 Credit risk (Continued)

As of 31 December 2024 and 2023, the loss allowance of trade and note receivables (not credit impaired) based on collective impairment assessment was determined as follows:

	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Trade and note receivables due from related parties					
At 31 December 2023					
Expected loss rate	6.18%	21.07%	40.60%	98.36%	19.91%
Gross carrying amount (RMB'000)	150,686	133,730	27,628	17,101	329,145
Loss allowance provision (RMB'000)	9,315	28,175	11,218	16,820	65,528
At 31 December 2024					
Expected loss rate	**14.85%**	**34.21%**	**54.45%**	**87.25%**	**44.70%**
Gross carrying amount (RMB'000)	**48,631**	**49,985**	**61,522**	**32,357**	**192,495**
Loss allowance provision (RMB'000)	**7,222**	**17,098**	**33,501**	**28,230**	**86,051**

As of 31 December 2024 and 2023, the loss allowance of trade and note receivables (not credit impaired) based on collective impairment assessment was determined as follows:

	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Trade and note receivables due from third parties					
At 31 December 2023					
Expected loss rate	16.10%	39.29%	60.88%	97.92%	31.78%
Gross carrying amount (RMB'000)	459,852	191,435	57,638	61,854	770,779
Loss allowance provision (RMB'000)	74,047	75,216	35,089	60,566	244,918
At 31 December 2024					
Expected loss rate	**17.56%**	**39.74%**	**60.32%**	**76.61%**	**37.02%**
Gross carrying amount (RMB'000)	**476,491**	**291,044**	**187,763**	**103,629**	**1,058,927**
Loss allowance provision (RMB'000)	**83,695**	**115,675**	**113,258**	**79,387**	**392,015**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

4.1.2 Credit risk (Continued)

As of 31 December 2024 and 2023, the loss allowance of trade and note receivables (credit impaired) was determined as follows:

	2024			2023		
	Expected loss rate	**Gross carrying amount RMB'000**	**Loss allowance provision RMB'000**	Expected loss rate	Gross carrying amount RMB'000	Loss allowance provision RMB'000
Trade and note receivables due from related parties	**46.48%**	**494,915**	**230,030**	34.00%	505,405	171,858

Movements in loss allowance of trade and note receivables are as follows:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	**482,304**	228,458
Impairment loss recognised for the year	**246,852**	258,896
Write-off	**(21,060)**	(5,050)
At the end of the year	**708,096**	482,304

The loss allowance was measured at an amount equal to lifetime expected credit losses under the simplified approach for trade and note receivables. The changes in the loss allowance was mainly due to the additional loss allowance on property management service contracts at the reporting date under the expected credit loss model during the year.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

4.1.2 Credit risk (Continued)

As at 31 December 2024 and 2023, the loss allowance of other receivables (excluding prepayments) (not credit impaired) was determined as follows:

	2024			2023		
	Expected loss rate	**Gross carrying amount RMB'000**	**Loss allowance provision RMB'000**	Expected loss rate	Gross carrying amount RMB'000	Loss allowance provision RMB'000
Other receivables due from related parties	**26.36%**	**469,048**	**123,648**	26.72%	464,776	124,187
Other receivables due from third parties	**13.61%**	**130,651**	**17,782**	12.90%	126,501	16,313
Total		**599,699**	**141,430**		591,277	140,500

As of 31 December 2024 and 2023, the loss allowance of other receivables (excluding prepayments) (credit impaired) was determined as follows:

	2024			2023		
	Expected loss rate	**Gross carrying amount RMB'000**	**Loss allowance provision RMB'000**	Expected loss rate	Gross carrying amount RMB'000	Loss allowance provision RMB'000
Other receivables due from related parties	**61.19%**	**39,695**	**24,290**	61.53%	31,527	19,397
Other receivables due from third parties	**61.63%**	**946**	**583**	62.01%	658	408
Total		**40,641**	**24,873**		32,185	19,805

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

4.1.2 Credit risk (Continued)

Movements of the provision for impairment loss on other receivables are as follows:

	12-month ECL RMB'000	Lifetime ECL — not credit impaired RMB'000	Lifetime ECL — credit impaired RMB'000	Total RMB'000
Balance as at 1 January 2023	—	4,359	303,354	307,713
Net remeasurement of loss allowance	—	30,969	(134,996)	(104,027)
New financial assets originated	105,172	—	—	105,172
Written off	—	—	(2,449)	(2,449)
Financial assets that have been derecognised	—	—	(146,104)	(146,104)
Balance as at 31 December 2023 and 1 January 2024	**105,172**	**35,328**	**19,805**	**160,305**
Transfer to lifetime ECL not credit-impaired/credit-impaired	**(11,100)**	**10,180**	**920**	**—**
Net remeasurement of loss allowance	**(22,890)**	**5,065**	**1,466**	**(16,359)**
New financial assets originated	**12,963**	**6,712**	**3,854**	**23,529**
Written off	**—**	**—**	**(1,172)**	**(1,172)**
Balance as at 31 December 2024	**84,145**	**57,285**	**24,873**	**166,303**

As of 31 December 2024 and 2023, the loss allowance provision for trade and note receivables and other receivables (excluding prepayments) reconciles to the opening loss allowance for that provision as follows:

	Trade and note receivables			Other receivables (excluding prepayments)			
	Due from related parties RMB'000	Due from third parties RMB'000	Total RMB'000	Due from related parties RMB'000	Due from third parties RMB'000	Total RMB'000	Total RMB'000
At 1 January 2023	100,130	128,328	228,458	280,172	27,541	307,713	536,171
Provision for/(reversal of provision for) loss allowance recognised in profit or loss	137,256	121,640	258,896	9,516	(8,371)	1,145	260,041
Loss allowance write-off	—	(5,050)	(5,050)	—	(2,449)	(2,449)	(7,499)
Financial assets that have been derecognised	—	—	—	(146,104)	—	(146,104)	(146,104)
At 31 December 2023 and 1 January 2024	**237,386**	**244,918**	**482,304**	**143,584**	**16,721**	**160,305**	**642,609**
Provision for/(reversal of provision for) loss allowance recognised in profit or loss	**78,695**	**168,157**	**246,852**	**4,616**	**2,554**	**7,170**	**254,022**
Loss allowance write-off	**—**	**(21,060)**	**(21,060)**	**(262)**	**(910)**	**(1,172)**	**(22,232)**
At 31 December 2024	**316,081**	**392,015**	**708,096**	**147,938**	**18,365**	**166,303**	**874,399**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

4.1.2 Credit risk (Continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, the failure of a debtor to engage in a repayment plan with the Group.

As of 31 December 2024, the gross amount of trade and note receivables and other receivables (excluding prepayments) was RMB2,386,677,000 (2023: 2,228,791,000), and the maximum exposure to loss was RMB1,512,278,000 (2023: RMB1,586,182,000).

4.1.3 Foreign exchange risk

The Group's businesses are principally conducted in RMB, which is the functional currency of the group companies. Foreign currency transactions mainly represents payment of dividend which is dominated in HKD. As at 31 December 2024 and 2023, major non-RMB monetary assets are cash and cash equivalents denominated in HKD and USD. Fluctuation of the exchange rates of RMB against foreign currencies could affect the Group's results of operations. The Group currently does not have a foreign currency hedging policy, and manage its foreign currency risk by closely monitoring the movement of foreign currency rate.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in RMB, was as follow:

	2024 HKD RMB'000	2023 HKD RMB'000
Cash and cash equivalents	**341**	322

The aggregate net foreign exchange losses recognised in profit or loss were:

	2024 RMB'000	2023 RMB'000
Net foreign exchange losses included in other losses	**863**	6,207

The following table shows the sensitivity analysis of a 5% change in RMB against HKD and USD. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% appreciation/depreciation in RMB against the relevant currencies, the effect on the profit for the year is as follows:

	2024 RMB'000	2023 RMB'000
5% increase in RMB against HKD and USD	**(17)**	(16)
5% decrease in RMB against HKD and USD	**17**	16

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (Continued)

4.1.4 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Contractual maturities of financial liabilities					
At 31 December 2024					
Trade and other payables (excluding payroll and welfare payables and other tax payables)	**856,982**	**126,139**	**237,511**	**—**	**1,220,632**
Lease liabilities	**1,832**	**1,726**	**2,779**	**—**	**6,337**
	858,814	**127,865**	**240,290**	**—**	**1,226,969**
Contractual maturities of financial liabilities					
At 31 December 2023					
Trade and other payables (excluding payroll and welfare payables and other tax payables)	758,513	197,855	203,099	—	1,159,467
Lease liabilities	5,867	486	1,598	483	8,434
	764,380	198,341	204,697	483	1,167,901

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total debt (including lease liabilities) less cash and cash equivalents.

As of 31 December 2024 and 2023 and the gearing ratio of the Group is as follows:

	2024	2023
	RMB'000	RMB'000
Lease liabilities	**5,611**	7,666
Less: cash and cash equivalents	**(761,144)**	(651,542)
Net cash	**(755,533)**	(643,876)
Total equity	**2,136,615**	2,145,710

The Group's gearing ratio was not applicable as of 31 December 2024 and 2023 due to a net cash position.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Loss allowances assessment of trade and note receivables

The Group makes allowances on trade and note receivables based on assumptions about risk of default and expected loss rates. The Group used judgment in making these assumptions and selecting the inputs to the impairment calculations, based on the Group's historical observed default rates, financial position, ageing profile of receivable balances, and other factors, and taking into account of current market conditions and forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and note receivables and net impairment losses on financial assets in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 4.1.2 above.

(b) Loss allowances assessment of other receivables (excluding prepayments)

The Group makes loss allowance on other receivables (excluding prepayments) based on an assessment of 12-month and the lifetime expected credit losses, including an assessment of the risk of default and the expected loss rate. In performing the assessment, management considered the credit quality of debtors by considering their historical observed default rates, financial position and other factors, and taking into account of current market conditions and forward looking estimates at the end of each reporting period.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Impairment assessment of property management contracts and customer relationships, and goodwill

The Group tests whether property management contracts and customer relationships, and goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 3, where the recoverable amounts of the CGU is determined based on value-in-use (the "VIU") calculations. Which is assessed to be higher than fair value less costs of disposal. These calculations require the use of estimates. Details of impairment assessment, key assumptions and impact of possible changes in key assumptions are disclosed in Note 19.

(d) Estimation of the useful life of property management contracts and customer relationships identified in business combinations

The directors determined the useful life of property management contracts with reference to the term of outstanding contract and the useful life of customer relationship with reference to each existing contract based on contract expiring dates, historical trend of termination or renewal rate, experience in the property management industry and to the useful life of customer relationship used by industry peers. However, the actual useful life may be shorter or longer than estimate depending on acquirees' ability to secure its contracts and relationships with property developers or renew the contracts with property owners' associations in the future. Where the actual useful life is different from the original estimate, such difference will impact the carrying amount of these intangible assets and the amortisation expenses in the periods in which such estimate has been changed.

(e) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Deferred tax assets relating to certain deductible temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

6. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of the Company. During the years ended 31 December 2024 and 2023, the Group is principally engaged in the provision of property management and commercial operational services, community value-added services and value-added services to non-property owners in the PRC. Management reviews the operating results of the business by geography, but these operating segments are aggregated into a single operating segment as the nature of services, the type of customers for services, the methods used to provide their services and the nature of regulatory environment is same in different regions.

As at 31 December 2024 and 2023, all of the non-current assets were located in the PRC.

The major operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC during the years ended 31 December 2024 and 2023.

7. REVENUE AND COST OF SALES AND SERVICES

Revenue mainly comprises of proceeds from property management and commercial operational services, community value-added services and value-added services to non-property owners. An analysis of the Group's revenue and cost of sales by category for the years ended 31 December 2024 and 2023 is as follows:

	2024		2023	
	Revenue RMB'000	**Cost of sales and services RMB'000**	Revenue RMB'000	Cost of sales and services RMB'000
Type of goods or services				
Property management and commercial operational services				
a) Property management services on residential properties and other non-commercial properties	**1,729,286**	**1,467,519**	1,698,024	1,411,374
b) Commercial operational and property management services on commercial properties	**353,721**	**294,066**	507,818	432,357
Community value-added services	**489,250**	**337,273**	544,404	379,769
Value-added services to non-property owners	**267,772**	**223,891**	382,963	311,970
	2,840,029	**2,322,749**	3,133,209	2,535,470
Timing of revenue recognition				
Over time	**2,566,825**	**2,088,497**	2,729,131	2,198,956
Point in time	**179,749**	**166,619**	213,843	189,149
	2,746,574	**2,255,116**	2,942,974	2,388,105
Revenue from other sources				
Rental income	**93,455**	**67,633**	190,235	147,365

For the year ended 31 December 2024, revenue from entities controlled by Sino-Ocean Group, joint ventures and associates of Sino-Ocean Group and the shareholder of ultimate holding company of the Group ("These Customers") contributed 9% (2023: 15%) of the Group's revenue. Other than these customers, the Group has a large number of customers, none of whom contributed approximately 10% or more of the Group's revenue during the years ended 31 December 2024 and 2023.

7.1 Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	2024 RMB'000	2023 RMB'000
Contract liabilities		
— Related parties (Note 36(d))	**12,923**	21,954
— Third parties	**481,194**	496,110
	494,117	518,064

(i) Significant changes in contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. The Group recognises revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value to the customer of the Group's performance completed to date. The Group bills the amount for services provided on a monthly or quarterly basis, or pre-charges service fee on a yearly basis. The decrease in contract liabilities was mainly due to the less advance payments made by customers.

7. REVENUE AND COST OF SALES AND SERVICES (CONTINUED)

7.1 Contract liabilities (Continued)

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2024 **RMB'000**	2023 RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
— Property management and commercial operational services	**368,537**	327,466
— Community value-added services	**105,136**	100,804
— Value-added services to non-property owners	**16,394**	7,684
	490,067	435,954

(iii) Unsatisfied performance obligations

For property management and commercial operational services, community value-added services and value-added services to non-property owners, 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 or quarterly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations that were unsatisfied or partially unsatisfied as of the end of the year for these types of contracts.

For sales of parking spaces, properties, consumables and merchandises, included in community value-added services and value-added services to non-property owners, the performance obligation is satisfied when control of the asset is transferred to the customers. The payment is due immediately when the customer obtains the physical possession and/or the legal title of the parking spaces, properties, consumables and goods. There were no remaining performance obligations unsatisfied or partially satisfied as of 31 December 2024 and 2023.

(iv) Assets recognised from incremental cost to obtain a contract

For the years ended 31 December 2024 and 2023, no significant incremental cost was incurred to obtain a contract.

8. OTHER INCOME

	2024 **RMB'000**	2023 RMB'000
Government grants (note)	**13,473**	16,518
Interest income from bank deposits	**4,152**	5,277
Written off of account payables	**1,036**	5,761
Others	**1,550**	2,148
	20,211	29,704

Note:

Government grants mainly represented financial support funds from local government and additional deduction of input value-added tax applicable to certain subsidiaries of the Group.

9. OTHER (LOSSES)/GAINS

	2024 RMB'000	2023 RMB'000
(Loss)/Gain on disposal of property, plant and equipment	**(95)**	127
Loss on disposal of intangible assets	**—**	(272)
Loss on disposal of investment property	**(1,057)**	—
Gain on disposal of investment in a joint venture	**—**	20,559
Loss on disposal of a subsidiary	**(719)**	—
Net foreign exchange losses	**(863)**	(6,207)
Others	**(5)**	—
	(2,739)	14,207

10. EXPENSES BY NATURE

	2024 RMB'000	2023 RMB'000
Employee benefit expenses (Note 11)	**871,281**	970,901
Outsourced security, greening and cleaning expenses	**856,041**	907,892
Maintenance expenses and utilities	**438,963**	423,095
Cost of consumables and construction materials	**30,147**	59,122
Cost of merchandises sold	**75,451**	40,975
Cost of selling parking spaces and properties	**17,009**	39,340
Net impairment losses on inventories	**23,003**	30,476
Sub-contract expenses for home improvement and property agency services	**22,935**	27,548
Office-related expenses	**85,205**	104,263
Depreciation and amortisation charges (Note 17,18,19,20)	**58,183**	122,847
Community activities expenses	**20,981**	22,351
Taxes and surcharges	**14,618**	14,394
Auditors' remuneration		
— Audit services	**2,830**	2,830
— Non-audit services	**950**	1,750
Others	**54,736**	62,946
	2,572,333	2,830,730

11. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS)

	2024 RMB'000	2023 RMB'000
Wages and salaries	**670,659**	733,890
Bonuses	**—**	16,319
Pension costs (a)	**85,280**	67,880
Housing funds, medical insurances and other social insurances	**74,893**	110,962
Other employee benefits (b)	**40,449**	41,850
	871,281	970,901

11. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS) (CONTINUED)

(a) The Group only operates defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

There is no mechanism for using forfeited contributions (by employers on behalf of employees who leave the pension plans prior to vesting fully in such contributions) to reduce the Group's level of contributions to the defined contribution pension plans and no forfeited contributions were used to reduce the Group's level of contributions for the year ended 31 December 2024 (2023: Nil).

(b) Other employee benefits mainly include meal, traveling and festival allowances.

(c) Five highest paid individuals

For the year ended 31 December 2024, the five individuals whose emoluments were the highest in the Group include 2 directors (2023: 2), whose emoluments are reflected in the analysis shown in Note 39. The emoluments payable to the remaining 3 individuals (2023: 3 individuals) during the year are as follow:

	2024 **RMB'000**	2023 RMB'000
Wages and salaries	**3,180**	2,648
Bonuses	**763**	2,049
Pension costs	**189**	189
Housing allowances, other allowances and benefits in kind	**265**	259
	4,397	5,145

The emoluments fell within the following bands:

	Number of individuals	
	2024	2023
Emolument bands (in HKD)		
1,000,001–1,500,000	**3**	—
1,500,001–2,000,000	**—**	3
	3	3

(d) During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for losses of office.

12. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest expense for lease liabilities	**586**	762

13. SUBSIDIARIES

The Group's principal subsidiaries as of 31 December 2024 are set out below. Unless otherwise stated, the proportion of ownership interests held equals to the voting rights held by the Group.

	Name of company	Place of incorporation/ kind of legal entity	Principal activities and place of operation	Issued/paid-in capital (in thousand)	Attributable equity interest of the Group		Ownership interest held by non-controlling interests	
					2024	2023	**2024**	2023
(1)	Harvest Team Global Limited	BVI, Limited Company	Investment holding in BVI	USD–	**100%**	100%	**–**	–
(2)	Park Star Global Limited	BVI, Limited Company	Investment holding in BVI	USD–	**100%**	100%	**–**	–
(3)	Super Lucky Investment Limited	Hong Kong, Limited Company	Investment holding in Hong Kong	HKD–	**100%**	100%	**–**	–
(4)	Talent Bright Creation Limited	Hong Kong, Limited Company	Investment holding in Hong Kong	HKD–	**100%**	100%	**–**	–
(5)	北京遠璟榮達企業管理服務有限公司	The PRC, Limited Liability Company	Investment holding in Mainland of the PRC	RMB558,900	**100%**	100%	**–**	–
(6)	北京遠璟瑞達企業管理服務有限公司	The PRC, Limited Liability Company	Investment holding in Mainland of the PRC	RMB226,900	**100%**	100%	**–**	–
(7)	北京卓遠瑞通企業管理服務有限公司	The PRC, Limited Liability Company	Investment holding in Mainland of the PRC	RMB558,700	**100%**	100%	**–**	–
(8)	北京卓遠瑞合企業管理服務有限公司	The PRC, Limited Liability Company	Investment holding in Mainland of the PRC	RMB226,700	**100%**	100%	**–**	–
(9)	遠洋億家物業服務股份有限公司("Ocean Homeplus")	The PRC, Limited Liability Company	Property management in Mainland of the PRC	RMB704,000	**100%**	100%	**–**	–
(10)	中遠酒店物業管理有限公司	The PRC, Limited Liability Company	Property management in Mainland of the PRC	RMB12,667	**100%**	100%	**–**	–
(11)	大連遠洋基業物業管理有限公司	The PRC, Limited Liability Company	Property management in Mainland of the PRC	RMB5,000	**100%**	100%	**–**	–
(12)	中山遠洋物業服務有限公司	The PRC, Limited Liability Company	Property management in Mainland of the PRC	RMB3,000	**100%**	100%	**–**	–

13.SUBSIDIARIES (CONTINUED)

	Name of company	Place of incorporation/ kind of legal entity	Principal activities and place of operation	Issued/paid-in capital (in thousand)	Attributable equity interest of the Group		Ownership interest held by non-controlling interests	
					2024	2023	**2024**	2023
(13)	北京億洋時代樓宇科技有限公司	The PRC, Limited Liability Company	Repair and maintenance services in Mainland of the PRC	RMB8,000	**100%**	100%	**–**	–
(14)	山東聯泰物業服務有限公司 ("Shandong Liantai")	The PRC, Limited Liability Company	Property management in Mainland of the PRC	RMB5,000	**80%**	80%	**20%**	20%
(15)	遠洋億家物業服務南通有限公司("Ocean Nantong")	The PRC, Limited Liability Company	Property management in Mainland of the PRC	RMB3,000	**60%**	60%	**40%**	40%
(16)	杭州遠洋新時代物業管理有限公司 ("Hangzhou New Era")	The PRC, Limited Liability Company	Property management in Mainland of the PRC	RMB3,000	**60%**	60%	**40%**	40%
(17)	湖南遠洋億家相成物業管理有限公司 ("Xiangcheng Wuye")	The PRC, Limited Liability Company	Property management in Mainland of the PRC	RMB5,000	**60%**	60%	**40%**	40%
(18)	億雲智慧(北京)信息技術發展有限公司	The PRC, Limited Liability Company	Information technology service in Mainland of the PRC	RMB–	**100%**	100%	**–**	–
(19)	廣東遠洵物業服務有限公司	The PRC, Limited Liability Company	Property management in Mainland of the PRC	RMB2,000	**51%**	51%	**49%**	49%
(20)	鄭州遠鑫物業服務有限公司	The PRC, Limited Liability Company	Property management in Mainland of the PRC	RMB–	**100%**	100%	**–**	–
(21)	平潭億暉企業諮詢有限公司	The PRC, Limited Liability Company	Commercial operational services in Mainland of the PRC	RMB–	**100%**	100%	**–**	–

13. SUBSIDIARIES (CONTINUED)

	Name of company	Place of incorporation/ kind of legal entity	Principal activities and place of operation	Issued/paid-in capital (in thousand)	Attributable equity interest of the Group		Ownership interest held by non-controlling interests	
					2024	2023	**2024**	2023
(22)	平潭億博企業諮詢有限公司	The PRC, Limited Liability Company	Commercial operational services in Mainland of the PRC	RMB–	**100%**	100%	**–**	–
(23)	浙江遠甌物業管理有限公司 ("Zhejiang Yuanou")	The PRC, Limited Liability Company	Property management in Mainland of the PRC	RMB6,675	**80%**	80%	**20%**	20%
(24)	北京應維科技服務有限公司 (a)	The PRC, Limited Liability Company	Information technology service in Mainland of the PRC	RMB10,000	**–**	51%	**–**	49%
(25)	河南遠洋和諧物業服務有限公司 ("Henan Hexie")	The PRC, Limited Liability Company	Property management in Mainland of the PRC	RMB10,000	**51%**	51%	**49%**	49%
(26)	天津熙合供應鏈服務有限公司 ("Tianjin Xihe")	The PRC, Limited Liability Company	Property management in Mainland of the PRC	RMB–	**100%**	100%	**–**	–
(27)	北京頤景融德企業管理諮詢有限公司	The PRC, Limited Liability Company	Leasing and commercial services in Mainland of the PRC	RMB–	**100%**	100%	**–**	–
(28)	上海遠擇物業管理有限公司 ("Shanghai Far Choice")	The PRC, Limited Liability Company	Property management in Mainland of the PRC	RMB5,000	**100%**	100%	**–**	–
(29)	福州遠擇品唯物業服務有限公司	The PRC, Limited Liability Company	Property management in Mainland of the PRC	RMB5,000	**60%**	60%	**40%**	40%
(30)	湖南紅星品唯物業服務有限公司	The PRC, Limited Liability Company	Property management in Mainland of the PRC	RMB–	**80%**	80%	**20%**	20%

13. SUBSIDIARIES (CONTINUED)

	Name of company	Place of incorporation/ kind of legal entity	Principal activities and place of operation	Issued/paid-in capital (in thousand)	Attributable equity interest of the Group		Ownership interest held by non-controlling interests	
					2024	2023	**2024**	2023
(31)	瀋陽遠擇星輝物業管理有限公司	The PRC, Limited Liability Company	Property management in Mainland of the PRC	RMB5,100	**100%**	100%	**–**	–
(32)	天津遠擇星馳物業管理有限公司	The PRC, Limited Liability Company	Community services, repair and other services in Mainland of the PRC	RMB5,100	**100%**	100%	**–**	–
(33)	烏魯木齊遠擇星馳物業服務有限公司	The PRC, Limited Liability Company	Community services, repair and other services in Mainland of the PRC	RMB–	**100%**	100%	**–**	–
(34)	蘇州遠擇品唯物業管理有限公司	The PRC, Limited Liability Company	Property management in Mainland of the PRC	RMB5,000	**100%**	100%	**–**	–
(35)	西安紅星星輝物業管理有限公司 (c)	The PRC, Limited Liability Company	Property management in Mainland of the PRC	RMB–	**–**	51%	**–**	49%
(36)	遠洋機電設備技術發展有限公司 ("Sino-Ocean Mechatronics")	The PRC, Limited Liability Company	Property engineering services in Mainland of the PRC	RMB–	**100%**	100%	**–**	–

* The English name of the subsidiaries represents the best efforts made by the management of the Group in translating their Chinese name as they do not have official English name.

(a) During the year ended 31 December 2024, the Group deregistered 北京應維科技服務有限公司.

(b) As of 31 December 2024, the total non-controlling interests are RMB40,348,000 (2023: RMB46,513,000). No subsidiaries have non-controlling interests that are individually material to the Group.

(c) During the year ended 31 December 2024, the Group disposed 51% equity interests of 西安紅星星輝物業管理有限公司 (note 37).

14. INVESTMENTS IN JOINT VENTURES

Set out below are the joint ventures of the Group as of 31 December 2024 and 2023 which, in the opinion of the directors, are not individually material to the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of company	Place of business/country of incorporation	% of ownership interest As of 31 December		Nature of relationship	Measurement method	Carry amount As of 31 December	
		2024	2023			**2024 RMB'000**	2023 RMB'000
Beijing Best Technology Service Co., Ltd. 北京百思得科技服務有限責任公司 ("Beijing Best") (i)	Cleaning services in Beijing, PRC	**30%**	30%	Joint venture	Equity method	**22,452**	22,030
Beijing Indigo Property Service Co., Ltd. 北京頤堤港物業服務有限公司 ("Beijing Indigo")	Property management in Beijing, PRC	**50%**	50%	Joint venture	Equity method	**27,496**	27,672
Chongqing Tengji Property management Co., Ltd. 重慶騰基物業管理有限公司 ("Chongqing Tengji") (i)	Property management in Chongqing, PRC	**49%**	49%	Joint venture	Equity method	**–**	890

* The English names of the joint ventures represent the best efforts made by the management of the Group in translating their Chinese names as they do not have official English names.

(i) Although the Group holds less than 50% of the equity interests of these entities, according to the Articles of Association of these entities, the Group exercises joint control with the counterparties in the strategic financial and operating decisions of these entities. Accordingly, these entities are accounted for as joint ventures of the Group.

14. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The movement in investments in joint ventures in the consolidated statement of financial position is as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	**50,592**	59,359
Share of loss from investments in joint ventures	**(644)**	(8,767)
At end of year	**49,948**	50,592

As of 31 December 2024 and 2023, there were no significant contingent liabilities or commitments relating to the Group's investments in the joint ventures. The summarised financial information of the individually immaterial joint ventures on an aggregate basis is as follows:

	2024 RMB'000	2023 RMB'000
Carrying amounts in the consolidated financial statements	**49,948**	50,592
Share of results	**(644)**	(8,767)
Share of total comprehensive income	**(644)**	(8,767)

15. INCOME TAX (CREDIT)/EXPENSE

This note provides an analysis of the Group's income tax (credit)/expense and shows how the tax (credit)/expense is affected by non-assessable and non-deductible items.

	2024 RMB'000	2023 RMB'000
Current income tax		
— PRC corporate income tax — current tax	**73,723**	93,651
— PRC corporate income tax — over provision in prior years	**(951)**	(16,886)
— PRC land appreciation tax	**(55)**	643
Deferred income tax (Note 31)		
— origination and reversal of temporary difference	**(40,733)**	(59,680)
— change in tax rate	**(45,245)**	5,965
	(13,261)	23,693

15. INCOME TAX (CREDIT)/EXPENSE (CONTINUED)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2024 RMB'000	2023 RMB'000
Profit before income tax	**15,329**	63,694
Tax calculated at a tax rate of 25%	**3,832**	15,924
Tax effects of:		
Share of loss on joint ventures	**161**	2,192
Higher tax rate for the appreciation of land in the PRC	**(44)**	514
Expenses not deductible for tax purposes	**3,516**	10,210
Effect on opening deferred tax assets or liabilities resulting from change in applicable tax rate	**(45,245)**	5,965
Write down of deferred income tax assets	**20,667**	6,277
Tax losses and deductible temporary difference not recognised	**8,418**	4,635
Over provision in prior years	**(951)**	(16,886)
Utilisation of tax loss previously not recognised	**(1,310)**	(427)
Differences in tax rate	**(2,404)**	(4,971)
Others	**99**	260
Income tax (credit)/expense	**(13,261)**	23,693

(a) Cayman Islands income tax

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

(b) Hong Kong profits tax

No provision for Hong Kong profits tax was made as the Group did not have assessable income subject to Hong Kong profits tax for the years ended 31 December 2024 and 2023.

(c) PRC corporate income tax

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable income for the year, based on the existing legislation, interpretations and practices in respect thereof.

The general corporate income tax rate in the PRC is 25%. Certain subsidiaries of the Group in the PRC are High-New Technology Enterprise ("HNTE"), and they are subject to a preferential income tax rate of 15%. The qualification as a HNTE will be subjected to renew by the relevant tax authority in the PRC for every three years. One of the subsidiaries is not qualified as HNTE for the year end 31 December 2024 and is subject to general corporate income tax rate of 25%.

Certain subsidiaries of the Group in the PRC are qualified as small and micro businesses and enjoy preferential income tax rate of 5%.

15. INCOME TAX (CREDIT)/EXPENSE (CONTINUED)

(d) PRC land appreciation tax ("LAT")

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

(e) PRC withholding income tax

According to the Corporate Income Tax Law of the PRC, starting from 1 January 2008, a 10% withholding tax is levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

Gain on disposal of an investment in the PRC by overseas holding companies and intra-group charges to the PRC subsidiaries by overseas subsidiaries may also be subject to withholding tax of 10%.

16. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2024 **RMB'000**	2023 RMB'000
Profit attributable to owners of the Company used in the basic earnings per share calculation (RMB'000)	**28,915**	42,148
Weighted average number of ordinary shares in issue (in thousands)	**1,184,000**	1,184,000
Basic and diluted earnings per share for profit attributable to the owners of the Company during the year (expressed in RMB per share)	**0.024**	0.036

For the years ended 31 December 2024 and 2023, diluted earnings per share was equal to the basic earnings per share as there were no dilutive potential ordinary shares.

17.INVESTMENT PROPERTIES

	Commercial properties and office buildings RMB'000 (Note i)	Parking spaces RMB'000 (Note ii)	Total RMB'000
COST			
At 1 January 2023	117,410	—	117,410
Additions	—	28,821	28,821
Disposals	(75,581)	—	(75,581)
At 31 December 2023 and 1 January 2024	**41,829**	**28,821**	**70,650**
Additions	**—**	**908**	**908**
Transfer from property, plant and equipment	**74,187**	**—**	**74,187**
Disposals	**(41,829)**	**—**	**(41,829)**
At 31 December 2024	**74,187**	**29,729**	**103,916**
ACCUMULATED DEPRECIATION AND IMPAIRMENT			
At 1 January 2023	11,141	—	11,141
Provided for the year	67,054	—	67,054
Disposals	(75,581)	—	(75,581)
Impairment	6,504	—	6,504
At 31 December 2023 and 1 January 2024	**9,118**	**—**	**9,118**
Provided for the year	**2,210**	**1,487**	**3,697**
Transfer from property, plant and equipment	**6,973**	**—**	**6,973**
Disposals	**(10,717)**	**—**	**(10,717)**
Impairment	**5,375**	**—**	**5,375**
At 31 December 2024	**12,959**	**1,487**	**14,446**
CARRYING VALUES			
At 31 December 2024	**61,228**	**28,242**	**89,470**
At 31 December 2023	32,711	28,821	61,532

17. INVESTMENT PROPERTIES (CONTINUED)

Amounts recognised in profit or loss for investment properties

	2024 **RMB'000**	2023 RMB'000
Rental income	**2,479**	66,237
Direct operating expenses	**(3,697)**	(67,054)

The investment properties are leased to independent third parties. The investment properties are situated on land in PRC.

Note:

(i) The fair value of office buildings as at 31 December 2024 was approximately RMB62,100,000. The fair value was determined by management, with reference to recent market prices of similar properties as observable input. The recoverable amount was based on the fair value less cost of disposal, which amounted to approximately RMB61,228,000. At the end of reporting period, an impairment loss of RMB5,375,000 was recognised as the office properties market in PRC was deteriorated due to the weak economy during the year ended 31 December 2024.

The fair value of office buildings are determined based on the market observable comparable prices of similar properties ranging from RMB1,222 to RMB13,283 per sq. feet, and adjusted by taking into account, mainly location, size, floor, view and year of completion. The higher the price, the higher the fair value. The fair value is based on observable inputs other than unadjusted quoted price and corroborated by observable market data, and is therefore under level 2 hierarchy.

The fair value less cost of disposal of the commercial properties as at 31 December 2023 was approximately RMB32,711,000. The fair value was determined by management, based on the tenancy agreements as at the respective valuation dates. The rental income derived within the tenancy agreements are discounted by adopting term yields and the potential reversionary income are discounted by adopting appropriate reversionary yields for the period beyond the rental period in the tenancy agreements. At the end of reporting period, an impairment loss of RMB6,504,000 was recognised as the commercial properties market in PRC was deteriorated due to the weak economy during the year ended 31 December 2023. The fair value is based on unobservable inputs and is therefore under level 3 hierarchy.

(ii) The fair value of the parking spaces as at 31 December 2024 was approximately RMB28,950,000 (2023: RMB31,831,000). The fair value was determined by management, with reference to recent rental market of similar parking spaces as observable input. At the end of reporting period, no impairment of the carkparks is considered.

The fair value of the parking spaces are determined based on the rental market observable comparable prices of similar parking spaces ranging from RMB900 to RMB1,000 per each parking space per month (2023: from RMB900 to RMB1,000 per each parking space per month), and adjusted by taking into account, mainly location, zoning and permitted land use, accessibility, size and surrounding. The higher the price, the higher the fair value. The fair value is based on observable inputs other than unadjusted quoted price and corroborated by observable market data, and is therefore under level 2 hierarchy.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RMB'000	Office and operating equipment RMB'000	Vehicles RMB'000	Leasehold improvement RMB'000	Total RMB'000
COST					
At 1 January 2023	87,093	54,555	5,088	29,103	175,839
Additions	941	5,966	312	1,012	8,231
Disposals	—	(3,222)	(956)	(6,188)	(10,366)
At 31 December 2023 and 1 January 2024	**88,034**	**57,299**	**4,444**	**23,927**	**173,704**
Additions	**—**	**2,995**	**106**	**8,096**	**11,197**
Transfer to investment property	**(74,187)**	**—**	**—**	**—**	**(74,187)**
Disposals	**—**	**(3,192)**	**(49)**	**(7,820)**	**(11,061)**
At 31 December 2024	**13,847**	**57,102**	**4,501**	**24,203**	**99,653**
ACCUMULATED DEPRECIATION					
At 1 January 2023	925	38,591	3,007	21,150	63,673
Provided for the year	4,376	6,216	615	3,973	15,180
Disposals	—	(3,152)	(800)	(5,929)	(9,881)
At 31 December 2023 and 1 January 2024	**5,301**	**41,655**	**2,822**	**19,194**	**68,972**
Provided for the year	**3,777**	**5,451**	**530**	**3,993**	**13,751**
Transfer to investment property	**(6,973)**	**—**	**—**	**—**	**(6,973)**
Disposals	**—**	**(3,027)**	**(41)**	**(7,515)**	**(10,583)**
At 31 December 2024	**2,105**	**44,079**	**3,311**	**15,672**	**65,167**
CARRYING VALUES					
At 31 December 2024	**11,742**	**13,023**	**1,190**	**8,531**	**34,486**
At 31 December 2023	82,733	15,644	1,622	4,733	104,732

As at 31 December 2024, leasehold land and buildings with remaining lease period of 16 to 17 years (2023: 17 to 19 years) and net carrying amount of RMB11,742,000 (2023: RMB82,733,000) include both leasehold land and building elements of properties. The consideration paid by the Group for the acquisition of these properties could not be allocated reliably between the non-lease building element and undivided interest in the underlying leasehold land, hence the balances of the entire properties are classified as property, plant and equipment. The buildings are situated in the PRC and are for own use under medium-term lease. No property, plant and equipment is restricted or pledged as security for liabilities as of 31 December 2024 and 2023.

Depreciation expenses were charged to the following categories in the consolidated statement of comprehensive income:

	2024 RMB'000	2023 RMB'000
Cost of sales and services	**10,242**	11,443
Administrative expenses	**3,509**	3,737
	13,751	15,180

19. INTANGIBLE ASSETS

	Computer software RMB'000	Trademark RMB'000	Property management contracts RMB'000	Customer relationships RMB'000	Goodwill RMB'000	Total RMB'000
COST						
At 1 January 2023	36,790	2,975	86,423	190,632	462,379	779,199
Additions	7,711	—	—	—	—	7,711
Acquisition of a subsidiary	(684)	—	—	—	—	(684)
At 31 December 2023 and 1 January 2024	**43,817**	**2,975**	**86,423**	**190,632**	**462,379**	**786,226**
Additions	**14,435**	**—**	**—**	**—**	**—**	**14,435**
Disposals	**(859)**	**—**	**—**	**—**	**—**	**(859)**
At 31 December 2024	**57,393**	**2,975**	**86,423**	**190,632**	**462,379**	**799,802**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2023	11,705	1,088	22,746	12,011	—	47,550
Provided for the year	4,946	229	9,246	19,069	—	33,490
Disposals	(412)	—	—	—	—	(412)
Impairment	—	—	—	—	6,622	6,622
At 31 December 2023 and 1 January 2024	**16,239**	**1,317**	**31,992**	**31,080**	**6,622**	**87,250**
Provided for the year	**6,802**	**229**	**9,246**	**19,069**	**—**	**35,346**
Disposals	**(859)**	**—**	**—**	**—**	**—**	**(859)**
Impairment	**—**	**—**	**—**	**—**	**9,212**	**9,212**
At 31 December 2024	**22,182**	**1,546**	**41,238**	**50,149**	**15,834**	**130,949**
CARRYING VALUES						
At 31 December 2024	**35,211**	**1,429**	**45,185**	**140,483**	**446,545**	**668,853**
At 31 December 2023	27,578	1,658	54,431	159,552	455,757	698,976

Amortisation of intangible assets has been charged to the following categories in the consolidated statement of comprehensive income:

	2024 RMB'000	2023 RMB'000
Cost of sales and services	**470**	171
Administrative expenses	**34,876**	33,319
	35,346	33,490

(a) No intangible assets are restricted or pledged as security for liabilities as of 31 December 2024 and 2023.

(b) Goodwill arising from acquisition of subsidiaries.

19. INTANGIBLE ASSETS (CONTINUED)

	2024 RMB'000	2023 RMB'000
Tianjin Xihe	**352,435**	352,435
Zhejiang Yuanou	**37,828**	37,828
Xiangcheng Wuye	**18,124**	27,336
Shandong Liantai	**19,339**	19,339
Henan Hexie	**17,312**	17,312
Hangzhou New Era	**1,048**	1,048
Ocean Nantong	**459**	459
	446,545	455,757
Other intangible assets	**222,308**	243,219
	668,853	698,976

As of 31 December 2024, the management performed an impairment assessment on the goodwill. The recoverable amounts of the CGUs of the property management business operated by Tianjin Xihe, Zhejiang Yuanou, Xiangcheng Wuye, Shandong Liantai, and Henan Hexie have been assessed by an independent valuer, Cushman & Wakefield, and determined based on the VIU calculations. The VIU calculations used cash flow projections based on financial budgets covering a five-year periods approved by the management.

The following table sets forth each key assumption at 31 December 2024, used in assessing the recoverable amounts of the CGUs in the property management business that have significant goodwill.

	Tianjin Xihe	**Zhejiang Yuanou**	**Xiangcheng Wuye**	**Shandong Liantai**	**Henan Hexie**
Revenue 2025 (% annual growth rate)	5.0%	5.0%	21.8%	0.4%	5.9%
Revenue 2026 (% annual growth rate)	3.4%	3.0%	3.0%	2.9%	9.7%
Revenue 2027 to 2029 (average % annual growth rate)	3.1%	3.0%	3.0%	2.9%	3.4%
Gross margin (average % of revenue)	24.6%	11.8%	14.8%	7.5%	29.1%
Pre-tax discount rate	16.9%	17.0%	16.1%	15.8%	16.3%
Selling and marketing expenses (% growth rate)	2.0%–24.8%	3.0%	0%	-5.0%–2.0%	-18.8%–22.8%
Administrative expenses (% growth rate)	5.0%–18.9%	0.3%–31.0%	-0.8–4.3%	-7.6%–3.1%	-0.1%–10.8%
Terminal cash flow growth rate	2.0%	2.0%	2.0%	2.0%	2.0%

19. INTANGIBLE ASSETS (CONTINUED)

The following table sets forth each key assumption at 31 December 2023, used in assessing the recoverable amounts of the CGUs in the property management business that have significant goodwill.

	Tianjin Xihe	Zhejiang Yuanou	Xiangcheng Wuye	Shandong Liantai	Henan Hexie
Revenue 2024 (% annual growth rate)	11.0%	8.4%	6.5%	10.2%	4.8%
Revenue 2025 (% annual growth rate)	2.2%	3.0%	6.8%	2.9%	3.2%
Revenue 2026 to 2028 (average % annual growth rate)	2.2%	3.0%	5.8%	3.0%	3.0%
Gross margin (average % of revenue)	21.2%	11.1%	18.7%	6.9%	29.4%
Pre-tax discount rate	16.8%	17.0%	16.1%	15.7%	16.6%
Selling and marketing expenses (% growth rate)	2.2%–46.4%	3.0%	0%	3.0%	3.0%–5.4%
Administrative expenses (% growth rate)	2.2%–29.6%	1.4%–19.6%	-0.6%–2.1%	-4.6%–12.3%	3.0%–5.2%
Terminal cash flow growth rate	2.0%	2.0%	2.0%	2.0%	2.0%

By reference to the recoverable amount of RMB39,094,000 assessed by the independent valuer based on VIU calculation as of 31 December 2024, the directors of the Company determined that RMB9,212,000 of impairment provision on goodwill arising from acquisition of Xiangcheng Wuye was required as of 31 December 2024.

By reference to the recoverable amount of RMB34,982,000 assessed by the independent valuer based on VIU calculation as of 31 December 2023, the directors of the Company determined that RMB6,622,000 of impairment provision on goodwill arising from acquisition of Shandong Liantai was required as of 31 December 2023.

As of 31 December 2024, the recoverable amounts of RMB752,029,000 (2023: RMB787,894,000) of the remaining CGUs in the property management business with significant goodwill estimated based on VIU calculations exceeded their aggregate carrying amounts of RMB652,552,000 (2023: RMB671,616,000) by approximately RMB99,477,000 (2023: RMB116,278,000). The directors of the Company determined that no impairment provision on goodwill arising on other acquisition was required as of 31 December 2024 accordingly.

19. INTANGIBLE ASSETS (CONTINUED)

Details of the headroom attributable to the CGUs in the property management business with significant goodwill as of 31 December 2024 and 2023 are set out as follows:

	2024 **RMB'000**	2023 RMB'000
Tianjin Xihe	**35,049**	76,825
Zhejiang Yuanou	**4,092**	1,937
Xiangcheng Wuye	**n/a***	2,343
Shandong Liantai	**805**	n/a*
Henan Hexie	**59,531**	35,173
	99,477	116,278

* As impairment loss has been recognised for this CGU, no headroom is attributable to Xiangcheng Wuye CGU (2023: Shandong Liantai CGU). Accordingly, no sensitivity analysis is performed.

Management has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth the reasonably possible changes to the key assumptions of the impairment test and the changes taken in isolation in the VIU calculations that would remove the remaining headroom respectively as of 31 December 2024 and 2023.

	Tianjin Xihe	**Zhejiang Yuanou**	**Xiangcheng Wuye**	**Shandong Liantai**	**Henan Hexie**
As of 31 December 2024					
Annual revenue growth rate	**-1.8%**	**-1.7%**	**n/a***	**-0.7%**	**-20.4%**
Pre-tax discount rate	**+0.8%**	**+0.7%**	**n/a***	**+0.3%**	**+20.2%**
As of 31 December 2023					
Annual revenue growth rate	-3.9%	-0.8%	-1.1%	n/a*	-14.7%
Pre-tax discount rate	+2.0%	+0.3%	+0.5%	n/a*	+12.2%

* By reference to the recoverable amount assessed by the independent valuer as of 31 December 2024, the directors of the Company determined that an impairment provision of RMB9,212,000 on goodwill allocated to Xiangcheng Wuye CGU was recognised for the year ended 31 December 2024 (2023: RMB6,622,000 on goodwill allocated to Shandong Liantai CGU). As impairment loss has been recognised for this CGU, any adverse change to key assumptions will result in additional impairment. Accordingly, no sensitivity analysis is performed.

20. LEASES

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position includes the following carrying amounts relating to leases:

Right-of-use assets	Buildings RMB'000	Parking lots RMB'000	Vehicles RMB'000	Equipment RMB'000	Total RMB'000
COST					
At 1 January 2023	48,154	8,422	263	191	57,030
Additions	—	938	—	—	938
Disposals	(28,696)	(1,810)	(263)	(191)	(30,960)
At 31 December 2023 and 1 January 2024	**19,458**	**7,550**	**—**	**—**	**27,008**
Additions	**1,100**	**2,829**	**—**	**—**	**3,929**
Disposals	**(16,222)**	**(3,800)**	**—**	**—**	**(20,022)**
At 31 December 2024	**4,336**	**6,579**	**—**	**—**	**10,915**
ACCUMULATED DEPRECIATION					
At 1 January 2023	25,113	6,881	190	154	32,338
Provided for the year	7,024	99	—	—	7,123
Disposals	(21,287)	(1,728)	(190)	(154)	(23,359)
At 31 December 2023 and 1 January 2024	**10,850**	**5,252**	**—**	**—**	**16,102**
Provided for the year	**3,595**	**1,794**	**—**	**—**	**5,389**
Disposals	**(12,675)**	**(3,839)**	**—**	**—**	**(16,514)**
At 31 December 2024	**1,770**	**3,207**	**—**	**—**	**4,977**
CARRYING VALUES					
At 31 December 2024	**2,566**	**3,372**	**—**	**—**	**5,938**
At 31 December 2023	8,608	2,298	—	—	10,906

	2024 RMB'000	2023 RMB'000
Lease liabilities		
Current	**1,521**	5,460
Non-current	**4,090**	2,206
	5,611	7,666

20. LEASES (CONTINUED)

(b) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Buildings	**3,595**	7,024
Parking lots	**1,794**	99
	5,389	7,123
Interest expense (Note 12)	**586**	762

(c) Amounts recognised in the consolidated statement of cash flows

	2024	2023
	RMB'000	RMB'000
Cash flows from financing activities		
Payments of interest element of lease liabilities	**586**	762
Payments of principal element of lease liabilities	**2,476**	2,352
	3,062	3,114

(d) The Group's leasing activities and how these are accounted for:

The Group leases various offices, parking lots, vehicles and equipment. Rental contracts are typically made for fixed periods of 2 to 10 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

21. FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	2024 RMB'000	2023 RMB'000
Financial assets		
Financial assets at amortised cost		
Trade and note receivables	**1,038,241**	1,123,025
Other receivables (excluding prepayments)	**474,037**	463,157
Restricted bank deposits	**19,361**	9,120
Cash and cash equivalents	**761,144**	651,542
	2,292,783	2,246,844
Financial Liabilities		
Financial liabilities at amortised cost		
Trade and other payables (excluding payroll, welfare payables and other tax payable)	**1,220,632**	1,159,467
Lease liabilities	**5,611**	7,666
	1,226,243	1,167,133

22. INVENTORIES

	2024 RMB'000	2023 RMB'000
Parking spaces	**492,883**	529,571
Properties held for sale	**120,802**	120,404
Consumables and merchandises	**484**	1,380
	614,169	651,355

23. TRADE AND NOTE RECEIVABLES

	2024	2023
	RMB'000	RMB'000
Trade receivables		
— Related parties (Note 36(d))	**687,410**	834,550
— Third parties	**1,058,713**	770,779
	1,746,123	1,605,329
Note receivables		
— Third parties	**214**	—
Less: allowance for impairment of trade and note receivables	**(708,096)**	(482,304)
Total	**1,038,241**	1,123,025

Trade and note receivables mainly represented the receivables of outstanding property management services income and the receivables of value-added services income.

Property management services income and value-added services income are received in accordance with the terms of the relevant services agreements, and due for payment upon the issuance of demand notes.

In determining the recoverability of trade and note receivables from the property management and value-added services, the Group takes into consideration a number of factors, including, among others, historical write-off experience and historical management/service fee collection rate of the customers in estimating the future cash flows from the receivables.

As of 31 December 2024 and 2023, the ageing analysis of the trade and note receivables based on the invoice date, were as follows:

	2024			2023		
	Due from related parties RMB'000	**Due from third parties RMB'000**	**Total RMB'000**	Due from related parties RMB'000	Due from third parties RMB'000	Total RMB'000
0–90 days	**44,302**	**179,944**	**224,246**	148,991	185,599	334,590
91–180 days	**37,206**	**115,525**	**152,731**	75,553	115,350	190,903
181–360 days	**68,254**	**181,023**	**249,277**	154,990	158,903	313,893
1–2 years	**219,401**	**291,044**	**510,445**	332,342	191,436	523,778
2–3 years	**225,489**	**187,763**	**413,252**	78,990	57,639	136,629
Over 3 years	**92,758**	**103,628**	**196,386**	43,684	61,852	105,536
Total	**687,410**	**1,058,927**	**1,746,337**	834,550	770,779	1,605,329

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As of 31 December 2024, a provision of RMB708,096,000 (2023: RMB482,304,000) was provided against the gross amounts of trade and note receivables (Note 4.1.2).

As of 31 December 2024 and 2023, the trade and note receivables were denominated in RMB, and the fair value of trade and note receivables approximated their carrying amounts.

24. CONTRACT ASSETS

	2024 RMB'000	2023 RMB'000
Contract assets (gross carrying amount)		
Engineering services	**4,727**	17,413

Contract asset, net of contract liability related to the same contract, is recognised over the period in which the engineering services are performed, representing the Group's right to consideration for the services performed and not billed because the rights are conditional on the Group's future performance accepted by the customers. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers its contract assets to trade receivables when invoice is issued.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

The Group applies the simplified approach to provide the ECL prescribed by HKFRS 9. Impairment loss was immaterial.

25. PREPAYMENTS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Prepayments to suppliers		
— Related parties (Note 36(d))	**1,333**	6,982
— Third parties	**29,395**	37,194
	30,728	44,176
Other receivables		
— Related parties (Note 36(d))	**508,743**	496,303
— Payments on behalf of property owners	**69,756**	58,860
— Deposit	**24,550**	27,343
— Refundable deposits (Note)		
— Third party	**—**	15,000
— Others	**37,291**	25,956
	640,340	623,462
Less: allowance for impairment of other receivables	**(166,303)**	(160,305)
	474,037	463,157
Prepaid tax	**17,866**	17,687
Total	**522,631**	525,020

As at 31 December 2024, the Group hold collaterals with net realisable value of RMB43,982,000 (2023: Nil) over the other receivables of RMB89,748,000 (2023: Nil).

Note:

As of 31 December 2023, the net carrying amounts of refundable deposits receivables due from third party, after recognition of expected credit loss, amounted to RMB14,946,033. The carrying amounts had been fully settled during the year.

26. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

	2024	2023
	RMB'000	RMB'000
Cash on hand	**26**	4
Bank deposits (a)	**780,479**	660,658
	780,505	660,662
Less: Restricted bank deposits (b)	**(19,361)**	(9,120)
Cash and cash equivalents	**761,144**	651,542

(a) Cash on hand were all denominated in RMB, and cash at bank were denominated in the following currencies:

	2024	2023
	RMB'000	RMB'000
RMB	**780,138**	660,336
HKD	**341**	322
	780,479	660,658

(b) As at 31 December 2024 and 2023, the restricted bank balances are frozen bank accounts due to legal cases.

27. SHARE CAPITAL

The Company was incorporated in the Cayman Islands on 15 April 2020. As of 31 December 2024, the issued shares was 1,184,000,000 (2023: 1,184,000,000) shares of a par value of HKD0.1 each.

	Number of shares	**Amount**	
	'000 shares	**HKD'000**	**RMB'000**
Issued and fully paid:			
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**1,184,000**	**118,400**	**99,829**

28. STATUTORY RESERVE

In accordance with relevant rules and regulations in the PRC and the company's article of association, all PRC companies are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective companies.

29. OTHER RESERVE

Other reserves mainly include capital injection, deemed distribution and contribution from the ultimate holding company.

30. TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables		
— Related parties (Note 36(d))	**42,225**	25,802
— Third parties	**772,873**	725,558
	815,098	751,360
Other payables		
— Related parties (Note 36(d))	**15,544**	27,007
— Deposit	**166,909**	180,253
— Amounts collected on behalf of property owner	**180,182**	160,931
— Consideration payable for acquisition of a subsidiary	**8,580**	8,580
— Others	**32,999**	30,016
	404,214	406,787
Dividends payables		
— Non-controlling shareholders	**1,320**	1,320
Accrued payroll and welfare payables	**71,993**	108,935
Other tax payables	**8,537**	6,661
	80,530	115,596
Less: non-current portion	**(9,706)**	(15,297)
Total	**1,291,456**	1,259,766

As of 31 December 2024 and 2023, the carrying amounts of trade and other payables approximated their fair values. The average credit period on trade payables is 90 days.

30. TRADE AND OTHER PAYABLES (CONTINUED)

As at 31 December 2024 and 2023, ageing analysis of trade payables at the reporting date, based on the invoice dates, is stated as follows:

	2024 **RMB'000**	2023 RMB'000
Within 1 year	**630,142**	527,493
1–2 years	**63,977**	121,312
2–3 years	**58,042**	58,439
Over 3 years	**62,937**	44,116
Total	**815,098**	751,360

31. DEFFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2024 **RMB'000**	2023 RMB'000
Deferred tax assets:		
— Deferred tax asset to be realised after more than 12 months	**213,855**	134,664
— Deferred tax asset to be realised within 12 months	**252**	303
	214,107	134,967
Deferred tax liabilities:		
— Deferred tax liability to be settled after more than 12 months	**(39,236)**	(44,980)
— Deferred tax liability to be settled within 12 months	**(6,838)**	(7,932)
	(46,074)	(52,912)
	168,033	82,055

31. DEFFERRED INCOME TAX (CONTINUED)

The movement in deferred income tax assets and liabilities during the years of 2024 and 2023, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

	Deferred tax assets — allowance on doubtful debts RMB'000	Deferred tax assets — accrued expenses RMB'000	Deferred tax assets — right- of-use assets and lease liabilities RMB'000	Deferred tax assets — inventories RMB'000	Deferred tax assets — tax losses RMB'000	Deferred tax Assets — impairment of investment properties RMB'000	Deferred tax liabilities — fair value adjustment arising from business combination RMB'000	Total RMB'000
As of 1 January 2023	94,148	2,650	324	2,077	14	—	(70,873)	28,340
Credited/(charged) to income tax expense	14,923	—	(21)	29,268	(14)	1,626	7,933	53,715
As of 31 December 2023	109,071	2,650	303	31,345	—	1,626	(62,940)	82,055
As of 1 January 2024	**109,071**	**2,650**	**303**	**31,345**	**—**	**1,626**	**(62,940)**	**82,055**
Credited/(charged) to income tax expense	**60,694**	**(2,650)**	**(51)**	**20,354**	**1,075**	**(282)**	**6,838**	**85,978**
As of 31 December 2024	**169,765**	**—**	**252**	**51,699**	**1,075**	**1,344**	**(56,102)**	**168,033**

At the end of the reporting period, the Group has unused tax losses of approximately RMB50,536,000 (2023: RMB30,480,000) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB7,168,000 (2023: Nil) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses as it is not probable that taxable profit will be available against which theses tax losses can be utilised. These unrecognised tax losses will expire in various dates up to 2029 (2023: 2028).

As of 31 December 2024, deferred income tax liabilities have not been recognised for the withholding tax that would be payable upon remittance, in respect of the unremitted distributable profits of certain PRC subsidiaries and joint ventures amounting to RMB888,522,000 (2023: RMB995,654,000) and RMB29,198,000 (2023: RMB28,952,000) respectively attributable to the investors outside the PRC as such profits are intended to be reinvested in the PRC.

32. DIVIDENDS

	2024 RMB'000	2023 RMB'000
2023 Final dividend paid of RMB0.0144 (2022: RMB0.123) per ordinary share	**17,050**	146,109
2024 Interim dividend paid of RMB0.0125 (2023: RMB Nil) per ordinary share	**14,800**	—
Dividends paid for the year	**31,850**	146,109

During the year ended 31 December 2024, the Company declared and paid dividends with aggregated amounts of RMB31,850,000 (2023: RMB146,109,000) to the Company's shareholders.

The Board did not recommend the payment of final dividend for the year ended 31 December 2024.

33. NOTES SUPPORTING THE STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents comprise:

	2024 RMB'000	2023 RMB'000
Cash and cash equivalents	**761,144**	651,542

33. NOTES SUPPORTING THE STATEMENT OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

	Lease liabilities (Note 20) RMB'000
At 1 January 2023	16,681
Addition of lease liabilities	938
Termination of lease	(7,601)
Accrued interest expenses	762
Cash flows	(3,114)
At 31 December 2023	7,666
At 1 January 2024	**7,666**
Addition of lease liabilities	**3,929**
Termination of lease	**(3,508)**
Accrued interest expenses	**586**
Cash flows	**(3,062)**
At 31 December 2024	**5,611**

34. COMMITMENTS

The future aggregate future lease rental receivables under non-cancellable operating leases in respect of land and buildings are as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	**1,421**	1,698
Between 1 and 2 years	**1,421**	1,698
	2,842	3,396

35. BUSINESS COMBINATION

Business combination under common control

On 24 February 2023, Ocean Homeplus and Beijing Qianyuan entered into an equity transfer agreement, pursuant to which Ocean Homeplus has conditionally agreed to acquire 100% equity interest in Sino-Ocean Mechatronics at a total consideration of RMB58,799,000 (Note 36(b)).

The net book value at the date of common control combination:

	1 January 2022 RMB'000
Contract assets	15,837
Cash and cash equivalents	298
Trade and other receivables	183,361
Current tax liabilities	(415)
Trade and other payables	(136,798)
Contract liabilities	(12,013)
Total net assets	50,270

Note:

According to the equity transfer agreement, Ocean Homeplus has agreed to acquire 100% equity interest in Sino-Ocean Mechatronics with cash consideration of RMB54,000,000. In addition, Beijing Qianyuan and Ocean Homeplus had agreed the retained earnings of RMB4,799,000 as at 31 January 2023 belongs to Beijing Qianyuan when the transaction is completed. Therefore, RMB4,799,000 was treated as part of the consideration. Total deemed distribution paid for the acquisition of 100% issued share capital of Sino-Ocean Mechatronics was amounted to RMB58,799,000.

36. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

	Name	Relationship
(1)	Sino-Ocean Group	Ultimate holding company
(2)	Dajia Insurance Group Company Limited	Shareholder of the ultimate holding company of the Group
(3)	Shine Wind	Intermediate holding company
(4)	Beijing Best	Joint venture

(b) Transactions with related parties

Save as disclosed elsewhere, the following is a summary of significant related party balances and transactions entered into in the ordinary course of business between the Group and its related parties during the year ended 31 December 2024 and 2023:

	2024 **RMB'000**	2023 RMB'000
Provision of goods and services		
— A joint venture	**1,005**	547
— Entities controlled by the ultimate holding company	**130,142**	248,172
— Entities over which the ultimate holding company has significant influence and joint control	**124,471**	215,947
— A shareholder of the ultimate holding company of the Group	**3,334**	6,901
	258,952	471,567
Purchase of goods and services		
— A joint venture	**86,957**	81,636
— Entities controlled by the ultimate holding company	**18,799**	545,500
— Entities over which the ultimate holding company has significant influence and joint control	**1,561**	64,251
— A shareholder of the ultimate holding company of the Group	**3,443**	5
	110,760	691,392
Additional recognition of right-of-use assets		
— Entities controlled by the ultimate holding company	**—**	55
— Entities over which the ultimate holding company has significant influence and joint control	**632**	—
	632	55

36. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (Continued)

	2024 RMB'000	2023 RMB'000
Lease liability interest expenses		
— Entities controlled by the ultimate holding company	**—**	12
— Entities over which the ultimate holding company has significant influence and joint control	**71**	—
	71	12
Rental expenses		
— Entities controlled by the ultimate holding company	**9,928**	4,811
— Entities over which the ultimate holding company has significant influence and joint control	**2,345**	2,440
	12,273	7,251
Deposits receivable from entities controlled by the ultimate holding company		
At 1 January	**227,472**	118,467
Amounts advanced during the year	**67**	188,390
Repayments during the year	**(10,182)**	(79,385)
At 31 December	**217,357**	227,472
Deposits receivable from entities over which the ultimate holding company has significant influence or joint control		
At 1 January	**215,415**	19,368
Amounts advanced during the year	**4,641**	196,567
Repayments during the year	**(860)**	(520)
At 31 December	**219,196**	215,415
Refundable deposits from entities controlled by the ultimate holding company (Note)		
At 1 January	**—**	1,018,745
Repayments during the year	**—**	(1,018,745)
At 31 December	**—**	—

	2024 RMB'000	2023 RMB'000
Acquisition of 100% of the equity interest in Sino-Ocean Mechatronics		
An entity controlled by the ultimate holding company	**—**	58,799

36. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management compensation

	2024 RMB'000	2023 RMB'000
Salaries, bonuses and other benefits	**10,762**	12,505

(d) Balances with related parties

	Gross carrying amount 2024 RMB'000	**Net carrying amount 2024 RMB'000**	Gross carrying amount 2023 RMB'000	Net carrying amount 2023 RMB'000
Trade and note receivables				
— Entities controlled by the ultimate holding company	**494,915**	**264,885**	505,405	333,547
— Entities over which the ultimate holding company has significant influence and joint control	**192,004**	**106,026**	327,033	261,815
— A shareholder of the ultimate holding company of the Group	**491**	**418**	2,112	1,802
	687,410	**371,329**	834,550	597,164
Other receivables				
— Entities controlled by the ultimate holding company	**282,753**	**188,161**	272,143	189,190
— Entities over which the ultimate holding company has significant influence and joint control	**225,985**	**172,639**	224,160	163,529
— A shareholder of the ultimate holding company of the Group	**5**	**5**	—	—
	508,743	**360,805**	496,303	352,719

36. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Balances with related parties (Continued)

	2024 RMB'000	2023 RMB'000
Prepayments		
— A joint venture	**967**	1,612
— Entities controlled by the ultimate holding company	**198**	5,370
— A shareholder of the ultimate holding company of the Group	**168**	—
	1,333	6,982
Trade payables		
— A joint venture	**34,617**	17,215
— Entities controlled by the ultimate holding company	**5,673**	7,003
— Entities over which the ultimate holding company has significant influence and joint control	**1,528**	1,584
— A shareholder of the ultimate holding company of the Group	**407**	—
	42,225	25,802

	2024 RMB'000	2023 RMB'000
Other payables		
— Entities controlled by the ultimate holding company	**8,523**	13,875
— Entities over which the ultimate holding company has significant influence and joint control	**5,440**	13,132
— A shareholder of the ultimate holding company of the Group	**1,581**	—
	15,544	27,007
Contract liabilities		
— Entities controlled by the ultimate holding company	**5,688**	9,505
— Entities over which the ultimate holding company has significant influence and joint control	**7,235**	12,439
— A shareholder of the ultimate holding company of the Group	**—**	10
	12,923	21,954
Lease liabilities		
— Entities controlled by the ultimate holding company	**—**	34
— Entities over which the ultimate holding company has significant influence and joint control	**1,051**	—
	1,051	34

37. DISPOSAL OF A SUBSIDIARY

In March 2024, the Group has signed an agreement with an independent third party for the disposal of a subsidiary, 西安紅星星輝物業管理有限公司.

The net assets of 西安紅星星輝物業管理有限公司 at the date of disposal and related loss and cash flows on disposal were as follows:

	RMB'000
Analysis of assets and liabilities over which control was lost:	
Trade and other receivables	1,653
Cash and cash equivalents	1
Trade and other payables	(244)
Net assets disposed of	1,410

	RMB'000
Loss on disposal of a subsidiary:	
Consideration received and receivable	*
Net assets disposed of	1,410
Non-controlling interests	(691)
Loss on disposal	719

	RMB'000
Net cash outflow on disposal	
Cash consideration (Note)	*
Less: cash and cash equivalents disposed of	(1)
	(1)

Note: the cash consideration is RMB1.

* Less than RMB1,000.

38. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company:

	As of 31 December	
	2024	2023
	RMB'000	RMB'000
Assets		
Non-current assets		
Investments in subsidiaries	**—***	—*
Prepayment and other receivables	**1,162,962**	1,204,956
Total non-current assets	**1,162,962**	1,204,956
Current assets		
Prepayments and other receivables	**711**	160
Cash and cash equivalents	**3,510**	1,644
Total current assets	**4,221**	1,804
Total assets	**1,167,183**	1,206,760
Equity		
Share capital (note 27)	**99,829**	99,829
Reserves (a)	**1,138,550**	1,170,400
Accumulated losses (a)	**(72,863)**	(67,471)
Total equity	**1,165,516**	1,202,758
Liabilities		
Current liabilities		
Other payables	**1,667**	4,002
Total liabilities	**1,667**	4,002
Total equity and liabilities	**1,167,183**	1,206,760

* Less than RMB1,000

The statement of financial position of the Company was approved and authorised for issue by the board of directors on 24 March 2025 and was signed on its behalf by:

Yang Deyong
Executive Director

Zhu Geying
Executive Director

38. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(a) Reserve movement of the Company

	Accumulated losses RMB'000	Other reserves RMB'000
At 1 January 2023	(50,503)	1,316,509
Loss for the year	(16,968)	—
Dividends	—	(146,109)
At 31 December 2023 and 1 January 2024	**(67,471)**	**1,170,400**
Loss for the year	**(5,392)**	**—**
Dividends	**—**	**(31,850)**
At 31 December 2024	**(72,863)**	**1,138,550**

39. BENEFITS AND INTEREST OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director and the chief executive of the Company for the year ended 31 December 2024 is set forth below:

	Emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking						
	Salaries RMB'000	Bonuses RMB'000	Fees RMB'000	Housing allowance RMB'000	Contributions to a retirement benefit scheme RMB'000	Other allowance and benefit in kind RMB'000	Total RMB'000
Executive Directors							
Yang Deyong (Chief Executive Officer and Joint Chairman)	1,475	775	–	33	66	44	2,393
Zhu Geying	720	671	–	33	66	58	1,548
Non-Executive Directors							
Cui Hongjie (Joint Chairman)	–	–	–	–	–	–	–
Zhu Xiaoxing (i)	–	–	–	–	–	–	–
Hou Min (ii)	–	–	–	–	–	–	–
Independent Non-Executive Directors							
Guo Jie	–	–	563	–	–	–	563
Ho Chi Kin Sammy	–	–	563	–	–	–	563
Leung Wai Hung	–	–	563	–	–	–	563
	2,195	1,446	1,689	66	132	102	5,630

39. BENEFITS AND INTEREST OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (Continued)

The remuneration of every director and the chief executive of the Company for the year ended 31 December 2023 is set forth below:

	Emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking						
	Salaries RMB'000	Bonuses RMB'000	Fees RMB'000	Housing allowance RMB'000	Contributions to a retirement benefit scheme RMB'000	Other allowance and benefit in kind RMB'000	Total RMB'000
Executive Directors							
Yang Deyong (Chief Executive Officer and Joint Chairman)	1,620	1,158	–	32	63	77	2,950
Zhu Geying	900	630	–	32	63	55	1,680
Non-Executive Directors							
Cui Hongjie (Joint Chairman)	–	–	–	–	–	–	–
Zhu Xiaoxing	–	–	–	–	–	–	–
Independent Non-Executive Directors							
Guo Jie	–	–	544	–	–	–	544
Ho Chi Kin Sammy	–	–	544	–	–	–	544
Leung Wai Hung	–	–	544	–	–	–	544
	2,520	1,788	1,632	64	126	132	6,262

Notes:

(i) In April 2024, Mr. Zhu Xiaoxing resigned as non-executive directors of the Company.

(ii) In April 2024, Mr. Hou Min was appointed as non-executive director of the Company.

(b) There were no retirement benefits paid to or receivable by directors during the year ended 31 December 2024 by defined contribution pension plans (2023: nil).

(c) There were no director's termination benefits subsisted during the year ended 31 December 2024 (2023: nil).

(d) There was no consideration provided to third parties for making available directors' services subsisted during the year ended 31 December 2024 (2023: nil).

(e) During the year ended 31 December 2024, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favor of directors of the Company or of any its holding companies, or bodies corporate controlled by and entities connected with such directors (2023: nil).

(f) During the year ended 31 December 2024, there were no significant transactions, arrangements or contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had interests, whether directly or indirectly, subsisted at the end of the year ended 31 December 2023 or at any time during the year ended 31 December 2024 (2023: nil).

(g) During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to any of the above directors as an inducement to join or upon joining the Group or as compensation for losses of office.

40. SUBSEQUENT EVENT

The Group did not have material subsequent events after the reporting period.

FIVE-YEAR FINANCIAL SUMMARY

	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(Restated)	(Restated)	(Restated)
Revenue	**2,840,029**	3,133,209	3,330,136	3,066,561	2,127,490
Gross profit	**517,280**	597,739	772,685	827,251	516,296
Profit attributable to owners of the Company	**28,915**	42,148	75,745	437,458	254,279
Total assets	**4,023,075**	4,039,180	4,260,387	4,027,840	3,286,512
Total liabilities	**1,886,460**	1,893,470	1,952,129	1,538,643	1,181,700
Equity attributable to owners of the Company	**2,099,267**	2,099,197	2,257,158	2,457,352	2,081,890
Total equity	**2,136,615**	2,145,710	2,308,258	2,489,197	2,104,812

GLOSSARY

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings:

"2024 ESG Report"	the ESG report of the Company for the year ended 31 December 2024
"AGM"	the annual general meeting of the Company
"Articles"	the amended and restated articles of association of the Company
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"Board Committees"	the Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chief Executive Officer"	the chief executive officer of the Company
"China" or "PRC"	the People's Republic of China
"Code of Conduct"	the code of conduct regarding Directors' securities transactions adopted by the Company
"Company" or "Sino-Ocean Service"	Sino-Ocean Service Holding Limited (遠洋服務控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 06677)
"Company Secretary"	the company secretary of the Company
"Deed of Non-competition"	the deed of non-competition dated 30 November 2020 executed by the controlling Shareholders in favor of the Company (for itself and as trustee for each member of the Group), details of which are set forth in the paragraphs headed "NON-COMPETITION UNDERTAKING" in the section of "RELATIONSHIP WITH CONTROLLING SHAREHOLDERS" in the Prospectus
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company
"ESG"	environmental, social and governance
"Executive Director(s)"	the executive Director(s)
"GFA"	gross floor area
"Group" or "we"	the Company and its subsidiaries
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Non-executive Director(s)"	the independent non-executive Director(s)
"Joint Chairmen"	the joint chairmen of the Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Nomination Committee"	the nomination committee of the Company
"Non-executive Director(s)"	the non-executive Director(s)
"Ocean Homeplus"	Ocean Homeplus Property Service Corporation Limited* (遠洋億家物業服務股份有限公司), a company established under the laws of the PRC with limited liability, which is a wholly-owned subsidiary of the Company
"Prospectus"	the prospectus of the Company dated 7 December 2020
"Remuneration Committee"	the remuneration committee of the Company
"Risk Management Department"	the risk management department of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share Registrar"	the Company's Hong Kong branch share registrar, Tricor Investor Services Limited
"Share(s)"	the ordinary share(s) of the Company with a nominal value of HKD0.10 each
"Shareholder(s)"	the shareholder(s) of the Company
"Shine Wind"	Shine Wind Development Limited (耀勝發展有限公司), a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of Sino-Ocean Group Company and a controlling Shareholder
"Sino-Ocean Connected Persons"	Sino-Ocean Group Company and its associates, excluding, for the avoidance of doubt, the Group
"Sino-Ocean Group"	Sino-Ocean Group Company and its subsidiaries
"Sino-Ocean Group Company"	Sino-Ocean Group Holding Limited (遠洋集團控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 03377), and a controlling Shareholder
"sq.m."	square metres
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"USD"	United States dollars, the lawful currency of the United States
"YoY"	year-on-year
"%"	per cent

Note:

In this annual report, English names of the PRC entities marked "*" are translations of their Chinese names for identification purpose only. If there is any inconsistency between the Chinese names and their English translations, the Chinese names shall prevail.

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