遠洋服務
SINO-OCEAN SERVICE

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024, RE-DESIGNATION OF DIRECTOR AND CHIEF EXECUTIVE OFFICER AND CHANGE IN COMPOSITION OF BOARD COMMITTEE

RESULTS HIGHLIGHTS

- As of 31 December 2024, the total contracted GFA of property management services was 122.3 million sq.m. and the total GFA under management was 92.5 million sq.m., representing a decrease of approximately 10% and 8% respectively as compared to 31 December 2023. In 2024, the Group continued to actively deal with inefficient projects and intended to improve project quality.

- Revenue decreased by approximately 9% to RMB2,840.0 million as compared to 2023 (2023: RMB3,133.2 million), which was primarily due to the adverse impacts of the continuous deep adjustments in the macro economy and the downturn in the real estate market in the PRC. Considering these factors, the Group attached great importance to cash flow management, regarded cash collection as an important part of the Company's operating strategy. The Group also proactively adjusted its businesses with unsatisfactory cash collection assurance accordingly during the year.

- Profit attributable to owners of the Company decreased by approximately 31% to RMB28.9 million as compared to 2023 (2023: RMB42.1 million). The decrease in profit attributable to owners of the Company was mainly attributable 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. In addition, due to the continuous adverse impact of the real estate market, the settlement cycle of related businesses has lengthened. Out of the principle of prudence, a provision of RMB254.0 million was made for the impairments on trade receivables and other receivables. The provision for impairment will not have a substantial impact on the Group's future cash collections. The Group will continue to maintain close communication with customers to discuss payment arrangements.

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

Sino-Ocean Service Holding Limited
(Incorporated in the Cayman Islands with limited liability)
Stock Code : 06677

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2024.

REVIEW AND OUTLOOK

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 arena 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.

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.

RESULT REVIEW

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 in the year was RMB28.6 million; profits attributable to the owners of the Company was RMB28.9 million; basic earnings per Share was RMB0.024; net operating cash inflow was RMB115.6 million, increasing by RMB226.7 million YoY.

The Group was intent on enhancing market-oriented independent operating capabilities and elevating 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 69% to 81% in total newly added contracted GFA, including industrial parks, public structures, offices, residential units and hospitals and etc.

BUSINESS REVIEW

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.

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.

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

The table below sets forth a breakdown of segment revenue for the Group's property management and commercial operational services by business types:

	For the year ended 31 December			
	2024		2023	
	(RMB'000)	**%**	*(RMB'000)*	%
Property management services on residential and other non-commercial properties	**1,729,286**	**83**	1,698,024	77
Commercial operational and property management services on commercial properties[1]	**353,721**	**17**	507,818	23
Total	**2,083,007**	**100**	2,205,842	100

Note:

1) The master commercial operational services agreement dated 14 June 2021 entered into between the Group 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.

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**

Building a foundation of quality to deepen service value, and co-creating an ecosytem 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 the 2024 China Property Enterprise Service Capability Ranking (2024年中國物業企業服務力第12名), 12th in the 2024 Top 100 Property Management Companies of China (2024年中國物業服務百強企業第12名), and recognized as a 2024 Top 100 China Leading Property Management Companies in terms of Customer Satisfaction Rate (2024年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 six new 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 residential and other non-commercial properties

As at 31 December 2024, the contracted GFA of the Group's residential and other non-commercial properties 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

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 in the future, 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 optimised 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

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 full-coverage supervision to ensure 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 optimise 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 team and optimise 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 expansion of our 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, revenue from property brokerage services and community asset value-added services decreased; 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

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 a 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 caused 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 approximately 18% (2013: 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 *(RMB'000)*	**Gross profit margin** *%*	Gross profit *(RMB'000)*	Gross profit margin *%*
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 Financial Review of this annual results announcement.

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, remained 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 deceased 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 year.

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 were 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 were remained stable at the amounts of 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.

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 announcement, there was no important event affecting the Group after the financial year ended 31 December 2024.

The audited consolidated results of the Group for the year ended 31 December 2024 are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Revenue	4	**2,840,029**	3,133,209
Cost of sales and services	4, 5	**(2,322,749)**	(2,535,470)
Gross profit		**517,280**	597,739
Selling and marketing expenses	5	**(21,019)**	(22,351)
Administrative expenses	5	**(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		**20,211**	29,704
Other (losses)/gains	6	**(2,739)**	14,207
Operating profit		**16,559**	73,223
Finance costs	7	**(586)**	(762)
Share of results in joint ventures		**(644)**	(8,767)
Profit before income tax		**15,329**	63,694
Income tax credit/(expense)	8	**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)	9	**0.024**	0.036

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Assets			
Non-current assets			
Investment properties		**89,470**	61,532
Property, plant and equipment		**34,486**	104,732
Intangible assets		**668,853**	698,976
Right-of-use assets		**5,938**	10,906
Investments in joint ventures		**49,948**	50,592
Deferred income tax assets		**214,107**	134,967
		1,062,802	1,061,705
Current assets			
Inventories		**614,169**	651,355
Trade and note receivables	11	**1,038,241**	1,123,025
Contract assets		**4,727**	17,413
Prepayments and other receivables		**522,631**	525,020
Restricted bank deposits		**19,361**	9,120
Cash and cash equivalents		**761,144**	651,542
		2,960,273	2,977,475
Total assets		**4,023,075**	4,039,180
Equity			
Share capital		**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**	2023
		RMB'000	*RMB'000*
Liabilities			
Non-current liabilities			
Trade and other payables	12	**9,706**	15,297
Lease liabilities		**4,090**	2,206
Deferred income tax liabilities		**46,074**	52,912
		59,870	70,415
Current liabilities			
Trade and other payables	12	**1,291,456**	1,259,766
Contract liabilities	4	**494,117**	518,064
Lease liabilities		**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

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.

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").

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") 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.

Application of Amendments to HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs 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 HKFRSs in issue but not yet effective

The Group has not applied the following new and amendments to HKFRSs 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 HKFRSs but is not yet in a position to state whether these new and amendments to HKFRSs 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 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.

4 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 year ended 31 December 2024 and 2023 is as follows:

	2024		2023	
	Revenue	**Cost of sales and services**	Revenue	Cost of sales and services
	RMB'000	***RMB'000***	*RMB'000*	*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.

4.1 Contract liabilities

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

	2024	2023
	RMB'000	*RMB'000*
Contract liabilities		
— Related parties	**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.

(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	2023
	RMB'000	*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 service 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.

5 EXPENSES BY NATURE

	2024	2023
	RMB'000	*RMB'000*
Employee benefit expenses	**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	**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

6 OTHER (LOSSES)/GAINS

	2024	2023
	RMB'000	*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

7 FINANCE COSTS

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

8 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	2023
	RMB'000	*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		
— origination and reversal of temporary difference	**(40,733)**	(59,680)
— change in tax rate	**(45,245)**	5,965
	(13,261)	23,693

9 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	2023
	RMB'000	*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.

10 DIVIDENDS

	2024	2023
	RMB'000	*RMB'000*
2023 Final dividend paid of RMB0.0144 (2022: RMB0.123) per ordinary share paid	**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.

11 TRADE AND NOTE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables		
— Related parties	**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	**Due from third parties**	**Total**	Due from related parties	Due from third parties	Total
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*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.

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.

12 TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables		
— Related parties	**42,225**	25,802
— Third parties	**772,873**	725,558
	815,098	751,360
Other payables		
— Related parties	**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.

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	2023
	RMB'000	*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

13 SUBSEQUENT EVENT

The Group did not have material subsequent events after the reporting period.

SCOPE OF WORK OF BDO LIMITED

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

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 December 2024 (2023: RMB0.0144 per Share (equivalent to HKD0.0159 per Share)). Taking into account the interim dividend of RMB0.0125 per Share (equivalent to HKD0.0137 per Share) paid during the year, the Company's dividend payout ratio for the year ended 31 December 2024 is 52% (2023: 40%).

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 30 May 2025. The notice of AGM will be published and disseminated to the Shareholders in the manner as required by the Listing Rules in due course.

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 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.

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

CORPORATE GOVERNANCE

In the opinion of the Board, the Company had applied the principles of the CG Code to its corporate governance structure and practices which will be described in the Corporate Governance Report contained in the annual report of the Company for the year ended 31 December 2024 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-chairman 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. Please refer to the section headed "RE-DESIGNATION OF DIRECTOR AND CHIEF EXECUTIVE OFFICER AND CHANGE IN COMPOSITION OF BOARD COMMITTEE" in this announcement.

Further information of the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the Company's annual report for the year ended 31 December 2024, which will be disseminated to the Shareholders in due course.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the consolidated annual results of the Group for the year ended 31 December 2024.

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

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.sinooceanservice.com). The Company's annual report for the year ended 31 December 2024 will be available on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to extend its 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. The Group could not have enjoyed its continued stable growth without their unreserved support.

RE-DESIGNATION OF DIRECTOR AND CHIEF EXECUTIVE OFFICER AND CHANGE IN COMPOSITION OF BOARD COMMITTEE

The Board also hereby announces that Mr. HOU Min ("**Mr. Hou**") 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, Mr. Hou will no longer serve as the vice chairman of the Board and a member of the Audit Committee, but will remain as a member of the Remuneration Committee.

Biographical details of Mr. Hou are set out below:

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.

There is currently no service contract made between the Company and Mr. Hou for services as a Director. However, Mr. Hou will enter into an executive service contract with the Group with no fixed period of service length. The appointment of Mr. Hou 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 amended and restated articles of association of the Company. Mr. Hou 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 for the year of 2025 is approximately RMB1,800,000.

Save as disclosed above, as at the date of this announcement, Mr. Hou (i) does not have any other relationship with any Directors, senior management of the Company or substantial Shareholders or controlling Shareholders (as defined in the Listing Rules); (ii) does not have any interest in any Shares within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); (iii) does not hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, nor did he hold any other major appointments or professional qualifications; and (iv) does not hold any other positions with other members of the Group.

Save as disclosed above, Mr. Hou has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his change of role and there is no other information that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

The Board also announces that due to job arrangement, Mr. YANG Deyong ("**Mr. Yang**") will remain 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 with effect from 24 March 2025.

Mr. Yang has confirmed that he has no disagreement with the Board and there is no matter relating to his departure as the Chief Executive Officer that needs to be brought to the attention of the Shareholders and/or the Stock Exchange.

GLOSSARY

In this annual results announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

"AGM"	the annual general meeting of the Company
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"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
"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)
"Deed of Non-competition"	the deed of non-competition dated 30 November 2020 executed by the controlling Shareholders (including Sino-Ocean Group Company) in favor of the Company, details of which are set forth in the paragraphs headed "NON-COMPETITION UNDERTAKING" in the section of "RELATIONSHIP WITH CONTROLLING SHAREHOLDERS" in the prospectus of the Company dated 7 December 2020
"Director(s)"	the director(s) of the Company
"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
"Nomination Committee"	the nomination committee of the Company
"Non-executive Director(s)"	the non-executive Director(s)
"Remuneration Committee"	the remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"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
"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 the controlling Shareholder
"sq.m."	square metres
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"YoY"	year-on-year
"%"	per cent

Note:

In this announcement, 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.

By order of the Board
Sino-Ocean Service Holding Limited
YANG Deyong
Joint Chairman

Hong Kong, 24 March 2025

As at the date of this announcement, the Board comprises Mr. Yang Deyong, Mr. Hou Min and Ms. Zhu Geying as Executive Directors, Mr. Cui Hongjie as Non-executive Director, and Dr. Guo Jie, Mr. Ho Chi Kin Sammy and Mr. Leung Wai Hung as Independent Non-executive Directors.