



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

INTERIM REPORT

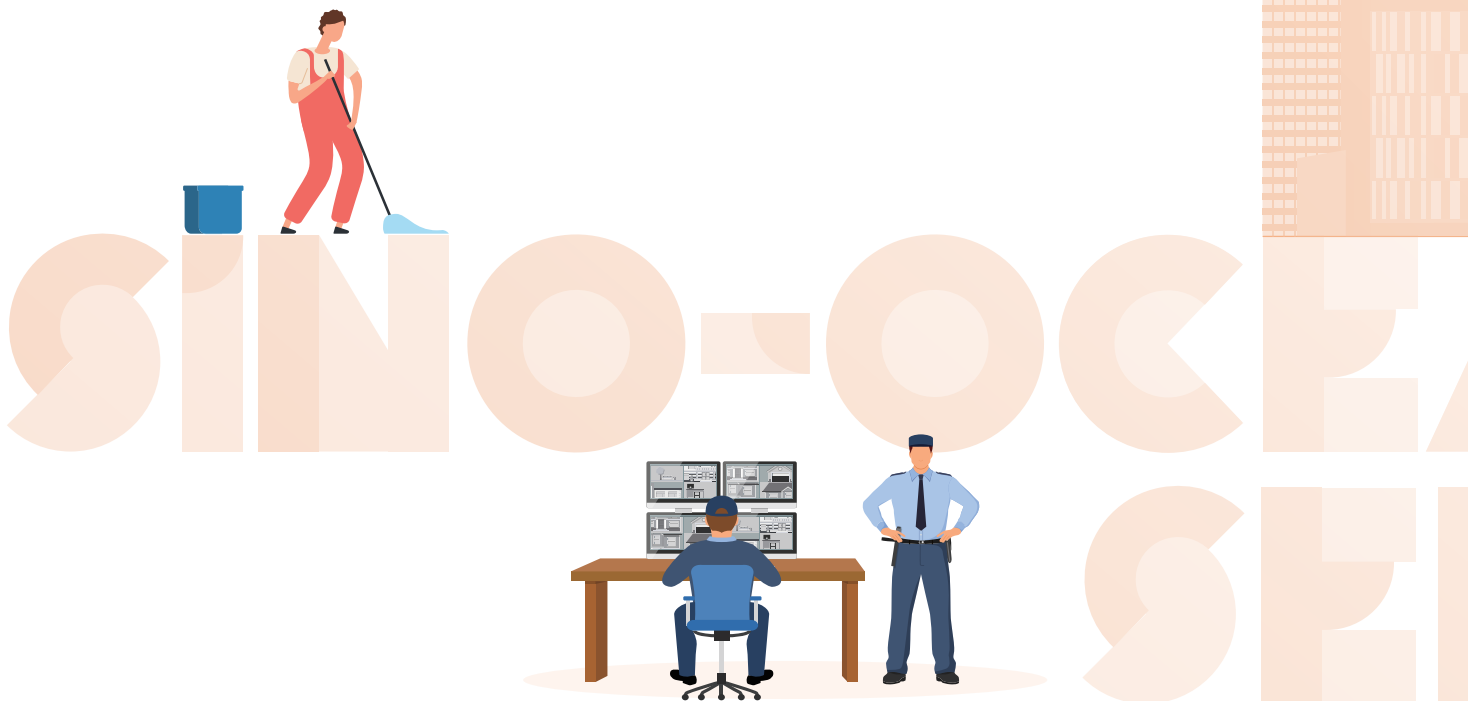


**BEING
UNDERSTANDING
AND
INNOVATIVE**



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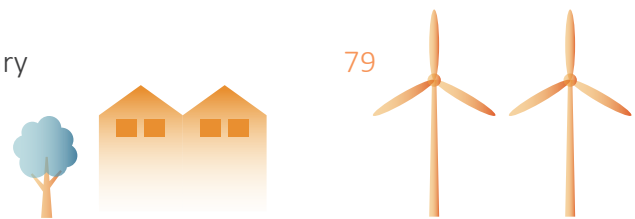
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CORPORATE OVERVIEW

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 2023, we were honored 12th in the “2024 TOP100 Property Management Companies in China”, and “2024 China Leading Property Management Companies in terms of Customer Satisfaction”.



Our history can be traced back to 1997 when we commenced property management services with an initial focus on properties developed by Sino-Ocean Holding, 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 83 cities across 27 provinces, autonomous regions and municipalities in China.

As of 30 June 2024, our total contracted GFA reached 133.6 million sq.m. and we managed 501 properties in China with a total GFA under management of 100.1 million sq.m., including 325 residential communities, 65 commercial properties and 111 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 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

325

Residential communities

65

Commercial properties

111

Other properties



GEOGRAPHIC COVERAGE

Our projects covered 83 cities across 27 provinces, autonomous regions and municipalities in China:

Beijing-Tianjin-Hebei

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

Bohai Rim

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

Eastern China

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

Southern China

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

Central and Western China

Chengdu, Guiyang, Kunming, Urumqi, Xi'an, Xining, Yuxi, Chongqing, Ezhou, Ganzhou, Hebi, Huaihua, Kaifeng, Leihe, Nanchang, Sanmenxia, Shangqiu, Wuhan, Xiangtan, Xinxiang, Xuchang, Yongzhou, Changsha, Zhengzhou, Zhoukou

62⁺ Properties under management in Beijing

- Shopping malls
- Office buildings
- Residential communities and others



CORPORATE INFORMATION

The corporate information of the Company as of the Latest Practicable Date was set out below:

Directors

Executive Directors

Mr. YANG Deyong
(Joint Chairman and Chief Executive Officer)
Ms. ZHU Geying *(Chief Operating Officer)*

Non-executive Directors

Mr. CUI Hongjie *(Joint Chairman)*
Mr. HOU Min *(Vice 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
Mr. HOU Min
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.
 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

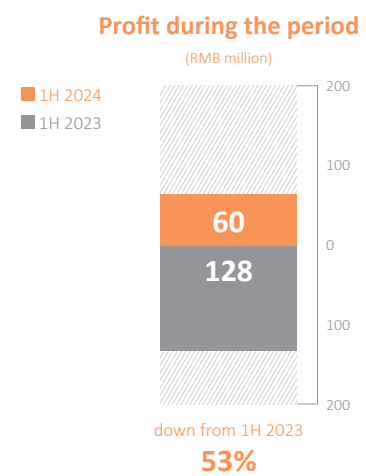
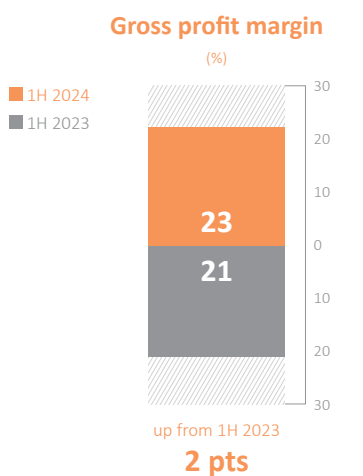
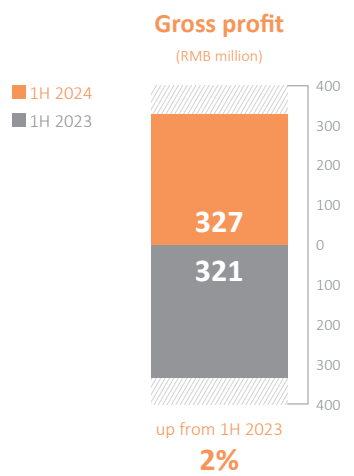
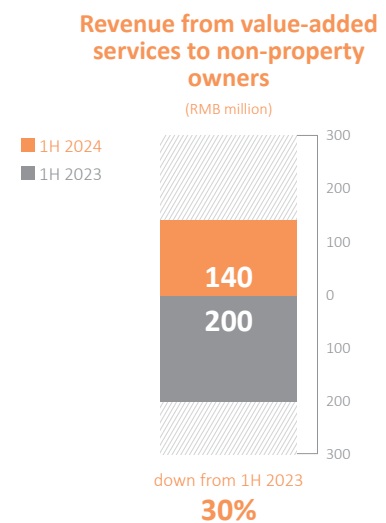
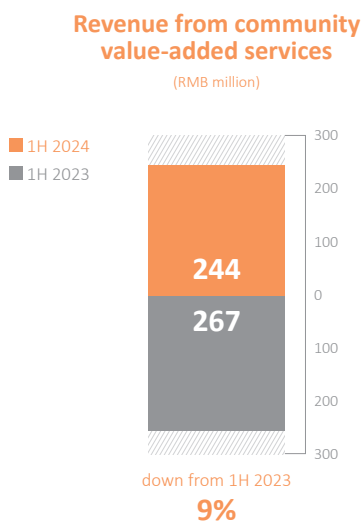
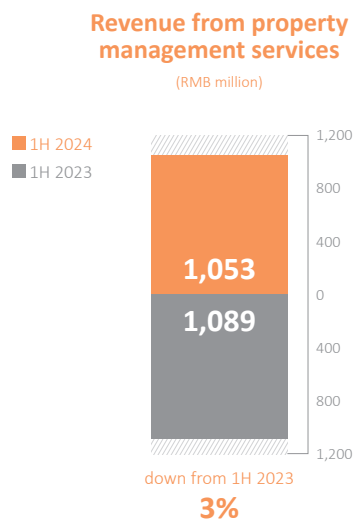
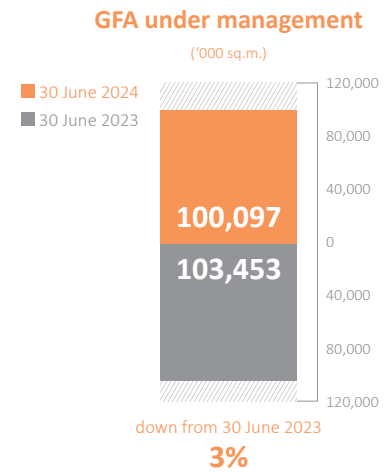
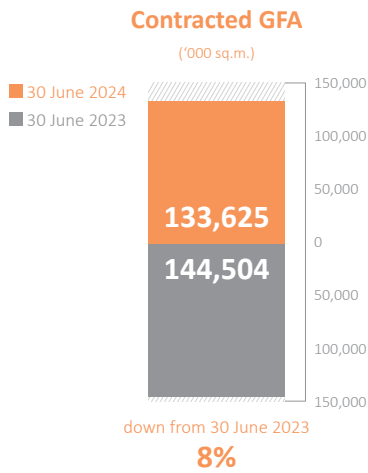
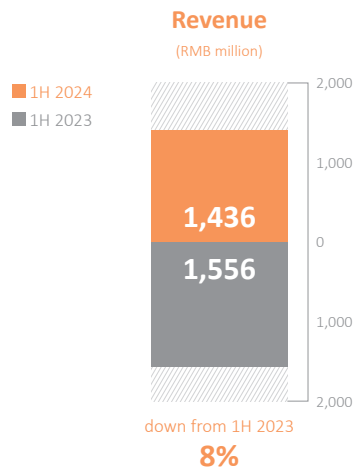
(RMB million)	Six months ended 30 June		
	2024 (Unaudited)	2023 (Unaudited)	Changes
Revenue	1,436	1,556	-8%
Gross profit	327	321	2%
Gross profit margin (%)	23%	21%	2pts
Profit for the period	60	128	-53%
Net profit margin (%)	4%	8%	-4pts
Profit attributable to owners of the Company	59	129	-54%
Basic and diluted earnings per Share (RMB)	0.05	0.11	-54%
Interim dividend per Share (RMB)	0.0125	—	N/A

CONSOLIDATED FINANCIAL POSITION

(RMB million)	As at	As at	Changes
	30 June 2024 (Unaudited)	31 December 2023 (Audited)	
Total assets	4,128	4,039	2%
Total equity	2,184	2,146	2%
Equity attributable to owners of the Company	2,141	2,099	2%
Cash resources ¹	689	661	4%
Current ratio (times)	1.6	1.6	—

Note:

1) Including the restricted bank deposits



CHAIRMAN'S STATEMENT

On behalf of the Board, I have the pleasure to present the interim results of the Group for the six months ended 30 June 2024.

MARKET REVIEW FOR THE FIRST HALF OF 2024

As a bridge connecting government agencies, communities and property owners, the property management industry is indispensable in meeting the owners' needs and the division of social roles. As a result of the downward trend in real estate, growth of the property management industry slackened, and the phenomenon of "increased revenue but not profits" continued. There was an acceleration on industry consolidation, and fierce competition and intensified differentiation were witnessed. However, taking advantage of the industry's resilience and special attributes, various property management companies adjusted their strategies in a timely manner, returned to the origin of service and focused on users' experience, encouraging the industry to transform to a healthier and more stable structure. As urbanization in China continues to grow, living area per capita increases and living environment improves, the industry still has considerable room and potential for expansion. In the first half of 2024, the state and governments at various levels rolled out multiple policies to promote industry standardization, encourage elderly care, upgrade safety management, and regulate public and urban services. These policies steered the industry towards a more regulated and standardized development, as well as provided new opportunities in market segments.

In the first half of 2024, Sino-Ocean Service remained staunch in improving quality and efficiency. We continued to fortify our basis for sustainable expansion and forged ahead on the path of high quality and sustainable development. We continued to optimize service quality and our professional service system; steadily promoted external expansion and actively improved service capabilities and project quality in sub-sectors. We examined owners' needs and were attentive to users' experience, continuously enriched and refined value-added services; we persevered in enhancing quality and efficiency, practiced streamlined management and enhanced cash collection and cash flow control abilities. We upheld our philosophy of crafting quality services with an artisan's spirit, increased service capabilities continuously, strengthened our foundation, maintained high quality and sustainable development. We did our best towards achieving our goal of becoming a branded superior comprehensive property management service provider in China.

2024 INTERIM RESULTS

For the six months ended 30 June 2024, our Group's revenue was RMB1,436.0 million, down approximately 8% YoY; gross profit was RMB327.4 million, up approximately 2% YoY. Net profit for the period was RMB60.2 million, down approximately 53% YoY. Profit attributable to owners of the Company was RMB59.3 million, down approximately 54% YoY. Basic earnings per share was RMB0.05, down approximately 54% YoY.

Penetrated core regions, focused on high quality third parties external expansion

In the first half of 2024, we adopted a market-oriented expansion model, focused on core regions and adhered to the strategy of synergetic development of residential and commercial properties. At the same time, we pursued a strategy of sustainable expansion with operational quality, actively disposed of low-efficiency projects for quality enhancement.

As at 30 June 2024, contracted GFA of property management services was 133.6 million sq.m., down approximately 8% YoY. GFA under management was 100.1 million sq.m., down approximately 3% YoY, mainly due to voluntary withdrawal from low-efficiency projects. Accumulated contracted GFA from third parties was 71.7 million sq.m., approximately 54% of total contracted GFA. We focused on expansion in high quality projects in penetrated cities. In the first half of 2024, we continued to raise the management density in these cities, with first-tier and second-tier cities accounting for approximately 85% of total area under management, including Beijing, Tianjin, Qingdao, Dalian, Chengdu and Wenzhou. Our advantage in scale in these cultivated cities went from strength to strength.

Sino-Ocean Service made the most of its service experience in logistics parks and hospitals to expand in the public arena. Our logistics park business covers more than 30 first-tier and second-tier cities in China. In the first half of 2024, the CRECT Group Logistics Park project was added, demonstrating the synergy with the high-quality development of logistics park enterprises. At the same time, we accumulated experience in medical logistics and gave full play to our advantage in hospital services. During the period, we acquired the Pingdu Campus of the affiliated hospital of Qingdao University project. As always, we were attentive to our high quality customers, made the most of our territorial advantage and good position with suppliers, intensified cooperation with leading central state-owned enterprises and key industry associations, actively expanded into government agencies, institutions and public service units. In the first half of the year, we added projects such as Shenyang TBEA Industrial Park and Luohe City Science and Technology Museum.

Built quality communities, served customers with an artisan's spirit

The quality of property services is the foundation of owners' experience and satisfaction level. Sino-Ocean Service integrated refined management and high quality service into every aspect of daily works, and constantly improved the details in our service through owners' feedback to construct a desirable community environment. We continued to carry out quality renewal movements across the country. Through green renewal, refurbishing of public facilities and installation of creative designs, we upgraded the community quality and helped maintain the value of properties. We also implemented safety measures such as clearing fire exits regularly and managing electric vehicles access. In terms of emergency preparation, fire drills and lift drills were conducted in order to improve emergency response capabilities. We monitored the flooding seasons, planned ahead, and implemented various protection measures to ensure community safety.

Sino-Ocean Service focused on owners' and residents' needs and provided them with an abundance of services to maximize convenience in their daily lives. We diligently implemented the governance model of "three-party collaboration" among government agencies, owners' committees and properties to create a virtuous cycle among governments, owners and service providers with a view to elevating community management. Wenzhou Ocean Century Mansion project reinforced the "three-party collaboration" model in its daily services and the project was awarded the "happy community" by the Housing and Urban Renewal Council of Wenzhou Longwan District in its June survey.

Enriched value-added services, satisfied users' diverse needs

To satisfy owners' needs in daily life, we probed value-added services in all dimensions, adopted a market-oriented and professional approach, balanced cost and return on investment, adjusted business planning, and built a "one quarter-hour living circle" for owners' comfort and convenience.

In terms of community living, we promoted domestic services such as general cleaning of homes and appliances. The retail business used our edge in self-operation and the combined attributes of property service, connected the "online + offline" service closed loop, linked the offline market and online "Yi Life U-Select (億家U選)", managed prices and quality of goods, enriched product structure and offered superior products to owners at favorable terms. In the first half of 2024, Sino-Ocean Service's first offline self-operating convenience store was opened and it boosted our retail framework. For home improvement, we created an eco-friendly high-quality home service chain, providing one-stop personalized solutions including home renovation, partial make-over and remodeling for the aged. The property brokerage business reacted precisely to market changes through bespoke policies for each location, built differentiating service systems for stronger competitiveness. In terms of elderly care, since we opened the first community elderly care station in 2023, we made use of our edge in service, combined with products of the latest technology and cooperation with professional institutions such as community health service centers, we continuously created and improved elderly care products, building a smart elderly care business model unique to Sino-Ocean Service, bringing more valuable services and products to more elderly users, and providing "smart home-based elderly care services".

Maintained international standards, enhanced commercial property owners' service experience

The commercial property business of Sino-Ocean Service is dedicated to high-end office services. Projects under management have obtained multiple green management certifications such as BOMA, LEED and WELL, and have been admitted to the Golden Key service standards. At the same time, it has obtained one national and two municipal outstanding awards, true testaments to Sino-Ocean Service's high-end service levels and competitiveness. We were unwavering in streamlined management and pursuing higher quality and efficiency for sustainable development. In the first half of 2024, we carried out standardized construction of underground space, improved the "underground space management system", enhanced space utilization and management efficiency, launched the Ocean International Center pilot project, and established regional replicable standards. We explored new models of office building broadband services, conducted in-depth research on the core logic of the broadband industry, sorted out the wiring of top-line computer rooms, investigated customer needs, formulated strategies for bespoke broadband service, and launched the broadband cooperation of Ocean International Center in the first half of 2024.

Going green was an integral part of the daily operation in our commercial space and office services. We practiced energy saving and low carbon, encouraged quality and sustainable development, and created green premiums for the owners through "hardware transformation + software operation". Through the installation of modified radar sensor lights, the central air-conditioning cooling water system, the introduction of energy-saving recycled water, and the installation of on-site food waste harmless treatment equipment, remarkable results in energy saving and consumption reduction were attained. As a result of its high-quality commercial space and office service capabilities, innovative management model and outstanding performance in the high-end office blocks, Sino-Ocean Service 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.

Intensified operational management, empowered sustainable quality development

We actively integrated information technology and adhered to refined management to boost efficiency. We ensured good user experience, standardized systems and high service level through improved staff capabilities.

We improved the digital system diligently and increased management effectiveness through information technology. We regulated project operation and management dimensions, and strengthened quality, risk and safety controls. Through the smart parking management platform, the parking systems of various suppliers for companies and projects in various regions across the country were modified and internet-linked for standardized parking management.

We have always treated employees as the cornerstone of corporate development. We take their talents and improving their capabilities seriously, continuously strengthen the team's professional capabilities and standardization, actively carry out online and offline training, and integrate training camps with online courses and special empowerment training to effectively augment employees' management capabilities, operational capabilities and job skills, enabling them to improve in their respective positions. By showcasing outstanding cases and benchmark figures, and organizing professional skills competitions, we motivated the entire staff to raise their service awareness and capabilities. In the first half of 2024, 13 training sessions were held to augment capabilities in project management, quality and value-added business; 43 training sessions for project service and basic management capabilities; and 19 training sessions for front-line employees' job skills.

We adhered to the origin of service and set out from users' needs and satisfaction. Our quality service and professional capabilities were recognized by owners, tenants and the industry. In the first half of 2024, Sino-Ocean Service ranked 12th in the "2024 TOP100 Property Management Companies in China" and "2024 China Leading Property Management Companies in terms of Customer Satisfaction". At the same time, green elements were integrated into the services throughout the process to enhance owners' experience. We led the way to an energy-saving and low-carbon lifestyle for sustainable development. Sino-Ocean Service has won honors including "2024 China Property ESG Sustainable Development Leading Enterprise" and the "2024 China Property Low-Carbon Operation Leading Enterprise".

2024 SECOND HALF OUTLOOK

Numerous favorable real estate-related policies have been introduced. As the upstream industries went through enormous changes and sector valuations suffered intense corrections, property management companies need to follow the trend, respond quickly, return to the essence of service, enhance core competitiveness, and reshape their own unique value. The acceleration of urbanization, the unremitting improvement of people's living standards and the continuous advancement of streamlined basic governance have further promoted the development of the property management industry. The industry still has much room for development. In the future, the service demands in the sub-sectors such as community elderly care, urban public services, domestic services, and household consumption, as well as the support and guidance of high level policies, will drive the property management industry to expand in all dimensions. Through rebuilding core competitiveness and refining differentiating advantages, a second growth curve for property companies may be derived and a new track for the property management industry may be opened up. The asset-light and strong cash flow attributes of the industry will also enable property companies with good brands and superior services to be more resilient and have greater potential in a volatile market environment.

In the second half of 2024, we will remain committed to our original intention and mission of "serving customers with an artisan's spirit", constantly strengthen our professionalism and service capabilities, improve service quality and enhance users' experience. We will improve business structure, raise project efficiency, probe expansion potential in sub-sectors, make differentiating and specific expansion proposals. We will innovate the business management model, upgrade the operation management system, improve quality and efficiency with refined management, and fortify costs and cash flow controls. We will continue to promote standardized, information-based and systemized operations for more effective management and better services; delve into growth potential, develop innovative businesses based on customer needs, and achieve model-based, sizeable and sustainable development.

Breaking new grounds despite the hardship, we are unwavering in our strategy of sustainable and high quality expansion in the service industry. Moving forward steadily and remaining self-motivated, 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, 27 August 2024

MANAGEMENT DISCUSSION AND ANALYSIS

A summary of the Group's management discussion and analysis for the six months ended 30 June 2024 is set out below:

BUSINESS REVIEW

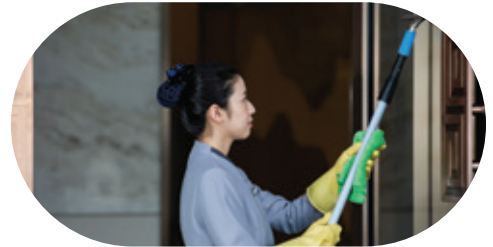
Business overview

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 offices and public and other properties, providing customers with comprehensive services along the value chain of property management, including, among others, 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. The property management services segment comprises 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

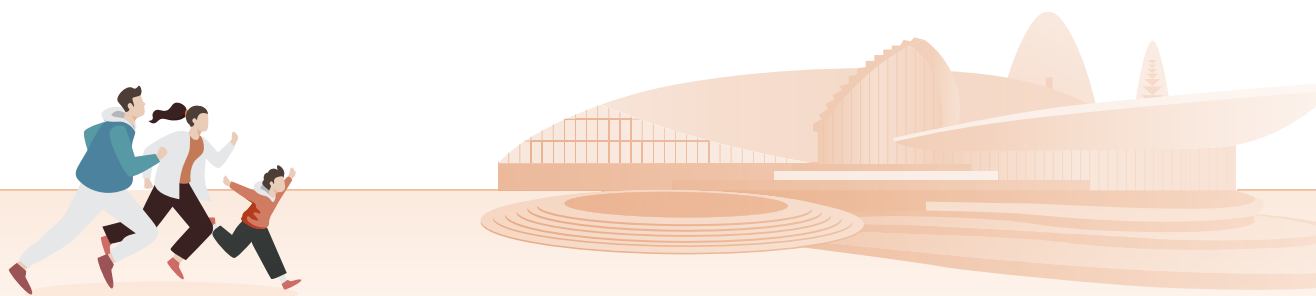
For the six months ended 30 June 2024, the Group's revenue from property management services amounted to RMB1,052.7 million, accounting for approximately 73% of the Group's total revenue.

Strengthening principal businesses and continuously optimising the quality and structure of the business. As at 30 June 2024, our contracted property management services for various business types amounted to 583 projects, with contracted GFA of 133.6 million sq.m. and GFA under management of 100.1 million sq.m., decreased by approximately 8% and 3%, respectively, as compared to 30 June 2023. During the period, the Group continued to seek expansion through multiple channels, such as tendering, joint venture and cooperation with large clients, as it continued to strengthen the development and expansion of its diverse businesses covering hospitals, industrial parks, logistics parks, government facilities and urban space with a focus on residential, commercial and office properties.

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

As at 30 June

	2024	2023
Contracted GFA ('000 sq.m.)	133,625	144,504
Number of projects relating to contracted GFA	583	666
GFA under management ('000 sq.m.)	100,097	103,453
Number of projects relating to GFA under management	501	539



Continuously enhancing the density of management in cities with deep engagement and amplifying the scale advantage of the public building services. During the period, the Group remained committed to the strategy of deepening its presence in key cities by leveraging its established human resource strengths in the regions where it had established a heavy presence to enhance operational efficiency and profitability with lower costs and improved efficiency. We prioritised the development of key customer channels by fully exploiting our local and supplier advantages to pave the way for subsequent deeper collaboration. For the first half of 2024, the percentage share of third parties in the Group’s contracted GFA of property management service projects was approximately 54%, with third parties accounting for approximately 64% of our newly added contracted GFA.

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 30 June

	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)	61,938	46	52,456	52	60,667	42	50,205	49
Properties developed/owned by other third parties ¹	71,687	54	47,641	48	83,837	58	53,248	51
Total	133,625	100	100,097	100	144,504	100	103,453	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 30 June 2024, our projects covered 83 cities across 27 provinces, autonomous regions and municipalities in China. Our geographical presence covered 5 major city clusters, including the Beijing-Tianjin-Hebei region, Bohai Rim region, Eastern China region, Southern China region and Central and Western China region. We consolidated our scale edge in the Beijing-Tianjin-Hebei region, Bohai Rim region and Eastern China region, while gradually increasing our proportionate share in the Southern China region, Central and Western China region. As of 30 June 2024, the Beijing-Tianjin-Hebei region, Bohai Rim region, Eastern China region, Southern China region, and Central and Western China region accounted for approximately 32%, 22%, 16%, 14% and 16%, 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 six months ended 30 June 2024 and 2023 respectively:

As at or for the six months ended 30 June

	2024				2023			
	Contracted GFA ('000 sq.m.)	GFA under management ('000 sq.m.)	Revenue		Contracted GFA ('000 sq.m.)	GFA under management ('000 sq.m.)	Revenue	
			(RMB'000)	%			(RMB'000)	%
Beijing-Tianjin-Hebei region ¹	46,561	32,253	341,739	33	49,050	33,654	346,659	33
Bohai Rim region ²	26,402	21,446	210,329	20	30,997	22,895	196,261	19
Eastern China region ³	20,024	16,223	210,495	20	25,023	19,237	235,362	22
Southern China region ⁴	16,995	14,396	139,124	13	16,110	13,444	127,027	12
Central and Western China region ⁵	23,643	15,779	151,002	14	23,324	14,223	141,587	14
Total	133,625	100,097	1,052,689	100	144,504	103,453	1,046,896	100

Notes:

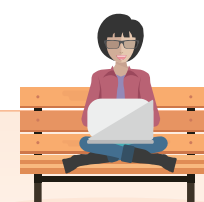
- 1) "Beijing-Tianjin-Hebei region" refers to cities or municipalities including Beijing, Tianjin, Shijiazhuang, Qinhuangdao, Langfang, etc.
- 2) "Bohai Rim region" refers to cities including Dalian, Qingdao, Shenyang, Jinan, Changchun, Taiyuan, etc.
- 3) "Eastern China region" refers to cities or municipalities 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, Fuzhou, Liuzhou, Sanya, etc.
- 5) "Central and Western China region" refers to cities or municipalities including Wuhan, Changsha, Zhengzhou, Xi'an, Chengdu, Kunming, Nanchang, etc.



The Group's property management projects are mainly concentrated in first-tier and second-tier cities such as Beijing, Tianjin, Shanghai, Hangzhou 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 30 June 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	19,721	15	17,707	18
New first-tier cities	33,114	25	25,627	26
Second-tier cities	47,248	35	41,338	41
Other cities	33,542	25	15,425	15
Total	133,625	100	100,097	100



Focusing on forging service capacity and building a strong foundation for services to practice high-quality and sustainable development. In the first half of 2024, adhering to the business philosophy of serving users with an artisan's spirit, we focused on improving the quality of our property management services, energising the Company's endogenous strength, and promoting the high-quality and sustainable development of the service sector. During the period, we were honored 12th in the "2024 TOP100 Property Management Companies in China", and "2024 China Leading Property Management Companies in terms of Customer Satisfaction", by virtue of our high-quality service level and delicacy operation capability. By integrating green concepts into our daily management of properties and practicing low-carbon and energy-saving operations, we have been awarded the "2024 China Property ESG Sustainable Development Leading Enterprise" and the "2024 China Property Low-Carbon Operation Leading Enterprise". We have set up a governance model featured by "three-party governance" in our projects on a pilot basis by integrating the resources of government agencies, the property owners' committee and the properties, opening up communication channels, and improving the supervision mechanism so as to continuously improve the details and quality of our services. In addition, the "Sino-Ocean Little Citizen Growth Paradise Base", which was set up by us jointly with the Community Residents' Committee, Sino-Ocean Group and the Sino-Ocean Charity Foundation, launched the second new public welfare activity themed with "Healthy Life and Zero-Carbon Future", providing the children in the community with knowledge popularisation activities such as courses on healthy growth, classes on fire emergency response and environmental protection, and organising sports activities such as the "Sino-Ocean Marathon", "soccer game for juniors" and badminton match, in order to escort the healthy growth of the children. During the period, we conducted special events such as "Blossoms in Spring, Fruits in Autumn (春華秋實)", "Production Safety Month" and "Children's Music Festival". We have held more than 160 sessions of "Children's Music Festival" events in more than 30 cities together; "Blossoms in Spring, Fruits in Autumn (春華秋實)" aimed to focus on the touch points of our customers, pay attention to the travelling routes of the property owners, and accurately optimise the details of our services, so as to revitalise and improve the environment of the community, and to effectively increase the satisfaction of our customers.



Property management services on residential and other non-commercial properties

As at 30 June 2024, the contracted GFA and GFA under management of the Group's residential and other non-commercial property projects were 123.8 million sq.m. and 94.4 million sq.m., respectively, decreased by approximately 7% and 2%, respectively, as compared to 30 June 2023. As at 30 June 2024, there were a total of 504 contracted property management projects, representing a decrease of approximately 12% as compared to 30 June 2023.

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

As at 30 June

	2024	2023
Contracted GFA ('000 sq.m.)	123,828	132,796
Number of projects relating to contracted GFA	504	573
GFA under management ('000 sq.m.)	94,445	96,736
Number of projects relating to GFA under management	436	465

Property management services on commercial properties

For the six months ended 30 June 2024, the Group's revenue from property management services on commercial properties amounted to RMB184.2 million, representing a decrease of approximately 13% as compared to the corresponding period of the previous year.

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 30 June

	2024	2023
Contracted GFA ('000 sq.m.)	9,797	11,708
Number of projects relating to contracted GFA	79	93
GFA under management ('000 sq.m.)	5,652	6,717
Number of projects relating to GFA under management	65	74

Adhering to the high-quality service capacity for commercial properties and continuing to improve the delicacy operations. As at 30 June 2024, the Group provided commercial property management services to projects with a contracted GFA of 9.8 million sq.m. and GFA under management of 5.7 million sq.m., decreased by approximately 16% as compared to 30 June 2023. First-tier and second-tier cities accounted for 99% of our GFA under management. The Group's commercial property management services were focused on the two principal business forms of shopping malls and office buildings. With its high-quality service capability and delicacy operational capacity, the Company was awarded the "2024 China Model Property Management Companies in terms of Characteristic Property Samples — High-end Office Buildings" this year. As the Company didn't renew the relevant master commercial operational services agreement with the parent company which had expired on 31 December 2023, there were no commercial operational services in the first half of 2024. In the future, we will focus on the commercial property services segment, and will promote the long-term operation of our assets and realise the preservation and enhancement of our asset value through the diversification of our service system and high-quality service contents.



Community value-added services

Exploring in-depth community-based service model to enable diversified value-added business development. For the six months ended 30 June 2024, revenue from community value-added services amounted to RMB243.8 million, decreased by approximately 9% as compared to the corresponding period of the previous year and accounting for approximately 17% of the Group's total revenue. In the first half of 2024, on the basis of our four major businesses, namely "community living services, leasing and sale services, home decoration services and spatial resources services", we actively explored the direction of value-added business based on the local situations and in accordance with the conditions of the projects and the needs of the owners, polished the granularity of our business, and improved the matrix of value-added business. In connection with community living services, our first self-operated offline convenience store was opened successfully. Relying on our supply chain advantages, we provide owners with a full range of products and services to meet their day-to-day needs within one kilometer. In addition, on the basis of the "Yi Life (億家生活)" online shopping mall, we launched community group purchase services based on the convenience store, which connects online sales and offline services to provide owners with a time-saving and hassle-free shopping experience. In connection with leasing and sales services, we adhered to our strategic approach, and carried out targeted reforms to our existing business cooperation model to effectively improve business output. Regarding home decoration services, we conducted on-site surveys and researches on owners' needs for renovation, and has operated home decoration affiliated stores on a trial basis to provide owners with high-quality renovation products for existing houses and after-sales services. In connection with spatial resources, we continued to improve the coverage of convenient living services in the community by introducing community charging piles, water purification facilities and convenient car washing facilities to further improve the "one quarter-hour living circle of Sino-Ocean".

Focusing on diversified service innovation and cultivating a distinctive value-added business ecosystem. In terms of residential value-added services, we focused on clients' demand, actively exploring the pain points and preferences of owners in community living, home-delivery services, retail, housing renovation and refurbishment, and storage space, etc. On the basis of our four major businesses, we continued to enrich our value-added business matrix to satisfy the diversified needs of residents. In terms of commercial value-added services, based on our rich experience in property management and early involvement of commercial properties, we provided value-added services to our corporate customers with rigid needs, and our energy-saving solutions for car parks have formed a replicable experience. In the future, based on our original intent of service, we will actively leverage our own experience and resource advantages, strengthen customer interaction, and optimise customer experience, with an aim to create value-added service products with greater market appeal.

The following table sets forth a breakdown of the Group's revenue generated from community value-added services by service types for the six months ended 30 June 2024 and 2023, respectively:

For the six months ended 30 June

	2024		2023	
	(RMB'000)	%	(RMB'000)	%
Community asset value-added services ¹	173,608	71	189,240	71
Community living services ²	48,561	20	33,104	12
Property brokerage services ³	21,629	9	44,342	17
Total	243,798	100	266,686	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

Building external competitive advantages through high-quality engineering maintenance capabilities, focusing on project admission standards, and forming a sustainable business development cycle. For the six months ended 30 June 2024, revenue from value-added services to non-property owners amounted to RMB139.5 million, decreased by approximately 30% as compared to the corresponding period of the previous year and accounting for approximately 10% of the Group's total revenue. During the period, considering the high correlation between the value-added business of non-property owners and real estate development companies, as well as the general situation of the current cash flow of real estate companies, the Group relied on its historical accumulation and the technological experience and brand advantages formed through mergers and acquisitions, prudently judged the risks of third parties projects, strictly controlled the project admission standards, and further enhanced the sustainable development of the Group's 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 six months ended 30 June 2024 and 2023, respectively:

For the six months ended 30 June

	2024		2023	
	(RMB'000)	%	(RMB'000)	%
Pre-delivery services ¹	50,555	36	85,955	43
Consultancy services ²	25,915	19	55,618	28
Property engineering services ³	63,056	45	58,194	29
Total	139,526	100	199,767	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 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

Focusing on development in cities with deep engagement, emphasizing the quality of third parties projects, and building a diversified business system.

We have always adhered to the market-oriented development strategy in a bid to consolidate our established advantages in the main business. In the future, we will continue to strengthen the expansion direction of diversified business, strengthen the expansion of public buildings, industrial parks, hospitals, schools and other business on the basis of residential and commercial properties as our main business, adopt a variety of cooperation methods, give full play to territorial advantages, and improve urban management density and project management efficiency through long-term and stable resource channels. Meanwhile, we will still actively manage the projects under management, adhere to the net profit with cash quality, and take the initiative to withdraw from the projects with less than expected economic benefits, so as to ensure the overall project quality of the Company and our ability to allocate more resources to existing projects to provide property owners with better-quality property services and promote the Company's healthy development in the long term. We will continue to focus on cities with deep engagement, emphasize high-quality projects expansion, evaluate regional synergies, improve the signing rate of third parties projects and the quality of operation and management, and strictly control the standards of expansion to ensure the collection capacity and operating profit of third parties projects, so as to further stabilise the sustainable operation and development of the Company.

Breaking through the construction of value-added service system, comprehensively empowering and enhancing the operational capabilities of value-added services.

We will attach great importance to the synergistic development of value-added and basic businesses, and encourage actively exploring and meeting the diverse needs of customers while maintaining high-quality project services, thereby creating a deep community-based service ecosystem, and forming a "one quarter-hour living circle of Sino-Ocean". On the basis of our four main businesses and our minimal business unit, we will encourage the adjustment of business strategies according to the advantages of the projects and the needs of customers, develop and innovate value-added services according to actual local conditions, and improve customer satisfaction and loyalty. We have always adhered to the asset-light business model, and in the future, we will continue to improve our real estate operation capabilities, improve the efficiency of the Group's asset disposal, and improve our operating cash flow performance. In terms of function, we will optimise our talent team, supply chain construction, business process management and sales management, efficiently utilise the platform and regional resources to empower our business, and comprehensively cultivate the sustainable development capability of value-added business for projects.

Reshaping the organisational structure, optimising the cultivation of professional ability of talents, and promoting the construction of talent team.

We will optimise the organizational structure, strengthen flat management, shorten the management link, and improve decision-making efficiency and execution. At the same time, we will pilot the function sharing model to realise the empowerment of professional resources and promote the overall efficiency of the organisation. We will optimise the construction of the talent pool and introduce high-quality talents with professional skills and industry experience according to the existing business needs and strengthen the talent reserve plan for key positions to ensure the continuous supply of talents in key positions. In addition, we will further improve the ecosystem of business skills learning courses, formulate special incentive policies around business pain points, optimise incentive policy guidance and rules, and promote performance improvement through a combination of training and practice. For basic properties, we will adjust the staffing, create a grid stewardship model, promote integrated skill coverage, integrate and mobilise resource coverage, quickly respond to customer needs, and improve their satisfaction. In terms of the already released service standardisation system documents, we will emphasize the implementation and training effectiveness enhancement, so as to further promote the ability training and professional quality improvement of business personnel and the iterative upgrading of service quality.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 June 2024 decreased by approximately 8% to RMB1,436.0 million, from RMB1,555.8 million for the six months ended 30 June 2023. The Group's revenue for the period was generated from (i) property management services¹; (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, respectively.

The following table sets forth the breakdown of our unaudited total revenue by business lines for the six months ended 30 June 2024 and 2023, respectively:

	2024		2023	
	(RMB'000)	%	(RMB'000)	%
Property management and commercial operational services ¹	1,052,689	73	1,089,384	70
Community value-added services	243,798	17	266,686	17
Value-added services to non-property owners	139,526	10	199,767	13
Total	1,436,013	100	1,555,837	100

For the six months ended 30 June

Note:

- 1) The master commercial operational services agreement dated 14 June 2021 entered into between the Company and Sino-Ocean Holding 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 Holding. The Group's revenue streams for the first half of 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 services for the first half of 2024 slightly decreased by approximately 3% to RMB1,052.7 million from RMB1,089.4 million for the first half of 2023. The decrease was mainly attributable to the combined effects of (a) the increase in revenue from property management services on residential properties; and (b) the absence of revenue from commercial operational services for the period.

Revenue from community value-added services for the first half of 2024 decreased by approximately 9% to RMB243.8 million (first half of 2023: RMB266.7 million), which was mainly attributable to the overall economic situation and the downturn in the real estate market, revenue from community asset value-added services and property brokerage 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 period.

Revenue from value-added services to non-property owners for the first half of 2024 decreased by approximately 30% to RMB139.5 million (first half of 2023: RMB199.8 million). The decrease was mainly caused by (i) revenue from pre-delivery services which decreased by approximately 41% to RMB50.6 million for the first half of 2024 from RMB86.0 million for the first half of 2023; and (ii) revenue from consultancy services which decreased by approximately 53% to RMB25.9 million for the first half of 2024 (first half of 2023: RMB55.6 million), mainly attributable to the decrease in pre-sale activities in the real estate market.

Cost of sales and services

For the first half of 2024, cost of sales and services was RMB1,108.6 million (first half of 2023: RMB1,234.3 million).

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 for the first half of 2024 decreased by approximately 11% to RMB398.5 million, from RMB446.6 million as compared to the corresponding period of 2023, which was in line with the decrease in revenue scale of the Company.

Employee benefit expenses, maintenance and utilities expenses for the first half of 2024 in aggregate slightly decreased by approximately 2% to RMB585.9 million as compared with that of RMB597.8 million in the corresponding period of 2023, which was in line with the decrease in total revenue of the Company.

Cost of consumables and construction materials decreased by approximately 51% to RMB11.2 million, for the first half of 2024, as compared to RMB23.0 million for the first half of 2023, which was in line with the decrease in revenue from value-added services to non-property owners.

Cost of merchandises sold increased by approximately 116% to RMB36.7 million for the first half of 2024 from RMB17.0 million for the first half of 2023, which was in line with the increase in the scale of the retail sales in our community living services.

Sub-contract expenses for home improvement and property agency services decreased by approximately 42% to RMB9.6 million for the first half of 2024 from RMB16.6 million for the first half of 2023, which was in line with the decrease in revenue of the home decoration and property agency services due to the downturn of the overall real estate market.

Gross profit and gross profit margin

Gross profit for the first half of 2024 increased by approximately 2% to RMB327.4 million from RMB321.5 million for the first half of 2023. The overall gross profit margin for the first half of 2024 increased to approximately 23% from approximately 21% for the first half of 2023, mainly attributable to the increase in gross profit margin of property management services¹ and community value-added services, partly offset by the decrease in gross profit generated from value-added services to non-property owners due to the overall economic situation.

The table below sets forth the breakdown of our gross profit and gross profit margin by business lines for the six months ended 30 June 2024 and 2023 respectively:

For the six months ended 30 June

	2024		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	%	(RMB'000)	%
Property management and commercial operational services ¹	210,104	20	206,962	19
Community value-added services	94,056	39	74,727	28
Value-added services to non-property owners	23,260	17	39,805	20
Total	327,420	23	321,494	21

Note:

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

Gross profit margin for property management services slightly increased from approximately 19% for the first half of 2023 to approximately 20% for the first half of 2024. The increase in gross profit margin as the Company has enhanced operational efficiency and profitability with lower costs and improved efficiency.

Gross profit margin for community value-added services increased from approximately 28% for the first half of 2023 to approximately 39% for the first half of 2024, which was mainly attributable to the recovery of gross profit margin from property brokerage services during the period.

Gross profit margin for value-added services to non-property owners decreased from approximately 20% for the first half of 2023 to approximately 17% for the first half of 2024, which was primarily attributable to the decrease in gross profit margin from pre-delivery services with higher gross profit margins.

Among the business lines, our community value-added services generally recorded a higher gross profit margin as we can utilise 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 for the first half of 2024 was RMB9.2 million, a decrease of RMB3.6 million from RMB12.8 million in the first half of 2023. The other income mainly comprised government grants and interest income. The decrease was mainly attributable to the decrease in government grants received and the additional deduction of input value-added tax was expired on 31 December 2023, during the period.

We recorded other losses (net) of RMB1.4 million for the first half of 2024 (first half of 2023: gains of RMB14.4 million). The net other losses mainly arose from net exchange losses and the disposal loss of subsidiaries during the period.

Operating expenses

Selling and marketing expenses for the first half of 2024 remained stable at RMB8.1 million (first half of 2023: RMB7.6 million).

Administrative expenses for the first half of 2024 decreased by approximately 4% to RMB105.1 million as compared to RMB110.0 million for the first half of 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 increased by approximately 64% to RMB124.5 million for the first half of 2024, from RMB75.7 million for the first half of 2023. The increase in such losses was mainly attributable to the increase in provision made by the Group for trade and other receivables, considering the sluggish macroeconomic environment and the downturn in the real estate market in the PRC.

Impairment losses on goodwill

For the first half of 2024, due to the overall real estate market downturn in the PRC, the Group recorded net impairment losses on goodwill of RMB9.2 million (first half of 2023: nil).

Finance costs

Finance costs for the first half of 2024 and 30 June 2023 amounted to RMB0.3 million and RMB0.4 million, respectively, mainly comprised interest expenses of the lease liabilities.

Share of results in joint ventures

For the first half of 2024, share of results in joint ventures amounted to losses of RMB3.0 million (first half of 2023: profits of RMB1.2 million). 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 expense for the first half of 2024 decreased by approximately 10% to RMB24.8 million (first half of 2023: RMB27.6 million). The decrease in income tax expense was the combined effects of the decrease in operating profits and the increase in tax non-deductible items.

Profit attributable to owners of the Company

Due to (i) the continuous real estate market downturn which lengthened the settlement cycle of relevant businesses and in turn led to an increase in the provision for trade and other receivables; and (ii) the absence of disposal of investment in a joint venture during the period, while the Group recorded a one-off gain on disposal of investment in a joint venture in the corresponding period last year, the profit attributable to owners of the Company for the first half of 2024 decreased by approximately 54% to RMB59.3 million, as compared to RMB128.7 million for the first half 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 underground commercial properties and parking spaces located in the PRC, which were held to earn rentals. As at 30 June 2024, the Group's investment properties remained stable at RMB60.8 million (31 December 2023: RMB61.5 million).

Property, plant and equipment

Property, plant and equipment mainly consisted of office and operating equipment, leasehold improvement, vehicles and buildings. As at 30 June 2024, the Group's property, plant and equipment slightly decreased to RMB100.3 million from RMB104.7 million as at 31 December 2023.

Intangible assets

Intangible assets comprised of computer software, property management contracts, customer relationships, trademark and goodwill. As at 30 June 2024, the Group's intangible assets decreased to RMB678.3 million from RMB699.0 million as at 31 December 2023. The decrease was primarily due to amortisations and impairment losses of goodwill during the period.

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 RMB646.1 million as at 30 June 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, respectively.

As at 30 June 2024, trade and note receivables amounted to RMB1,210.3 million, representing an increase of approximately 8% as compared to RMB1,123.0 million as at 31 December 2023. The increase was primarily attributable to the increase in trade and note receivables from third parties, arising from the slowdown in receivables collection under the negative macroeconomic environment. 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 which in aggregate remained stable at RMB525.7 million as at 30 June 2024 from RMB525.0 million as at 31 December 2023.

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 30 June 2024, trade and other payables amounted to RMB1,260.7 million, which remained relatively stable as compared to RMB1,275.1 million as at 31 December 2023.

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 30 June 2024, our contract liabilities amounted to RMB584.1 million, representing an increase of approximately 13% as compared to RMB518.1 million as at 31 December 2023, which was in line with the increase in revenue from property management services on residential properties.

Capital expenditures

In the first half of 2024, we incurred capital expenditures of RMB3.6 million (first half of 2023: RMB10.6 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 30 June 2024, the Group had cash and cash equivalents of RMB680.6 million and restricted bank deposits of RMB8.0 million, amounted to RMB688.6 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). 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 first half of 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 30 June 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 30 June 2024, gearing ratio was nil (31 December 2023: nil).

Significant investments

As at 30 June 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 30 June 2024, the Group had no capital commitment (31 December 2023: nil).

Charge on assets

As at 30 June 2024, we did not have any charges on our assets.

Contingent liabilities

As at 30 June 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 during the first half of 2024.

Employees and human resources

As at 30 June 2024, the Group had 8,684 employees (30 June 2023: 9,546 employees). The total number of employees serving the Group decreased primarily attributable to the optimisation of the Company'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 period. Our employee benefit expenses for the first half of 2024 were RMB440.5 million (first half of 2023: RMB478.3 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.

Important event after the reporting period

As at the date of this interim report, there was no important event affecting the Group after the six months ended 30 June 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 utilise the unutilised 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 optimise the use of the unutilised net proceeds, the Board had resolved to change the proposed use of unutilised 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 30 June 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	Utilised immediately before Reallocation	Planned use of net proceeds after Reallocation	Amount utilised/ (refunded) after Reallocation up to 31 December 2023	Unutilised as at 31 December 2023	Utilised/ (Refunded) during the period	Unutilised as at 30 June 2024	Expected timetable for the usage of the unutilised net proceeds as at 30 June 2024
	(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)	
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	1.2 ^(Note 3)	1.5	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	(13.8)	96.5	

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 Latest Practicable Date, the refunded RMB80.0 million has not been utilised. The expected time to utilise such refunded net proceeds has 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 utilised 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 the first half of 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 materialise and the earnest money was subsequently refunded to the Group during the reporting period. As at the Latest Practicable Date, the refunded RMB15.0 million has not been utilised. The time to utilise 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 utilised 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 unutilised net proceeds of RMB2.7 million as at 31 December 2023, RMB1.2 million were utilised for further expansion of our value-added services, such as convenient store and senior living services, during the first half of 2024. As at the Latest Practicable Date, RMB1.5 million has not been utilised. The expected time to utilise such remaining net proceeds has 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 has 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 utilised 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 unutilised 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 unutilised 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 optimising the use of the Acquired Premises, as at the Latest Practicable Date, the Acquired Premises were planned to be 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 are 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 unutilised net proceeds, the Board confirms that there are no material changes in the nature of the business of the Group as set out in the Prospectus. The Board considers the above change in the use of the unutilised net proceeds is 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 is therefore in the interests of the Group and the Shareholders as a whole.

The unutilised net proceeds prior to the full utilisation were deposited with licensed banks or financial institutions in Mainland China and Hong Kong. As at the Latest Practicable Date, the unutilised net proceeds amounted to RMB96.5 million. The expected timeline of full utilisation set out above is based on the Company's best estimation barring unforeseen circumstances, and is subject to change in light of future development of market conditions.

INVESTOR RELATIONS REPORT

PROMOTING VALUES

The management 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 believes that an efficient and transparent information disclosure mechanism enables investors to understand the Group's business and updates in a timely and accurate manner, so that they could reasonably evaluate the Company's value, thereby enhancing investors' confidence and creating maximum value for our Shareholders.

During the first half of 2024, we communicated with analysts and investors through results announcement press conferences, the official WeChat public account of Sino-Ocean Service and results roadshows. On the one hand, we proactively participated in investor conferences organised by various brokerage firms and explored other communication channels to strengthen communication with investors. On the other hand, we announced the Company's business updates via our official WeChat public account to keep various parties informed of the Company's recent business developments.

As a two-way bridge of information communication, the investor relations department assists investors to fully understand the Company's business while summarising and feeding back the investors' opinions to the Company's management as a regular exercise. In the future, we will continue to maintain communication with the capital market and investors, enhance participation in investor conferences, and expand the depth and breadth of information delivery through more focused interactive communication. At the same time, we will continue to listen and respond to investors' needs to understand the Company's development, including issues such as "environmental, social and corporate governance", with increasing attention year on year, so as to enhance investors' recognition and confidence in the Company. The Company will publish public information such as announcements, interim and annual reports, ESG 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.

SHARE PRICE PERFORMANCE

For the trading days during the period from 1 January 2024 to 30 June 2024, the Company recorded:

	Highest	Lowest
Price per Share (HKD)	0.75	0.31

As of 30 June 2024, the total number of issued Shares was 1,184,000,000. Based on the closing price of HKD0.46 on 28 June 2024 (i.e. the last trading day of the first half of 2024), the market capitalisation of the Company was approximately HKD544.64 million.

SUSTAINABILITY REPORT

The Group incorporates the sustainability concept into the Company's strategy and day-to-day operational management on a consistent basis in a bid to achieve high-quality corporate development. We attach great importance to ESG matters and actively communicate with various internal and external stakeholders on related matters in order to become an exemplar among peers in terms of the practice of sustainability, fulfilment of social responsibility and development of an outstanding enterprise in the service sector, and have been awarded the "2024 China Property ESG Sustainable Development Leading Enterprise" and the "2024 China Property Low-Carbon Operation Leading Enterprise" by CRIC Property Management and China Property Management Research Institution.

I. OPERATIONAL LEADERSHIP: STABLE FOUNDATION FOR DEVELOPMENT

The Group adheres to the principles and practices of governing the enterprise in accordance with the law, operating in compliance, abiding by the principles of honesty and integrity, and providing safeguards for the stable development of the Company through sound corporate governance. 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 regulatory rules of capital markets such as the Stock Exchange, the Group has developed a sound and efficient corporate governance structure. As the highest decision-making body, the Board is responsible for formulating strategies, reviewing the Company's organisational structure on a regular basis, monitoring its business performance, the performance of the management and the Company's performance in sustainability, aiming to safeguard and increase the interests of the Company and the 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. 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 in genuine fulfillment of our obligations in information disclosure as a listed company, in order to ensure the openness, fairness and impartiality of corporate information disclosure and protect the legitimate rights and interests of the Company, its investors and minority shareholders. To comply with the latest requirements under the CG Code and based on the development demands of the Company, we further improved our Nomination Committee Terms of Reference, Audit Committee Terms of Reference, Operational Independence Code and Policy of the Remuneration for the Management and announced the same for implementation in the first half of 2024.

The Group has given high priority to probity development and adopted a stance of zero tolerance against corruption and fraud and other violations of business ethics. We ensure the effective prevention, monitoring and implementation of the probity and anti-corruption system through multiple approaches, such as improving internal systems, whistleblowing and probity promotion. In strict compliance with laws and regulations, we established and implemented a range of internal policies 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, streamlined our whistleblowing channels and made improvements to the mechanism for the protection of whistleblowers and conducted probity operation training regularly, in genuine protection of the Company's sound operation and healthy development.

II. CUSTOMER-ORIENTED: REFINING QUALITY SERVICES

In persistent adherence to the service philosophy of “serving customers with an artisan’s spirit”, the Group adhered to the responsible attitude of putting customers in the first place and responsible marketing, whilst engaged in mutually beneficial cooperation with suppliers to provide customers with high-quality and healthy lives through artisanal products and quality services. During the reporting period, the Group established a new client evaluation model oriented by customer needs to further standardize and improve the property management system, providing property owners with mid to high-end quality services. We continued to upgrade the two major brand IP activities of “Artisan’s Home (匠心築家)” and “Friendly Neighbors+ (友鄰+)”, regularly carrying out diversified convenient service activities, providing professional and intimate services and convenient life services for property owners, creating a culture of community and neighborhood in a bid to build a community environment underpinned by harmony and health. The commercial property services of the Group have achieved LEED, WELL, BOMA and other green international certifications, and provide exquisite and excellent high-end office building services, creating characteristic service contents such as “four-season service”, “100-meter building” and “1-ALL” full staff linkage.

The Group continuously innovates its intelligent service system through digital technology. During the reporting period, we established a unified smart parking management platform to achieve networked, intelligent, and visualized carpark management. We also promoted the launch of the owners’ system to achieve more effective management of property, parking spaces, and property owners data information for the project, so as to create a safe, efficient, and convenient smart living community for property owners.

III. GREEN OPERATION: ADHERING TO LOW-CARBON TRANSITION

The Group adheres to implement 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.

The Group complies with relevant laws and regulations, classifies the waste generated in daily operations according to standards, handles it properly, and improves the level of green services. Ocean Plaza (遠洋大廈) has introduced new kitchen waste equipment to achieve on-site disposal of kitchen waste, treating waste from the source and accelerating the conversion of renewable resources.

The Group combines practical experience to conduct detailed statistics, scientific control, and maintenance of the surrounding public environment for other types of emissions such as exhaust gas, wastewater, and noise generated during project operations. In addition, in all aspects of construction and operation, energy and water resource utilisation efficiency has been fully considered. For example, the energy-saving renovation project of introducing reclaimed water into the central air conditioning cooling water system can effectively reduce dependence on fresh water resources and contribute to the sustainable use of water resources.

The Group takes climate change as an important issue to support green transformation of the Company’s operation, jointly contributes to the achievement of “carbon peaking and carbon neutrality”. We actively optimize the operation strategy of the air conditioning system and control the temperature in different zones, continuously promote the intelligent transformation of lighting electricity. For example, the roads in the industrial park in Jinhua Platinum Garden (金華鉑宇花園) project in Eastern China region are renovated and equipped with light control switches on the basis of lighting time control, which are used to control the main circuit. The transformation of the IoT garage lighting AI system in Hangzhou Wangchen Mansion (杭州望宸名邸) project in Eastern China region enables remote computer control of lighting fixtures, and the development of lighting plans for day, night, holidays and different levels, which effectively reduces power consumption and improves control efficiency while ensuring lighting needs.

IV. WHERE TALENTS MEET: CREATING A BETTER FUTURE TOGETHER

The Group firmly believes that employees are the most important and valuable asset of the Group, and a vital support for the development of the enterprise. We provide employees with competitive compensation, benefits, and promotion mechanisms, and establish a comprehensive talent training and development system to enhance their industry competitiveness. At the same time, we will effectively safeguard the occupational health and safety of our employees, establish a multi-channel communication mechanism, and comprehensively protect the legitimate rights and interests of our employees.

During the first half of 2024, the Group further carried out organisational restructuring in line with its positioning as a professional and empowering headquarters to optimise the allocation of resources and promote cooperation and knowledge sharing in order to enhance synergy and work efficiency among employees. We attach importance to the effect of remuneration allocation on guiding and driving the achievement of business results, continuously improve the employee incentive mechanism and optimise the incentive rules. We always attach importance to the personal development of employees, actively carry out online and offline training, and promote the improvement of their service skills and operating capabilities. In the first half of 2024, the activity of online learning was significantly improved, and a total of 75 offline project employee trainings were conducted. In order to improve the skills of customer end employees, the study map was sorted out and the “100-day through train for customer service experts” project was launched, and TOP workshops and different skills competitions were held in business units. The Group highly values staff welfare and a variety of recreational activities have been organized and appropriate and effective assistance have 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.

V. CONCERNING WITH THE PUBLIC WHILST: UNDERTAKING SOCIAL RESPONSIBILITY

The Group is committed to becoming a facilitator of social progress and a rallying force for community development. While promoting the development of our own business, we also deeply practice the social concept of public welfare for the beauty of society, support community welfare activities, build civilized and harmonious neighborhood relations and warm and friendly community environment, and promote a positive interaction between enterprises and society.

During the first half of 2024, through the combination of party-building and basic governance, we created party service bases in conjunction with communities in first-tier and second-tier cities to actively explore the community management model of “Residents, Community Residents’ Committee and Properties” for common governance and win-win situation in order to realise the effect of basic collaborative governance. Ocean Plaza (遠洋大廈) cooperated with the Party branch of the property owner’s law firm in the building to carry out the legal public consultation activities for customers of the “Consumer Rights Day”, providing a platform for customers to understand legal knowledge and solve legal problems, and demonstrating their responsibilities for the society.

The Group attached great importance to the construction of community culture, created diversified social and cultural activities covering all ages, explored a new model of mutual assistance among street communities, and built a warm and mutually beneficial humanistic community. The Group actively assumed its corporate social responsibility and contributed in a great way to promote the sound growth of charitable functions. After a year of operation, the “Sino-Ocean Little Citizen Growth Practice Base” created by us and Sino-Ocean Charity Foundation has carried out a number of activities such as literacy learning, collection of welfare donations and family fun activities around three major theme activities. We will continue to upgrade our products and services capabilities to create a community medical and nursing service platform taking care of seniors’ health, home-care and social life. During the first half of 2024, we organised a series of public welfare activities, such as blood donation, entity assistance, and environmental management. Wuhan company in Central China region donated air conditioners and other materials to local households enjoying minimum guarantee in the form of social enterprise alliance. This charity activity was reported and recognized by Hubei Daily’s New Media portal, which continued to enhance the Group’s local reputation and influence.

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.

DISCLOSURE OF INTERESTS

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

As at 30 June 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) as 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 Holding	Beneficial owner	118,777	0.002%
Ms. ZHU Geying	Sino-Ocean Holding	Beneficial owner	38,531	0.001%
Mr. CUI Hongjie	Sino-Ocean Holding	Beneficial owner	369,571	0.005%

Note:

Calculated based on Sino-Ocean Holding's total number of issued ordinary shares of 7,616,095,657 as at 30 June 2024.

Save as disclosed above, as at 30 June 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) as 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.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2024 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 any equity or debt securities of the Company or any other body corporate or had exercised any such right.

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

As at 30 June 2024, the interests and short positions of other persons in the Shares and underlying Shares (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

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 Holding	Interest of controlled corporation (Note (i))	Long position	777,882,500	777,882,500	65.70%
Shine Wind Development Limited ("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		

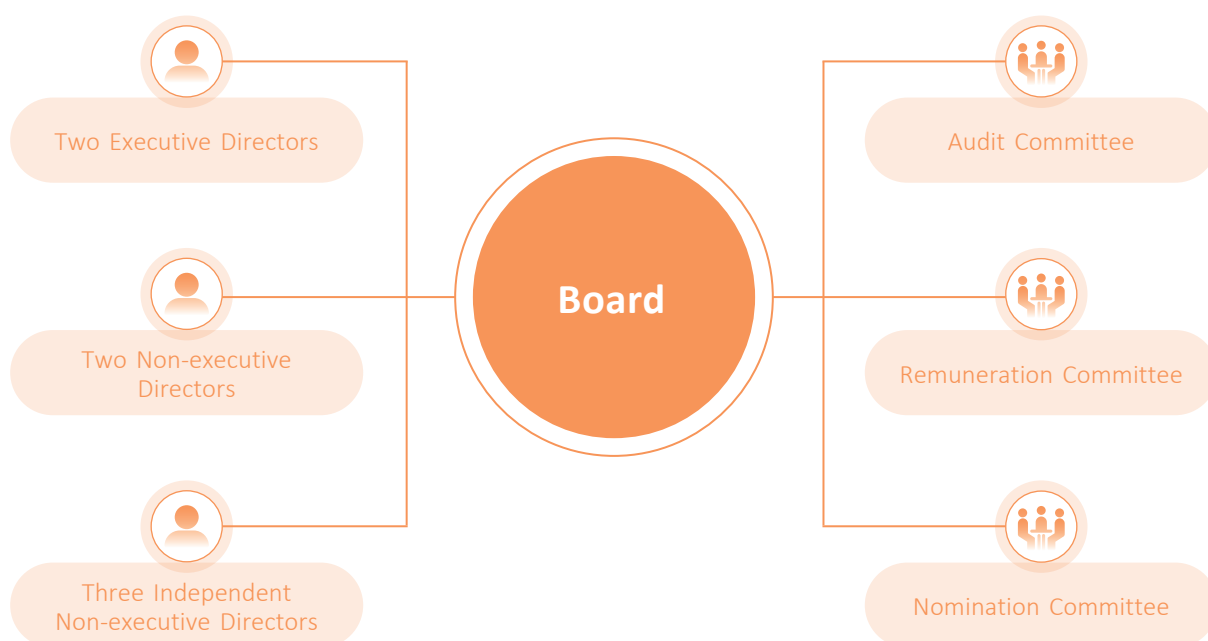
Notes:

- (i) Shine Wind is a wholly-owned subsidiary of Sino-Ocean Holding and therefore, Sino-Ocean Holding was deemed to be interested in these Shares 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 30 June 2024.

Save as disclosed above, as at 30 June 2024, no person (other than the Directors and the chief executive of the Company) or corporation had any interest or short position in the Shares or underlying Shares (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH THE CG CODE



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.

In the opinion of the Board, the Company had applied the principles of the CG Code to its corporate governance structure and practices which have been described in the Corporate Governance Report contained in the annual report of the Company for the year ended 31 December 2023 and complied with all the applicable code provisions of the CG Code throughout the six months ended 30 June 2024, except for the deviation as disclosed below:

The positions of the Joint Chairmen are held by Mr. YANG Deyong and Mr. CUI Hongjie, while Mr. YANG Deyong also performs 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, in view of the present 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 believes that Mr. YANG Deyong, in his dual capacity as the Joint Chairman and the Chief Executive Officer, will provide realignment of power and authority under the existing corporate structure and facilitate the ordinary business activities of the Company. The Board also considers that as all major decisions are made in consultation with the Board and the senior management of the Company, there is sufficient balance of power with the joint-chairman structure, and believes that this structure is in the best interest of the Company. The Board will review the current structure from time to time and will make any necessary arrangement as appropriate.

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, the Audit Committee consists of five members, being three Independent Non-executive Directors, namely Mr. LEUNG Wai Hung, Dr. GUO Jie and Mr. HO Chi Kin Sammy, and two Non-executive Directors, namely Mr. CUI Hongjie and Mr. HOU Min. 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 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 Audit Committee has reviewed with the management of the Company the accounting policies and practices adopted by the Group and discussed, among other things, internal control, risk management and financial reporting matters including a review of the unaudited interim condensed consolidated results of the Group for the six months ended 30 June 2024 and this interim report.

REMUNERATION COMMITTEE

After the appointment of Mr. HOU Min and Mr. LEUNG Wai Hung as members of the Remuneration Committee with effect from 16 April 2024, 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, an Executive Director, Mr. YANG Deyong, and a Non-executive Director, 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.

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, and to review the structure, size, composition and diversity of the Board and the Board diversity policy and make recommendations to the Board.

RISK MANAGEMENT AND INTERNAL CONTROL

Duties of the Board and the management

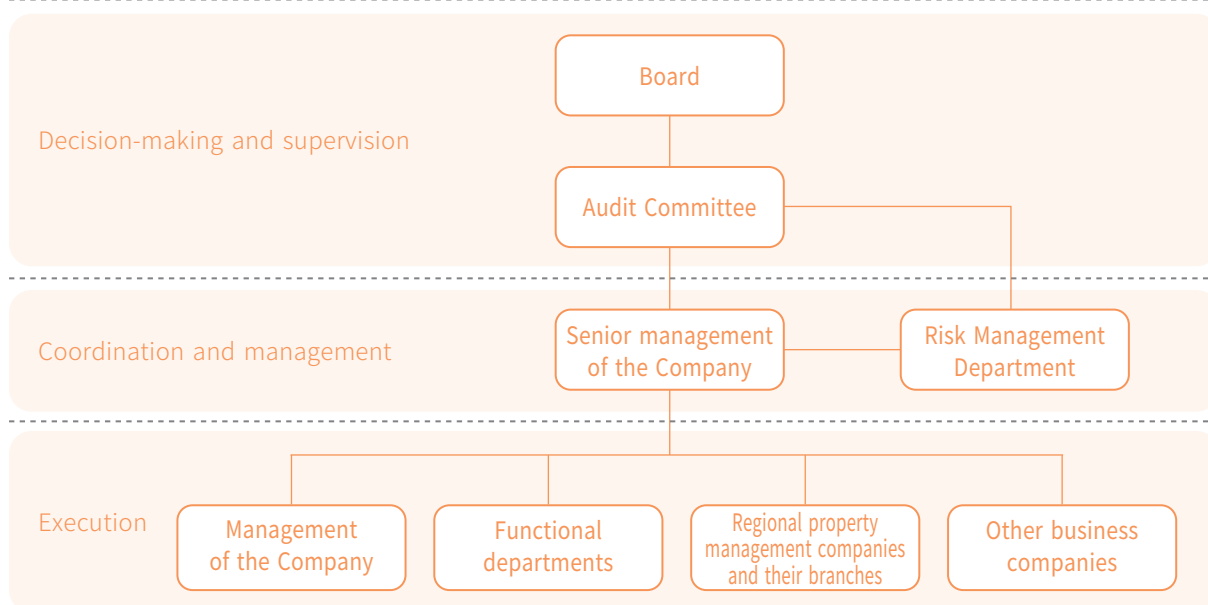
The Board reviews the Group's risk management and internal control systems annually, the scope of which covers, among other things, the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions 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

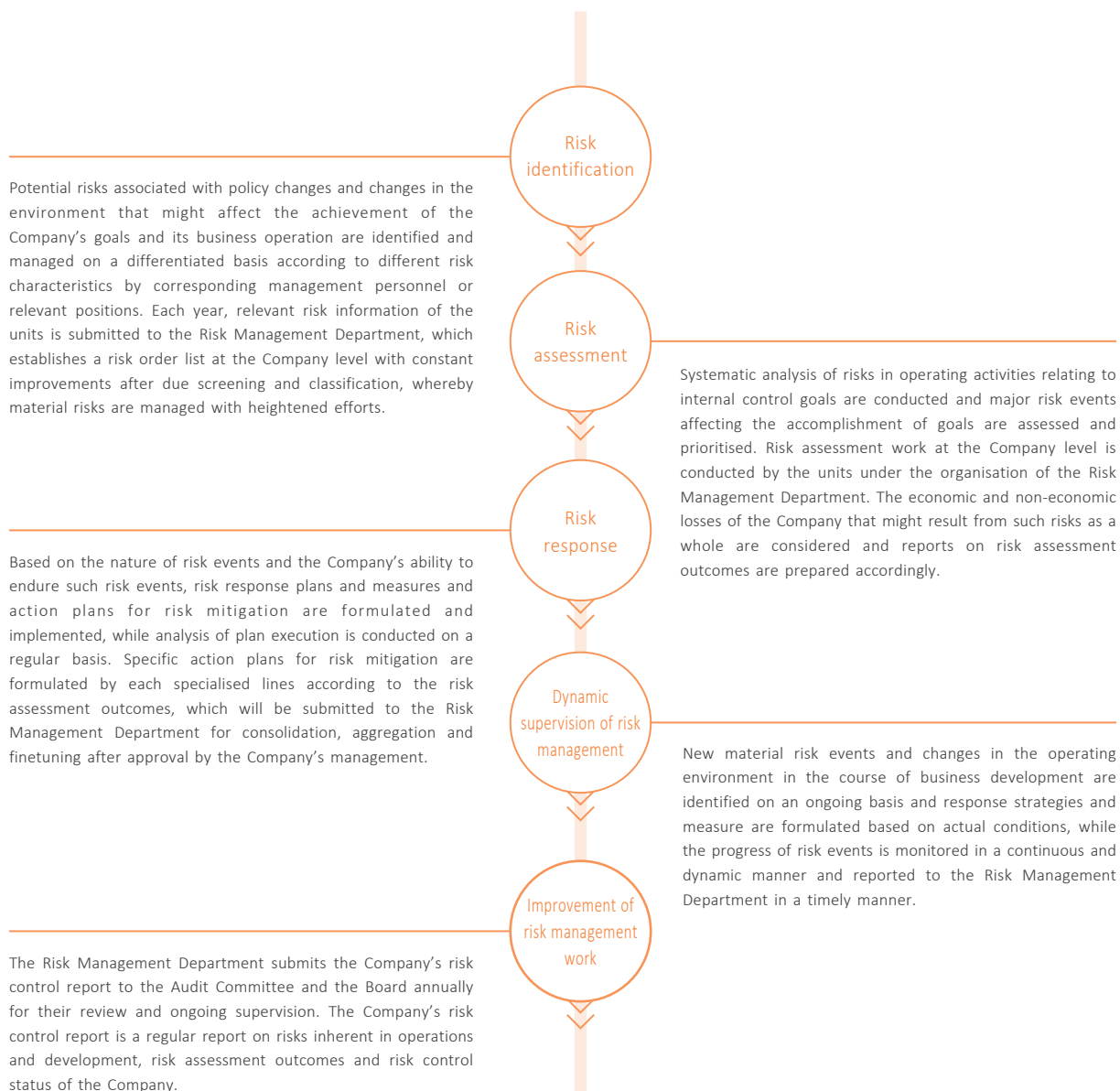
The Group is of the view that effective risk management is crucial to its business sustainability and success in the long term. To perfect the Group's risk management work, improve the quality of its operations, foster a sound culture for risk management, establish a comprehensive risk management regime, 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



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 are 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, conducts the review of 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 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 promote an open, transparent, sharing and responsible corporate culture and therefore has adopted an "Administrative Measures on Whistleblowing and Appeal" 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 Group 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 organises 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.

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 on a regular basis. 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.

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 six months ended 30 June 2024.

REVIEW OF INTERIM FINANCIAL INFORMATION

The unaudited interim financial information of the Group for the six months ended 30 June 2024 has been reviewed by the auditors of the Company, BDO Limited, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, the report of which is included on pages 49 to 50 of this report.

SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

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 six months ended 30 June 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.

CHANGE IN DIRECTORS’ INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, change in the information of the Directors subsequent to 31 March 2024 (being the latest practicable date prior to the issue of the annual report of the Company for the year ended 31 December 2023) and up to the Latest Practicable Date required to be disclosed is set out below:

- Mr. ZHU Xiaoxing resigned as the vice chairman of the Board, a Non-executive Director and a member of the Audit Committee with effect from 16 April 2024.
- Mr. HOU Min was appointed as the vice chairman of the Board, a Non-executive Director and a member of each of the Audit Committee and the Remuneration Committee with effect from 16 April 2024.
- Mr. LEUNG Wai Hung, an Independent Non-executive Director, was appointed as a member of the Remuneration Committee with effect from 16 April 2024.
- Mr. LEUNG Wai Hung was appointed as an independent non-executive director of Gemini Investments (Holdings) Limited (Stock Code: 174) with effect from 20 April 2024.
- Mr. HOU Min was appointed as the general manager of the office of CEO affairs of Sino-Ocean Group and ceased to be the deputy general manager of the office of CEO affairs of Sino-Ocean Group with effect from 30 April 2024.
- Mr. CUI Hongjie, a Non-executive Director, ceased to be the general manager of the construction management centre of Sino-Ocean Group with effect from 18 July 2024.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of RMB0.0125 per Share (equivalent to HKD0.0137 per Share, rounded to the nearest four decimal places) for the six months ended 30 June 2024 (six months ended 30 June 2023: nil). The interim dividend will be paid in cash in HKD. The relevant exchange rate is the average central parity rate of RMB to HKD as announced by the People’s Bank of China for the period from Tuesday, 20 August 2024 to Monday, 26 August 2024 (RMB1=HKD1.0932). The interim dividend will be paid to the Shareholders (except for the holders of treasury shares, if any) whose names are standing in the register of members of the Company at the close of business on Friday, 13 September 2024. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, 13 September 2024. Currently, the Company does not hold any treasury shares.

It is expected that the cheques for dividend payment in relation to the interim dividend will be despatched at the risk of those who are entitled thereto to their respective registered addresses on or around Thursday, 26 September 2024.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF SINO-OCEAN SERVICE HOLDING LIMITED
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements set out on pages 51 to 78, which comprise the interim condensed consolidated statement of financial position of Sino-Ocean Service Holding Limited and its subsidiaries (collectively referred to as the “Group”) as of 30 June 2024 and the related interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended, and notes to the interim condensed consolidated financial statements, including material accounting policy information (the “interim condensed consolidated financial statements”). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of 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.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

BDO Limited

Certified Public Accountants

Ho Yee Man

Practising Certificate Number P07395

Hong Kong, 27 August 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	7	1,436,013	1,555,837
Cost of sales and services	7, 8	(1,108,593)	(1,234,343)
Gross profit		327,420	321,494
Selling and marketing expenses	8	(8,121)	(7,618)
Administrative expenses	8	(105,140)	(109,998)
Impairment losses on goodwill	14	(9,212)	—
Net impairment losses on financial assets		(124,487)	(75,712)
Other income	9	9,239	12,787
Other (losses)/gains	10	(1,446)	14,381
Operating profit		88,253	155,334
Finance costs		(307)	(414)
Share of results in joint ventures	16	(2,958)	1,161
Profit before income tax		84,988	156,081
Income tax expense	11	(24,772)	(27,634)
Profit for the period		60,216	128,447
Other comprehensive income		—	—
Profit and total comprehensive income for the period		60,216	128,447
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		59,340	128,714
Non-controlling interests		876	(267)
		60,216	128,447
Earnings per share for profit attributable to owners of the Company			
Basic and diluted (expressed in RMB per share)	12	0.05	0.11

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2024	31 December 2023
		RMB'000	RMB'000
		(Unaudited)	(Audited)
Assets			
Non-current assets			
Investment properties		60,824	61,532
Property, plant and equipment	13	100,278	104,732
Intangible assets	14	678,326	698,976
Right-of-use assets	15	11,251	10,906
Investments in joint ventures	16	47,634	50,592
Deferred income tax assets		154,120	134,967
Total non-current assets		1,052,433	1,061,705
Current assets			
Inventories	17	646,142	651,355
Trade and note receivables	18	1,210,279	1,123,025
Contract assets		4,595	17,413
Prepayments and other receivables	19	525,662	525,020
Restricted bank deposits		7,970	9,120
Cash and cash equivalents		680,613	651,542
Total current assets		3,075,261	2,977,475
Total assets		4,127,694	4,039,180
Equity			
Share capital	21	99,829	99,829
Reserves		1,200,021	1,217,071
Retained earnings		841,637	782,297
Equity attributable to owners of the Company		2,141,487	2,099,197
Non-controlling interests		42,058	46,513
Total equity		2,183,545	2,145,710

	Notes	30 June 2024	31 December 2023
		RMB'000	RMB'000
		(Unaudited)	(Audited)
Liabilities			
Non-current liabilities			
Trade and other payables	20	9,657	15,297
Lease liabilities	15	4,311	2,206
Deferred income tax liabilities		49,493	52,912
Total non-current liabilities		63,461	70,415
Current liabilities			
Trade and other payables	20	1,251,017	1,259,766
Contract liabilities		584,097	518,064
Lease liabilities	15	6,144	5,460
Current tax liabilities		39,430	39,765
Total current liabilities		1,880,688	1,823,055
Total liabilities		1,944,149	1,893,470
Total equity and liabilities		4,127,694	4,039,180

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the company					Non-controlling interests	Total equity
	Share capital	Statutory reserves	Other reserve	Retained earnings	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	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 period	—	—	—	59,340	59,340	876	60,216
Transactions with owners in their capacity as owners							
Dividends declared and paid during the period (Note 22(a))	—	—	(17,050)	—	(17,050)	—	(17,050)
Disposal of a subsidiary	—	—	—	—	—	(691)	(691)
Deregistration of subsidiaries	—	—	—	—	—	(3,971)	(3,971)
Capital contributions from non-controlling interests	—	—	—	—	—	665	665
Distribution relating to non-controlling interests	—	—	—	—	—	(1,334)	(1,334)
Balance as at 30 June 2024 (Unaudited)	99,829	13,108	1,186,913	841,637	2,141,487	42,058	2,183,545
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 period	—	—	—	128,714	128,714	(267)	128,447
Transactions with owners in their capacity as owners							
Dividends declared and paid during the period (Note 22(a))	—	—	(146,109)	—	(146,109)	—	(146,109)
Deemed distribution	—	—	(54,000)	—	(54,000)	—	(54,000)
Balance as at 30 June 2023 (Unaudited)	99,829	13,108	1,203,963	868,863	2,185,763	50,833	2,236,596

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Cash generated from/(used in) operations		87,013	(132,522)
Interest received		2,291	2,201
Income tax paid		(48,025)	(47,760)
Net cash generated from/(used in) operating activities		41,279	(178,081)
Cash flows from investing activities			
Deposit paid to			
—Third party		—	(200,000)
Deposit refunded from			
—Related party		—	392,395
—Third party		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	24	(1)	—
Purchases of property, plant and equipment		(1,926)	(4,582)
Purchases of investment property		(769)	—
Purchase of intangible assets		(892)	(6,031)
Dividend received from a joint venture		—	30,000
Proceeds from disposal of investment in a joint venture		—	59,000
Proceeds from disposal of property, plant and equipment		3	80
Net cash generated from investing activities		11,415	542,282
Cash flows from financing activities			
Dividends paid	22(a)	(17,050)	(146,109)
Return of capital to non-controlling interest upon deregistration of subsidiaries		(3,971)	—
Payments of lease liabilities		(1,213)	(1,278)
Distribution relating to non-controlling interests		(1,334)	—
Payment of consideration for common control combination		—	(58,799)
Capital contributions from non-controlling interests		665	—
Net cash used in financing activities		(22,903)	(206,186)
Net increase in cash and cash equivalents		29,791	158,015
Cash and cash equivalents at the beginning of the period		651,542	472,540
Exchange losses on cash and cash equivalents		(720)	(6,144)
Cash and cash equivalents at the end of the period		680,613	624,411

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

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 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 Holding”), a limited liability company incorporated in Hong Kong on 12 March 2007, and its shares are listed on the Stock Exchange.

This interim condensed consolidated financial information has not been audited and is presented in Renminbi (“RMB”), unless otherwise stated. This interim condensed consolidated financial information has been approved for issue by the Board on 27 August 2024.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

This interim financial information does not include all the notes of the type normally included in the annual financial report. Accordingly, this interim condensed consolidated financial information should be read in conjunction with the annual financial report for the year ended 31 December 2023 and any public announcements made by the Company during the interim reporting period.

3. ACCOUNTING POLICIES

Application of Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current period

In the current period, the Group has applied the following amendments to HKFRSs issued by the HKICPA that are first effective 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 and related amendments to Hong Kong Interpretation 5 (Revised)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to the standards listed above in the current period has had no material effect on the Group’s financial performance and positions for the current and prior year and on the disclosures set out in these interim condensed consolidated financial statements.

4. ESTIMATES

The preparation of the interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for year ended 31 December 2023.

5. FINANCIAL RISK MANAGEMENT

5.1 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.

This interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023.

There have been no significant changes in the risk management policies since previous year.

5.2 Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and note receivables
- Other receivables, excluding prepayments
- Restricted bank deposits
- Cash and cash equivalents
- Trade and other payables, excluding payroll and welfare payables and other tax payables
- Lease liabilities

5.3 Fair value estimation

Since the last annual financial report, there was no material change on the judgements and estimates made by the Group in determining the fair values of the financial instruments.

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 six months ended 30 June 2024, the Group is principally engaged in the provision of property management 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 30 June 2024 and 31 December 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 six months ended 30 June 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 and services by category for the six months ended 30 June 2024 and 2023 is as follows:

	Six months ended 30 June			
	2024		2023	
	Revenue	Cost of sales and services	Revenue	Cost of sales and services
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Type of goods or services				
Property management and commercial operational services	1,052,689	842,585	1,089,384	882,422
Community value-added services	243,798	149,742	266,686	191,959
Value-added services to non-property owners	139,526	116,266	199,767	159,962
	1,436,013	1,108,593	1,555,837	1,234,343
Timing of revenue recognition				
Over time	1,297,686	1,013,854	1,349,956	1,055,882
Point in time	87,533	67,317	103,300	98,582
	1,385,219	1,081,171	1,453,256	1,154,464
Revenue from other sources				
Rental income	50,794	27,422	102,581	79,879

For the six months ended 30 June 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 contributed 10% (for the six months ended 30 June 2023: 14%) of the Group's revenue. Other than Sino-Ocean Group, its joint ventures and associates and the shareholder of ultimate holding company of the Group, the Group has a large number of customers, none of whom contributed approximately 10% or more of the Group's revenue during the six months ended 30 June 2024 and 2023.

8. EXPENSES BY NATURE

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefit expenses	440,509	478,251
Outsourced security, greening and cleaning expenses	398,813	448,823
Maintenance expenses and utilities	202,137	171,435
Cost of consumables and construction materials	11,421	23,305
Cost of merchandises sold	36,673	16,992
Cost of selling carpark spaces and properties	3,701	19,797
Sub-contract expenses for home improvement and property agency services	9,633	18,175
Office-related expenses	43,564	50,724
Depreciation and amortisation charges	29,496	58,287
Community activities expenses	8,121	7,618
Taxes and surcharges	7,956	7,104
Write-down of inventories to net realisable value	3,702	22,867
Auditors' remuneration		
— Audit services	—	—
— Non-audit services	1,000	1,000
Others	25,128	27,581
	1,221,854	1,351,959

9. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants (note)	5,801	9,330
Interest income from bank deposits	2,291	2,201
Written off of account and other payables	301	135
Others	846	1,121
	9,239	12,787

Note:

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

10. OTHER (LOSSES)/GAINS

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Gain/(loss) on disposal of property, plant and equipment	2	(34)
Gain on disposal of investment in a joint venture	—	20,559
Loss on disposal of a subsidiary (Note 24)	(719)	—
Net foreign exchange losses	(729)	(6,144)
	(1,446)	14,381

11. INCOME TAX EXPENSE

The group entities are subjected to PRC corporate income tax, which has been provided for based on the applicable tax rate of the assessable income of each of these group entities for the six months ended 30 June 2024 and 2023. Certain subsidiaries of the Group in the PRC are qualified as small, micro businesses or High-New Technology Enterprise and enjoy preferential income tax rate of 5% or 15%. Companies registered in Hong Kong are mainly subjected to Hong Kong profits tax.

The amount of income tax expense charged to the interim condensed consolidated statement of comprehensive income represents:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax		
— PRC corporate income tax	47,168	44,469
— PRC land appreciation tax	176	421
	47,344	44,890
Deferred income tax		
— Origination and reversal of temporary differences	(22,572)	(17,256)
Income tax expense	24,772	27,634

12. 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 of 1,184,000,000 (for the six months ended 30 June 2023: 1,184,000,000) in issue during the six-month periods.

For the six months ended 30 June 2024 and 2023, diluted earnings per share was equal to the basic earnings per share as there were no dilutive potential ordinary shares.

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (RMB'000)	59,340	128,714
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 period (expressed in RMB per share)	0.05	0.11

13. PROPERTY, PLANT AND EQUIPMENT

No impairment losses were recognised in respect of property, plant and equipment for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil). During the six months ended 30 June 2024, additions to property, plant and equipment amounted to RMB2,792,000 (six months ended 30 June 2023: RMB5,254,000).

14. INTANGIBLE ASSETS

	Six months ended	Year ended
	30 June 2024	31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Cost		
At beginning of period/year	786,226	779,199
Additions	5,999	7,711
Disposals	—	(684)
At the end of period/year	792,225	786,226
Accumulated amortisation		
At the beginning of period/year	87,250	47,550
Amortisation charge for the period/year	17,437	33,490
Disposals	—	(412)
Impairment	9,212	6,622
At the end of period/year	113,899	87,250
Carrying values		
At the end of period/year	678,326	698,976

14. INTANGIBLE ASSETS (CONTINUED)

	As at	
	30 June 2024	31 December 2023
	RMB'000	RMB'000
Goodwill arising from acquisition of subsidiaries:		
天津熙合供應鏈服務有限公司 (“Tianjin Xihe”)	352,435	352,435
浙江遠甌物業管理有限公司 (“Zhejiang Yuanou”)	37,828	37,828
湖南遠洋億家相成物業管理有限公司 (“Xiangcheng wuye”)	18,124	27,336
山東聯泰物業服務有限公司 (“Shandong Liantai”)	19,339	19,339
河南遠洋和諧物業服務有限公司 (“Henan Hexie”)	17,312	17,312
杭州遠洋新時代物業管理有限公司 (“Hangzhou New Era”)	1,048	1,048
遠洋億家物業服務南通有限公司 (“Ocean Nantong”)	459	459
	446,545	455,757
Other intangible assets	231,781	243,219
	678,326	698,976

Impairment test for cash-generating units containing goodwill arising from business combinations

As of 30 June 2024, the management performed an impairment assessment on cash-generating units containing goodwill for which impairment indicator has been identified. The recoverable amounts of the property management business operated by Xiangcheng wuye have been assessed by management with the assistance of an independent valuer, Cushman & Wakefield, due to unsuccessful bidding of new projects. The recoverable amount is determined based on value-in-use calculations which is higher than the fair value less cost of disposal. The calculations used cash flow projections based on financial budgets covering a five-year periods approved by the management and was based on the following key assumptions:

	Xiangcheng wuye
Revenue 2024 (% annual growth rate)	-4.5%
Revenue 2025 (% annual growth rate)	3.1%
Revenue 2026 to 2028 (% annual growth rate)	2.9%
Gross margin (% of revenue)	16.6%
Pre-tax discount rate	16.1%
Selling and marketing expenses (% growth rate)	0%
Administrative expenses (% growth rate)	7.5%
Terminal cash flow growth rate	2%

14. INTANGIBLE ASSETS (CONTINUED)

Impairment test for cash-generating units containing goodwill arising from business combinations (continued)

By reference to the recoverable amount assessed by the independent valuer as of 30 June 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 30 June 2024 (30 June 2023: nil).

As of 30 June 2024, the recoverable amounts of Xiangcheng wuye CGU of RMB40,058,000 (31 December 2023: total CGUs in the property management business with significant goodwill of RMB822,875,000) in the property management business calculated based on VIU calculations fall short (31 December 2023: exceeded) their aggregate adjusted carrying amounts of RMB55,412,000 (31 December 2023: total CGUs in the property management business with significant goodwill of RMB714,879,000) by approximately RMB15,354,000 (31 December 2023: total CGUs in the property management business with significant goodwill of RMB116,278,000). Since Xiangcheng wuye being a partially owned subsidiary is itself a cash-generate unit and its non-controlling interests was initially measured as proportionate share of the net identifiable assets, the Group has recognised its share of goodwill impairment loss of RMB9,212,000.

Details of the headroom attributable to the CGU in the property management business as of 30 June 2024 and 31 December 2023 are set out as follows:

	As at	
	30 June 2024	31 December 2023
	RMB'000	RMB'000
Xiangcheng wuye	n/a*	2,343

* By reference to the recoverable amount assessed by the independent valuer as of 30 June 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 six months ended 30 June 2024 (six months ended 30 June 2023: nil). As impairment loss has been recognised for this CGU, no headroom is attributable to the Xiangcheng wuye CGU. Accordingly, no sensitivity analysis is performed.

Management has undertaken sensitivity analysis on the impairment test for the year ended 31 December 2023. 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 2023.

	Xiangcheng wuye
As of 31 December 2023	
Annual revenue growth rate	1.08%
Pre-tax discount rate	+0.51%
Gross margins	17%
Terminal cash flow growth rate	2%

15. LEASES

The interim condensed consolidated statement of financial position shows the following amounts relating to leases:

	As at	
	30 June 2024	31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Right-of-use assets		
Buildings	6,624	8,608
Parking lots	4,627	2,298
	11,251	10,906
Lease liabilities		
Current	6,144	5,460
Non-current	4,311	2,206
	10,455	7,666

16. INVESTMENTS IN JOINT VENTURES

The movement in investment in joint ventures in the interim condensed consolidated statement of financial position is as follows:

	Six months ended	Year ended
	30 June 2024	31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
At beginning of period/year	50,592	59,359
Share of results from investments in joint ventures	(2,958)	(8,767)
At end of period/year	47,634	50,592

17. INVENTORIES

	As at	
	30 June 2024	31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Carpark spaces	523,410	529,571
Properties held for sale	121,317	120,404
Consumables and merchandises	1,415	1,380
At end of period/year	646,142	651,355

18. TRADE AND NOTE RECEIVABLES

	As at	
	30 June 2024	31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables		
— Related parties (Note 23(b))	710,524	834,550
— Third parties	1,094,163	770,779
	1,804,687	1,605,329
Note receivables		
— Third parties	6	—
Less: allowance for impairment of trade and note receivables	(594,414)	(482,304)
Total	1,210,279	1,123,025

Due to the short-term nature of trade and note receivables, their carrying amounts is considered to be same as their fair value.

18. TRADE AND NOTE RECEIVABLES (CONTINUED)

Ageing analysis of trade and note receivable, based on the invoice date, were as follows:

	As at	
	30 June 2024	31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 1 year	865,765	839,386
1–2 years	534,251	523,778
2–3 years	280,065	136,629
Over 3 years	124,612	105,536
Total	1,804,693	1,605,329

19. PREPAYMENTS AND OTHER RECEIVABLES

	As at	
	30 June 2024	31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Prepayments to suppliers		
— Related parties (Note 23(b))	1,601	6,982
— Third parties	36,138	37,194
	37,739	44,176
Other receivables		
— Related parties (Note 23(b))	501,677	496,303
— Payments on behalf of property owners	66,104	58,860
— Deposit	28,005	27,343
— Refundable deposits		
— Third parties	—	15,000
— Others	44,161	25,956
	639,947	623,462
Less: allowance for impairment of other receivables	(164,579)	(160,305)
	475,368	463,157
Other prepaid tax	12,555	17,687
Total	525,662	525,020

20. TRADE AND OTHER PAYABLES

	As at	
	30 June 2024	31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade payables		
— Related parties (Note 23(b))	33,185	25,802
— Third parties	709,564	725,558
	742,749	751,360
Other payables		
— Related parties (Note 23(b))	15,496	27,007
— Deposit	176,005	180,253
— Amounts collected on behalf of property owner	178,925	160,931
— Consideration payable for acquisition of a subsidiary	8,580	8,580
— Others	36,382	30,016
	415,388	406,787
Dividends payables		
— Non-controlling shareholders	1,320	1,320
Accrued payroll and welfare payables	94,916	108,935
Other tax payables	6,301	6,661
	101,217	115,596
Less: non-current portion	(9,657)	(15,297)
Current portion	1,251,017	1,259,766

As at 30 June 2024 and 31 December 2023, the carrying amounts of trade and other payables approximated their fair values.

20. TRADE AND OTHER PAYABLES (CONTINUED)

As at 30 June 2024 and 31 December 2023, ageing analysis of trade payables at the reporting date, based on the invoice date, is as follows:

	As at	
	30 June 2024	31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 1 year	531,874	527,493
1-2 years	105,825	121,312
2-3 years	57,714	58,439
Over 3 years	47,336	44,116
Total	742,749	751,360

21. SHARE CAPITAL

	Number of shares	Amount	
	'000 shares	HK\$'000	RMB'000
Issued and fully paid:			
Ordinary shares of HK\$0.1 each			
As at 1 January 2023 (Audited), 31 December 2023 (Audited), 1 January 2024 (Audited) and 30 June 2024 (Unaudited)	1,184,000	118,400	99,829

22.DIVIDENDS

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
2023 final dividend declared and paid of RMB0.0144 (2023: 2022 final dividend declared and paid of RMB0.123) per ordinary share (a)	17,050	146,109
2024 interim dividend declared of RMB0.0125 (2023: RMB nil) per ordinary share (b)	14,800	–
	31,850	146,109

- (a) During the six months ended 30 June 2024, the Company declared and paid final dividends with aggregated amounts of RMB17,050,000 (for the six months ended 30 June 2023: RMB146,109,000) to the Company's shareholders.
- (b) On 27 August 2024, the Board has resolved to declare an interim dividend of RMB0.0125 per ordinary share with aggregated amount of RMB14,800,000 for the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB nil).

23. RELATED PARTY TRANSACTIONS

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 six months ended 30 June 2024 and 2023:

(a) Transactions with related parties

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Provision of goods and services		
— A joint venture	200	547
— Entities controlled by the ultimate holding company	74,537	116,105
— Entities over which the ultimate holding company has significant influence and joint control	62,529	93,499
— A shareholder of the ultimate holding company of the Group	1,255	964
	138,521	211,115
Purchase of goods and services		
— A joint venture	40,041	41,722
— Entities controlled by the ultimate holding company	10,815	49,845
— Entities over which the ultimate holding company has significant influence and joint control	493	2,434
— A shareholder of the ultimate holding company of the Group	1	—
	51,350	94,001
Recognition of right-of-use assets		
— Entities over which the ultimate holding company has significant influence and joint control	491	—
Lease liability interest expenses		
— Entities controlled by the ultimate holding company	—	8
— Entities over which the ultimate holding company has significant influence and joint control	25	20
	25	28

23. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (continued)

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Rental expenses		
— Entities controlled by the ultimate holding company	3,909	1,285
— Entities over which the ultimate holding company has significant influence and joint control	1,352	1,152
	5,261	2,437
Deposits receivable from entities controlled by the ultimate holding company		
At 1 January	227,472	118,467
Amounts advanced during the period	—	363,382
Repayments during the period	(1,393)	(264,007)
At 30 June	226,079	217,842
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 period	—	197,104
Repayments during the period	—	(840)
At 30 June	215,415	215,632
Refundable deposits from entities controlled by the ultimate holding company		
At 1 January	—	1,018,745
Amounts advanced during the period	—	—
Repayments during the period	—	(392,395)
At 30 June	—	626,350
Acquisition of 100% of the equity interest in Sino-Ocean Mechatronics		
— An entity controlled by the ultimate holding company	—	58,799

23. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties

	As at			
	30 June 2024	30 June 2024	31 December 2023	31 December 2023
	Gross carrying amount	Carrying amount	Gross carrying amount	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Trade and note receivables				
— Entities controlled by the ultimate holding company	500,124	303,827	505,405	333,547
— Entities over which the ultimate holding company has significant influence and joint control	208,691	156,042	327,033	261,815
— A shareholder of the ultimate holding company of the Group	1,709	1,608	2,112	1,802
	710,524	461,477	834,550	597,164
Other receivables				
— Entities controlled by the ultimate holding company	278,866	183,135	272,143	189,190
— Entities over which the ultimate holding company has significant influence and joint control	222,811	172,324	224,160	163,529
	501,677	355,459	496,303	352,719

23. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties (continued)

	As At	
	30 June 2024	31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Prepayments		
— A joint venture	1,290	1,612
— Entities controlled by the ultimate holding company	211	5,370
— Entities over which the ultimate holding company has significant influence and joint control	100	—
	1,601	6,982
Trade payables		
— A joint venture	25,848	17,215
— Entities controlled by the ultimate holding company	6,702	7,003
— Entities over which the ultimate holding company has significant influence and joint control	635	1,584
	33,185	25,802

23. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties (continued)

	As at	
	30 June 2024	31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Other payables		
— Entities controlled by the ultimate holding company	10,538	13,875
— Entities over which the ultimate holding company has significant influence and joint control	4,958	13,132
	15,496	27,007
Contract liabilities		
— Entities controlled by the ultimate holding company	9,273	9,505
— Entities over which the ultimate holding company has significant influence and joint control	4,899	12,439
— A shareholder of the ultimate holding company of the Group	29	10
	14,201	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	1,033	—
	1,033	34

23. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel compensation

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, bonuses and other benefits	4,439	4,529

24. 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
	(Unaudited)
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

24.DISPOSAL OF A SUBSIDIARY (CONTINUED)

	30 June 2024
	RMB'000
	(Unaudited)
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
	(Unaudited)
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.

25.SUBSEQUENT EVENT

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

GLOSSARY

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings:

“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, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan for the purpose of this interim report
“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)
“Director(s)”	the director(s) 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” or “HK\$”	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
“Latest Practicable Date”	9 September 2024, being the latest practicable date prior to the issue of this interim report
“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)
“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(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 Holding and its subsidiaries
“Sino-Ocean Holding”	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
“Sino-Ocean Mechatronics”	Sino-Ocean Mechatronics Equipment Technology Development Co., Ltd.* (遠洋機電設備技術發展有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“YoY”	year-on-year
“%”	per cent

Note:

In this interim 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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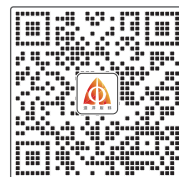
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