遠洋服務
SINO-OCEAN SERVICE

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

RESULTS HIGHLIGHTS

- As of 31 December 2022, the total contracted GFA of property management services was 149.8 million sq.m., and the total GFA under management was 100.8 million sq.m., representing an increase of approximately 42% and 37% respectively as compared to 31 December 2021.
- Revenue increased by approximately 10% to RMB3,269.9 million as compared to 2021.
- Gross profit decreased by approximately 7% to RMB769.4 million as compared to 2021. Gross profit margin was approximately 24%, representing a decrease of approximately 4 percentage points as compared to 2021. The decrease in gross profit margin was mainly attributable to the decrease in revenue generated from community value-added services (the gross profit margin of which is generally comparatively higher than other services provided by the Group) for the year ended 31 December 2022 as a result of the continuous COVID-19 pandemic in the PRC during the year ended 31 December 2022.
- Profit for the year decreased by approximately 82% to RMB78.8 million as compared to 2021. Profit attributable to owners of the Company decreased by approximately 83% to RMB75.4 million as compared to 2021. Such decreases were mainly attributable to (i) a significant increase in the impairment provision for amount due from related parties made by adopting a conservative approach taking into account the downturn in the overall real estate market in the PRC; and (ii) a decrease in overall gross profit margin for the year ended 31 December 2022 as discussed above.
- Equity attributable to owners of the Company decreased by approximately 8% to RMB2,206.6 million as compared to 31 December 2021.
- The Board is pleased to propose a final dividend of RMB0.123 per Share (equivalent to HKD0.141 per Share), in the form of cash. Together with the interim dividend of RMB0.136 per Share (equivalent to HKD0.156 per Share), total dividend for the year amounts to RMB0.259 per Share (equivalent to HKD0.297 per Share).

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

Stock Code : 06677

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2022.

REVIEW AND OUTLOOK

2022 review

2022 was a year which opportunities and challenges co-existed. The importance of property management companies in safe-guarding livelihood and enhancing quality of life was accentuated. Through active participation in curbing the pandemic, caring for the elderlies and children, building a smart community and rejuvenating aging districts, property management took on the vital role of basic governance in the community and connecting the grassroots government and the general public for better cooperation. Being closely concerned with livelihood, property management was recognised as the 'capillaries' in society. Our nation also continued to strengthen governance in the industry, increase policy support at all levels of government from Central to local, and direct the expansion of the industry through multiple major national policies; The 2022 March "Government Working Report" proposed more facilities for caring of the elderlies and children, prompting governments to give more support in planning, land use and housing, also to improve domestic services in both quality and quantity, and the supply of senior living in urban and rural areas. In May, "Opinions on Further Promoting the Construction of Smart Communities" proposed that by 2025, the following should be in place: a basic structure of network management, streamlined services, information support, an open and shared smart community service platform, optimal government guidance, an investment mechanism for smart community construction allowing multi-party participation. These are to encourage social forces to be involved in 'the Internet + community services', to provide innovative services and products. In July, the National Development and Reform Commission announced the "14th Five-Year Plan on New Urbanisation Implementation Plan" in which a higher coverage of property management and service standardisation pilots were proposed. Urban renewal is to focus on transforming the 'three districts one village', namely aging residential quarters, factory buildings, residential blocks and urban villages. In October, "Notice of the General Office of the Ministry of Housing and Urban-Rural Development and the General Office of the Ministry of Civil Affairs on Launching a Complete Community Construction Pilot Work" listed requests on optimising community service facilities, creating comfortable living environments, promoting smart living and upgrading the community governance mechanism. Various policies pin-pointed the weaknesses of the industry and made corrections systematically with a view to encouraging property management companies to carry out substantial developments in 'property + senior living', 'property + technology', 'property + renewal' and value-added services, to extend the boundaries of property services, promote platform development of management enterprises and expansion of community value-added services.

During 2022, the property management industry sought changes under pressure from real estate policy expectations, fundamental changes in the property industry, credit issues of enterprises and receded consumption. On the one hand, the industry's growth mode and sustainable profitability were challenged as both management scale and GFA under management growth rate slowed down. On the other hand, property management enterprises focused more on internal growth, trying to augment efficiency by streamlining management. We also paid more attention to enhancing service quality and professional experience, never losing sight of customers' needs and satisfaction which is what service is all about.

During 2022, we did not forget our original intention and forged ahead diligently, seeking opportunities in crises and marching on in an unpredictable situation. Our Group dedicated to expand our GFA under management, pushing both GFA under management and contracted GFA to exceed the 100 million mark. We consistently acquired quality projects and built benchmarks for the industry, persisted on streamlining management and gradually optimised standardisation of the service system. We explored new operation model, embraced smart services and prioritised service quality to achieve new height in customer satisfaction. We adhered to our starting point of creating quality services with an artisan's spirit and raising owner satisfaction. Our services were user-centric and aimed to raise customer satisfaction to achieve a sustainable and high quality expansion.

2023 outlook

As economic vitality and social life recover, we believe that property management enterprises will be on a path of stable expansion given the industry's growth tenacity, light asset and high efficiency. At the same time, we can see that competition within the industry is becoming increasingly fierce. The industry will evolve from 'incremental' to 'stock', from 'unipolar' to 'diversified', from 'construction' to 'service' and from 'capital' to 'brand'. Core competition among property management enterprises will be determined to a large extent by brand recognition, service capability and operation capacity.

In 2023, we will embrace changes with high hopes, adhere to our original intention to raise service quality, augment competitiveness, tap into growth potential and be innovative in management. We will continue with the strategic planning of "one body, two wings", adjust business structure, re-model business expansion, implement policies specific to different segments, select primarily residential, commercial and office spaces, promote quality projects, cultivate deeply all potential cooperation channels in the region and adopt various proposals specific to different types of space. We will persevere with intensive cultivation and our mission of 'serving customers with an artisan's spirit'; build our principal products, market and team for sustainable development with model and scale. We will continue to optimise the standardised and systemised operation to ensure service of superior quality. The road may be long and full of obstacles, but we will get there by forging ahead. We will remain committed to expanding the sustainable and quality service industry, overcoming all difficulties and building inner strength for self-reliance. We are determined to become a branded superior integrated property management service provider in China.

RESULT REVIEW

2022 results

For the year ended 31 December 2022, the Group's revenue was RMB3,269.9 million, up approximately 10% YoY, gross profit was RMB769.4 million, down approximately 7% YoY. Due to a significant increase in the impairment provision for amount due from related parties made by adopting a conservative approach taking into account the downturn in the overall real estate market in the PRC, as well as the decrease in overall gross profit margin as a result of the continuous COVID-19 pandemic in the PRC, net profit for the year was RMB78.8 million, down approximately 82% YoY. Profit attributable to owners of the Company was RMB75.4 million, down approximately 83% YoY. Basic earnings per Share was RMB0.06, down approximately 84% YoY.

As at 31 December 2022, the Group's contracted GFA was 149.8 million sq.m., 44.0 million sq.m. more than the end of 2021; the GFA under management was 100.8 million sq.m., added 27.3 million sq.m. from the end of 2021; outstanding expansion brought accumulated contracted GFA from third parties to 89.1 million sq.m., which increased from approximately 51% to 59% of the total contracted GFA, covering a wide variety of establishments including residential and commercial premises, offices, schools, hospitals, industrial parks, logistics parks, internet data centers, government facilities and urban space.

BUSINESS REVIEW

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

Property management and commercial operational services

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

For the year ended 31 December 2022, the Group's revenue from property management and commercial operational services amounted to RMB1,962.6 million, accounting for approximately 60% of the Group's total revenue.

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

	For the year ended 31 December			
	2022		2021	
	Revenue *(RMB'000)*	**%**	Revenue *(RMB'000)*	%
Property management services on residential and other non-commercial properties	**1,433,453**	**73**	1,126,331	71
Commercial operational and property management services on commercial properties	**529,120**	**27**	462,064	29
Total	**1,962,573**	**100**	1,588,395	100

Business expansion facilitated by multiple drivers as diverse business lines underpinned stable growth. As of 31 December 2022, our contracted property management services for various business types amounted to 670 projects, with contracted GFA of 149.8 million sq.m. and GFA under management of 100.8 million sq.m., growing by approximately 42% and 37%, respectively, compared to 31 December 2021. During the year, the Group sought expansion through multiple channels, such as tendering, merger and acquisition, joint venture and strategic cooperation, as it continued to expand its diverse servicing regime covering schools, hospitals, industrial parks, logistics parks, internet data centers, government facilities and urban space on top of residential properties in an active bid to engage integrated urban operational services and smart city development.

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

	As at 31 December	
	2022	2021
Contracted GFA *('000 sq.m.)*	**149,842**	105,858
Number of projects relating to contracted GFA	**670**	488
GFA under management *('000 sq.m.)*	**100,769**	73,484
Number of projects relating to GFA under management	**519**	360

Cementing our business foundation in advantageous regions and boosting our presence in areas promising high energy levels in ongoing enhancement of our ability for independent market development. The Group continued to engage in in-depth operations in advantageous regions and enhance its independent market development ability by introducing strategic resources, creating benchmark projects and increasing performance-based incentives. For 2022, the percentage share of third parties in the Group's contracted GFA of property management service projects further increased to approximately 59%, with third parties accounting for approximately 84% 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 date indicated by the source of projects:

	As at 31 December							
	2022				2021			
	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)	**60,757**	**41**	**48,318**	**48**	52,254	49	40,687	55
Properties developed/owned by other third parties[1]	**89,085**	**59**	**52,451**	**52**	53,604	51	32,797	45
Total	**149,842**	**100**	**100,769**	**100**	105,858	100	73,484	100

Note:

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

As of 31 December 2022, our projects covered 92 cities across 28 provinces, autonomous regions and municipalities in China. Our geographical coverage has expanded from the Beijing-Tianjin-Hebei region to the Bohai Rim region and other regions in China, covering 5 major city clusters in the nation. We continued to enhance business development in the Beijing-Tianjin-Hebei and Bohai Rim regions, while making strong efforts to explore the Eastern China, Southern China and Central and Western China regions, reporting notable business coverage and growth in the Eastern China region. As of 31 December 2022, the Beijing-Tianjin-Hebei region, Bohai Rim region, Eastern China region, Southern China region, and Central and Western China region accounted for approximately 33%, 22%, 20%, 10% and 15%, respectively, of our GFA under management.

The table below sets forth a breakdown of the Group's contracted GFA and GFA under management by geographic location as at the dates indicated and revenue generated from its property management services for the years ended 31 December 2022 and 2021, respectively:

	As at or for the year ended 31 December							
	2022				2021			
	Contracted GFA *('000 sq.m.)*	**GFA under management** *('000 sq.m.)*	**Revenue** *(RMB'000)*	*%*	Contracted GFA *('000 sq.m.)*	GFA under management *('000 sq.m.)*	Revenue *(RMB'000)*	*%*
Beijing-Tianjin-Hebei region[1]	**48,649**	**33,340**	**687,452**	**37**	32,312	24,615	613,456	40
Bohai Rim region[2]	**30,386**	**21,813**	**339,970**	**18**	23,903	19,215	312,025	20
Eastern China region[3]	**27,433**	**20,720**	**410,337**	**22**	16,361	11,891	290,719	19
Southern China region[4]	**18,750**	**10,092**	**228,027**	**12**	16,783	8,461	193,535	13
Central and Western China region[5]	**24,624**	**14,804**	**209,517**	**11**	16,499	9,302	120,168	8
Total	**149,842**	**100,769**	**1,875,303**	**100**	105,858	73,484	1,529,903	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, Linyi, Changchun, Fushun, Taiyuan, etc.

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

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

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

The Group's projects are mainly concentrated in first-tier and second-tier cities such as Beijing, Tianjin, Hangzhou and Chengdu. First-tier and second-tier cities accounted for approximately 86% of our GFA under management.

The table below sets out a breakdown of the contracted GFA and GFA under management in cities where the Group's property management service projects were primarily located as at 31 December 2022 according to the city classification by China Business Network in 2022:

	Contracted GFA ('000 sq.m.)	%	GFA under management ('000 sq.m.)	%
First-tier cities	**23,945**	**16**	**20,755**	**21**
New first-tier cities	**35,146**	**23**	**25,758**	**25**
Second-tier cities	**53,828**	**36**	**40,243**	**40**
Other cities	**36,923**	**25**	**14,013**	**14**
Total	**149,842**	**100**	**100,769**	**100**

Staying focused on principal servicing business to enhance differentiated competitive edge and achieve qualitative and sustainable development. During 2022, we were focused on our principal servicing business and persisted in providing services to users with an artisan's spirit and improving our service quality to enhance our differentiated competitive edge by increasing the coordination of premium services and achieve qualitative and sustainable development. The Group recorded a 93% property management fee payment ratio. We have strengthened the development of and training in service standardisation with the compilation of a white paper and a video presentation for service standards to further reinforce service standardisation and enhance customers' appreciation for services as part of our effort to foster a healthy lifestyle for them. Based on the substance of our existing jobs and key indicators, we have reshuffled the butler regime and focused on the grooming of high-calibre butlers through tiered ratings and rules and replication of their management experience in the entire butler team. We have also forged a security service with Sino-Ocean characteristics with the formation of the "Sino-Ocean Armed Patrol Force" and "Voluntary Fire Service Squad" to enhance the security aspect of our community services and effectively improve our service team's ability to deal with emergencies and violence, so as to protect the owners and their properties. Customer satisfaction as well as management efficiency have been effectively enhanced through adjustments to job requirements, service standards and roster arrangements. The "100-day Incident-free Safety Campaign" was launched across the country, completing inspection and rectification of more than 1,000 safety hazards. During the recurring outbreaks of the COVID-19 pandemic, the Group acted swiftly in compliance with the government's anti-epidemic requirements to arrange and plan for anti-epidemic tasks at projects under lockdown, where our employees were on duty on a round-the-clock basis to assist in the completion of polymerase chain reaction (PCR) tests and checking of residents, on-site disinfection, delivery of supplies and distribution of anti-epidemic gift packs, in a full effort to safeguard the residents' health and safety that has won the recognition and appreciation of the communities and the owners.

Property management services on residential and other non-commercial properties

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

As of 31 December 2022, the contracted GFA and GFA under management of the Group's residential and other non-commercial property projects were 138.2 million sq.m. and 94.1 million sq.m., respectively, growing by approximately 40% and 36%, respectively, as compared to 31 December 2021. There were a total of 576 contracted property management projects, representing an approximate 34% growth compared to 31 December 2021.

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 31 December	
	2022	2021
Contracted GFA *('000 sq.m.)*	**138,180**	98,535
Number of projects relating to contracted GFA	**576**	430
GFA under management *('000 sq.m.)*	**94,106**	69,335
Number of projects relating to GFA under management	**444**	319

Commercial operational and property management services on commercial properties

The Group provides comprehensive services including, among others, commercial operational services and property management services for shopping malls and office buildings, including mainly:

(i) commercial operational services: we provide pre-opening management services (such as positioning and design management services, and tenancy sourcing and management services) and operation management services (such as opening preparation services, business plan management services, tenant coaching services, consumer management services and marketing services) for shopping malls and office buildings; and

(ii) property management services: we provide a range of property management services, including, among others, security, cleaning, greening, gardening and repair and maintenance services for shopping malls and office buildings.

For the year ended 31 December 2022, the Group's revenue from commercial operational and property management services on commercial properties amounted to RMB529.1 million, growing by approximately 15% compared to the previous year. The Group provides commercial operational and property management services primarily to shopping malls and office buildings.

Optimising quality of mid to high-end commercial property services while underpinning sustainability with green building concepts. As of 31 December 2022, the Group's commercial property management service projects with a contracted GFA amounted to 11.7 million sq.m. and GFA under management of 6.7 million sq.m., growing by approximately 59% and 61%, respectively, as compared to 31 December 2021. First-tier and second-tier cities accounted for 99% of our GFA under management. Focused on the two principal business forms of shopping malls and office buildings, the Group's commercial property management services continued to enhance rudimentary service standards and quality, while effectively improving customer satisfaction and reliance through the organisation of a variety of feature community and cultural activities. The average property management fee for the year was RMB12.1/sq.m./month. In the meantime, we practiced sustainable property management to the maximum extent by enhancing our energy utilisation ratio and resource utilisation ratio in adherence to the concept of "Building • Health".

Exploring business models on the back of commercial asset platform while enhancing the ability to operate commercial office buildings property management business. Since August 2021, the Group has started to comprehensively undertake commercial operational services for shopping malls and office buildings of Sino-Ocean Group. A commercial asset management platform has been established to accumulate experience in asset-light management and enhance project quality and profitability by leveraging fully advantages afforded by the platform. For 2022, the gross profit margins of commercial operational services for shopping malls and office buildings were approximately 28% and 35%, respectively. In respect of shopping malls, we have continued to stimulate private traffic and increase tenants' exposure by forming exclusive members' communities, online retail park and live cast, in order to help boost their business and increase the reliance of users. In respect of office buildings, we have effectively enhanced customers' reliance and increased the tenant renewal rate through collaborative actions of the projects drawing on the aggregated experiences of our existing projects in operations and management. In addition to rudimentary property services provided at superior standards, we have also continued to optimise the feature service regime of our projects, establishing project community regimes and organising feature community activities during festive seasons and holidays in tandem with the principle of "serving customers with an artisan's spirit", in order to enhance the sense of belonging on the part of customers and increase the exposure of our projects, thereby achieving improvements in renewal rates, new customer referral and conversion rates, as well as the rental level.

Shopping malls

For the year ended 31 December 2022, the Group's revenue from commercial operational and property management services for shopping malls amounted to RMB295.0 million, growing by approximately 17% compared to the previous year.

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

	As at 31 December	
	2022	2021
Property management services		
Contracted GFA *('000 sq.m.)*	**9,347**	5,678
Number of projects relating to contracted GFA	**60**	35
GFA under management *('000 sq.m.)*	**4,721**	2,722
Number of projects relating to GFA under management	**43**	21
Commercial operational services		
Contracted GFA *('000 sq.m.)*	**934**	905
Number of projects relating to contracted GFA	**12**	11
GFA under management *('000 sq.m.)*	**617**	600
Number of projects relating to GFA under management	**9**	8

As at 31 December 2022, the Group provided commercial operational services to 9 shopping malls in operation, including 1 shopping mall which successfully commenced operation during the year and 3 projects in reserve with a total contracted GFA of 0.9 million sq.m., located variously in first-tier and new first-tier cities such as Beijing, Tianjin and Wuhan. The Group operates shopping malls through its three major product lines: the "Grand Canal Place" Series, "Lane" Series and "We-life" Series. The "Grand Canal Place" Series and the "Lane" Series are positioned as city-grade flagship commercial complexes, while the "We-life" Series is positioned as an urban community commercial hub.

The table below sets forth information of the shopping malls in operation and pending operation to which the Group provided commercial operational services by brand series as at 31 December 2022:

	In operation		**Pending operation**	
Brand series	**Number of projects**	**Total GFA *('000 sq.m.)***	**Number of projects**	**Total GFA *('000 sq.m.)***
"Grand Canal Place" Series	**1**	**138**	**1**	**104**
"Lane" Series	**0**	**0**	**1**	**175**
"We-life" Series	**8**	**479**	**1**	**38**
Total	**9**	**617**	**3**	**317**

Office buildings

For the year ended 31 December 2022, the Group's revenue from commercial operational and property management services for office buildings amounted to RMB234.1 million, growing by approximately 11% compared to the previous year.

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

	As at 31 December	
	2022	2021
Property management services		
Contracted GFA *('000 sq.m.)*	**2,315**	1,645
Number of projects relating to contracted GFA	**34**	23
GFA under management *('000 sq.m.)*	**1,942**	1,427
Number of projects relating to GFA under management	**32**	20
Commercial operational services		
Contracted GFA *('000 sq.m.)*	**1,423**	1,198
Number of projects relating to contracted GFA	**20**	15
GFA under management *('000 sq.m.)*	**1,003**	778
Number of projects relating to GFA under management	**17**	12

As at 31 December 2022, the Group provided commercial operational services to 17 office buildings in operation and had 3 projects in preparation, with a total contracted GFA of 1.4 million sq.m. including 3 external projects from third parties accounting of approximately 14% of the total contracted GFA.

Community value-added services

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

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

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

(iii) property brokerage services.

Focused on the established businesses in vertical expansion. For the year ended 31 December 2022, revenue from community value-added services amounted to RMB665.0 million, decreasing by approximately 16% compared to the previous year and accounting for approximately 20% of the Group's total revenue. In 2022, we have enhanced our business precision with ongoing improvements in our product offering ability on the back of in-depth efforts exploring the four principal business focuses of "community living, leasing and sale, home decoration and spatial resources". In connection with community living services, the "Yi Life" online retail platform was upgraded with continuous enrichment in the range of products available. Premium local suppliers and other resources for cooperation were introduced to cater to regional differences in demand, complemented by marketing activities with special themes. In connection with lease and sales services, we were primarily engaged in leasing activities with a special focus on demands for home upgrades, as we adjusted our business direction in the wake of cyclical fluctuations in asset value. Regarding home decoration services, the implementation of our standardised product matrix was met with a strong level of business satisfaction, while initial success was reported from the pilot operation of the new home business. Meanwhile, breakthroughs were achieved in the business model for existing homes. In connection with spatial resources, reasonable plans for utilisation were made in tandem with the principle of "fostering a community of convenience", as services and facilities such as drinking water machines and power charging stands were installed where appropriate to enhance convenience for the community on the basis of detailed management and safe operation.

Vigorous exploration of new businesses to identify new scope for growth. While reinforcing our principal business, we were also actively involved in the collaborative development of the community retirement industry, in a bid to open up a new scope for growth in the community value-added services. Selected as a pilot entity of the "property service + retirement service" scheme of Beijing Municipal Civil Affairs Bureau in early 2022, the Group was able to improve its retirement service regime with the benefit of policy support while providing experiences for the development of this sector. A pilot community retirement facility was built at Ocean Paradise (Beijing) to provide elderly property owners with services such as home conversion for aged residents, catering, daily-life services, entertainment, community welfare and medical care. The door-step and remote community retirement service models were consistently verified and upgraded to build up service experience and lay a solid foundation for the burgeoning development of the new business.

The following table sets forth a breakdown of the Group's revenue generated from community value-added services by service types for the years ended 31 December 2022 and 2021, respectively:

	For the year ended 31 December			
	2022		2021	
	(RMB'000)	**%**	*(RMB'000)*	%
Community asset value-added services[1]	**364,543**	**55**	326,565	41
Community living services[2]	**197,998**	**30**	256,671	33
Property brokerage services[3]	**102,419**	**15**	205,599	26
Total	**664,960**	**100**	788,835	100

Notes:

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

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

3) Property brokerage services mainly include 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

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

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

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

(iii) property engineering services.

Active development of the market for facilities and equipment maintenance and promotion of "engineering maintenance solutions" in line with the development trends of the facilities and equipment maintenance sector. For the year ended 31 December 2022, revenue from value-added services to non-property owners amounted to RMB642.4 million, increasing by approximately 9% as compared to the previous year and accounting for approximately 20% of the Group's total revenue. On the back of our extensive management experience and build-up of specialised technologies in engineering maintenance and intelligent service, we have developed "Yi Maintenance", an online platform for engineering services designed to optimise the standardisation regime and operational modulation regime, formulate standardised processes for the maintenance work of difference services, and facilitate the bidding/distribution of work orders within an administrative region, in a bid to solidify the foundation on which the facilities and equipment maintenance business could expand. Based on its understanding of the critical needs of customers requiring equipment maintenance service, the Group developed a one-stop engineering maintenance service solution during the year based on the "facilities and equipment maintenance" and "value-added engineering services" regimes with a broader range of equipment services and further breakdown of value-added services, with a view to increasing customer reliance.

The following table sets forth a breakdown of the Group's revenue generated from value-added services to non-property owners by service types for the years ended 31 December 2022 and 2021, respectively:

	For the year ended 31 December			
	2022		2021	
	Gross profit *(RMB'000)*	**Gross profit margin** *%*	Gross profit *(RMB'000)*	Gross profit margin *%*
Pre-delivery services[1]	**210,512**	**33**	204,109	35
Consultancy services[2]	**191,329**	**30**	136,396	23
Property engineering services[3]	**240,531**	**37**	247,824	42
Total	**642,372**	**100**	588,329	100

Notes:

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

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

3) Mainly represents property engineering services to property developers and other property management companies, including 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

Enhancing ability to develop third-party customers to step up with business independence.

We will enhance our ability to develop third-party customers by continuously optimising our deployment in advantageous cities and diversifying our channels, in a bid to expand our business scale and service types, while exercising close control over the operating efficiency of our projects to fortify our ability in independent development. We will continue to deepen cultivation in first- and second-tier cities and other strategic cities in regions where we have established a heavy presence, while making intensive efforts to engage in cities with high energy level and expand our detailed operation to magnify the effect of regional synergetic management and procure quality and efficiency enhancement at the projects. To complement intensive development of our principal business lines of residential and commercial properties, we would also diversify to other sectors such as public facilities, logistic parks and schools in an expedited move to establish our presence across multiple sectors and enhance our competence in integrated development. We will vigorously explore property management services for a diverse range of sectors through channel development and strategic cooperation and act swiftly to complement our existing portfolio with sectors that offer growth potential and synergy such as hospital, schools, government buildings and industry parks. We will also step up with the introduction and retention of strategic customers by understanding their sophisticated needs and providing bespoke property management services accordingly, so as to lay a solid foundation for ongoing expansion of our GFA under management.

Staying focused on our principal servicing business and persisting in providing services with an artisan's spirit to enhance our differentiated competitive edge.

We will monitor owners' complaints on a real-time basis and exercise due control to ensure that complaints are addressed and handled on a timely manner, so as to enhance customer satisfaction with our response to issues. At the project level, there will be zero tolerance for complaints against negative staff attitude to customers. Based on the existing job description and key duty indicators of the butler team, high-calibre butlers will be identified through detailed assessment rules in the formation of a new regime compatible with the existing business model. We will persist in a customer-centric approach in our effort to strengthen customer relations management and customer research, as we seek to match users' essential needs with precision and fully identify their potential needs so as to offer suitable community value-added services. Meanwhile, we will enhance communication and cooperation with the owners' committees of projects. For projects where the establishment of owners' committees is planned, we would procure that such committees are established in a proactive, healthy and compliant manner. For projects where owners' committees have already been established, we will ensure the sharing of information, mutual benefits through coordinated actions and mutual fulfilment as we persist in providing users with high-quality services to effectively enhance customer satisfaction and reliance on top of meeting their needs.

Optimising our business mix and enriching our regimes with multiple business lines to develop strategic business growth poles.

On top of persistence in our principal business, we will also proactively adjust our business mix based on our inherent strengths. In connection with community value-added services, we will devote intensive efforts to the four principal business focuses in a bid to enhance precision of our vertical business. In addition to reinforcing the foundation of our principal business, we will also explore the new value-added service of community retirement in active response to policy support. In connection with value-added services to non-property owners, we will emphasize the forging of specialised servicing capabilities while refining our value-added service types to form one-stop engineering maintenance service solutions. We will enhance our ability to operate the commercial office buildings property management platform in further enhancement of our operating and management competence, while identifying the needs of customer groups in the commercial office building segment with in-depth effort to optimise our end-to-end service chain regime comprising rudimentary property management service and light-asset commercial asset management service, with a view to expanding our commercial office building segment to increase profitability and enhance core competitiveness. We will explore complementary feature services compatible with the commercial assets and consolidate our teams and resources for property management and commercial operational services to further leverage the operational advantage of our commercial asset management platform, where marketing activities will be designed on the back of multi-dimensional data tests and computations and intelligence-based analyses, as we optimise our operational and management strategy primarily through digitalisation to enhance our ability in detailed operation and increase the operating efficiency of our projects.

FINANCIAL REVIEW

Revenue

The Group's revenue in 2022 increased by approximately 10% to RMB3,269.9 million, from RMB2,965.6 million in 2021. The Group's revenue is mainly generated from (i) property management and commercial operational services; (ii) community value-added services; and (iii) value-added services to non-property owners, which contributed approximately 60%, 20% and 20% of the Group's total revenue in 2022, respectively.

The following table sets forth the breakdown of our revenue by business lines for the years ended 31 December 2022 and 2021 respectively:

	For the years ended 31 December			
	2022		2021	
	(RMB'000)	***%***	*(RMB'000)*	*%*
Property management and commercial operational services				
(a) Property management services on residential and other non-commercial properties	**1,433,453**	**44**	1,126,331	38
(b) Commercial operational and property management services on commercial properties	**529,120**	**16**	462,064	15
Sub-total	**1,962,573**	**60**	1,588,395	53
Community value-added services	**664,960**	**20**	788,835	27
Value-added services to non-property owners	**642,372**	**20**	588,329	20
Total	**3,269,905**	**100**	2,965,559	100

Revenue from property management and commercial operational services increased by approximately 24% to RMB1,962.6 million in 2022 from RMB1,588.4 million in 2021, among which, (a) revenue from property management services on residential and other non-commercial properties increased by approximately 27% to RMB1,433.5 million in 2022 from RMB1,126.3 million in 2021. The increase was mainly attributable to an increase in our GFA under management, which reached 94.1 million sq.m. as at 31 December 2022 (31 December 2021: 69.3 million sq.m.) with an increase in the number of properties under management to 444 as at 31 December 2022 (31 December 2021: 319), due to our business expansion; and (b) revenue from commercial operational and property management services on commercial properties increased by approximately 15% to RMB529.1 million in 2022 from RMB462.1 million in 2021. The increase was mainly attributable to (i) an increase in our GFA under property management services, which reached 6.7 million sq.m. as at 31 December 2022 (31 December 2021: 4.1 million sq.m.) with an increase in the number of commercial properties under property management services to 75 as at 31 December 2022 (31 December 2021: 41), due to our business expansion; and (ii) the extension of commercial operational services to the owners of shopping malls and office buildings for 26 projects (31 December 2021: 20), with a total GFA under management of 1.6 million sq.m. as at 31 December 2022 (31 December 2021: 1.4 million sq.m.).

Revenue from community value-added services decreased by approximately 16% to RMB665.0 million in 2022 from RMB788.8 million in 2021. The decrease was mainly attributable to the net effect of the below factors: (i) revenue from community living services decreased by approximately 23% to RMB198.0 million in 2022 from RMB256.7 million in 2021; (ii) revenue from property brokerage services decreased by approximately 50% to RMB102.4 million in 2022 from RMB205.6 million in 2021, of which such decreases were mainly due to the downturn in the overall PRC real estate market and the severe resurgence of the COVID-19 pandemic; and (iii) revenue from community asset value-added services increased by approximately 12% to RMB364.6 million in 2022 from RMB326.5 million in 2021, mainly due to the increase in income generated from carpark management services and community space operation services.

Revenue from value-added services to non-property owners increased by approximately 9% to RMB642.4 million in 2022 from RMB588.3 million in 2021. The increase was mainly attributable to revenue from consultancy services which increased by approximately 40% to RMB191.3 million in 2022 from RMB136.4 million in 2021 due to our vigorous promotion and the increase in bespoke consultancy services to property developers to assist with the overall planning and coordination of pre-sales activities.

Cost of sales

Cost of sales increased by approximately 17% to RMB2,500.5 million for the year ended 31 December 2022 as compared with that of RMB2,140.7 million for the year ended 31 December 2021. The increase was in line with the increase in the Group's revenue.

The cost of sales comprised mainly (i) staff cost; (ii) sub-contracting costs for security, greening and cleaning; (iii) maintenance expenses; (iv) cost of consumables and raw materials; (v) cost of goods sold; and (vi) sub-contracting costs for home decoration and property agency services.

Staff cost for the year ended 31 December 2022 increased by approximately 31% to RMB813.7 million as compared with that of RMB620.6 million for the year ended 31 December 2021, which was in line with the continuous increase in the number and scale of the Group's projects under management.

Sub-contracting costs for security, greening and cleaning for the year ended 31 December 2022 increased by approximately 25% to RMB864.3 million as compared to RMB689.4 million for the year ended 31 December 2021, which was primarily attributable to the increase in our GFA under management, as well as a general increase in sub-contracting fees charged by our sub-contractors due to the increase in their staff costs.

Maintenance expenses increased by approximately 15% to RMB266.9 million for the year ended 31 December 2022 as compared to RMB232.4 million for the year ended 31 December 2021, which was in line with the increase in our GFA under management. Cost of consumables and raw materials decreased slightly by approximately 2% to RMB128.3 million for the year ended 31 December 2022, which was in line with the decrease in income generated from our community value-added services.

Cost of goods sold and sub-contracting costs for home decoration and property agency services decreased to RMB92.7 million and RMB34.7 million for the year ended 31 December 2022, respectively, as compared to RMB115.6 million and RMB100.0 million for the year ended 31 December 2021, respectively, which was in line with the decrease in income generated from retail sales of commodities, home decoration and property brokerage services.

Gross profit and gross profit margin

Gross profit decreased by approximately 7% to RMB769.4 million for the year ended 31 December 2022 from RMB824.8 million for the year ended 31 December 2021. Our overall gross profit margin decreased to approximately 24% for the year ended 31 December 2022 from approximately 28% for the year ended 31 December 2021, mainly attributable to the decrease in revenue generated from community value-added services (the gross profit margin of which is generally comparatively higher than other services provided by the Group) for the year ended 31 December 2022 as a result of the continuous COVID-19 pandemic in the PRC during the year ended 31 December 2022.

The table below sets forth the breakdown of our gross profit and gross profit margin by business lines for the years indicated:

	For the years ended 31 December			
	2022		2021	
	Gross profit *(RMB'000)*	**Gross profit margin** *%*	Gross profit *(RMB'000)*	Gross profit margin *%*
Property management and commercial operational services				
(a) Property management services on residential and other non-commercial properties	**247,112**	**17**	222,283	20
(b) Commercial operational and property management services on commercial properties	**145,284**	**27**	155,702	34
Sub-total	**392,396**	**20**	377,985	24
Community value-added services	**241,721**	**36**	316,495	40
Value-added services to non-property owners	**135,324**	**21**	130,355	22
Total	**769,441**	**24**	824,835	28

Gross profit margin for property management and commercial operational services decreased from approximately 24% for the year ended 31 December 2021 to approximately 20% for the year ended 31 December 2022, which was primarily due to (i) additional expenditures incurred on the new projects which were under integration period; and (ii) the rise in labour and energy costs during 2022.

Gross profit margin for community value-added services decreased from approximately 40% for the year ended 31 December 2021 to approximately 36% for the year ended 31 December 2022 which was primarily attributed to (i) the lower gross profit margins of our home decoration services and retail sales of commodities businesses due to increasing competitive landscapes within the sectors; and (ii) decrease in income generated from our brokerage business with a relative higher gross profit margin, due to the resurgence of the COVID-19 pandemic.

Gross profit margin for value-added services to non-property owners remained broadly stable at approximately 21% for the year ended 31 December 2022 (For the year ended 31 December 2021: approximately 22%).

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 incremental cost, in particular, staff cost.

Other income and other net losses

The other income for the year ended 31 December 2022 mainly comprised government grants and interest income. The other income decreased by approximately 17% to RMB29.5 million for the year ended 31 December 2022 from RMB35.6 million for the year ended 31 December 2021. The decrease was mainly attributable to the decrease of interest income from bank deposit due to the decline in our bank balance and interest rate during 2022.

We recorded other net losses of RMB4.2 million for the year ended 31 December 2022 (For the year ended 31 December 2021: RMB7.2 million). Other net losses mainly comprised of net foreign exchange losses of RMB11.2 million and gains on partial disposal of interest in a joint venture of RMB6.9 million.

Operating expenses

Selling and marketing expenses remained broadly stable at RMB22.1 million for the year ended 31 December 2022 (For the year ended 31 December 2021: RMB22.8 million).

Administrative expenses decreased by approximately 23% to RMB221.6 million for the year ended 31 December 2022 from RMB286.1 million for the year ended 31 December 2021. The decrease was primarily due to the decrease in administrative staff cost of RMB52.3 million during the year resulting from the promotion towards a flat organisation.

Net impairment losses on financial assets

Net impairment losses on financial assets increased to RMB483.1 million for the year ended 31 December 2022 from RMB19.7 million for the year ended 31 December 2021. The increase was primarily attributed to the significant increase in provision for impairment on trade and other receivables due from related parties, due to the adverse industry and economic conditions which slowed down the collection of trade receivables during 2022.

Finance cost

Finance cost increased by RMB0.3 million to RMB1.7 million for the year ended 31 December 2022 from RMB1.4 million for the year ended 31 December 2021, which was mainly attributable to the increase in interest expenses for lease liabilities as a result of our business expansion.

Share of results of joint ventures

Share of results of joint ventures increased by approximately 26% to RMB39.7 million for the year ended 31 December 2022 from RMB31.4 million for the year ended 31 December 2021. The increase was mainly attributable to the enhancement in our joint ventures' operations and the share of profits during the year.

Taxation

In line with the decrease of profit before income tax, income tax expense decreased by approximately 76% to RMB27.1 million for the year ended 31 December 2022 from RMB113.3 million for the year ended 31 December 2021. Effective tax rate for the year ended 31 December 2022 increased to approximately 23% (For the year ended 31 December 2021: approximately 20%).

Profit attributable to owners of the Company

Due to (i) a significant increase in the impairment provision for amount due from related parties made by adopting a conservative approach taking into account the downturn in the overall real estate market in the PRC; and (ii) a decrease in overall gross profit margin for the year ended 31 December 2022 as discussed above, the profit attributable to owners of the Company for the year ended 31 December 2022 decreased by approximately 83% to RMB75.4 million, as compared to RMB439.0 million for the year ended 31 December 2021. Our management will continue to focus on the improvement of our Shareholders' return as an on-going task.

Investment properties

Our investment properties represented certain units of office buildings located in the PRC, which are held to earn rentals. As at 31 December 2022, the Group's investment properties were amounted to RMB64.4 million (31 December 2021: nil).

Property, plant and equipment

Property, plant and equipment mainly consisted of office and operating equipment, leasehold improvement, vehicles and buildings. As at 31 December 2022, the Group's property, plant and equipment increased to RMB112.2 million from RMB23.0 million as at 31 December 2021, primarily attributed to the acquisition of self-use office premises in Beijing and Shenzhen.

Intangible assets

Our intangible assets comprised of computer software, property management contracts and customer relationships, trademark and goodwill. As at 31 December 2022, the Group's intangible assets increased by RMB567.3 million to RMB731.6 million from RMB164.3 million as at 31 December 2021. The increase was primarily attributable to (i) the goodwill of RMB369.7 million; and (ii) the property management contracts and customer relationships of RMB203.0 million, arising from the acquisitions of equity interests of subsidiaries. The goodwill arising from the above acquisitions represented the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired. The property management contracts and customer relationships acquired in the above acquisitions are recognised at fair value at the acquisition date.

Inventories

Our inventories primarily consisted of carpark spaces and community facilities held for sale and consumables held for consumption during the provision of property management services. Our inventories increased to RMB249.5 million as at 31 December 2022 from RMB176.2 million as at 31 December 2021, mainly due to increase in carpark spaces and properties held for sale attributed to the acquisitions of subsidiaries during the year.

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 and commercial operational services and value-added services provided. We usually issue a monthly payment notice for value-added services customers, who must pay accordingly. We generally do not grant a credit term to our customers of property management services and a credit term of up to 30 days for commercial operational services and 60 days for value-added services to non-property owners.

As at 31 December 2022, our trade and note receivables amounted to RMB1,063.4 million, representing an increase of approximately 103% as compared to RMB523.7 million as at 31 December 2021. The increase was primarily attributable to the adverse industry and economic conditions, which slowed down the collection of trade receivables. The average trade and note receivables turnover days during the year was 104 days (2021: 59 days). The increase in trade and note receivables turnover days was attributed to the slowdown in receivables collection from third-party real estate developers under the sluggish market 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

Our prepayments and other receivables include prepayment to suppliers, other receivables and prepaid tax which in aggregate increased to RMB1,179.1 million as at 31 December 2022 from RMB219.6 million as at 31 December 2021. The increase was primarily due to the increase of refundable deposits paid to related parties for obtaining potential investment opportunities.

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) other payables to third parties; (ii) other payables to related parties; (iii) dividend payables; (iv) salaries payables; and (v) other tax payables.

As at 31 December 2022, our trade and other payables amounted to RMB1,250.2 million, representing an increase of approximately 35% as compared to RMB926.9 million as at 31 December 2021, which was in line with the increase in cost of sales during the year. The average trade payables turnover days during the year was 85 days (2021: 62 days).

Contract liabilities

Contract liabilities represent our obligations to provide the contracted property management and commercial operational services, community value-added services and valued-added services to non-property owners. Our contract liabilities mainly arise from the advance payments made by customers while the underlying services such as property management services and carpark management services are yet to be provided. As at 31 December 2022, our contract liabilities amounted to RMB446.8 million, representing an increase of approximately 16% as compared to RMB384.2 million as at 31 December 2021, which was primarily resulting from expansion of business activities.

Capital expenditures

During the year ended 31 December 2022, we incurred capital expenditures of RMB177.2 million, representing an increase of approximately 1,089% as compared to RMB14.9 million for the year ended 31 December 2021, which mainly consisted of (i) purchase of property, plant and equipment such as buildings and office and operating equipment; (ii) purchase of intangible assets such as computer software; and (iii) purchase of investment properties.

Financial resources and liquidity

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

As at 31 December 2022, the Group had total cash resources (including cash and cash equivalents and restricted bank deposits) amounting RMB472.2 million (31 December 2021: RMB2,527.1 million), of which approximately 99.6% (31 December 2021: approximately 70.3%) of the Group's cash resources were denominated in RMB with the remaining balances mainly denominated in USD and HKD, and a current ratio of 1.7 times (31 December 2021: 2.6 times). We have ample financial resources and an adaptable financial management policy to support our business expansion in the coming years.

As at 31 December 2022 and 31 December 2021, the Group had no borrowings.

Major investments

As at 31 December 2022, the Group did not have any significant investments. Save as disclosed in the paragraphs headed "Use of net proceeds from listing" and "Change in use of proceeds from listing", we have no other plans for material investments or capital assets.

Capital commitments

As at 31 December 2022, the Group had no capital commitments (31 December 2021: RMB61.2 million).

Charge on assets

As at 31 December 2022, we did not have any charges on our assets.

Contingent liabilities

As at 31 December 2022, we did not have any significant contingent liabilities.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

- ***Acquisition of the entire equity interests in a property management company***

  On 12 August 2022, Ocean Homeplus, as purchaser, and certain Sino-Ocean Connected Persons, as vendors (collectively, the "Vendors"), entered into a framework agreement in relation to the acquisition by Ocean Homeplus of the entire equity interests in Tianjin Xihe Supply Chain Services Co., Ltd.* (天津熙合供應鏈服務有限公司) ("Tianjin Xihe") at a total consideration of RMB500 million (the "Tianjin Xihe Acquisition"). Tianjin Xihe and its subsidiaries (the "Tianjin Xihe Group") are principally engaged in property management business in the PRC. Upon completion of the Tianjin Xihe Acquisition on 3 November 2022, Tianjin Xihe became a wholly-owned subsidiary of the Company, and the financial results of the Tianjin Xihe Group have been consolidated into the financial statements of the Group.

  Details of the Tianjin Xihe Acquisition have been disclosed in the joint announcement of Sino-Ocean Holding and the Company dated 12 August 2022 and the circular of the Company dated 5 October 2022.

- ***Disposal of interests in a property management company***

  On 15 December 2022, (i) Sino-Ocean Holding, the Company, Beijing Yichi Property Services Company Limited* (北京億馳物業服務有限公司) (a wholly-owned subsidiary of the Company) (the "PM Seller") and Beijing Great Well Consultancy Company Limited* (北京浩倡諮詢有限公司) (the "PM Purchaser") as well as certain other parties entered into a master agreement in respect of, amongst others, the sale and purchase of 15% equity interest in Chengdu Qianhao Property Services Company Limited* (成都乾豪物業服務有限公司) (the "PM Co") (the "First PM Transaction"); and (ii) Sino-Ocean Holding, the Company, the PM Seller and the PM Purchaser entered into a master agreement in respect of the sale and purchase of 35% equity interest in the PM Co (together with the First PM Transaction, the "PM Transactions"). The total consideration for the PM Transactions is RMB85 million.

  The PM Co is principally engaged in the provision of property management services to a retail-led mixed-use development (primarily consisting of an open-plan, lane-driven mall and a boutique hotel with serviced apartments) known as Sino-Ocean Taikoo Li Chengdu located at Jinjiang District, Chengdu, the PRC jointly developed by Sino-Ocean Holding and Swire Properties Limited (太古地產有限公司). As at the date of the abovementioned master agreements, the PM Co was a 50%-owned joint venture of the Company. All of the PM Transactions had been completed as of 13 February 2023, following which the Group had ceased to have any interest in the PM Co.

  Details of the PM Transactions have been disclosed in the joint announcement of Sino-Ocean Holding and the Company dated 15 December 2022.

Risk of exposure to exchange rate fluctuations

The principal activities of the Group are conducted in the PRC. Foreign currency transaction mainly included receipts of proceeds from listing on the Stock Exchange and payment of professional fees which are dominated in HKD and USD. As at 31 December 2022, major non-RMB assets are cash and cash equivalents of RMB2.1 million denominated in HKD and USD (31 December 2021: RMB751.5 million). Fluctuation of the exchange rates of RMB against foreign currencies could affect the Group's results of operations. During the year ended 31 December 2022, the Group did not use any financial instruments for hedging purpose. In view of the potential RMB exchange rate fluctuations, we will continue to monitor the foreign exchange exposure, and take prudent measures to reduce foreign exchange risks.

Employees and human resources

As at 31 December 2022, the Group had 10,179 employees (31 December 2021: 7,027 employees). The total number of employees serving the Group has increased as our business expansion during the year. We will continue to strive for improvement in both manpower effectiveness and governance capability of the Group. Our employee benefit expenses for 2022 was RMB943.0 million (2021: RMB802.1 million).

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.

Important event after the financial year ended 31 December 2022

- ***Acquisition of the entire equity interests in a mechatronic company in the PRC***

  On 24 February 2023, Ocean Homeplus, a wholly-owned subsidiary of the Company (the "Purchaser") and Beijing Qianyuan Property Co., Ltd.* (北京乾遠置業有限公司), a wholly-owned subsidiary of Sino-Ocean Holding (the "Vendor"), entered into an equity transfer agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the entire equity interests in Sino-Ocean Mechatronics Equipment Technology Development Co., Ltd.* (遠洋機電設備技術發展有限公司) (the "Target Company") at a consideration of RMB54,000,000 (the "Acquisition").

  The Target Company is a comprehensive mechatronic solution provider focusing on the real estate industry in the PRC. It is principally engaged in mechatronic businesses including mechanical and electrical construction, contracting, technology development and consultation. It is also actively participating in areas such as smart home, energy conservation and environmental protection as well as system integration.

  Details of the Acquisition are set out in the announcement of the Company dated 24 February 2023.

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.

Change in use of proceeds from listing

As disclosed in the announcement of the Company dated 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 31 December 2022, our planned use and actual use of net proceeds from listing was as follows:

	Planned use of net proceeds as disclosed in the Prospectus *(RMB million)*	Unutilised (as at 31 December 2021) *(RMB million)*	Utilised immediately before the Reallocation *(RMB million)*	Planned use of net proceeds after Reallocation *(RMB million)*	Amount utilised after Reallocation up to 31 December 2022 *(RMB million)*	Utilised during 2022 *(RMB million)*	Unutilised (as at 31 December 2022) *(RMB million)*	Expected timetable for the usage of the unutilised proceeds as at 31 December 2022
Pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of our property management business	855.8	810.1	663.3	663.3	—	617.6	—	N/A
Develop smart community through upgrading of our systems for smart management	285.3	271.3	28.3	28.3	—	14.3	—	N/A
Enhance our level of digitisation and our internal information technology infrastructure	142.6	114.5	44.8	59.8	15.0	31.7	—	N/A
Working capital and general corporate purpose	142.6	107.4	142.6	142.6	—	107.4	—	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	—	—	375.5 *(Note 3)*	On or before 30 June 2023
Further expansion of the business of commercial asset operation pursuant to the commercial property leasing and operation arrangement	—	—	—	79.4	79.4 *(Note 1)*	79.4	—	N/A
Acquisition of self-use office premises in Shenzhen and Beijing, PRC	—	—	—	77.4	77.4 *(Note 2)*	77.4	—	N/A
Total	1,426.3	1,303.3	879.0	1,426.3	171.8	927.8	375.5	

Notes:

1) 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.

2) 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, as detailed in the announcement of the Company dated 11 November 2022. Among the RMB77.4 million paid for the self-use office premises, 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.

3) Out of the unutilised net proceeds of RMB375.5 million as at 31 December 2022, RMB356.3 million were utilised as at the date of this announcement, of which (a) RMB302.3 million were utilised for the acquisition of exclusive sales right for parking spaces as detailed in the announcement of the Company dated 14 October 2022 and the circular of the Company dated 13 January 2023; and (b) RMB54.0 million was the payment for the acquisition of the entire equity interest in Sino-Ocean Mechatronics Equipment Technology Development Co., Ltd.* (遠洋機電設備技術發展有限公司), a mechatronic company established in the PRC as detailed in the announcement of the Company dated 24 February 2023. As at the date of this announcement, RMB19.2 million has not been utilised. The expected time to utilise such remaining net proceeds has been extended from 31 March 2023 (as disclosed in the Change in Use of Proceeds Announcement) to 30 June 2023 and it is expected that such remaining net proceeds would 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.

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 announcement. 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 as at 31 December 2022 were deposited with licensed banks or financial institutions in Hong Kong and mainland China. As at the date of this announcement, the unutilised net proceeds amounted to RMB19.2 million. The expected timeline of full utilisation set out above is based on the Directors' best estimation barring unforeseen circumstances, and is subject to change in light of future development of market conditions.

The audited consolidated results of the Group for the year ended 31 December 2022 are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
Revenue	4	**3,269,905**	2,965,559
Cost of sales	4, 7	**(2,500,464)**	(2,140,724)
Gross profit		**769,441**	824,835
Selling and marketing expenses	7	**(22,073)**	(22,828)
Administrative expenses	7	**(221,622)**	(286,110)
Net impairment losses on financial assets		**(483,060)**	(19,706)
Other income		**29,482**	35,551
Other losses, net	8	**(4,237)**	(7,180)
Operating profit		**67,931**	524,562
Finance costs	9	**(1,727)**	(1,436)
Share of results of joint ventures		**39,692**	31,381
Profit before income tax		**105,896**	554,507
Income tax expense	10	**(27,103)**	(113,256)
Profit for the year		**78,793**	441,251
Other comprehensive income		**—**	—
Profit and total comprehensive income for the year		**78,793**	441,251
Profit and total comprehensive income attributable to:			
Owners of the Company		**75,416**	439,020
Non-controlling interests		**3,377**	2,231
		78,793	441,251
		RMB	*RMB*
Earnings per share for profit attributable to the owners of the Company			
— Basic and diluted *(expressed in RMB per share)*	11	**0.06**	0.37

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As of 31 December	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
Assets			
Non-current assets			
Investment properties		**64,440**	—
Property, plant and equipment		**112,166**	23,042
Intangible assets		**731,649**	164,263
Right-of-use assets		**24,692**	24,056
Investments in joint ventures		**59,359**	150,671
Deferred income tax assets		**91,199**	19,735
		1,083,505	381,767
Current assets			
Inventories		**249,483**	176,209
Trade and note receivables	5	**1,063,369**	523,691
Prepayments and other receivables		**1,179,109**	219,606
Restricted bank deposits		**471**	541
Cash and cash equivalents		**471,702**	2,526,530
		2,964,134	3,446,577
Asset held-for-sale		**38,441**	—
		3,002,575	3,446,577
Total assets		**4,086,080**	3,828,344
Equity			
Share capital		**99,829**	99,829
Reserves		**1,367,180**	1,638,320
Retained earnings		**739,550**	664,134
Equity attributable to owners of the Company		**2,206,559**	2,402,283
Non-controlling interests		**51,100**	31,845
Total equity		**2,257,659**	2,434,128

		As of 31 December	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
Liabilities			
Non-current liabilities			
Trade and other payables	6	**15,805**	24,434
Lease liabilities		**13,392**	13,138
Deferred income tax liabilities		**62,859**	18,015
		92,056	55,587
Current liabilities			
Trade and other payables	6	**1,234,387**	902,455
Contract liabilities		**446,804**	384,229
Lease liabilities		**3,289**	8,000
Current tax liabilities		**51,885**	43,945
		1,736,365	1,338,629
Total liabilities		**1,828,421**	1,394,216
Total equity and liabilities		**4,086,080**	3,828,344

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Sino-Ocean Service Holding Limited ("the Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Cayman Islands Companies Act 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") on 17 December 2020 (the "Listing").

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

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

The consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors on 31 March 2023.

The outbreak of the 2019 Novel Coronavirus ("COVID-19") had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the industry of property management. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group. As at the date on which this set of consolidated financial statements were authorised for issue, the Group was not aware of any material adverse effects on the consolidated financial statements as a result of the COVID-19 outbreak.

2 SIGNIFICANT ACCOUNTING POLICIES

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3 *Reference to the Conceptual Framework*
- Amendments to HKAS 16 *Property, Plant and Equipment — Proceeds before Intended Use*
- Amendments to HKAS 37 *Onerous Contracts — Cost of Fulfilling a Contract*
- Amendments to HKFRSs *Annual Improvements to HKFRSs 2018–2020*
- Revised Accounting Guideline 5 — *Merger Accounting for Common Control Combinations*

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

New and amendments to HKFRSs in issue but not yet effective

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

	Effective for accounting periods beginning on or after
• HKFRS 17, *Insurance Contracts* (including the October 2020 and February 2022 Amendments to HKFRS17)	1 January 2023
• Amendments to HKFRS 10 and HKAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
• Amendments to HKFRS 16, *Lease Liability in a Sale and Leaseback*	1 January 2024
• Amendments to HKAS 1, *Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020)*	1 January 2024
• Amendments to HKAS 1, *Non-current Liabilities with Covenants*	1 January 2024
• Amendments to HKAS 1 and HKFRS Practice Statement 2, *Disclosure of Accounting Policies*	1 January 2023
• Amendments to HKAS 8, *Definition of Accounting Estimates*	1 January 2023
• Amendments to HKAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
• Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — *Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*	1 January 2023

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and the applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through profit or loss.

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

Going concern basis

The Group reported a net decrease in cash and cash equivalent of approximately RMB2,043 million for the year ended 31 December 2022, net cash outflow of approximately RMB44 million from operating activities, net cash outflow of approximately RMB1,707 million from investing activities and net cash outflow of approximately RMB292 million from financing activities. As at 31 December 2022, the Group's current liabilities amounted to approximately RMB1,736 million while its total cash (including cash and cash equivalents and restricted bank deposits) amounted to approximately RMB472 million. Included in current assets of the Group are trade, note and other receivables whose carrying amounts at 31 December 2022 amounted to approximately RMB2,188 million in aggregate and included balances due from the group and entities or related parties of the Company's ultimate holding company, which are principally engaged in property development and property investment in the People's Republic of China ("PRC"), which amounted to approximately RMB1,374 million as at 31 December 2022 and accounted for 63% of the total receivables balance. The gross balance due from the related party relating to the refundable deposits for potential investments as referred to in the sub-section headed "Limitation of scope on refundable deposits payments made by the Group" above amounted to approximately RMB1,019 million, and approximately RMB392 million was subsequently refunded to the Group after the end of the reporting period. Up to the date of this report, approximately RMB627 million of such deposits receivable from the related party is still outstanding.

The conditions described above indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. The validity of the use of the going concern basis in the preparation of the consolidated financial statements is dependent upon the Group's ability to generate adequate cash flows in order to meet its obligations as and when the obligations fall due and the ability of the trade and other debtors, including related parties and third parties, to repay the balances due to the Group such that the Group can meet its future working capital and financing requirements.

In light of the above, the directors of the Company have carefully considered the Group's expected cash flow projections which cover a period of not less than twelve months for the twelve months ending 31 December 2023 and have been undertaking a number of measures to improve the Group's liquidity and financial position, including (i) closely monitoring the settlement status of receivables to ensure that follow-up action is taken to recover overdue debts; (ii) strengthening the internal risk control assessment of the credit quality of debtors; (iii) strengthening the internal control procedures over the payments made by the Group other than those arose in the Group's ordinary and usual course of business; and (iv) obtaining additional source of funding when necessary. Subsequent to the end of reporting period, the Group has obtained a financial support letter from its ultimate holding company, Sino-Ocean Group Holding Limited (Stock code 3377) to enable the Group to fulfil its liabilities for the next twenty four months. In the opinion of the directors of the Company, in light of the various measures/arrangements implemented, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the directors of the Company consider that the preparation of the consolidated financial statements as at 31 December 2022 on a going concern basis is appropriate. Nevertheless, the validity of the going concern assumption upon which the consolidated financial statements have been prepared depends upon the successful execution of the above measures.

Should the Group fail to achieve the intended effects resulting from the measures as above, it may not be unable to operate as a going concern, and adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in these financial statements.

3 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the board of directors of the Company.

During the reporting period, the Group is principally engaged in the provision of property management and commercial operational services, community value-added services and value-added services to non-property owners in the PRC. Management reviews the operating results of the business of the Group by geographical area of operations but these operating segments are aggregated into a single operating segment as the nature of services rendered by the Group, the type of customers for services rendered by the Group, the methods used to provide their services and the nature of regulatory environment are the same in different regions in the PRC.

The major operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC during the years of 2022 and 2021.

As of 31 December 2022 and 2021, all of the non-current assets were located in the PRC.

4 REVENUE AND COST OF SALES

Revenue mainly comprises of proceeds from property management and commercial operational services, community value-added services and value added services to non-property owners. An analysis of the Group's revenue and cost of sales by category for the years ended 31 December 2022 and 2021 is as follows:

	Year ended 31 December			
	2022		2021	
	Revenue	**Cost of sales**	Revenue	Cost of sales
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Type of goods or services				
Property management services on residential and other non-commercial properties	**1,433,453**	**1,186,341**	1,126,331	904,047
Commercial operational and property management services on commercial properties	**529,120**	**383,836**	462,064	306,362
Community value-added services	**664,960**	**423,239**	788,835	472,340
Value-added services to non-property owners	**642,372**	**507,048**	588,329	457,975
	3,269,905	**2,500,464**	2,965,559	2,140,724
Timing of revenue recognition				
On over time basis	**2,884,518**	**2,224,685**	2,403,609	1,777,082
On point in time basis	**385,387**	**275,779**	561,950	363,642
	3,269,905	**2,500,464**	2,965,559	2,140,724

For the year ended 31 December 2022, 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 21.5% (2021: 25.7%) of the Group' s revenue. Other than Sino-Ocean Group and 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 for the years ended 31 December 2022 and 2021.

5 TRADE AND NOTE RECEIVABLES

	As of 31 December	
	2022	2021
	RMB'000	*RMB'000*
Trade receivables		
— related parties	**545,806**	209,628
— third parties	**746,021**	356,157
	1,291,827	565,785
Note receivables		
— third parties	**—**	235
Less: allowance for impairment of trade and note receivables	**(228,458)**	(42,329)
	1,063,369	523,691

Trade and note receivables mainly represented the receivables of outstanding property management services income and the receivables of value-added services income.

Property management services income and value-added services income are received in accordance with the terms of the relevant services agreements, and due for payment upon the issuance of demand note.

In determining the recoverability of trade and note receivables from the property management and value-added services, the Group takes into consideration a number of indicators, including, among others, subsequent settlement status, historical write-off experience and management/service fee collection rate of the customers in estimating the future cash flows from the receivables.

As of 31 December 2022 and 2021, the aging analysis of the gross carrying amounts of trade and note receivables based on the invoice date, were as follows:

	As of 31 December 2022			As of 31 December 2021		
	Due from related parties	**Due from third parties**	**Total**	Due from related parties	Due from third parties	Total
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
0–90 days	**181,257**	**299,651**	**480,908**	141,027	148,739	289,766
91–180 days	**87,644**	**116,071**	**203,715**	24,289	55,104	79,393
181–360 days	**182,696**	**143,537**	**326,233**	36,267	60,979	97,246
1–2 years	**85,520**	**102,655**	**188,175**	5,125	50,197	55,322
2–3 years	**7,037**	**38,649**	**45,686**	2,054	31,791	33,845
Over 3 years	**1,652**	**45,458**	**47,110**	866	9,582	10,448
Total	**545,806**	**746,021**	**1,291,827**	209,628	356,392	566,020

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As of 31 December 2022, a provision of RMB228,458,000 (2021: RMB42,329,000) was provided against the gross amounts of trade and note receivables.

As of 31 December 2022 and 2021, the trade and note receivables were denominated in RMB, and the fair value of trade and note receivables approximated their carrying amounts.

6 TRADE AND OTHER PAYABLES

	As of 31 December	
	2022	2021
	RMB'000	*RMB'000*
Trade payables		
— Related parties	**51,990**	29,215
— Third parties	**663,882**	415,102
	715,872	444,317
Other payables		
— Related parties	**18,163**	32,042
— Deposits	**176,865**	132,419
— Amounts collected on behalf of property owners	**167,836**	100,845
— Consideration payable for acquisition of a subsidiary	**17,160**	28,600
— Others	**18,049**	24,468
	398,073	318,374
Dividends payable		
— Non-controlling shareholders	**1,320**	7,453
Accrued payroll and welfare payables	**125,683**	140,015
Other taxes payables	**9,244**	16,730
	134,927	156,745
Less: non-current portion	**(15,805)**	(24,434)
Total	**1,234,387**	902,455

As of 31 December 2022 and 2021, the carrying amounts of trade and other payables approximated their fair values. The average credit period on trade payables is 90 days.

As of 31 December 2022 and 2021, the aging analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date were as follows:

	As of 31 December	
	2022	2021
	RMB'000	*RMB'000*
Within 1 year	**619,776**	406,713
1–2 years	**70,975**	28,862
2–3 years	**16,379**	5,866
Over 3 years	**8,742**	2,876
Total	**715,872**	444,317

7 EXPENSES BY NATURE

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Employee benefit expenses	**942,950**	802,123
Outsourced security, greening and cleaning expenses	**868,851**	699,166
Maintenance expenses and utilities	**419,988**	348,436
Cost of consumables and raw materials	**129,433**	132,130
Cost of goods sold	**92,694**	115,583
Net impairment losses on inventories	**4,714**	—
Sub-contract expenses for home improvement and property agency services	**34,654**	100,009
Office-related expenses	**91,915**	96,417
Cost of selling carpark spaces	**14,969**	34,954
Depreciation and amortisation charges	**49,862**	29,272
Community activities expenses	**22,073**	20,689
Taxes and surcharges	**13,062**	14,520
Service fee related to commercial operational services	**7,333**	7,607
Auditors' remuneration	**3,620**	3,740
— Audit services	**2,480**	2,600
— Non-audit services	**1,140**	1,140
Others	**48,041**	45,016
	2,744,159	2,449,662

8 OTHER LOSSES, NET

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Fair value gains on financial assets at fair value through profit or loss	**157**	1,628
(Loss)/gain on disposal of property, plant and equipment	**(146)**	77
Gain on disposal of partial interest in a joint venture	**6,913**	—
Net foreign exchange losses	**(11,161)**	(8,885)
	(4,237)	(7,180)

9 FINANCE COSTS

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Interest expense for lease liabilities	**1,727**	1,436

10 INCOME TAX EXPENSE

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

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Current income tax		
— PRC corporate income tax	**104,691**	109,997
— PRC corporate income tax — (over)/under provision in prior years	**(6,386)**	1,362
— PRC land appreciation tax	**3,480**	5,181
Deferred income tax credit	**(74,682)**	(3,284)
	27,103	113,256

11 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 (2021: 1,184,000,000) in issue during the year.

	Year ended 31 December	
	2022	2021
Profit attributable to owners of the Company used in the basic earnings per share calculation *(RMB'000)*	**75,416**	439,020
Weighted average number of ordinary shares in issue *(in thousands)*	**1,184,000**	1,184,000
Basic and diluted earnings per share for profit attributable to the owners of the Company during the year *(expressed in RMB per share)*	**0.06**	0.37

For the years ended 31 December 2022 and 2021, diluted earnings per share was equal to the basic earnings per share as there were no potential ordinary shares in issue during the year.

12 DIVIDENDS

Dividends in respect of the financial years were as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Declared interim dividend of RMB0.136 (2021: RMBnil) per ordinary share (a)	**161,024**	—
Proposed final dividend of RMB0.123 (2021: RMB0.093) per ordinary share	**145,632**	110,112
	306,656	110,112

(a) On 31 March 2023, the Company proposed a final dividend of RMB145,632,000 for the year ended 31 December 2022.

(b) On 30 August 2022, the Company declared an interim dividend amounting to and aggregate of RMB161,024,000 for the year ended 31 December 2022.

(c) During the year of 2022, the Group declared and paid dividends with aggregated amounts of RMB271,136,000 (2021: RMB65,120,000) to the Company's shareholders.

13 SUBSEQUENT EVENT

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

On 24 February 2023, Ocean Homeplus, a wholly-owned subsidiary of the Company, and Beijing Qianyuan Property Co., Ltd.* (北京乾遠置業有限公司), a wholly-owned subsidiary of Sino-Ocean Group, entered into an equity transfer agreement, pursuant to which Ocean Homeplus has conditionally agreed to acquire 100% equity interest in Sino-Ocean Mechatronics at a total consideration of RMB54,000,000.

Sino-Ocean Mechatronics is a company established in the PRC with limited liability, and a comprehensive mechatronic solution provider focusing on the real estate industry in the PRC. Sino-Ocean Mechatronics is principally engaged in mechatronic businesses including mechanical and electrical construction, contracting, technology development and consultation. Sino-Ocean Mechatronics is also actively participating in areas such as smart home, energy conservation and environmental protection as well as system integration. The industrial and commercial registration reflecting the change in relation to the transaction was completed on 8 March 2023.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SINO-OCEAN SERVICE HOLDING LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

The Company's external auditor, Fan, Chan & Co. Limited, has issued a qualified opinion on the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2022. An extract from the independent auditor's report is as follows:

Qualified opinion

We have audited the consolidated financial statements of Sino-Ocean Service Holding Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") set out the annual report of the Company which comprise the consolidated statement of financial position as at 31 December, 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects on the matters described in the section of "Basis for Qualified Opinion" of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for qualified opinion

Limitation of scope on refundable deposit payments made by the Group

Included in "Prepayments and other receivables" of the Group as at 31 December 2022 were refundable deposit receivables due from a related party which is a fellow subsidiary of the Company and third parties with net carrying amounts of RMB761 million (2021: Nil) and RMB74 million (2021: Nil) respectively. These refundable deposit receivables arose from payments of various refundable deposits for potential investments made by the Group to the related party and third parties during the year ended 31 December 2022. As reported in the consolidated statement of cash flows, the aggregate gross payments of this nature made by the Group to the related party and third parties in the year ended 31 December 2022 amounted to RMB4,264 million (2021: Nil) and RMB1,885 million (2021: RMB2,400 million) (collectively referred to as the "Transactions"), while RMB3,245 million (2021: Nil) and RMB1,790 million (2021: RMB2,400 million) were refunded to the Group from the related parties and third parties, respectively, during the year. Certain of these transactions happened during the period which had been reviewed by the predecessor auditors of the Group (the "Predecessor Auditor") during the course of their work in 2022. As stated in the announcement of the Company titled "Change of auditor" and dated 2 December 2022 (the "Announcement"), the Predecessor Auditor has in its resignation letter dated 2 December 2022 to the Audit Committee and the Board set out the matters leading to its resignation as the auditor of the Company, which also represent those that the Predecessor Auditor considers should be brought to the attention of the Shareholders and creditors of the Company. The significant matters which might have an impact on the consolidated financial statements of the Group for the year ended 31 December 2022 as set out in the Announcement are as follows:

(1) the commercial rationale for why funds were paid to and received back from the certain third parties with which the Group has signed investment cooperation agreements, together with an assessment and conclusion on whether these arrangements comply with the Group's relevant internal control policies and compliance requirements; and

(2) the commercial rationale for the Group making certain non-contractual fund advances to the related party, which was a joint venture of the Company's ultimate holding company at the relevant times when the funds were advanced, together with an assessment and conclusion of the expected credit loss on these related receivables and whether these arrangements comply with the Group's relevant internal control policies and compliance requirements.

The Group has appointed a financial advisor to carry out a review of the significant matters described above in terms of commercial rationale and the implications under the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited. The independent review report revealed that the Transactions might trigger disclosure obligations of the Company pursuant to the requirements under Rule 13.13 and Rule 13.14 of the Listing Rules and/or notifiable transactions and connected transactions under Chapter 14 and Chapter 14A of the Listing Rules. The Company has yet to comply with the relevant requirements under the Listing Rules. We are unable to ascertain the legal consequences, liabilities and penalties imposable for such non-compliance with the Listing Rules.

During the course of our audit for the year ended 31 December 2022, we have not been provided with sufficient appropriate audit evidence to satisfy us as to the commercial substance of the Transactions, including the reasons for the Group entering into the agreements relating to the Transactions. Furthermore, up to the date of this report, we had not obtained sufficient appropriate audit evidence to satisfy ourselves about the concerns expressed by the Predecessor Auditor regarding the Transactions concerning the commercial rationale of the transactions. Accordingly, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves regarding the commercial substance and nature of the Transactions, and hence the validity, rights, accuracy, classification and presentation of the Transactions and the related account balances included in "Prepayments and other receivables" of the Group as at 31 December 2022 in the consolidated financial statements. Moreover, no sufficient appropriate audit evidence has been provided to us to satisfy us as to the financial ability of the counterparties to repay the outstanding balances due to the Group. Accordingly, we were also unable to obtain sufficient appropriate audit evidence to satisfy ourselves regarding the recoverability of the carrying amounts of the refundable deposit receivables due from the related party and third parties included in "Prepayments and other receivables" of the Group as at 31 December 2022 and the adequacy of the allowances for expected credit losses on these balances recognised in the consolidated financial statements as at and for the year ended 31 December 2022.

There were no satisfactory alternative audit procedures that we could perform to satisfy ourselves as to whether the amounts of refundable deposits included in "Prepayment and other receivables" as at 31 December 2022 and the amounts of the Transactions and refunds in relation to certain of the Transactions for the years ended 31 December 2022 and 2021 included in the consolidated financial statements were free from material misstatements; whether the disclosures of related party transactions and balances in the consolidated financial statements were complete and accurate and in accordance with the requirements of the applicable Hong Kong Financial Reporting Standards ("HKFRSs"), including the Hong Kong Accounting Standard 24 "Related Party Disclosures"; and how the cash outflows amounting to an aggregate of RMB6,149 million (2021: RMB2,400 million) and cash inflows amounting to an aggregate of RMB5,035 million (2021: RMB2,400 million) relating to the Transactions should be presented in the consolidated financial statements. Any adjustments that might have been found necessary may have a significant effect on the Group's consolidated net assets at 31 December 2022 and the consolidated financial performance and consolidated cash flows of the Group for the years ended 31 December 2022 and 2021, and the related elements and disclosures thereof in the consolidated financial statements.

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

Material uncertainty related to the going concern

The consolidated financial statements which states that the Group reported a net decrease in cash and cash equivalent of RMB2,043 million for the year ended 31 December 2022, net cash outflow of approximately RMB44 million from operating activities, net cash outflow of RMB1,707 million from investing activities and net cash outflow of RMB292 million from financing activities. As at 31 December 2022, the Group's current liabilities amounted to RMB1,736 million while its total cash (including cash and cash equivalents and restricted bank deposits) amounted to RMB472 million. Included in current assets of the Group are trade, note and other receivables whose carrying amounts at 31 December 2022 amounted to RMB2,188 million in aggregate and included balances due from the group entities or related parties of the Company's ultimate holding company, which are principally engaged in property development and property investment in the People's Republic of China ("PRC"), which amounted to RMB1,374 million as at 31 December 2022 and accounted for 63% of the total receivables balance. The gross balance due from the related party relating to the refundable deposits for potential investments described in the Basis for Qualified Opinion section amounted to RMB1,019 million, and approximately RMB392 million was subsequently refunded after the end of the report period. Up to the date of this report, approximately RMB627 million of such deposits receivable from the related party is still outstanding. These conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

THE VIEW AND POSITION OF THE MANAGEMENT ON CERTAIN MATTERS AS SET OUT IN THE QUALIFIED OPINION

As set out in the section headed "Basis for Qualified Opinion — Limitation of scope on refundable deposit payments made by the Group" in this announcement (the "Basis for Qualified Opinion Section"), the Company has appointed a financial advisor to carry out an independent review on the significant matters as described in the Basis for Qualified Opinion Section in terms of the commercial rationale and implications under the Listing Rules.

As at the date of this announcement, the independent review report revealed that there are potential non-compliance with relevant requirements under the Listing Rules in respect of the Transactions (as defined in the Basis for Qualified Opinion Section) (the "Matter").

The Company has sought legal advice on the Matter and is working closely with relevant parties to, among others, investigate the Matter, identify any relevant potential accounting deficiencies and rectifications (if required) to ensure ongoing compliance with the Listing Rules.

The Company will make further announcements to keep its Shareholders and potential investors informed of any progress in respect of the Matter as and when appropriate in accordance with relevant requirements under the Listing Rules.

AUDITOR'S PROCEDURES PERFORMED ON THIS ANNOUNCEMENT OF ANNUAL RESULTS

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto in this announcement of annual results for the year ended 31 December 2022 have been agreed by the Group's auditor, Fan, Chan & Co. Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Fan, Chan & Co. Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Fan, Chan & Co. Limited on this announcement of annual results.

FINAL DIVIDEND

The Board proposed to recommend at the forthcoming AGM to be held on Tuesday, 30 May 2023 for the payment of a final dividend of RMB0.123 per Share (equivalent to HKD0.141 per Share, rounded to the nearest three decimal places) for the year ended 31 December 2022 (2021: RMB0.093 per Share). The final 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 Friday, 24 March 2023 to Thursday, 30 March 2023 (RMB1 = HKD1.1426). The final dividend is subject to the approval of the Shareholders at the AGM. The final dividend will be paid to the Shareholders whose names are standing in the register of members of the Company at the close of business on Friday, 2 June 2023. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, 2 June 2023.

It is expected that the cheques for dividend payment in relation to the final dividend will be despatched at the risk of those who are entitled thereto to their respective registered addresses on or around Wednesday, 14 June 2023.

ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, 30 May 2023. The notice of AGM will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 24 May 2023 to Tuesday, 30 May 2023 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Tuesday, 23 May 2023.

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 of the Company during the year ended 31 December 2022.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company had applied the principles of the CG Code to its corporate governance structure and practices which will be described in the Corporate Governance Report contained in the annual report of the Company for the year ended 31 December 2022 and complied with the code provisions of the CG Code throughout the year ended 31 December 2022, except for the deviations as disclosed herein:

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.

The code provision C.6.2 of the CG Code stipulates that a board meeting should be held to discuss the appointment of the company secretary and the matter should be dealt with by a physical board meeting rather than a written resolution. The appointment of the former Company Secretary on 13 April 2022 was approved by a written resolution of the Board in lieu of a physical Board meeting in accordance with the Articles. Prior to the execution of the written resolution, Board papers regarding the appointment were provided to all Directors in advance for their review and consideration. It is considered that the approval process by way of the adoption of a written resolution is an efficient and appropriate way for such appointment.

Further information of the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the Company's annual report for the year ended 31 December 2022, which will be despatched to the Shareholders on or about 28 April 2023.

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, all the Directors have confirmed that they had complied with all required standards set out in the Model Code throughout their tenure during the year ended 31 December 2022 and in the Code of Conduct throughout their tenure during the year ended 31 December 2022 or throughout the period from the date on which they were circulated the same to 31 December 2022.

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.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the consolidated annual results of the Group for the year ended 31 December 2022.

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

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.sinooceanservice.com). The Company's annual report for the year ended 31 December 2022 will be despatched to the Shareholders on or about 28 April 2023 and will be available on the Stock Exchange's and the Company's websites at about the same time.

APPRECIATION

The Board would like to extend its deepest gratitude to all Shareholders, investors, customers, business partners, the government and all the directors, management and the entire staff who have worked together with the Group. The Group could not have enjoyed its continued stable growth without their unreserved support.

GLOSSARY

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

"AGM"	the annual general meeting of the Company
"Articles"	the amended and restated articles of association of the Company
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code as set out in Appendix 14 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 announcement
"Code of Conduct"	the code of conduct regarding Directors' securities transactions adopted by the Company
"Company" or "Sino-Ocean Service"	Sino-Ocean Service Holding Limited (遠洋服務控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 06677)
"Company Secretary"	the company secretary of the Company
"Director(s)"	the director(s) of the Company
"Executive Director(s)"	the executive Director(s)
"GFA"	gross floor area
"Group" or "we"	the Company and its subsidiaries
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Non-executive Director(s)"	the independent non-executive Director(s)

"Joint Chairmen"	the joint chairmen of the Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Non-executive Director(s)"	the non-executive Director(s)
"Ocean Homeplus"	Ocean Homeplus Property Service Corporation Limited* (遠洋億家物業服務股份有限公司), a company established in the PRC with limited liability, which is a wholly-owned subsidiary of the Company
"Prospectus"	the prospectus of the Company dated 7 December 2020
"RMB"	Renminbi, the lawful currency of the PRC
"Share Registrar"	the Company's Hong Kong branch share registrar, Tricor Investor Services Limited
"Share(s)"	the ordinary share(s) of the Company with a nominal value of HKD0.10 each
"Shareholder(s)"	the shareholder(s) of the Company
"Shine Wind"	Shine Wind Development Limited (耀勝發展有限公司), a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of Sino-Ocean Holding and a controlling Shareholder
"Sino-Ocean Connected Persons"	Sino-Ocean Holding and its associates, excluding, for the avoidance of doubt, the Group
"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
"sq.m."	square metres
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"USD"	United States dollars, the lawful currency of the United States

"YoY"	year-on-year
"%"	per cent

Note:

In this announcement, English names of the PRC entities marked "*" are translations of their Chinese names for identification purpose only. If there is any inconsistency between the Chinese names and their English translations, the Chinese names shall prevail.

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

Hong Kong, 31 March 2023

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