遠洋服務
SINO-OCEAN SERVICE

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

RESULTS HIGHLIGHTS

- As of 30 June 2023, the total contracted GFA of property management projects was 144.5 million sq.m. and total GFA under management was 103.5 million sq.m., representing an increase of approximately 19% and 30% respectively as compared to that of 30 June 2022.
- Revenue decreased by approximately 4% to RMB1,555.8 million as compared to the corresponding period in 2022 (six months ended 30 June 2022: RMB1,623.7 million (restated)).
- Profit attributable to owners of the Company decreased by approximately 52% to RMB128.7 million as compared to the corresponding period in 2022 (six months ended 30 June 2022: RMB267.2 million (restated)). The decrease in profit attributable to owners of the Company was mainly attributable to (i) the initiatives to diminish the businesses of value-added services to non-property owners with unsatisfactory cash collection assurance, having taken into consideration of the Company's business strategy and progress of receivables collection; (ii) affected by the overall economic situation and real estate market, a decrease in gross profit generated from property brokerage services among community value-added services businesses; and (iii) an increase in the provision for asset impairment losses made for (among others) receivables for the sake of prudence.
- The Board did not recommend the payment of interim dividend for the six months ended 30 June 2023.

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

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2023.

MARKET REVIEW AND OUTLOOK

During the first half of 2023, as a result of the full resumption of the economy and social functions and the effectiveness of the macro policies, national economy began to rebound and high-quality developments progressed sustainably. The state and governments at each level rolled out policies to promote community support for elderly, grass-roots governance and renovation management. Corresponding guidance and support were actively offered from the top for promoting efficient and sustainable property industry development. Under such circumstances, the property industry was experiencing a moderate and stable recovery. The outskirt and inner of the industry are on the course of reshaping, the types of service to be offered are broadening, ways to delivery services are constantly evolving and the degrees of technology and intelligence across were deepening. On the other hand, the property industry is still facing multiple pressures and challenges, the growth under the scale of property management slowed down and readjusted to a more rational level. The property industry is currently under the stage of in-depth adjustment and expected that the level of market concentration will further increase. Focusing on the roots of service and value creation have increasingly become an industry consensus. Adhering to the principles of high-quality growth and provision of quality essential services have become the cores under the development of property management enterprises. At the same time, the industry sought for and developed on quality and suitable value-added services opportunities, by providing refined and in-depth services, unleashing the services' potential value, and implementing a wider range of services to expand the urban servicing coverages. In terms of mergers and acquisitions, the emphasis has been focusing on field segmentation, putting an end to the era of expansion predominantly through mergers and acquisitions. The emphasis will now focus on specialised professional operation and raising quality of projects under management, while abandoning low-profit or loss-making projects under the profitability requirements, and putting emphasis on seeking external market-oriented expansion in terms of scale.

In the first half of the year, we adhered to our original aspirations and continued to consolidate our foundation of sustainable development through trials and hardships, forging ahead towards quality and sustainable growth. We advanced our expansion steadily and established a benchmark for the main business, continued to improve the service quality and created an unique community culture. We probed into property owners' necessity and continually intensified the value-added business; strengthened refined management and explored innovative operating models; continued to optimise the system for standardised service to improve the service quality; and carried out energy-saving and environmental protection optimisation to achieve sustainable development. We upheld the artisan's spirit for creating high-quality services, and focused our services based on the users' needs, and made unremitting efforts with the aim to become a branded superior integrated property management service provider in China.

With the improvement of people's pursuit for better living standard and continuous refinement of grass-roots governance, the development environment of property management industry will gradually improve, and the demand for high quality property services will continue to increase. The light asset and strong cash flow characteristics of the property management industry will support property companies with good branding and excellent services to usher in multi-scenario and multi-level development space.

In the second half of 2023, we shall continue to adhere to our original aspiration and mission of 'serving customers with an artisan's spirit', improve service quality continually, strengthen our professional and service capabilities to craft quality living. We shall persevere on the strategic planning of 'one body, two wings', optimise the business structure, promote valuable resources, tap into potential co-operation channels in the region, adopt differentiating and specific proposals for different businesses; innovate our operating model, improve on our management system, raise quality and efficiency by streamlining management, continue to augment meticulous operation in two dimensions, build stronger cost-control systems, optimise standardised and systematic operation to ensure expansion of a high caliber. We shall probe growth potential, break through business bottlenecks, craft major products, market and teams according to customers' needs to bring about sustainable development of scale.

Making progress in a steady and prudent manner would enable us to continue to adhere to the sustainable, high-quality and unswerving development strategy of the service industry, and strive to become a branded superior integrated property management service provider in China.

RESULTS REVIEW*

2023 interim results

For the six months ended 30 June 2023, our Group's revenue was RMB1,555.8 million, down approximately 4% YoY, gross profit was RMB321.5 million, down approximately 25% YoY. Net profit for the period was RMB128.4 million, down approximately 52% YoY. Profit attributable to owners of the Company was RMB128.7 million, down approximately 52% YoY. Earnings per share was RMB0.11, down approximately 52% YoY.

In the first half of the year, our business scale remained at above the level of 100 million. As at 30 June 2023, our contracted GFA was 144.5 million sq.m., up approximately 19% YoY; GFA under management was 103.5 million sq.m., up approximately 30% YoY, as a result of the Group's remarkable expansion efforts. Accumulated contracted GFA from third-party reached 83.8 million sq.m. New contracted GFA from third-party was approximately 91% out of total new contracted GFA (including mergers and acquisitions projects). We adhered to pursuing quality and sustainable expansion, focusing on high quality projects in penetrated cities. During the first half of 2023, Sino-Ocean Service continued to increase the density of management scale in penetrated cities. As at 30 June 2023, the area of properties under management in first-tier and second-tier cities reached 85%, including but not limited to Beijing, Tianjin, Qingdao, Dalian, Chengdu and Wenzhou, where we had established a heavy presence, as the advantage in scale continued to be strengthened.

* In this announcement, the condensed consolidated interim financial statements of the Group have been prepared using the merger basis of accounting as if the current group structure had been in existence throughout the periods presented. For the details on the adoption, please refer to the section headed "Business combinations under common control" of the Note 1 of the Condensed Consolidated Interim Financial Information.

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 six months ended 30 June 2023, the Group's revenue from property management and commercial operational services amounted to RMB1,089.4 million, accounting for approximately 70% 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 six months ended 30 June			
	2023		2022	
	Revenue *(RMB'000)*	**%**	Revenue *(RMB'000)*	%
Property management services on residential and other non-commercial properties	**835,189**	**77**	666,276	71
Commercial operational and property management services on commercial properties	**254,195**	**23**	277,256	29
Total	**1,089,384**	**100**	943,532	100

Stable development of principal businesses and synergistic development of diverse businesses to facilitate business mix optimisation. As at 30 June 2023, our contracted property management services for various business types amounted to 666 projects, with contracted GFA of 144.5 million sq.m. and GFA under management of 103.5 million sq.m., growing by approximately 19% and 30%, respectively, compared to 30 June 2022. During the period, the Group continued to seek expansion through multiple channels, such as tendering, 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, while actively engaging in integrated urban operational services and smart city development.

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

	As at 30 June	
	2023	2022
Contracted GFA *('000 sq.m.)*	**144,504**	121,519
Number of projects relating to contracted GFA	**666**	522
GFA under management *('000 sq.m.)*	**103,453**	79,377
Number of projects relating to GFA under management	**539**	392

Staying focused on cities with deep engagement to consistently enhance management density and regional advantage in scale. During the period, the Group was focused on developing quality projects in cities where it had established a heavy presence, persisting in deep engagement in key business segments, catering to core customer demands and optimising performance-based incentives on the back of ongoing channel development and maintenance to further enhance its independent market development ability. For the first half of 2023, the percentage share of third parties in the Group's total contracted GFA increased to approximately 58%, with third parties accounting for approximately 91% of our newly added contracted GFA.

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

	As at 30 June							
	2023				2022			
	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)	**60,667**	**42**	**50,205**	**49**	58,402	48	46,219	58
Properties developed/owned by other third parties[Note]	**83,837**	**58**	**53,248**	**51**	63,117	52	33,158	42
Total	**144,504**	**100**	**103,453**	**100**	121,519	100	79,377	100

Note:

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 at 30 June 2023, our projects covered 89 cities across 28 provinces, municipalities and autonomous regions in China. Our geographical presence covered 5 major city clusters, including the Beijing-Tianjin-Hebei region, Bohai Rim region, Eastern China region, Southern China region and Central and Western China region. We have a significant regional advantage in the Beijing-Tianjin-Hebei region and Bohai Rim region, while gradually increasing our proportionate share in the Eastern China region, Southern China region and Central and Western China region. As at 30 June 2023, 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%, 19%, 13% and 13%, respectively, of our GFA under management.

The table below sets forth a breakdown of the Group's contracted GFA and GFA under management by geographic location as at the dates indicated and revenue generated from its property management services for the six months ended 30 June 2023 and 2022 respectively:

	As at or for the six months ended 30 June							
	2023				2022			
	Contracted GFA *('000 sq.m.)*	**GFA under management** *('000 sq.m.)*	**Revenue** *(RMB'000)*	**Revenue** *%*	Contracted GFA *('000 sq.m.)*	GFA under management *('000 sq.m.)*	Revenue *(RMB'000)*	Revenue *%*
Beijing-Tianjin-Hebei region[1]	**49,050**	**33,654**	**346,659**	**33**	42,234	27,727	346,285	38
Bohai Rim region[2]	**30,997**	**22,895**	**196,261**	**19**	25,683	18,175	162,906	18
Eastern China region[3]	**25,023**	**19,237**	**235,362**	**22**	19,022	14,471	188,441	21
Southern China region[4]	**16,110**	**13,444**	**127,027**	**12**	17,552	8,717	107,537	12
Central and Western China region[5]	**23,324**	**14,223**	**141,587**	**14**	17,028	10,287	94,718	11
Total	**144,504**	**103,453**	**1,046,896**	**100**	121,519	79,377	899,887	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, Guangzhou, Zhangzhou, Maoming, Sanya, 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 property management 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 85% of our GFA under management.

The table below sets out a breakdown of the contracted GFA and GFA under management in cities where the Group's property management projects were primarily located as at 30 June 2023 according to the city classification by China Business Network in 2023:

	Contracted GFA		**GFA under management**	
	('000 sq.m.)	*%*	*('000 sq.m.)*	*%*
First-tier cities	21,368	15	18,698	18
New first-tier cities	34,109	24	25,616	25
Second-tier cities	51,994	36	43,704	42
Other cities	37,033	25	15,435	15
Total	144,504	100	103,453	100

Staying focused on the essence of service and persisting in delicacy operation to achieve qualitative and sustainable development. During the first half of 2023, we enhanced delicacy operation and achieved qualitative and sustainable development in line with our strong emphasis on service quality and persistent commitment to providing services to users with an artisan's spirit. Following the compilation of a white paper and a video presentation for service standards in 2022, we further adjusted and updated the service standards and strengthened training for front-desk staff through tracking assessment during the period based on the customer-oriented principle, with a view to further implementing the service standards to every detail in service. In line with the Sino-Ocean community model of "Joining forces for a healthy society", the "Sino-Ocean Base for the Growth and Practice of Junior Citizens" was jointly established by Ocean Paradise and Community Residents' Committee in Beijing, Sino-Ocean Group and Sino-Ocean Charity Foundation, organising activities such as literacy learning, collection of welfare donations and family fun activities throughout the year to foster a community environment conducive to the healthy growth of children and a community ambience underpinned by harmony and compassion where owners are able to enjoy a friendly neighbourhood culture. Special initiatives such as "New Green Health+ for Old Communities", "Production Safety Month" and the "100-day Incident-free Safety Campaign" were organised to upgrade the community environment, while emergency drills, promotion on safety matters were strengthened and special training were launched to ensure continuous improvement in our crisis management for the protection of community safety on all fronts.

Property management services on residential and other non-commercial properties

As at 30 June 2023, the contracted GFA and GFA under management of the Group's residential and other non-commercial property projects were 132.8 million sq.m. and 96.7 million sq.m., respectively, growing by approximately 16% and 29%, respectively, as compared to 30 June 2022. There were a total of 573 contracted property management projects, representing an approximate 24% growth compared to 30 June 2022.

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

	As at 30 June	
	2023	2022
Contracted GFA *('000 sq.m.)*	**132,796**	114,109
Number of projects relating to contracted GFA	**573**	461
GFA under management *('000 sq.m.)*	**96,736**	74,861
Number of projects relating to GFA under management	**465**	344

Commercial operational and property management services on commercial properties

For the six months ended 30 June 2023, the Group's revenue from commercial operational and property management services on commercial properties amounted to RMB254.2 million, decreasing by approximately 8% compared to the same period of the previous year.

The table below sets forth a breakdown of the Group's contracted GFA and GFA under management of commercial operational and property management services on commercial properties as at the dates indicated:

	As at 30 June	
	2023	2022
Property management services		
Contracted GFA *('000 sq.m.)*	**11,708**	7,410
Number of projects relating to contracted GFA	**93**	61
GFA under management *('000 sq.m.)*	**6,717**	4,516
Number of projects relating to GFA under management	**74**	48
Commercial operational services		
Contracted GFA *('000 sq.m.)*	**600**	2,132
Number of projects relating to contracted GFA	**11**	27
GFA under management *('000 sq.m.)*	**600**	1,369
Number of projects relating to GFA under management	**11**	20

Enhancing the standard of commercial property operation and developing feature customers to forge brand reputation. As at 30 June 2023, the Group provided commercial property management services to projects with a contracted GFA of 11.7 million sq.m. and GFA under management of 6.7 million sq.m., growing by approximately 58% and 49%, respectively, as compared to 30 June 2022. 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 optimised the quality and effectiveness of service management through a quality control mechanism and provided commercial property services with Sino-Ocean characteristics through collaboration with premium brands. The Company advanced intelligent conversion on an ongoing basis and implemented detailed energy-saving measures to facilitate ongoing improvements in project quality and operational efficiency.

Innovations in asset management operations as property-operation integration enhances customer experience. As at 30 June 2023, GFA under management of projects for which the Group provided commercial operational services amounted to 0.6 million sq.m., decreasing by approximately 56% compared to that as at 30 June 2022, which was due to the decline in the parent company's demand for asset management services under the impact of overall economic conditions and conditions in the property market. During the period, we continued to implement and deepen the model of property-operation integration under the asset-light model. In connection with feature community activities, an innovative community service model was established through the collaborative actions of the property team and the operations team to increase customers' reliance and improve the overall operational and service standards of our projects. Through collaborative actions of projects in the same region, a marketing model with uniform themes and promotion means was adopted to consolidate resources as well as enhance brand competitiveness and reputation. Through the launch of a variety of membership activities, offline customer traffic was effectively increased to stimulate business vigor.

Community value-added services

Expanding coverage of value-added services and enhancing the depth of business services. For the six months ended 30 June 2023, revenue from community value-added services amounted to RMB266.7 million, decreasing by approximately 12% compared to the same period of the previous year and accounting for approximately 17% of the Group's total revenue. In the first half of 2023, we were engaged in resolute development of the four major businesses of "community living, leasing and sale, home decoration and spatial resources", on the basis of which we delineated subsidiary segments in the value-added services with in-depth considerations for business directions, principles and service standards according to differentiations in and characteristics of customer needs, in a bid to further procure the stable and sound development of value-added services. In connection with community living services, we continued to enrich our product range based on the owners' day-to-day needs with a special focus on community retail and door-step and catering services, touching the actual needs of owners whilst building an innovative marketing model. In connection with lease and sales services, our model for joint operation was optimised, while ongoing finetuning was made to the service standards to effectively enhance business results per capita. Regarding home decoration services, we continued to advance the model of services for existing homes while reporting breakthrough and innovation in the new home business. The home decoration presale marketing business was launched and a replicable model was formed. In connection with spatial resources, our business direction was primarily underpinned by the introduction of convenience services and facilities, increasing the coverage of daily-life facilities and meeting and satisfying the needs of owners based on delicacy operation and data analysis.

Exploring value-added services and innovative businesses to construct interrelated business scenarios. We were actively developing innovative businesses as an explorer of urban community retail innovation. Through the collaborative initiatives of online and offline operations and on the back of consumer data research, brand packaging and community operation, the stable conversion of products was achieved. We were consistently identifying premium commodities to create a nationwide pool of popular products, such that more premium products offering great value of money could reach the owners directly in realisation of the value of property service. We actively commenced business research, exploration and trial runs to identify customer demands and constructed closely associated business scenarios on the back of customer resources, operational support, spaces and value-added services, thereby facilitating integration and sharing of internal sources to generate complementary value among businesses.

The following table sets forth a breakdown of the Group's revenue generated from community value-added services by service types for the six months ended 30 June 2023 and 2022, respectively:

	For the six months ended 30 June			
	2023		2022	
	(RMB'000)	**%**	*(RMB'000)*	%
Community asset value-added services[1]	**189,240**	**71**	156,524	52
Community living services[2]	**33,104**	**12**	98,073	32
Property brokerage services[3]	**44,342**	**17**	50,092	16
Total	**266,686**	**100**	304,689	100

Notes:

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

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

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

Value-added services to non-property owners

Enhancing presence in the facilities and equipment maintenance sector to further expand business scope while improving service quality in coordination with the property segment. For the six months ended 30 June 2023, revenue from value-added services to non-property owners amounted to RMB199.8 million, decreasing by approximately 47% as compared to the same period of the previous year and accounting for approximately 13% of the Group's total revenue. During the period, the Group completed the acquisition of Sino-Ocean Mechatronics, which was in the ongoing process of integration with the Group's technical and brand advantages in project engineering and intelligent services to further expand the scope of professional facilities and equipment services and enhance the Group's competitiveness in the facilities and equipment maintenance sector. Moreover, in line with the principle of providing customer-oriented artisan services, we were focused on quality enhancement in connection with property engineering services for projects under management, as we enhanced the maintenance and repair of public facilities and reduced the rate of risk and breakdown in residential areas under our management to further enhance customer satisfaction and 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 six months ended 30 June 2023 and 2022 respectively:

	For the six months ended 30 June			
	2023		2022 (Restated)	
	(RMB'000)	***%***	*(RMB'000)*	*%*
Pre-delivery services[1]	**85,955**	**43**	107,062	29
Consultancy services[2]	**55,618**	**28**	106,973	28
Property engineering services[3]	**58,194**	**29**	161,411	43
Total	**199,767**	**100**	375,446	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

Intensive operations in advantageous regions and synergistic development of diverse businesses to achieve qualitative growth.

We will be focused on the development of quality projects in cities where we had established a heavy presence. In key cities where we already have a presence, we will continue to enhance management density and efficiently achieve management coverage and synergies in terms of resource allocation among different regions. Whilst persisting in residential and commercial property management as our principal business segments, we will also explore businesses with schools, industry parks and hospitals. A strong emphasis will be placed on the building and maintenance of channels for strategic customers and implementation of cooperative projects, as preliminary research on third-party projects will be optimised and collaboration between the headquarters and regional offices will be developed, while mechanisms for effective liaison and negotiations with customers will be established to accurately understand customers' requirements, so as to further expand the scale of premium property management projects. In the meantime, the internal incentive policy will be enhanced and staff teams will be expanded, while diversified models of cooperation will be provided to achieve qualitative and sustainable growth in third-party projects.

Upgrading and reinforcing our service standards with a special focus on quality improvement and brand image enhancement.

We will continue to deepen the implementation of service standards and upgrade and adjust our property service standards through problem rectification and assessment to improve and optimise the "Sino-Ocean Service Standards White Paper" 2.0. Based on the core customer-centric principle, we will build a 24-hour service regime covering all regions with a special focus on the differentiated needs of customers, with a view to deepening the contents of our service and the building of regimes. We will advance our work in customer visits and strengthen the management of complaints, as we seek to understand customers' demands in a timely manner and adjust and improve the contents of our services through the application of the Company's customer visit system. Complaint management will be strengthened with a special emphasis on the timeliness of response to and handling of complaint, in order to effectively enhance owners' satisfaction. We will continue to deepen our staff training and team building regimes, optimise junior staff incentives and appraisal, enhance staff care and empowerment and strengthen team building and development of professional competence in order to achieve long-term, stable and high-quality customer servicing relations and enhance customer satisfaction and reliance.

Persisting in delicacy operation to enhance quality of project operation and management and deepen development of a diversified business regime.

In resolute upholding of service quality, we will persist in the principle of delicacy operation with efforts to streamline specific operating conditions of projects, drive tiered cost control, optimise per capita efficiency and improve operational efficiency of projects under management. In the meantime, we will focus on optimising the details of service operations, implementing delicacy operation in operational and business details as we seek to understand and fulfill the differing needs of owners with a user-oriented approach whilst further upgrading our rudimentary property service standards. In connection with value-added services, we will further identify scenarios of consumer spending on services, encouraging regional and project offices to customise innovative value-added services according to actual local conditions and trends. In connection with value-added services to non-property owners, we will continue to extend our existing advantage in facilities and equipment maintenance. By integrating and coordinating the resources and capacities of the Company's specialised subsidiaries to address requirements of customers from projects under management, we will further enhance the delicacy of our services, thereby increasing the Company's competitiveness in the facilities and equipment maintenance sector and driving improvements in our ability to develop third-party customers. In connection with commercial assets, we will continue to explore contents for feature services, drawing from the experience of existing projects in property-operation integration, while enhancing the abilities of the commercial operation team and property management team for integrated services to bolster our brand image.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 June 2023 decreased slightly by approximately 4% to RMB1,555.8 million, from RMB1,623.7 million (restated) for the six months ended 30 June 2022. 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 70%, 17% and 13% of the Group's total revenue, respectively.

The following table sets forth the breakdown of our unaudited total revenue by business lines for the six months ended 30 June 2023 and 2022, respectively:

	For the six months ended 30 June			
	2023		2022 (Restated)	
	(RMB'000)	***%***	*(RMB'000)*	*%*
Property management and commercial operational services				
(a) Property management services on residential and other non-commercial properties	**835,189**	**54**	666,276	41
(b) Commercial operational and property management services on commercial properties	**254,195**	**16**	277,256	17
Sub-total	**1,089,384**	**70**	943,532	58
Community value-added services	**266,686**	**17**	304,689	19
Value-added services to non-property owners	**199,767**	**13**	375,446	23
Total	**1,555,837**	**100**	1,623,667	100

Revenue from property management and commercial operational services for the six months ended 30 June 2023 increased by approximately 15% to RMB1,089.4 million from RMB943.5 million for the six months ended 30 June 2022, amongst which (a) revenue from property management services on residential and other non-commercial properties increased by approximately 25% to RMB835.2 million for the six months ended 30 June 2023 from RMB666.3 million for the six months ended 30 June 2022. The increase was mainly attributable to an increase in our GFA under management, which reached 96.7 million sq.m. as at 30 June 2023 (30 June 2022: 74.9 million sq.m.) with an increase in the number of properties under management to 465 as at 30 June 2023 (30 June 2022: 344), due to our business expansion; and (b) the decrease in revenue from commercial operational and property management services on commercial properties of approximately 8% to RMB254.2 million for the six months ended 30 June 2023 from RMB277.3 million for the six months ended 30 June 2022. The decrease was mainly attributable to the decrease in demand of property services from parent company and the decrease in our GFA under management of commercial operational services due to the overall economic situation and real estate market.

Revenue from community value-added services for the six months ended 30 June 2023 decreased by approximately 12% to RMB266.7 million (six months ended 30 June 2022: RMB304.7 million), which was mainly attributable to (i) overall economic situation and real estate market downturn, revenue from community living services and property brokerage services decreased; and (ii) change in revenue structure, especially for home decoration services during the first half of 2023, the total revenue of home decoration services decreased as a result of more income being recognised under commission and net amount basis, as compared to the corresponding period of 2022.

Revenue from value-added services to non-property owners for the six months ended 30 June 2023 decreased by approximately 47% to RMB199.8 million (six months ended 30 June 2022: RMB375.4 million (restated)). The decrease was mainly driven by (i) revenue from consultancy services which decreased by approximately 48% to RMB55.6 million for the six months ended 30 June 2023 from RMB107.0 million for the six months ended 30 June 2022 due to less consultancy services attributed to the decrease in pre-sale activities in the PRC real estate market; and (ii) revenue from property engineering services which decreased by approximately 64% to RMB58.2 million for the six months ended 30 June 2023 from RMB161.4 million (restated) for the six months ended 30 June 2022, which was primarily due to the decrease in property engineering related services attributed to our initiatives to diminish the businesses with unsatisfactory cash collection assurance and the downturn in PRC real estate market.

Cost of sales

For the six months ended 30 June 2023, cost of sales was RMB1,234.3 million, slightly increased from RMB1,194.4 million (restated) by approximately 3% as compared with the corresponding period of 2022.

The cost of sales comprised mainly (i) sub-contracting costs for security, greening and cleaning; (ii) staff cost; (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.

Sub-contracting costs for security, greening and cleaning for the six months ended 30 June 2023 increased by approximately 14% to RMB446.6 million as compared to RMB390.3 million for the six months ended 30 June 2022, 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 an increase in labor costs of our sub-contractors.

Staff cost for the six months ended 30 June 2023 increased by approximately 8% to RMB426.6 million as compared with RMB394.2 million for the six months ended 30 June 2022, which was in line with the increase in the number and scale of the Group's projects under management.

Maintenance expenses and cost of consumables and raw materials decreased by approximately 43% and 69% to RMB84.4 million and RMB23.0 million for the six months ended 30 June 2023, respectively, as compared to RMB147.2 million (restated) and RMB73.3 million for the six months ended 30 June 2022, respectively, which was in line with the decrease in revenue from property engineering services and community living services.

Cost of goods sold decreased by approximately 58% to RMB17.0 million for the six months ended 30 June 2023 from RMB40.5 million for the six months ended 30 June 2022 which was in line with the decrease in revenue generated from retail sales of commodities.

Sub-contracting costs for home decoration and property agency services increased by approximately 15% to RMB16.6 million for the six months ended 30 June 2023 from RMB14.4 million for the six months ended 30 June 2022 which was primarily attributable to the net effect of (i) the costs of property brokerage services increased due to the overall market downturn; and (ii) the costs of home decoration services decreased due to more income from home decoration services was recognised under commission and net amount basis.

Gross profit and gross profit margin

Gross profit for the six months ended 30 June 2023 decreased by approximately 25% to RMB321.5 million from RMB429.3 million (restated) for the six months ended 30 June 2022. Our overall gross profit margin for the six months ended 30 June 2023 decreased to approximately 21% from approximately 26% for the corresponding period in 2022 primarily attributed to the decrease in revenue generated from commercial operational and property management services on commercial properties, community value-added services and value-added services to non-property owners (the gross profit margins of which are generally comparatively higher), affected by the overall economy and real estate market.

Gross profit and gross profit margin of the Group by business lines for the six months ended 30 June 2023 and 2022 respectively were as follows:

	For the six months ended 30 June			
	2023		2022 (Restated)	
	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	**142,923**	**17**	120,145	18
(b) Commercial operational and property management services on commercial properties	**64,039**	**25**	104,284	38
Sub-total	**206,962**	**19**	224,429	24
Community value-added services	**74,727**	**28**	115,528	38
Value-added services to non-property owners	**39,805**	**20**	89,299	24
Total	**321,494**	**21**	429,256	26

Gross profit margin for property management and commercial operational services decreased from approximately 24% for the six months ended 30 June 2022 to approximately 19% for the six months ended 30 June 2023. The reduction in gross profit margin was primarily resulted from (i) the rise in labour and energy costs; and (ii) additional expenditures incurred on the new projects under integration period.

Gross profit margin for community value-added services decreased from approximately 38% for the six months ended 30 June 2022 to approximately 28% for the six months ended 30 June 2023, which was mainly attributed to the decrease in gross profit margin from property brokerage services and retail sales of commodities businesses, which were affected by the overall economic situation and real estate market.

Gross profit margin for value-added services to non-property owners decreased from approximately 24% (restated) for the six months ended 30 June 2022 to approximately 20% for the six months ended 30 June 2023, which was primarily due to a decrease in revenue contribution from consultancy services with a higher gross profit margin.

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

Other income and other gains/(losses), net

The other income for the six months ended 30 June 2023 mainly comprised government grants and interest income. Other income increased by RMB0.8 million to RMB12.8 million for the six months ended 30 June 2023 from RMB12.0 million for the six months ended 30 June 2022. The increase was mainly attributable to the increase of government grant received during the period.

We recorded other net gains of RMB14.4 million for the six months ended 30 June 2023 (six months ended 30 June 2022: other net losses of RMB5.0 million). Other net gains mainly comprised of gains on disposal of partial interest in a joint venture of RMB20.6 million and net foreign exchange losses of RMB6.1 million.

Operating expenses

Selling and marketing expenses for the six months ended 30 June 2023 decreased to RMB7.6 million (six months ended 30 June 2022: RMB8.4 million).

Administrative expenses for the six months ended 30 June 2023 increased by approximately 51% to RMB110.0 million as compared to RMB72.9 million for the six months ended 30 June 2022. This increase was primarily due to (i) an increase in business expansion activities as compared to the corresponding period of 2022; and (ii) amortisation arising from acquired projects.

Net impairment losses on financial assets

Net impairment losses on financial assets increased by approximately 63% to RMB75.7 million for the six months ended 30 June 2023 from RMB46.3 million for the six months ended 30 June 2022, which was mainly attributable to the increase in provision for impairment on trade and other receivables, affected by the overall economic situation and real estate market which slowed down the collection of trade receivables during first half of 2023.

Finance costs

Finance costs for the six months ended 30 June 2023 and 30 June 2022 amounted to RMB0.4 million and RMB0.7 million, respectively, mainly comprised interest expenses of the lease liabilities.

Share of results in joint ventures

For the six months ended 30 June 2023, share of results of joint ventures amounted to RMB1.2 million (six months ended 30 June 2022: RMB20.2 million). The decrease was mainly due to the disposal of the equity interests in a joint venture, as well as the decline in the financial performance of the joint venture affected by the downturn of the overall economic situation.

Taxation

In line with the decrease of profit before income tax, income tax expense for the six months ended 30 June 2023 decreased by approximately 52% to RMB27.6 million (six months ended 30 June 2022: RMB58.1 million (restated)). Effective tax rate for the six months ended 30 June 2023 remained stable at approximately 17% (six months ended 30 June 2022: approximately 17% (restated)).

Profit attributable to owners of the Company

Due to (i) the initiatives to diminish the businesses of value-added services to non-property owners with unsatisfactory cash collection assurance, having taken into consideration of the Company's business strategy and progress of receivables collection; (ii) affected by the overall economic situation and real estate market, a decrease in gross profit generated from property brokerage services among community value-added services businesses; and (iii) an increase in the provision for asset impairment losses made for (among others) receivables for the sake of prudence, the profit attributable to owners of the Company for the six months ended 30 June 2023 decreased by approximately 52% to RMB128.7 million, as compared to RMB267.2 million (restated) for the six months ended 30 June 2022. 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 and underground commercial properties located in the PRC, which are held to earn rentals. As at 30 June 2023, the Group's investment properties amounted to RMB73.6 million (31 December 2022: 106.3 million (restated)). Such decrease was primarily attributed to the shortening in remaining lease periods of the properties leased for earning rentals.

Property, plant and equipment

Property, plant and equipment mainly consisted of office and operating equipment, leasehold improvement, vehicles and buildings. As at 30 June 2023, the Group's property, plant and equipment decreased to RMB109.3 million from RMB112.2 million as at 31 December 2022, primarily due to the combined effects of deprecation and acquisition of plant machinery and equipment during the period.

Intangible assets

Our intangible assets comprised computer software, property management contracts and customer relationship, trademark and goodwill. As at 30 June 2023, the Group's intangible assets decreased to RMB721.1 million from RMB731.6 million as at 31 December 2022 primarily due to amortisation during the period.

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 as at 30 June 2023 decreased to RMB206.3 million (31 December 2022: RMB249.5 million), primarily due to the sales of inventories and the impairment made on inventories attributed to the downturn in real estate market.

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 to our customers of value-added services, who must pay accordingly. We generally do not grant a credit term to our customers of property management services and a credit term of up to 30 days for commercial operational services and 60 days for value-added services to non-property owners are granted, respectively.

As at 30 June 2023, our trade and note receivables amounted to RMB1,309.1 million, representing an increase of approximately 12% as compared to RMB1,170.7 million (restated) as at 31 December 2022. The increase was primarily attributable to the expansion in operation scale and the adverse economic conditions, which slowed down the collection of trade receivables. 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 mainly include prepayment to suppliers, other receivables and prepaid tax. As at 30 June 2023 and 31 December 2022, our prepayments and other receivables remained relatively stable at RMB1,011.8 million and RMB1,183.0 million (restated), respectively.

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 subcontractors. Accruals and other payables mainly represent: (i) deposit; (ii) amounts collected on behalf of property owner; (iii) accrued payroll and welfare payables; (iv) other payables to related parties; and (v) other tax payables.

As at 30 June 2023, our trade and other payables amounted to RMB1,312.0 million, which remained broadly stable as compared to RMB1,362.9 million (restated) as at 31 December 2022.

Contract liabilities

Contract liabilities represent our obligations to provide the contracted property management and commercial operational services, community value-added services and value-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 30 June 2023, our contract liabilities amounted to RMB590.3 million, representing an increase of approximately 29% as compared to RMB457.8 million (restated) as at 31 December 2022 which was in line with the increase in revenue from property management and commercial operational services.

Capital expenditures

In the first half of 2023, we incurred capital expenditures of RMB10.6 million (first half of 2022: RMB13.1 million), which mainly consisted of purchase of property, plant and equipment and intangible assets.

Financial resources and liquidity

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

As at 30 June 2023, the Group had cash and cash equivalents of RMB624.4 million and restricted bank deposits of RMB4.9 million, amounted to RMB629.3 million in aggregate; of which approximately 99.8% (31 December 2022: approximately 99.6%) of the Group's cash resources were denominated in RMB with the remaining balances mainly denominated in HKD, and a current ratio of 1.6 times (31 December 2022: 1.7 times). We have ample financial resources and an adaptable financial management policy to support our business expansion in the coming years.

The principal activities of the Group are conducted in the PRC. During the six months ended 30 June 2023, the Group did not use any financial instruments for hedging purpose. In view of the potential Renminbi exchange rate fluctuations, we will continue to monitor the foreign exchange exposure, and take prudent measures to reduce foreign exchange risks.

As at 30 June 2023 and 31 December 2022, the Group had no borrowings.

Gearing ratio

Gearing ratio is calculated by dividing total borrowings by total equity, based on the sum of bank loans and other borrowings as at the corresponding date divided by the total equity on the same date. As at 30 June 2023, gearing ratio was nil (31 December 2022: nil).

Significant investments

As at 30 June 2023, we did not have any significant investments.

Capital commitments

As at 30 June 2023, the Group had no capital commitment (31 December 2022: nil).

Charge on assets

As at 30 June 2023, we did not have any charges on our assets.

Contingent liabilities

As at 30 June 2023, 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 mechatronic company in the PRC

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) ("**Beijing Qianyuan**"), a wholly-owned subsidiary of Sino-Ocean Holding, entered into an equity transfer agreement, pursuant to which Ocean Homeplus has conditionally agreed to acquire, and Beijing Qianyuan has conditionally agreed to sell, the entire equity interests in Sino-Ocean Mechatronics at a consideration of RMB54,000,000[1] (the "**Acquisition**"). Sino-Ocean Mechatronics 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.

Upon completion of the Acquisition, Sino-Ocean Mechatronics shall become a wholly-owned subsidiary of the Company, with its financial results being consolidated into the financial statements of the Group. As of 30 June 2023, the Acquisition had been completed.

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

Note:

1 According to the equity transfer agreement, Ocean Homeplus has agreed to acquire 100% equity interests in Sino-Ocean Mechatronics with cash consideration of RMB54,000,000. In addition, Beijing Qianyuan and Ocean Homeplus had agreed the retained earnings of RMB4,799,000 of Sino-Ocean Mechatronics as at 31 January 2023 belongs to Beijing Qianyuan when the Acquisition is completed. Therefore, RMB4,799,000 was treated as part of the consideration. The acquisition of 100% issued share capital of Sino-Ocean Mechatronics was at the total consideration of RMB58,799,000.

Employees and human resources

As at 30 June 2023, the Group had 9,546 employees (30 June 2022: 8,978 employees). The total number of employees serving the Group increased primarily attributed to our business expansion. At the same time, we continued to elevate our effort on improving both manpower effectiveness and control capability, as well as optimising resources allocation of the Group during the first half of 2023. Our employee benefit expenses for the six months ended 30 June 2023 increased and reached RMB478.3 million (six months ended 30 June 2022: RMB433.8 million (restated)), which was in line with the increase in number of employees.

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

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

Important event after the reporting period

Acquisition of parking spaces and commercial properties

On 21 July 2023, Ocean Homeplus (a wholly-owned subsidiary of the Company) and Sino-Ocean Holding Group (China) Limited (遠洋控股集團（中國）有限公司) ("**SOG China**", a wholly-owned subsidiary of Sino-Ocean Holding) entered into a parking spaces transfer framework agreement and a commercial properties transfer framework agreement in relation to the acquisition by Ocean Homeplus and its subsidiaries from SOG China and its subsidiaries of 4,961 parking spaces and 168 commercial properties (with a total GFA of approximately 12,901 sq.m. in aggregate) in the PRC (collectively, the "**Target Assets**") respectively (the "**Assets Acquisition**"). The aggregate consideration for the Assets Acquisition was RMB626,350,000, which shall be offset against the refundable deposit receivables due from the Sino-Ocean Group (for the avoidance of doubt, excluding the Group) to the Group in its entirety.

Upon completion of the Assets Acquisition, the financial results of the Target Assets will be consolidated into the financial statements of the Group. The Assets Acquisition has not been completed as at the date of this announcement.

Details of the Assets Acquisition have been disclosed in the joint announcement of the Company and Sino-Ocean Holding dated 21 July 2023.

The unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2023 are as follows:

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2023** *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited and Restated)	1 January 2022 *RMB'000* (Audited and Restated)
Assets				
Non-current assets				
Investment properties		**73,578**	106,269	—
Property, plant and equipment		**109,286**	112,166	23,042
Intangible assets		**721,128**	731,649	164,263
Right-of-use assets		**13,533**	24,692	24,056
Investments in joint ventures		**60,520**	59,359	150,671
Deferred income tax assets		**102,712**	91,199	19,735
Total non-current assets		**1,080,757**	1,125,334	381,767
Current assets				
Inventories		**206,321**	249,483	176,209
Trade and note receivables	6	**1,309,123**	1,170,746	650,764
Contract assets		**21,342**	20,353	15,837
Prepayments and other receivables		**1,011,753**	1,183,019	275,894
Restricted bank deposits		**4,930**	471	541
Cash and cash equivalents		**624,411**	472,540	2,526,828
Total current assets		**3,177,880**	3,096,612	3,646,073
Asset held for sale		**—**	38,441	—
Total assets		**4,258,637**	4,260,387	4,027,840
Equity				
Equity attributable to owners of the Company				
Share capital		**99,829**	99,829	99,829
Reserves		**1,217,071**	1,417,180	1,688,320
Retained earnings		**868,863**	740,149	664,404
		2,185,763	2,257,158	2,452,553
Non-controlling interest		**50,833**	51,100	31,845
Total equity		**2,236,596**	2,308,258	2,484,398

	Notes	**30 June 2023** *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited and Restated)	1 January 2022 *RMB'000* (Audited and Restated)
Liabilities				
Non-current liabilities				
Trade and other payables	7	**15,535**	15,805	29,233
Lease liabilities		**6,904**	13,392	13,138
Deferred income tax liabilities		**57,116**	62,859	18,015
Total non-current liabilities		**79,555**	92,056	60,386
Current liabilities				
Trade and other payables	7	**1,296,434**	1,347,082	1,034,454
Contract liabilities		**590,292**	457,825	396,242
Lease liabilities		**5,573**	3,289	8,000
Current tax liabilities		**50,187**	51,877	44,360
Total current liabilities		**1,942,486**	1,860,073	1,483,056
Total liabilities		**2,022,041**	1,952,129	1,543,442
Total equity and Liabilities		**4,258,637**	4,260,387	4,027,840

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited and Restated)
Revenue	5	**1,555,837**	1,623,667
Cost of sales	5,8	**(1,234,343)**	(1,194,411)
Gross profit		**321,494**	429,256
Selling and marketing expenses	8	**(7,618)**	(8,445)
Administrative expenses	8	**(109,998)**	(72,924)
Net impairment losses on financial assets		**(75,712)**	(46,303)
Other income		**12,787**	11,964
Other gain/(losses)	9	**14,381**	(4,997)
Operating profit		**155,334**	308,551
Finance costs		**(414)**	(665)
Share of results in joint ventures		**1,161**	20,197
Profit before income tax		**156,081**	328,083
Income tax expense	10	**(27,634)**	(58,114)
Profit for the period		**128,447**	269,969
Other comprehensive income		**—**	—
Profit and total comprehensive income for the period		**128,447**	269,969
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		**128,714**	267,240
Non-controlling interests		**(267)**	2,729
		128,447	269,969
Earnings per share for profit attributable to owners of the Company			
Basic and diluted *(expressed in RMB per share)*	11	**0.11**	0.23

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

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

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

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

This condensed consolidated interim financial information has not been audited and is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board on 22 August 2023.

Business combinations under common control

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

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

The acquisition is regarded as "business combination under common control". Accordingly, these condensed consolidated interim financial statements have been prepared using the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 (Revised) "Merger Accounting for Common Control Combinations" ("AG 5" (Revised)) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

The consolidated statement of comprehensive income includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combinations. The comparative amounts in the condensed consolidated interim statement of financial position are presented as if the entities had been combined at the beginning of previous year unless they first came under common control at a later date. The assets and liabilities acquired in the common control combinations are stated at their carrying amounts and the results of these subsidiaries are combined to the Group since 1 January 2022.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the HKICPA.

This interim financial information does not include all the notes of the type normally included in the annual financial report. Accordingly, this condensed consolidated interim financial information should be read in conjunction with the annual financial report for the year ended 31 December 2022 and any public announcements made by the Company during the interim reporting period.

3 ACCOUNTING POLICIES

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

Amendments to HKFRSs that are mandatorily effective for the current period

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

HKFRS 17	Insurance Contracts (including the October 2020 and February 2022 Amendments to HKFRS 17)
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction, International Tax Reform — Pillar Two Model Rules

The application of the amendments to the standards listed above in the current period has had no material effect on the Group's financial performance and positions for the current and prior year and on the disclosures set out in these condensed consolidated interim 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
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 (Revised)	1 January, 2024
Amendments to HKAS 1, Non-current Liabilities with Covenants	1 January, 2024
Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements	1 January, 2024

4 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of the Company. During the six months ended 30 June 2023, the Group is principally engaged in the provision of property management and commercial operational services, community value-added services and value-added services to non-property owners in the PRC. Management reviews the operating results of the business by geography but these operating segments are aggregated into a single operating segment as the nature of services, the type of customers for services, the methods used to provide their services and the nature of regulatory environment is same in different regions.

The major operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC during the six months ended 30 June 2023 and 2022.

As at 30 June 2023 and 31 December 2022, all of the non-current assets were located in the PRC.

5 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 six months ended 30 June 2023 and 2022 is as follows:

	Six months ended 30 June			
	2023		2022	
	Revenue	**Cost of sales**	Revenue	Cost of sales
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
	(Unaudited)	**(Unaudited)**	(Unaudited and Restated)	(Unaudited and Restated)
Property management and commercial operational services	**1,089,384**	**882,422**	943,532	719,102
Community value-added services	**266,686**	**191,959**	304,689	189,162
Value-added services to non-property owners	**199,767**	**159,962**	375,446	286,147
	1,555,837	**1,234,343**	1,623,667	1,194,411

The disaggregation of the Group's revenue are as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and Restated)
Revenue from contracts with customers within the scope of HKFRS 15:		
Property management and commercial operational services	**1,055,777**	943,532
Community value-added services	**197,712**	249,387
Value-added services to non-property owners	**199,767**	375,446
	1,453,256	1,568,365
Timing of revenue recognition		
Over time	**1,349,956**	1,398,423
Point in time	**103,300**	169,942
	1,453,256	1,568,365
Revenue from other sources		
— Rental income	**102,581**	55,302

For the six months ended 30 June 2023, 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 14% (for the six months ended 30 June 2022 restated: 28%) of the Group’ s revenue. Other than Sino-Ocean Group, its joint ventures and associates and the shareholder of ultimate holding company of the Group, the Group has a large number of customers, none of whom contributed approximately 10% or more of the Group’s revenue during the six months ended 30 June 2023 and 2022.

6 TRADE AND NOTE RECEIVABLES

	As at	
	30 June 2023	31 December 2022
	RMB’000	*RMB’000*
	(Unaudited)	(Audited and Restated)
Trade receivables		
— Related parties	**673,703**	638,235
— Third parties	**954,182**	760,051
	1,627,885	1,398,286
Note receivables		
— Third parties	**418**	918
Less: allowance for impairment of trade and note receivables	**(319,180)**	(228,458)
Total	**1,309,123**	1,170,746

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

Ageing analysis of trade and note receivables, based on the invoice dates, is as follows:

	As at	
	30 June 2023	31 December 2022
	RMB’000	*RMB’000*
	(Unaudited)	(Audited and Restated)
Within 1 year	**1,078,706**	1,050,432
1–2 years	**385,036**	222,830
2–3 years	**93,985**	75,023
Over 3 years	**70,158**	50,001
Total	**1,627,885**	1,398,286

7 TRADE AND OTHER PAYABLES

	As at	
	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited and Restated)
Trade payables		
— Related parties	**20,870**	51,990
— Third parties	**728,863**	766,684
	749,733	818,674
Other payables		
— Related parties	**31,643**	27,322
— Deposit	**191,581**	177,011
— Amounts collected on behalf of property owners	**168,975**	167,836
— Consideration payable for acquisition of a subsidiary	**8,580**	17,160
— Others	**28,789**	18,107
	429,568	407,436
Dividends payables		
— Non-controlling shareholders	**1,320**	1,320
Accrued payroll and welfare payables	**114,200**	126,213
Other tax payables	**17,148**	9,244
	131,348	135,457
Less: non-current portion	**(15,535)**	(15,805)
Total	**1,296,434**	1,347,082

As at 30 June 2023 and 31 December 2022, the carrying amounts of trade and other payables approximated their fair values.

As at 30 June 2023 and 31 December 2022, ageing analysis of trade payables at the reporting date, based on the invoice dates, is as follows:

	As at	
	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited and Restated)
Within 1 year	**577,850**	662,523
1–2 years	**100,427**	108,642
2–3 years	**47,575**	32,175
Over 3 years	**23,881**	15,334
Total	**749,733**	818,674

8 EXPENSES BY NATURE

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and Restated)
Employee benefit expenses	**478,251**	433,754
Outsourced security, greening and cleaning expenses	**448,823**	393,536
Maintenance expenses and utilities	**171,435**	218,056
Cost of consumables and raw materials	**23,305**	73,614
Cost of goods sold	**16,992**	40,482
Sub-contract expenses for home improvement and property agency services	**18,175**	14,435
Office-related expenses	**50,724**	34,663
Depreciation and amortisation charges	**58,287**	18,013
Cost of selling carpark spaces	**19,797**	9,248
Taxes and surcharges	**7,104**	7,551
Community activities expenses	**7,618**	7,477
Service fee related to commercial operational services	**—**	6,108
Write-down of inventories to net realisable value	**22,867**	—
Auditors' remuneration		
— Audit services	**1,000**	839
— Non-audit services	**—**	—
Others	**27,581**	18,004
	1,351,959	1,275,780

9 OTHER GAIN/(LOSSES)

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and Restated)
Fair value gains on financial assets at fair value through profit or loss	**—**	157
(Loss)/gain on disposal of property, plant and equipment	**(34)**	13
Gain on disposal of partial interest in a joint venture	**20,559**	—
Net foreign exchange losses	**(6,144)**	(5,167)
	14,381	(4,997)

10 INCOME TAX EXPENSE

The group entities are subjected to PRC enterprise income tax, which has been provided for based on the applicable tax rate of the assessable income of each of these group entities for the six months ended 30 June 2023 and 2022. Certain subsidiaries of the Group in the PRC are qualified as small, micro businesses or High-New Technology Enterprise and enjoy preferential income tax rate of 2.5%, 5% or 15%. Companies registered in Hong Kong are mainly subjected to Hong Kong profits tax.

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and Restated)
Current income tax		
— PRC corporate income tax	**44,469**	62,363
— PRC land appreciation tax	**421**	1,912
	44,890	64,275
Deferred tax		
— PRC corporate income tax	**(17,256)**	(6,161)
Income tax expense	**27,634**	58,114

The effective income tax rate was 17% for the six months ended 30 June 2023 (for the six months ended 30 June 2022 restated: 17%).

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 (for the six months ended 30 June 2022: 1,184,000,000) in issue during the six-month periods.

For the six months ended 30 June 2023 and 2022, diluted earnings per share was equal to the basic earnings per share as there were no dilutive potential ordinary shares.

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited and Restated)
Profit attributable to owners of the Company *(RMB'000)*	**128,714**	267,240
Weighted average number of ordinary shares in issue *(in thousands)*	**1,184,000**	1,184,000
Basic and diluted earnings per share for profit attributable to the owners of the Company during the period *(expressed in RMB per share)*	**0.11**	0.23

12 DIVIDENDS

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and Restated)
Final dividend paid of RMB0.123 (2022: RMB0.093) per ordinary share (a)	**146,109**	110,112
Interim dividend declared per ordinary share: RMB Nil (2022: RMB0.136) (b)	**—**	161,024
	146,109	271,136

(a) During the six months ended 30 June 2023, the Company declared and paid dividends with aggregated amounts of RMB146,109,000 (for the six months ended 30 June 2022: RMB110,112,000) to the Company's shareholders.

(b) The Board has resolved not to declare any payment of interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB161,024,000).

13 SUBSEQUENT EVENT

On 21 July 2023, Ocean Homeplus (a wholly-owned subsidiary of the Company) and Sino-Ocean Holding Group (China) Limited (遠洋控股集團（中國）有限公司) ("SOG China", a wholly-owned subsidiary of Sino-Ocean Holding) entered into a parking spaces transfer framework agreement and a commercial properties transfer framework agreement in relation to the acquisition by Ocean Homeplus and its subsidiaries from SOG China and its subsidiaries of 4,961 parking spaces and 168 commercial properties (with a total GFA of approximately 12,901 sq.m. in aggregate) in the PRC (collectively, the "Target Assets") respectively (the "Assets Acquisition"). The aggregate consideration for the Assets Acquisition was RMB626,350,000, which shall be offset against the refundable deposit receivables due from the Sino-Ocean Group (for the avoidance of doubt, excluding the Group) to the Group in its entirety.

Upon completion of the Assets Acquisition, the financial results of the Target Assets will be consolidated into the financial statements of the Group. The Assets Acquisition has not been completed as at the date of this announcement.

Details of the Assets Acquisition have been disclosed in the joint announcement of the Company and Sino-Ocean Holding dated 21 July 2023.

REVIEW OF INTERIM FINANCIAL INFORMATION

The unaudited interim financial information for the six months ended 30 June 2023 has been reviewed by the auditors of the Company, BDO Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee has reviewed with the management of the Company the accounting policies and practices adopted by the Group and discussed, among other things, internal control, risk management and financial reporting matters including a review of the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2023. The Audit Committee consists of three Independent Non-executive Directors, namely Mr. LEUNG Wai Hung, Dr. GUO Jie and Mr. HO Chi Kin Sammy, and two Non-executive Directors, namely Mr. CUI Hongjie and Mr. ZHU Xiaoxing.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Company's external auditor, BDO Limited, has issued a qualified conclusion on the independent auditor's report on the Group's condensed consolidated interim financial statements for the period ended 30 June 2023. An extract from the independent auditor's report is as follows:

Basis for Qualified Conclusion

As discussed in the condensed consolidated interim financial statements, included in "Prepayments and other receivables" of the Group as at 31 December 2022 were refundable deposit receivable of RMB1,019 million due from a fellow subsidiary of the Company in relation to funds made by the Group for certain potential investments. In respect of this receivable, the allowance for expected credit loss recognised amounted to RMB258 million.

The Predecessor Auditors (the "**Predecessor Auditor**") modified its audit opinion on the Group's consolidated financial statements for the year ended 31 December 2022 due to its inability to obtain sufficient appropriate audit evidence to satisfy themselves regarding the financial ability of the fellow subsidiary to repay the outstanding balance due to the Group so as to evaluate the recoverability of the carrying amount of the refundable deposit receivable due from the fellow subsidiary and thus the reasonableness of the allowance for expected credit loss of RMB258 million recognised in the consolidated financial statements as at and for the year ended 31 December 2022. The Predecessor Auditor was therefore unable to determine whether the amount of refundable deposit due from the fellow subsidiary included in "Prepayment and other receivables" as at 31 December 2022 was free from material misstatements and the disclosure of the related party balance was accurate.

As at 30 June 2023, the amount due from the fellow subsidiary was RMB626 million and the related allowance for expected credit loss was RMB158 million. For the six-month period ended 30 June 2023, a reversal of allowance for expected credit loss of RMB100 million was recognised by the Group. During our review and up to the date of this report, we were still unable to obtain sufficient appropriate evidence to satisfy ourselves regarding the financial ability of the fellow subsidiary to repay the outstanding balance due to the Group so as to evaluate the recoverability of the balance and thus the reasonableness of the reversal of allowance for the expected credit loss made for the six-month period ended 30 June 2023. Any adjustments made to the amount due from the fellow subsidiary and to the allowance for expected credit loss found necessary will have a significant effect on the Group's consolidated financial position as at 1 January 2023 and 30 June 2023, the Group's consolidated financial performance for the six-month period ended 30 June 2023, and the related disclosures thereof in the condensed consolidated interim financial statements.

The balances as at 31 December 2022 are presented as corresponding figures in the condensed consolidated interim statement of financial position as at 30 June 2023. We also qualified our review conclusion on the condensed consolidated interim financial statements for the possible effect of the qualified audit opinion on 2022 consolidated financial statements on the comparability of related 2023 figures and 2022 figures in the condensed consolidated interim statement of financial position as at 30 June 2023 and the related disclosures.

Qualified Conclusion

Except for the adjustments to the condensed consolidated interim financial statements that we might have become aware of had it not been for the situation described in the "Basis for Qualified Conclusion" paragraph above, based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

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 six months ended 30 June 2023.

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 have been described in the Corporate Governance Report contained in the annual report of the Company for the year ended 31 December 2022 and complied with all the applicable code provisions of the CG Code throughout the six months ended 30 June 2023, except for the deviation as disclosed below:

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

The code provision C.2.1 of the CG Code requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, in view of the present composition of the Board, Mr. YANG Deyong's in-depth knowledge of the operations of the Group and of the industry, his extensive business network and connections in the sector and the scope of operations of the Group, the Board believes that Mr. YANG Deyong, in his dual capacity as the Joint Chairman and the Chief Executive Officer, will provide realignment of power and authority under the existing corporate structure and facilitate the ordinary business activities of the Company. The Board also considers that as all major decisions are made in consultation with the Board and the senior management of the Company, there is sufficient balance of power with the joint-chairman structure, and believes that this structure is in the best interest of the Company. The Board will review the current structure from time to time and will make any necessary arrangement as appropriate.

SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted a Code of Conduct on terms no less exacting than those required standards set out in the Model Code. Following specific enquiries made by the Company with all the Directors, all the Directors have confirmed that they had complied with all the required standards set out in the Model Code and the Code of Conduct throughout the six months ended 30 June 2023.

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.

INTERIM DIVIDEND

The Board has resolved not to declare any payment of interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB0.136 per Share (equivalent to HKD0.156 per Share)).

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

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinooceanservice.com). The Company's interim report for the six months ended 30 June 2023 will be despatched to the Shareholders who have elected to receive printed copies and will be available on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

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

GLOSSARY

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

"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chief Executive Officer"	the chief executive officer of the Company
"China" or "PRC"	the People's Republic of China
"Code of Conduct"	the code of conduct regarding Directors' securities transactions adopted by the Company
"Company" or "Sino-Ocean Service"	Sino-Ocean Service Holding Limited (遠洋服務控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 06677)
"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 and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of the Company with a nominal value of HKD0.10 each
“Shareholder(s)”	the shareholder(s) of the Company
”Sino-Ocean Group”	Sino-Ocean Holding and its subsidiaries
”Sino-Ocean Holding”	Sino-Ocean Group Holding Limited (遠洋集團控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 03377), and a controlling Shareholder
“Sino-Ocean Mechatronics”	Sino-Ocean Mechatronics Equipment Technology Development Co., Ltd.* (遠洋機電設備技術發展有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“YoY”	year-on-year
“%”	per cent

Note:

In this 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, 22 August 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.