遠洋服務
SINO-OCEAN SERVICE

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 REDESIGNATION AS CHIEF OPERATING OFFICER AND APPOINTMENT OF CHIEF FINANCIAL OFFICER

RESULTS HIGHLIGHTS

- Revenue increased significantly by 53% to RMB1,384.6 million as compared to the corresponding period in 2020.
- Gross profit increased significantly by 72% to RMB441.3 million as compared to the corresponding period in 2020. Gross profit margin was 32%, representing an increase of 4 percentage points as compared to the corresponding period in 2020.
- Profit attributable to owners of the Company increased significantly by 73% to RMB261.3 million as compared to the corresponding period in 2020. Basic earnings per share increased by 29% to RMB0.22 as compared to the corresponding period in 2020.
- Core profit (excluding net exchange losses, interest income from loans due from a related party, the interest expense associated with the asset-backed securities, other one-off gains or losses, and the resultant income tax effect) increased significantly by 110% to RMB270.8 million during the six months ended 30 June 2021.
- As of 30 June 2021, the contracted GFA was approximately 82.6 million sq.m., GFA under management was approximately 57.8 million sq.m., representing an increase of approximately 16% and 27% respectively as compared to that of 31 December 2020.

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

Stock Code : 06677

The board (the "Board") of directors (the "Directors") of Sino-Ocean Service Holding Limited (the "Company" or "Sino-Ocean Service") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively "our Group", "the Group" or "we") for the six months ended 30 June 2021.

MARKET REVIEW

2021 is a year of significance. In the first half of the year, the PRC government introduced a series of policies to promote and support normative development and rapid growth of the industry. 12 ministries including the Ministry of Commerce announced 'Views on Advancing the 15-minute Convenient Urban Life' and clearly encouraged capable property service enterprises to extend into senior living, childcare, domestic services, postal and courier services, and storage facilities. The 14th Five-Year Plan also mentioned 'properties' several times. Property services have been expanding both in contents and dimensions. As their market value and professional status are becoming more recognized, property owners are demanding superior property services and the quality of these services plays a part on the asset value. Property management enterprises have been expanding services in all magnitudes, heading towards standardized services, market-oriented competition and optimal use of technology to adapt to changes in owners' psychology and needs, and to maintain core competitiveness. Our Group is steadfast in the vision of 'becoming a branded superior comprehensive property management service provider in China', continually enhancing operating standards to achieve rapid developments in scale and results during the period.

RESULT REVIEW

2021 INTERIM RESULTS

For the six months ended 30 June 2021, our Group's revenue was approximately RMB1,384.6 million, and gross profit was approximately RMB441.3 million, representing a year-on-year ("YoY") increase of about 53% and 72% respectively. Profit for the period was approximately RMB263.5 million, up 71% YoY. Gross profit margin and net profit margin were up 4 and 2 percentage points as compared to the same period in 2020, reaching 32% and 19% respectively. Profit attributable to owners of the Company rose from approximately RMB150.8 million in the same period in 2020 to approximately RMB261.3 million, up 73% YoY. Basic earnings per share was RMB0.22, rising 29% YoY.

As at 30 June 2021, our Group had a contracted GFA of 82.6 million sq.m., 11.5 million sq.m. more from the end of 2020; GFA under management was 57.8 million sq.m., an increase of 12.3 million sq.m. from the end of 2020. Total contracted GFA from third parties reached 32.2 million sq.m., an increase from 33% as at the end of 2020 to 39% as a percentage of the Group's total contracted GFA. The growth in contracted GFA and GFA under management was mainly a result of our capability to expand our market and our management system which were rapidly developed.

BUSINESS REVIEW

Our services include three main business lines: (i) property management services; (ii) community value-added services; and (iii) value-added services to non-property owners, which form an integrated service offered to our customers covering the entire value chain of property management. Property management services comprise mainly security, cleaning, greening, gardening and repair and maintenance services; community value-added services comprise mainly community asset value-added services, community living services and property brokerage services; value-added services to non-property owners comprise mainly pre-delivery services, consultancy services and property engineering services provided to property developers.

To further expand the Group's business scale and provide diversified services, the Group entered into a master commercial operational services agreement with Sino-Ocean Group Holding Limited ("Sino-Ocean Group") on 14 June 2021 for the provision of commercial operational services to Sino-Ocean Group and its associates' commercial and office properties.

Property management services

We provide a range of property management services to property owners and residents as well as property developers, including, among others, security, cleaning, greening, gardening and repair and maintenance services.

We persisted in scale expansion emphasising both quality and efficiency. As of 30 June 2021, our contracted GFA was approximately 82.6 million sq.m., and GFA under management was approximately 57.8 million sq.m., representing an increase of approximately 16% and 27%, respectively, as compared to 31 December 2020. There were a total of 389 contracted property management projects, including 261 residential projects and 128 non-residential projects, which provided a solid foundation for attaining rapid revenue growth. We expanded our scale primarily through tender and bidding, merger and acquisition, joint venture and strategic cooperation, as we pursued intensive development of resources in vantage regions and consistently increased the density of our city coverage to enlarge our market shares, while reducing operating costs through the systems we built and economies of scale to increase project earnings. During the first half of 2021, third-party contracted GFA increased by 10.9 million sq.m. and from 33% as at the end of 2020 to 39% as a percentage of the Group's total contracted GFA, benefitting mainly from the smooth progress of our acquisition of third-party property management projects through cooperation and tenders.

The table below sets forth the breakdown of our GFA under management on the dates indicated and revenue generated from property management services by property type for the six months ended 30 June 2021 and 2020, respectively:

	As at or for the six months ended 30 June					
	2021			2020		
	GFA under management ***'000 sq.m.***	**Revenue** ***RMB'000***	***%***	GFA under management *'000 sq.m.*	Revenue *RMB'000*	*%*
Residential communities	**46,912**	**491,994**	**66%**	36,921	423,067	65%
Non-residential properties						
— Commercial properties	**3,774**	**206,463**	**28%**	2,550	181,713	28%
— Public and other properties	**7,105**	**46,090**	**6%**	2,829	42,886	7%
Total	**57,791**	**744,547**	**100%**	42,300	647,666	100%

We continued our advantages in commercial properties and inject new impetus. Contracted GFA of commercial properties in our property management business reached 6.9 million sq.m. as at 30 June 2021, up by 27% from that of the end of 2020, GFA under management reached 3.8 million sq.m., 48% more from that of the end of 2020. Our accumulated mature high-end commercial property service experience and management team have laid a good foundation for the expansion of our commercial properties sector. During the period, we acquired high-quality projects like Beijing Bitmain and Cerpark, Shenyang Times Plaza to further consolidate our advantages in managing mid- to high-end commercial properties in first- and second-tier cities. During the period, the Group entered into a master commercial operational services agreement with Sino-Ocean Group for the comprehensive provision of commercial operational services to Sino-Ocean Group's commercial properties and office buildings, including initially 11 office buildings with a total GFA of 966,000 sq.m. and 11 commercial properties with a total GFA of 905,000 sq.m. In the meantime, we have established a commercial asset management platform, which provides commercial operational services primarily to shopping malls, office buildings and other types of investment properties starting from the second half of 2021. The provision of commercial operational services will further expand the Group's end-to-end value-chain services offering comprehensive services for the daily life, shopping needs and work of property owners. Synergies among different segments will be facilitated, thereby lending broader prospects for the Group's rapid growth.

We continued to increase our effort in business sector diversification. On the foundation of our sophisticated cross-sector servicing ability, sound service quality and professional marketing teams, we have introduced an innovative incentive mechanism and continued to diversify into other business sectors, consistently broadening our property management portfolio and basically forming a multi-sector servicing regime covering residential communities, commercial properties, office buildings, schools, hospitals, industrial parks, logistic parks, internet data centers, government facilities and urban spaces, while further extending our scope to cover city services. Subsequent to 30 June 2021, we have entered into an agreement with Ourui Property Management Group Limited* for the acquisition of its 80% equity interests following prudent selection of targets for acquisition to seize market opportunities. The scale of our business with hospitals has been further expanded and our presence in Eastern China further enhanced. Through tender and bidding, we have acquired a number of premium non-residential projects. Benefitting from our brand reputation, solid capability in property management service and proven incentive policy, we recorded contracted GFA from non-residential properties of 22.3 million sq.m., and an increase from 20% as at the end of 2020 to 27% as a percentage of the Group's total contracted GFA. During the first half of 2021, we fully coordinated shareholder resources. We will provide property management services to the logistics warehouse parks and internet data centers of approximately 2.0 million sq.m. in terms of contracted GFA under Sino-Ocean Capital Limited. As we are optimistic about the sub-segment markets of logistics warehousing and internet data centers, we will work in tandem with the trends of industry development in the future to improve our park management service regime and service plans according to the diverse requirements of owners and tenants with a strong focus on providing full-cycle business support for the projects, in order to procure ongoing intensive development of the industry park property management business.

* *For identification purposes only.*

The table below sets forth the breakdown of our GFA under management on the dates indicated and revenue generated from property management services by the source of the projects for the six months ended 30 June 2021 and 2020, respectively:

	As at or for the six months ended 30 June							
	2021				2020			
	GFA under management *'000 sq.m.*	*%*	**Revenue** *RMB'000*	*%*	GFA under management *'000 sq.m.*	*%*	Revenue *RMB'000*	*%*
Properties developed/owned by Sino-Ocean Group (including its joint ventures and associates)	**39,160**	**68%**	**599,476**	**81%**	30,205	71%	512,204	79%
Properties developed/owned by other third parties[1]	**18,631**	**32%**	**145,071**	**19%**	12,095	29%	135,462	21%
Total	**57,791**	**100%**	**744,547**	**100%**	42,300	100%	647,666	100%

Note:

1) Refer 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.

Our projects cover 72 cities across 24 provinces, autonomous regions and municipalities in China. Our geographical coverage has expanded from Beijing-Tianjin-Hebei region to Bohai Rim region and other regions of China, covering 5 major city clusters in China. Our regional planning is concentrated in core first-and second-tier cities, which accounted for 92% of our GFA under management. We have significant advantages in Beijing-Tianjin-Hebei region and Bohai Rim region. At the same time, following the 'south and west' strategy of Sino-Ocean Group, we gradually increase our scale in Eastern China, Southern China and Central and Western China. Beijing-Tianjin-Hebei region, Bohai Rim region, Eastern China, Southern China and Central and Western China accounted for 31%, 29%, 14%, 14% and 12% of our GFA under management, respectively.

The table below sets forth a breakdown of our contracted GFA, GFA under management by geographic location on the dates indicated and revenue generated from property management services for the six months ended 30 June 2021 and 2020, respectively:

	As at or for the six months ended 30 June							
	2021				2020			
	Contracted GFA *'000 sq.m.*	**GFA under management** *'000 sq.m.*	**Revenue** *RMB'000*	*%*	Contracted GFA *'000 sq.m.*	GFA under management *'000 sq.m.*	Revenue *RMB'000*	*%*
Beijing-Tianjin-Hebei region[1]	**23,973**	**17,711**	**305,036**	**41%**	18,110	13,903	279,201	43%
Bohai Rim region[2]	**21,093**	**16,657**	**152,878**	**21%**	15,319	12,190	141,074	22%
Eastern China region[3]	**11,437**	**8,217**	**140,038**	**19%**	9,053	5,995	116,012	18%
Southern China region[4]	**13,553**	**8,298**	**95,443**	**13%**	9,773	5,747	76,610	12%
Central and Western China region[5]	**12,580**	**6,908**	**51,152**	**6%**	9,663	4,465	34,769	5%
Total	**82,636**	**57,791**	**744,547**	**100%**	61,918	42,300	647,666	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, Changchun, Qingdao, Jinan, Yantai, Taiyuan, Shenyang, etc.

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

4) "Southern China region" refers to cities including Zhongshan, Foshan, Shenzhen, Guangzhou, Xiamen, Fuzhou, Sanya, Haikou, Dongguan, Huizhou, Nanning, etc.

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

The table below sets out the contracted GFA and GFA under management in different cities where our projects are mainly located in as at 30 June 2021 according to the city classification by China Business Network in 2021:

	Contracted GFA		**GFA under management**	
	'000 sq.m.	*%*	*'000 sq.m.*	*%*
First-tier cities	16,098	19%	13,943	24%
New first-tier cities	28,828	36%	19,932	35%
Second-tier cities	25,872	31%	19,139	33%
Other cities	11,838	14%	4,777	8%
Total	82,636	100%	57,791	100%

We have been focused on the building of a brand name for quality to enhance property owners' satisfaction. In persistent adherence to the principle of "serving customers with an artisan's spirit", the Group has refined and fostered project service highlights to enhance the senses of customer service and developed signature projects in our property management service for various business sectors. We implemented leadership by the customer service housekeeper, who coordinated the grid segmentation of engineering, security and environmental management work to simplify the operating process for owners. Feature services such as "Care for Seniors Golden Retirement Service", "Exclusive Housekeeping Service" and "Sino-Ocean Health Keeper" have been launched across all projects. Our response efficiency has been enhanced with the promotion of on-site dynamic quality management, handling of incident reporting and repair orders by housekeepers on behalf of customers. In connection with quality management, we have made strong efforts to optimise service standards, enhance professionalism in customer service, improve the delicacy and informatisation standards in project management and strengthen team awareness and competence for servicing, in an effort to seek improvements in the quality standards of essential property services.

Community value-added services

During the period, the Group continued to be concerned with the diverse requirements of property owners in community living, providing community value-added services to property owners and residents of our managed properties to address their lifestyle and daily needs, which included: 1) community asset value-added services; 2) community living services; and 3) property brokerage services.

Our revenue from community value-added services for the six months ended 30 June 2021 was approximately RMB371.8 million, an increase of 265% YoY, accounting for 27% of the Group's total revenue, which increased by 16 percentage points as compared to the corresponding period of 2020. During the first half of 2021, we further improved our community value-added service regime by leveraging internal and external systems to drive the business standardisation process. Our talent recruitment and training regime was also optimised with the organisation of store manager training, property commentary contest and training in sales and lease business systems to empower staff for the provision of better value-added services. In connection with community living services, we commenced the operation of "Ocean Homeplus U-select", a new online retail platform, and established 14 urban retail platforms to integrate suppliers' resources and procure platform sales. In connection with resources from community spaces, we were focused on technology-driven efficiency, as our carpark management service reported a 47% YoY growth in revenue reflecting the benefit of the resource management system. In connection with property brokerage services, we established 36 property leasing and sale centres in operation, achieving breakthroughs in both coverage and turnover. In connection with home decoration services, a national business resources database has been built with streamlined suppliers' resources to facilitate the promotion of standardised services and products.

The following table sets forth the breakdown of our revenue generated from community value-added services by service type for the six months ended 30 June 2021 and 2020, respectively:

	Six months ended 30 June			
	2021		2020	
	RMB'000	***%***	*RMB'000*	*%*
Community asset value-added services[1]	**183,347**	**49%**	84,072	83%
Community living services[2]	**83,774**	**23%**	10,142	10%
Property brokerage services[3]	**104,633**	**28%**	7,505	7%
Total	**371,754**	**100%**	101,719	100%

Notes:

1) Mainly include carpark management services, utility management services and community space operation services.

2) Mainly include housekeeping and cleaning services, repair and maintenance services of home appliances, electric equipment and permanent fixtures, retail sales of commodities, home decoration services and other bespoke services.

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

Value-added services to non-property owners

Value-added services provided by the Group to non-property owners comprise mainly 1) pre-delivery services provided to property developers; 2) consultancy services; and 3) property engineering services.

Our revenue from value-added services to non-property owners for the six months ended 30 June 2021 was approximately RMB268.3 million, an increase of 74% as compared to the corresponding period of last year, accounting for 19% of the Group's total revenue. In connection with property engineering services, we sought technological empowerment of our business with a persistent focus on engineering maintenance and a market-oriented approach. With our management and operation of facilities at medical venues winning owners' recognition, we developed a number of external customers during the period, including a number of key projects like Chinese PLA General Hospital and Peking Union Medical College Hospital, while establishing our presence in the market for smart city operational maintenance and management, we are also deploying utility management services to comprehensively manage carbon emissions to provide maintenance and protection for smart city hardware operation and city space operation and management. For the period, revenue from property engineering services increased by 312%, YoY, to RMB111.8 million.

The following table sets forth the breakdown of our revenue generated from value-added services to non-property owners by service type for the six months ended 2021 and 2020, respectively:

	Six months ended 30 June			
	2021		2020	
	RMB'000	***%***	*RMB'000*	*%*
Pre-delivery services[1]	**90,156**	**34%**	102,796	67%
Consultancy services[2]	**66,349**	**25%**	24,403	16%
Property engineering services[3]	**111,795**	**41%**	27,110	17%
Total	**268,300**	**100%**	154,309	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 an 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 AND OUTLOOK

- **Ongoing expansion of business scale to drive rapid overall business development.** Leveraging fully our advantage in market size afforded by our in-depth deployment in cities and our brand influence, we will continue to increase the density of our project presence in regions with higher population density and spending power, with a special emphasis on the development of projects with sound efficiency and offering synergetic effects among different sectors. We will further optimise the allocation of our investment and development resources and market team regime on the back of our existing projects under management, with a strong focus on core high-value cities. Priority will be given to the development of signature projects located in core commercial districts and providing brand effect through a variety of means, such as merger and acquisition, tender and bidding, joint venture, tag-along with major customers and strategic cooperations. We will continue to work in coordination with the premium businesses and customer resources of Sino-Ocean Group and explore business development in cities with the potential of offering high value, in order to identify new opportunities in the city service segment.

- **In-depth search and integration of community resources to drive qualitative growth in our community value-added services.** We will continue to pursue in-depth development as well as broaden the scope of our existing community value-added services based on property-owners' requirements with a special focus on our principal businesses, as we continue to advance the development of "servicing ability+". Internally, the integration of resources with an improved resource utilisation rate will be sought through the creation of a centralised management system and platform, while business expansion and new business trials will be pursued with a top-down approach to forge an independent commercial model. Externally, we will seek to connect the vertical and horizontal service chains and improve our service ecosystem through investment in or cooperation with upstream and downstream service companies and institutions, while enhancing servicing capabilities through digitalised operations. Meanwhile, we will monitor community value-added services with good potential, including sub-segments such as community retirement services, tourism, food catering and future education. In connection with community retirement services, we will leverage our closeness to the community and ability to provide quick response as well as Sino-Ocean Group's resources in various specialisations to provide, on a trial basis, a diverse range of quality-proven home services and products for retirees to seniors of a relevant age group in the community who have such needs, in an attempt to build an online and offline smart retirement service regime with special features.

- **Forging core competitiveness in commercial operation and servicing capabilities for the full value chain.** We will continue to optimise our existing commercial operation and management regime, train up our operation teams and enhance tenants' and consumers' experience with the dynamic application of big data analysis. Meanwhile, we plan to forge a commercial management brand with the hallmark of Sino-Ocean Service by integrating the property management and commercial operation teams and resources. With our signature projects attracting brand resources and high-calibre talents, core competitiveness in commercial operation will be forged and an asset-light business model integrating commercial operation and property management will be formed. We will also start to develop an integrated mega membership regime to chain up various types of properties under our management, daily-life scenarios involved and user groups, so as to enhance user stickiness and create a platform for comprehensive daily-life services.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 June 2021 increased significantly by 53% to RMB1,384.6 million, from RMB903.7 million in the first half of 2020. Property management services segment remained the largest contributor which accounted for approximately 54% of total revenue.

The following table sets forth the breakdown of our total revenue by business lines for the six months ended 30 June 2021 and 2020 respectively:

	Six months ended 30 June			
	2021		2020	
	RMB'000	***%***	*RMB'000*	*%*
Property management services	**744,547**	**54%**	647,666	72%
Community value-added services	**371,754**	**27%**	101,719	11%
Value-added services to non-property owners	**268,300**	**19%**	154,309	17%
Total	**1,384,601**	**100%**	903,694	100%

Revenue from property management services for the six months ended 30 June 2021 increased by 15% to RMB744.5 million from RMB647.7 million for the six months ended 30 June 2020. This increase was mainly attributable to the increase in our GFA under management from 42.3 million sq.m. as at 30 June 2020 to 57.8 million sq.m. as at 30 June 2021 and an increase in the number of properties under management from 210 as at 30 June 2020 to 281 as at 30 June 2021 due to our business expansion.

Revenue from community value-added services for the six months ended 30 June 2021 increased significantly by 265% to RMB371.8 million (six months ended 30 June 2020: RMB101.7 million). Revenue from community asset value-added services for the six months ended 30 June 2021 increased by 118% to RMB183.3 million, contributed by the increase in revenue from carpark management as we adopted a resource management system to coordinate the management of carpark spaces. Revenue from community living services for the six months ended 30 June 2021 increased by RMB73.7 million to RMB83.8 million as compared to RMB10.1 million for the six months ended 30 June 2020, which was mainly attributable to the increase in income from home decoration services because of our vigorous promotion for the business during the period, and the increase in income from retail selling businesses, as we launched a mini-program in Wechat for online retail businesses during the period. Revenue from property brokerage services for the six months ended 30 June 2021 increased by RMB97.1 million to RMB104.6 million as compared to RMB7.5 million for the six months ended 30 June 2020 as a result of our successful expansion of the coverage of our property brokerage services during the period.

Revenue from value-added services to non-property owners for the six months ended 30 June 2021 increased by 74% to RMB268.3 million (six months ended 30 June 2020: RMB154.3 million). The increase was mainly driven by the increase in revenue from property engineering services for the period by 312% to RMB111.8 million (six months ended 30 June 2020: RMB27.1 million), as the property engineering activities during the corresponding period in 2020 was generally delayed because of the pandemic, and we undertook more property engineering projects for the repair and maintenance services and smart management services for property projects during the period. On the other hand, revenue from consultancy services for the six months ended 30 June 2021 increased by 172% to RMB66.3 million (six months ended 30 June 2020: RMB24.4 million), which was mainly due to our vigorous promotion and the increase of bespoke services for our customers during the period. The increase was partially offset by the decrease in revenue from pre-delivery services for the six months ended 30 June 2021 by 12% to RMB90.2 million from RMB102.8 million for the six months ended 30 June 2020, which was primarily because property developers have generally controlled the scale of their property sales venues during the pandemic.

Cost of sales

In line with the significant increase in revenue, cost of sales for the six months ended 30 June 2021 increased by 46% to RMB943.4 million from RMB646.6 million for the six months ended 30 June 2020. This increase was mainly attributable to the increase in cost of sales for community value-added services and value-added services to non-property owners.

The cost of sales comprise of mainly sub-contracting cost, staff cost, maintenance expenses, utilities and cost of consumables and raw materials.

Sub-contracting cost for the six months ended 30 June 2021 increased by 12% to RMB311.3 million (six months ended 30 June 2020: RMB277.1 million), which was primarily attributable to an increase in our GFA under management as well as a general increase in sub-contracting fees charged by our sub-contractors which mainly reflected an increase in labor costs of our sub-contractors.

Staff cost for the six months ended 30 June 2021 increased by 28% or RMB61.2 million as compared to that in the six months ended 30 June 2020, which was mainly due to the overall increase in salary level in accordance with the continuous increase in the number and scale of the Group's projects under management since the second half of 2020. Also, we were entitled to certain exemptions from contributions of social insurance by the local governments in response to the outbreak of 2019 Novel Coronavirus during the first half of 2020, there was no such exemptions in 2021.

In accordance with the increase in revenue in property engineering services, maintenance expenses and cost of consumables and raw materials for the six months ended 30 June 2021 increased by 98% and 109% to RMB104.2 million and RMB43.2 million respectively (six months ended 30 June 2020: RMB52.5 million and RMB20.7 million respectively).

Utilities cost for the six months ended 30 June 2021 increased by 49% to RMB60.6 million from RMB40.6 million for the six months ended 30 June 2020, mainly because of our increase in business scale during the six months ended 30 June 2021.

Cost of selling carpark spaces for the six months ended 30 June 2021 was RMB33.0 million, which represents 31.2 times of that for the six months ended 30 June 2020, the significant increase was due to more carpark spaces sold during the period.

Gross profit and gross profit margin

Gross profit for the six months ended 30 June 2021 increased by 72% to RMB441.3 million from RMB257.1 million for the six months ended 30 June 2020. Our overall gross profit margin for the six months ended 30 June 2021 increased to 32% from 28% for the corresponding period in 2020 primarily due to the increase in gross profit margin in our property management services and the increased contribution in revenue from community value-added services which have higher gross profit margins.

Gross profit and gross profit margin of the Group by business lines for the six months ended 30 June 2021 and 2020 respectively were as follows:

	Six months ended 30 June			
	2021		2020	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	RMB'000	***%***	*RMB'000*	*%*
Property management services	**200,008**	**27%**	157,568	24%
Community value-added services	**186,498**	**50%**	64,147	63%
Value-added services to non-property owners	**54,744**	**20%**	35,401	23%
Total	**441,250**	**32%**	257,116	28%

Gross profit margin for property management services for the six months ended 30 June 2021 increased to 27% (six months ended 30 June 2020: 24%) primarily due to our successful improvement of staff efficiency in response to the increase in number of projects, resulting a relatively stable staff cost as compared to the increase in the GFA under management.

Gross profit margin for community value-added services for the six months ended 30 June 2021 decreased to 50% from 63% for the six months ended 30 June 2020 primarily due to an increase in revenue contribution from community living services at a lower gross profit margin.

Gross profit margin for value-added services to non-property owners for the six months ended 30 June 2021 decreased to 20% from 23% for the six months ended 30 June 2020 primarily due to an increase in revenue contribution from property engineering services at a lower gross profit margin.

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

Other income and other net (losses)/gains

Other income decreased by 87% to RMB14.0 million for the six months ended 30 June 2021 from RMB107.1 million for the six months ended 30 June 2020. This decrease was mainly attributable to the decrease of interest income from loans due from a related party of RMB98.5 million since the loan was early settled by the related party in full during the second half of 2020.

We recorded other net losses of RMB8.0 million for the six months ended 30 June 2021 (six months ended 30 June 2020: net gain of RMB1.8 million) mainly due to net foreign exchange losses of RMB9.5 million arising from the foreign currency deposits as RMB has appreciated against HKD during the first half of 2021.

Operating expenses

Selling and marketing expenses for the six months ended 30 June 2021 increased by approximately RMB4.1 million to RMB6.2 million (six months ended 30 June 2020: RMB2.1 million). The significant increase was mainly due to the resumption of community activities during the six months ended 30 June 2021 as the epidemic in mainland China has eased.

Administrative expenses for the six months ended 30 June 2021 increased by 31% to RMB97.5 million as compared to RMB74.2 million for the six months ended 30 June 2020. This increase was primarily due to the increase in post-listing related expenses and staff cost during the period as there are more staff being recruited after the Company is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and there had been no exemptions from contributions of social insurance during 2021. Apart from that, office-related expenses during the six months ended 30 June 2021 increased by RMB11.1 million to RMB17.6 million as compared to RMB6.5 million for the six months ended 30 June 2020, mainly due to an increase in number of administrative staff and the increased number of business trips in accordance with the expansion of businesses during the period. The increase is partially offset as we incurred listing expenses of RMB16.3 million for the six months ended 30 June 2020 but nil for the six months ended 30 June 2021.

Net impairment losses on financial assets

Net impairment losses on financial assets increased by RMB6.9 million to RMB21.0 million for the six months ended 30 June 2021 from RMB14.1 million for the six months ended 30 June 2020, the increase was primarily due to the increase of trade receivables as at period end date in line with our business expansion.

Finance costs

Finance costs for the six months ended 30 June 2021 decreased by 99% to RMB0.5 million from RMB79.7 million for the six months ended 30 June 2020, which was mainly attributable to a decrease of RMB79.3 million in interest expenses of asset-backed securities since we have early repaid it in full during the second half of 2020 pursuant to the asset-backed securities agreement.

Share of results in joint ventures

Share of results in joint ventures for the six months ended 30 June 2021 increased by RMB17.9 million to RMB19.2 million (six months ended 30 June 2020: RMB1.3 million). The significant increase was mainly attributable to the share of profit from the 50% equity interest in two property management companies we acquired on 30 June 2020.

Taxation

In line with the increase of profit before income tax, income tax expense for the six months ended 30 June 2021 increased by 78% to RMB77.7 million (six months ended 30 June 2020: RMB43.6 million). Effective tax rate for the period was 23% (six months ended 30 June 2020: 22%).

Profit attributable to owners of the Company

Benefiting from the increase of revenue and the improvement in profitability during the period, the profit attributable to owners of the Company for the six months ended 30 June 2021 increased by 73% to approximately RMB261.3 million, as compared to RMB150.8 million for the six months ended 30 June 2020. Our management will continue to focus on the improvement of our shareholders' return as on-going task.

Investment properties

Our investment properties as at 31 December 2020 represented certain community facilities and carpark spaces located in the PRC which were held to earn rentals and for capital appreciation. As management considered that the intention of holding such properties has become external sales purposes, the Group has transferred all of its investment properties to inventories during the first half of 2021 accordingly. As at 30 June 2021, the Group did not have any investment properties.

Property, plant and equipment

Property, plant and equipment mainly consisted of electronic equipment, leasehold improvements, office equipment and vehicles. As at 30 June 2021, the Group's property, plant and equipment decreased to approximately RMB18.7 million from approximately RMB20.2 million as at 31 December 2020 primarily due to depreciation, coupled with disposal of old plant machinery and electronic equipment.

Intangible assets

Our intangible assets comprised of computer software, property management contracts and customer relationship, trademark and goodwill. As at 30 June 2021, the Group's intangible assets decreased by 3% to RMB103.4 million from RMB107.0 million as at 31 December 2020 primarily due to amortization 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 2021 increased to RMB176.7 million (31 December 2020: RMB122.9 million) mainly because the Group transferred certain community facilities and carpark spaces, which were classified as investment properties, to inventories during the period for the reason mentioned under the paragraph headed "Investment properties" above.

Trade and note receivables

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

As at 30 June 2021, our trade and note receivables amounted to RMB506.8 million, representing an increase of 61% as compared to RMB315.5 million as at 31 December 2020. The increase was in line with our significant increase of revenue from value-added services to non-property owners during the period. The average trade and note receivables turnover days was 63 days (31 December 2020: 76 days). We will continue to enhance various measures to ensure the timeliness and expedite the recovery of our trade and note receivables.

Prepayments and other receivables

Our prepayments and other receivables include prepayment to suppliers, other receivables and prepaid tax which in aggregate increased to RMB154.4 million as at 30 June 2021 from RMB114.7 million as at 31 December 2020. The increase was primarily due to the payment of a refundable deposit amounting to RMB30.0 million for participating in the bidding process for the acquisition of a project.

Trade and other payables

Trade payables primarily represent our obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, including purchase of utilities and materials and purchase from sub-contractors. Accruals and other payables represent: (i) other payables to third parties; (ii) other payables to related parties; (iii) dividend payables; (iv) interest payables; (v) salaries payables; and (vi) other tax payables.

As at 30 June 2021, our trade and other payables amounted to RMB784.7 million, representing an increase of 19% as compared to RMB659.8 million as at 31 December 2020, which is in line with the increase in cost of sales during the first half of 2021. The average trade payables turnover days remained stable at 66 days (31 December 2020: 64 days).

Contract liabilities

Contract liabilities represent our obligations to provide the contracted property management 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, carpark management services and property engineering services are yet to be provided. As at 30 June 2021, our contract liabilities amounted to RMB386.2 million, representing an increase of 18% as compared to RMB327.9 million as at 31 December 2020 which was in line with the increase in revenue from property management services.

Capital expenditures

In the first half of 2021, we incurred capital expenditures of RMB3.6 million (first half of 2020: RMB1.7 million), which mainly consisted of purchase of property, plant and equipment such as electronic equipment and plant and machinery.

Financial resources and liquidity

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

As at 30 June 2021, the Group had total cash resources (including cash and cash equivalents and restricted bank deposits) of RMB2,366.2 million, of which 1% (31 December 2020: 72%) of the Group's cash resources were denominated in HKD with the remaining balances mainly denominated in RMB, and a current ratio of 2.6 times (31 December 2020: 2.7 times). We have ample financial resources and an adaptable financial management policy to support our business expansion in the coming years.

As at 30 June 2021 and 31 December 2020, the Group had no borrowings.

Major investments

As at 30 June 2021, we did not have any significant investments.

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

Capital commitments

During the six months ended 30 June 2021, the Group entered into an agreement in respect of acquisition for a property management company in Hunan. As at 30 June 2021, the Group had a total capital commitment of RMB46.2 million (31 December 2020: Nil). Subsequent to 30 June 2021, the Group and the counterparty agreed mutually to terminate the above agreement. Save as disclosed above, we did not have other significant capital commitments as at 30 June 2021.

Charge on assets

As at 30 June 2021, we did not have any charges on our assets.

Contingent liabilities

As at 30 June 2021, we did not have any significant contingent liabilities.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

The Group did not have any material acquisition and disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2021.

Other Information

- ***Risk of exposure to exchange rate fluctuations***

  The principal activities of the Group are conducted in the PRC. Except for certain net proceeds denominated in HKD raised from the listing in December 2020, the Group was not subject to any material risk directly relating to foreign exchange fluctuations. 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. During the six months ended 30 June 2021, the Group did not use any financial instruments for hedging purpose.

Employees and human resources

As at 30 June 2021, the Group had 6,460 employees (31 December 2020: 5,928 employees). The total number of employees serving the Group has remained basically stable. We will continue to strive for improvement in both manpower effectiveness and control capability of the Group. Our employee benefit expenses for the six months ended 30 June 2021 was approximately RMB343.1 million (six months ended 30 June 2020: RMB256.0 million).

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

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.

Use of net proceeds from listing

The shares of the Company were listed on the Main Board of the Stock Exchange on 17 December 2020 with 296,000,000 new shares issued at a final offer price of HKD5.88 per share. After deduction of the underwriting fees and commissions and expenses payable by the Company, net proceeds from the listing amounted to approximately HKD1,691.7 million (equivalent to RMB1,426.3 million) and the net proceeds per share were HKD5.72 (equivalent to RMB4.82). Such proceeds are intended to be applied in the manner consistent with that disclosed in the prospectus of the Company dated 7 December 2020:

- Approximately 60%, or HKD1,015.0 million, will be used to pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of our property management business;

- Approximately 20%, or HKD338.3 million, will be used to develop smart community through upgrading of our systems for smart management;

- Approximately 10%, or HKD169.2 million, will be used to enhance our level of digitization and our internal information technology infrastructure; and

- Approximately 10%, or HKD169.2 million, will be used for working capital and general corporate purpose.

As at 30 June 2021, our planned use and actual use of net proceeds from listing was as follows:

	Percentage of net proceeds *%*	Available to utilise *RMB'million*	Utilised during the period *RMB'million*	Accumulated utilised (up to 30 June 2021) *RMB'million*	Unutilised (as at 30 June 2021) *RMB'million*	Expected timetable for the usage of the unutilised net proceeds as of 30 June 2021
Pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of our property management business[2]	60%	855.8	30.0[1]	30.0	825.8	On or before 31 December 2023
Develop smart community through upgrading of our systems for smart management	20%	285.3	4.7	4.7	280.6	On or before 31 December 2023
Enhance our level of digitization and our internal information technology infrastructure	10%	142.6	2.3	2.3	140.3	On or before 31 December 2023
Working capital and general corporate purpose	10%	142.6	5.6	5.6	137.0	On or before 31 December 2022
Total	100%	1,426.3	42.6	42.6	1,383.7	

The unutilised net proceeds as at 30 June 2021 were deposited with licensed banks or financial institutions in Hong Kong and mainland China for short-term deposits.

Notes:

1) The Group has paid a refundable deposit of RMB30.0 million (equivalent to HKD36.1 million) for participating in the bidding process for obtaining a project for property management and value-added services from an independent third party. The deposit has been refunded to the Group in full in July 2021 as the abovementioned bidding was unsuccessful.

2) The Group has entered into an equity transfer agreement with an independent third party, pursuant to which the Group has agreed to acquire 70% equity interests in the target company that provides property management and value-added services at a consideration of RMB46.2 million (equivalent to HKD55.5 million). Subsequent to 30 June 2021, the Group and the counterparty agreed mutually to terminate the above equity transfer agreement. Nil proceed was used in relation to the above equity transfer agreement.

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2021 are as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 30 June 2021** *RMB'000* **(Unaudited)**	As at 31 December 2020 *RMB'000* (Audited)
Assets			
Non-current assets			
Investment properties		**—**	85,496
Property, plant and equipment		**18,732**	20,221
Intangible assets		**103,369**	107,033
Right-of-use assets		**25,471**	15,217
Investments in joint ventures		**138,471**	119,290
Deferred income tax assets		**21,188**	16,659
Total non-current assets		**307,231**	363,916
Current assets			
Inventories		**176,732**	122,886
Trade and note receivables	5	**506,840**	315,470
Prepayments and other receivables		**154,400**	114,743
Restricted bank deposits		**156**	338
Cash and cash equivalents		**2,366,045**	2,175,019
Total current assets		**3,204,173**	2,728,456
Total assets		**3,511,404**	3,092,372
Equity			
Equity attributable to owners of the Company			
Share capital		**99,829**	99,829
Reserves		**1,703,440**	1,703,440
Retained earnings		**421,305**	225,114
		2,224,574	2,028,383
Non-controlling interests		**25,281**	22,922
Total equity		**2,249,855**	2,051,305

	Note	**As at 30 June 2021** ***RMB'000*** **(Unaudited)**	As at 31 December 2020 *RMB'000* (Audited)
Liabilities			
Non-current liabilities			
Trade and other payables	6	**8,541**	8,526
Lease liabilities		**13,212**	4,393
Deferred income tax liabilities		**13,109**	12,543
Total non-current liabilities		**34,862**	25,462
Current liabilities			
Trade and other payables	6	**776,185**	651,304
Contract liabilities		**386,165**	327,943
Lease liabilities		**8,701**	8,338
Current tax liabilities		**55,636**	28,020
Total current liabilities		**1,226,687**	1,015,605
Total liabilities		**1,261,549**	1,041,067
Total equity and liabilities		**3,511,404**	3,092,372

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Revenue	4	**1,384,601**	903,694
Cost of sales	4, 7	**(943,351)**	(646,578)
Gross profit		**441,250**	257,116
Selling and marketing expenses	7	**(6,222)**	(2,052)
Administrative expenses	7	**(97,508)**	(74,212)
Net impairment losses on financial assets		**(20,970)**	(14,139)
Other income		**14,038**	107,106
Other (losses)/gains, net		**(8,028)**	1,761
Fair value gains on investment properties		**—**	557
Operating profit		**322,560**	276,137
Finance costs	8	**(514)**	(79,671)
Share of results in joint ventures		**19,181**	1,268
Profit before income tax		**341,227**	197,734
Income tax expense	9	**(77,706)**	(43,620)
Profit for the period		**263,521**	154,114
Other comprehensive income		**—**	—
Profit and total comprehensive income for the period		**263,521**	154,114
Profit and total comprehensive income attributable to:			
Owners of the Company		**261,311**	150,766
Non-controlling interests		**2,210**	3,348
		263,521	154,114
Earnings per share for profit attributable to the owners of the Company			
Basic and diluted (expressed in RMB per share)	10	**0.22**	0.17

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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

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

This interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board of Directors on 16 August 2021.

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

2 BASIS OF PREPARATION

This interim financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HICPA").

This interim financial information does not include all the notes of the type normally included in the annual financial report. Accordingly, this interim financial information should be read in conjunction with the annual financial report for the year ended 31 December 2020 and any public announcements made by the Company during the interim reporting period.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those annual financial statements, expect for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

(a) Covid-19-related Rent Concessions — Amendments to HKFRS 16

(b) Interest Rate Benchmark Reform — Phase 2 — Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16.

These standards and amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(b) Impact of standards issued but not yet applied by the Group

Standards and amendments that have been issued but not yet effective on 1 January 2021 and not been early adopted by the Group are as follows:

	Effective for annual periods beginning on or after
HKFRS 17 — Insurance contract	1 January 2023
Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2 — Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 — Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKAS 3 — Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 — Property, plant and equipment-proceeds before intended use	1 January 2022
Amendments to HKAS 37 — Onerous contracts — Cost of fulfilling a contract	1 January 2022
Annual Improvements to HKFRS Standards 2018–2020	1 January 2022
Amendments to HKFRS 10 and HKAS 28 -Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The directors of the Group are of the view that the above new standards and amendments to existing standards that have been issued are not expected to have any significant impact on the Group.

3 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of Directors of the Company.

During the six months ended 30 June 2021, the Group is principally engaged in the provision of property management services, community value-added services and value-added services to non-property owners in the PRC. Management reviews the operating results of the business by geography but these operating segments are aggregated into a single operating segment as the nature of services, the type of customers for services, the methods used to provide their services and the nature of regulatory environment is same in different regions.

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 2021 and 2020.

As at 30 June 2021 and 31 December 2020, all of the non-current assets were located in the PRC.

4 REVENUE AND COST OF SALES

Revenue mainly comprises of proceeds from property management 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 2021 and 2020 is as follows:

		Six months ended 30 June			
		2021		2020	
		Revenue	**Cost of sales**	Revenue	Cost of sales
		RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
		(Unaudited)		(Audited)	
	Revenue from customer and recognised				
Property management services	Over time	**744,547**	**544,539**	647,666	490,098
Community value-added services	Over time and point in time	**371,754**	**185,256**	101,719	37,572
Value-added services to non-property owners	Over time	**268,300**	**213,556**	154,309	118,908
		1,384,601	**943,351**	903,694	646,578

For the six months ended 30 June 2021, 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 26% (for the six months ended 30 June 2020: 22%) of the Group' s revenue. Other than Sino-Ocean Group, it's 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 2021 and 2020.

5 TRADE AND NOTE RECEIVABLES

	As at 30 June 2021 *RMB'000* (Unaudited)	As at 31 December 2020 *RMB'000* (Audited)
Trade receivables		
— Related parties	**173,292**	97,850
— Third parties	**383,085**	298,562
	556,377	396,412
Note receivables		
— Related parties	**78**	—
— Third parties	**1,000**	—
	1,078	—
Less: allowance for impairment of trade and note receivables	**(50,615)**	(80,942)
Total	**506,840**	315,470

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

The aging analysis of the trade and note receivables based on the invoice date were as follows:

	As at 30 June 2021 *RMB'000* (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Within 1 year	**454,905**	254,341
1–2 years	**58,345**	57,482
2–3 years	**32,911**	36,417
Over 3 years	**11,294**	48,172
Total	**557,455**	396,412

6 TRADE AND OTHER PAYABLES

	As at 30 June 2021 *RMB'000* **(Unaudited)**	As at 31 December 2020 *RMB'000* (Audited)
Trade payables (a)		
— Related parties	**24,143**	22,347
— Third parties	**381,673**	256,930
	405,816	279,277
Other payables		
— Related parties	**36,913**	25,279
— Deposit	**122,796**	112,148
— Amounts collected on behalf of property owner	**75,428**	90,235
— Others	**30,201**	50,857
	265,338	278,519
Dividends payables		
— Non-controlling shareholders	**5,466**	4,145
Accrued payroll and welfare payables	**87,198**	92,125
Other taxes payables	**20,908**	5,764
	108,106	97,889
Less: non-current portion	**(8,541)**	(8,526)
Total	**776,185**	651,304

As at 30 June 2021 and 31 December 2020, the carrying amounts of trade and other payables approximated their fair values.

(a) As at 30 June 2021 and 31 December 2020, the aging analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date are follows:

	As at 30 June 2021	As at 31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**377,342**	269,703
1–2 years	**22,698**	6,652
2–3 years	**5,121**	2,271
Over 3 years	**655**	651
Total	**405,816**	279,277

7 EXPENSES BY NATURE

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Employee benefit expenses	**343,106**	255,971
Outsourced security, greening and cleaning expenses	**314,569**	277,630
Maintenance expenses	**104,244**	54,566
Utilities	**61,187**	40,681
Cost of consumables and raw materials	**43,507**	20,967
Sub-contract expenses for home improvement and property agency services	**37,039**	—
Office-related expenses	**36,280**	24,458
Cost of selling carpark spaces	**33,041**	1,058
Cost of goods sold	**31,635**	—
Depreciation and amortization charges	**12,781**	13,753
Taxes and surcharges	**8,006**	5,234
Community activities expenses	**6,222**	2,052
Listing expenses	**—**	16,333
Others	**15,464**	10,139
	1,047,081	722,842

8 FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Interest expense for lease liabilities	**514**	360
Interest expense of asset-backed securities	**—**	79,311
	514	79,671

9 INCOME TAX EXPENSE

Majority of the Group entities are subjected to PRC enterprise income tax, which has been provided for based on the statutory income tax rate of 25% of the assessable income of each of these group entities for the six months ended 30 June 2021 and 2020. Certain subsidiaries of the Group in the PRC are qualified as small, micro businesses or High-New Technology Enterprise and enjoy preferential income tax rate of 5%, 10% or 15%. Other companies are mainly subjected to Hong Kong profits tax.

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

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current income tax		
PRC corporate income tax	**81,223**	50,559
PRC land appreciation tax	**446**	122
Deferred income tax		
PRC corporate income tax	**(3,963)**	(7,061)
	77,706	43,620

The effective income tax rate was 23% for the six months ended 30 June 2021 (for the six months ended 30 June 2020: 22%).

10 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 2020: 888,000,000) in issue during the six-month periods. The weighted average number of ordinary shares used in the six months ended 30 June 2020 has been retrospectively adjusted for the effects of the capitalization issue of 887,889,000 shares pursuant to the shareholders' resolution of the Company passed on 25 November 2020, which were deemed to have been in issue since 1 January 2020.

For the six months ended 30 June 2021 and 2020, diluted earnings per share was equal to the basic earnings per share as there were no dilutive shares.

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Audited)
Profit attributable to owners of the Company *(RMB'000)*	**261,311**	150,766
Weighted average number of ordinary shares in issue *(in thousands)*	**1,184,000**	888,000
Basic and diluted earnings per share for profit attributable to the owners of the Company during the period *(expressed in RMB per share)*	**0.22**	0.17

11 DIVIDENDS

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Dividends paid (a)	**65,120**	286,972

(a) During the six months ended 30 June 2021, the Company declared and paid dividends with aggregated amounts of RMB65,120,000 to the Company's shareholders (for the six months ended 30 June 2020: RMB286,972,000 paid to the Group's shareholders).

(b) The Company did not propose interim dividend for the six months ended 30 June 2021.

12 SUBSEQUENT EVENT

Pursuant to a share purchase agreement signed by the Group and a third party, the Group will purchase 80% shares of a target company with the total consideration of RMB54,100,000. The target company is primarily engaged in the provision of property management services in Wenzhou.

As at the approval date of this condensed consolidated financial information, the abovementioned transaction has been completed.

EVENTS AFTER THE REPORTING PERIOD

On 14 June 2021, the Company (on behalf of each member of the Group) entered into an agreement (the "Master Commercial Operational Services Agreement") with Sino-Ocean Group (on behalf of each of Sino-Ocean Group and its associates, excluding, for the avoidance of doubt, the Group, the "Sino-Ocean Connected Persons"), pursuant to which the Company (on behalf of each member of the Group) has agreed to provide commercial operational services to the Sino-Ocean Connected Persons for their commercial properties (including shopping malls and office buildings). The Master Commercial Operational Services Agreement shall have a term commencing from the date of approval of the independent shareholders of the Company at the extraordinary general meeting to 31 December 2023. The commercial operational services to be provided by the Group to the Sino-Ocean Connected Persons include (i) pre-opening management services (such as positioning and design management services, and tenant sourcing and management services); and (ii) operation management services (such as opening preparation services, business plan management services, tenant coaching services, consumer management services and marketing services).

The Company is owned as to approximately 67.57% by Sino-Ocean Group as at the latest practicable date of the circular of the Company dated 21 July 2021 through its wholly-owned subsidiary Shine Wind Development Limited. Therefore, Sino-Ocean Group is a controlling shareholder and thus a connected person of the Company. Accordingly, the entering into of the Master Commercial Operational Services Agreement and the transactions contemplated thereunder constitute continuing connected transaction of the Company under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

A ordinary resolution in relation to the approval of the Master Commercial Operational Services Agreement for achieving the highest standards of corporate governance and compliance with the Listing Rules and to enhance the shareholders' participation in the Group's affairs was duly passed by the independent shareholders by way of poll at the extraordinary general meeting of the Company held on 6 August 2021.

Details of the continuing connected transaction under the Master Commercial Operational Services Agreement have been disclosed in the announcement of the Company dated 14 June 2021, the circular of the Company dated 21 July 2021 and the poll results announcement of the Company dated 6 August 2021.

Save as disclosed above and in note 12 to the condensed consolidated financial statements of this announcement, as at the date of this announcement, there is no material subsequent event after the reporting period.

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 period under review.

REVIEW OF INTERIM FINANCIAL INFORMATION

The unaudited interim financial information for the six months ended 30 June 2021 has been reviewed by the auditors of the Company, PricewaterhouseCoopers, 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 of the Company 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 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company had applied the principles and complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2021, except for the deviations as disclosed herein:

The positions of the joint chairman of the Board (the "Joint Chairman") are held by Mr. YANG Deyong and Mr. CUI Hongjie, while Mr. YANG Deyong also performs the duties of the chief executive officer of the Company (the "Chief Executive Officer"). The Joint Chairmen provide leadership, 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 A.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.

In addition, all major decisions are made in consultation with the Board and the senior management of the Company. There are three independent non-executive Directors and two non-executive Directors on the Board. The Company established a joint chairmen structure and the Board considers that there is sufficient balance of power and that the current arrangement maintains a strong management position and also facilitates the ordinary business activities of the Company. The Board believes that this structure is in the best interest of the Company and the Board will review the current structure from time to time and make any necessary arrangements as appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a code of conduct regarding Directors' securities transactions (the "Code of Conduct") on terms no less exacting than those required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules. The Company has made specific enquiries with all the Directors and each of them has confirmed that he or she 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 2021.

INTERIM DIVIDEND

The Board has resolved not to declare any payment of interim dividend for the six months ended 30 June 2021.

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

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.sinooceanservice.com). The interim report of the Company for the six months ended 30 June 2021 will be despatched to the Company's shareholders who have elected to receive printed copies on or about 8 September 2021 and will be available on the Company's and the Stock Exchange's websites in due course.

APPRECIATION

The Board would like to extend its deepest gratitude to all shareholders, investors, the central authority, local authorities, business partners and customers who have been most supportive; also to our directors, management and the entire staff for their dedicated hard work. Our sustainable and stable development could not be achieved without their unreserved support.

REDESIGNATION AS CHIEF OPERATING OFFICER AND APPOINTMENT OF CHIEF FINANCIAL OFFICER

The Board is pleased to announce that in order to improve the management structure, with effect from 16 August 2021:

(i) Ms. ZHU Geying ("Ms. Zhu") has been redesignated from the chief financial officer of the Company (the "Chief Financial Officer") to the chief operating officer of the Company (the "Chief Operating Officer") and remained as an executive Director; and

(ii) Mr. LIU Xu ("Mr. Liu") has been appointed as the Chief Financial Officer.

Biographical details of Ms. Zhu and Mr. Liu are set out below:

Ms. ZHU Geying (朱葛穎), aged 47, is an executive Director and the Chief Operating Officer. She is also a director of certain subsidiaries of the Company. Ms. Zhu joined Sino-Ocean Group in July 2001 and served as the project finance manager and the chief financial officer of the enterprise division of Sino-Ocean Group; she joined Ocean Homeplus Property Service Corporation Limited in October 2016, and was appointed as a director in February 2018 and the chief financial officer in April 2019. Ms. Zhu has over 24 years of financial management experience. Ms. Zhu graduated from the Capital University of Economics and Business with a bachelor's degree in economics in 1996. In July 2010, she was qualified as a senior accountant in the PRC.

As at the date of this announcement, Ms. Zhu was beneficially interested in 38,531 shares of Sino-Ocean Group.

Ms. Zhu's terms of service with the Company continues to be governed by her existing service contract with the Company. Ms. Zhu as an executive Director is subject to retirement from office and re-election at the annual general meeting of the Company in accordance with the Company's articles of association. Ms. Zhu is currently entitled to a remuneration comprising an annual salary of RMB900,000, which was determined by the Board with reference to her experience, qualifications, responsibilities involved in the Company and the prevailing market conditions, and a discretionary bonus to be determined by the Company having regard to the operating results of the Group.

Save as disclosed above, as at the date of this announcement, (i) Ms. Zhu did not have any other relationship with any Directors, senior management or substantial or controlling shareholders of the Company; (ii) she did not have any other interest in the shares of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance; (iii) she did not hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, nor does she hold any other major appointments or professional qualifications; and (iv) she did not hold any other positions with other members of the Group.

Save as disclosed above, Ms. Zhu has confirmed that there are no other matters that need to be brought to the attention of the shareholders of the Company in connection with her re-designation and there is no other information that is required to be disclosed pursuant to rule 13.51(2)(h) to (v) of the Listing Rules.

The Board would like to express its gratitude to Ms. Zhu for her invaluable contributions to the Company as the Chief Financial Officer and extend its warm welcome on her new position as the Chief Operating Officer.

Mr. LIU Xu (劉旭), aged 36, is the Chief Financial Officer. Mr. Liu joined Sino-Ocean Group in July 2009 and worked for financial and capital center of Sino-Ocean Group as an assistant to general manager of the department. He also served as chief financial officer of a joint venture company of Sino-Ocean Group, Shanghai Xinzheng Finance and Economy Information Consulting Co., Ltd.*, assistant to general manager of asset management centre and deputy chief financial officer of customer service department of Sino-Ocean Group. Mr. Liu joined the Company in April 2020 as the deputy chief financial officer. Mr. Liu has extensive experience in financial management. Mr. Liu graduated from the accounting department of Renmin University of China with a bachelor's degree in management in 2007 and obtained a master's degree in management (professional in accounting) from Renmin University of China in 2009.

* *For identification purposes only.*

The Board would like to express its gratitude to Mr. Liu for his invaluable contributions to the Company as the deputy chief financial officer and extend its warm welcome on his new position as the Chief Financial Officer.

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

Hong Kong, 16 August 2021

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, Dr. Xue Jun and Mr. Zhu Lin as independent non-executive Directors.