遠洋服務
SINO-OCEAN SERVICE

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

RESULTS HIGHLIGHTS

- As of 31 December 2023, the total contracted GFA of property management services was 136.1 million sq.m. and the total GFA under management was 101.0 million sq.m., representing a decrease of approximately 9% and an increase of 0.2% respectively as compared to 31 December 2022. In 2023, the Group maintained the existing scale of the GFA under management and withdrew from projects that suffered prolonged losses or deficit cash flow.

- Revenue decreased by approximately 6% to RMB3,133.2 million as compared to 2022 (2022: RMB3,330.1 million (restated)), which was mainly due to the initiatives of the Group to adjust the businesses of value-added services to non-property owners with unsatisfactory cash collection assurance.

- Profit attributable to owners of the Company decreased by approximately 44% to RMB42.1 million as compared to 2022 (2022: RMB75.7 million (restated)). The decrease in profit attributable to owners of the Company was mainly attributable to (i) mainly affected by the significant change in the supply and demand in the real estate market which lengthened the settlement cycle of relevant businesses, further provision for impairment on trade receivables made for the sake of prudence (despite a decrease in the net impairment losses on financial assets, which was mainly attributable to a decrease in provision for impairment on other receivables); (ii) the initiatives to adjust the businesses of value-added services to non-property owners with unsatisfactory cash collection assurance, having taken into consideration the progress of receivables collection; and (iii) mainly affected by the overall economic situation and real estate market, the performance of certain businesses falling short of expectations, leading to a decrease in the gross profit margin of respective businesses, and a decrease in the share of results of joint ventures.

- The Board is pleased to propose a final dividend of RMB0.0144 per Share (equivalent to HKD0.0159 per Share), in the form of cash.

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2023.

REVIEW AND OUTLOOK

2023 market review

The scale of the property management industry was expected to reach 30 billion sq.m. in 2023, indicating an overall stable growth. However, as the upstream property market continued to be stressed and mergers and acquisitions subsided, third-party expansion became an important growth channel. Property management enterprises actively embraced changes in the market and focused on quality service for longer and more stable growth. The capital market was also making rapid adjustments. As high valuations continued to be eliminated, industry values returned to a more rational level. Boosting one's size and strength through public listing and seeking to 'overtake round the bends' became difficult. The competitive landscape of property management industry was taking shape. Property owners' needs became more diversified and individualized, therefore adhering to customers' needs and service quality, pursuing high-quality growth and building a superior brand became the beacon for property management companies' development. At the same time, the on-going special features of the industry provided a growth engine for the future: the growth trend and edge remained unchanged; the attributes of a light asset cash cow raised resistance to risks; the market structure of current scale and increment had not changed, allowing sufficient space for growth; desire for a good life and high-quality services remained, and the needs for services will provide more diverse opportunities. The state mapped out the route at top level, clearly identifying regional focus and functional classification of urban renewal. Communities were the basic elements of urban public services and governance. Encouraging the rapid integration of property management into grass-roots social governance and participation in improving community infrastructure became the focus of national and local policies. Relevant policies relating to senior living, housekeeping services, household consumption, community construction and industry standards were rolled out to encourage large scale property management companies to expand into people's livelihood.

In 2023, the Group continued to consolidate the basis of sustainable development, working tirelessly on high-quality and sustainable growth. We were steadfast in our commitment to 'serving customers with an artisan's spirit' and raising service quality and owner satisfaction continually. We upgraded our service systems, ensuring excellence with standardization of services. We continued to expand management scale in residential properties, industrial parks and office buildings, particularly high-quality projects. We probed property owners' needs and explored innovative models as well as a spectrum of value-added businesses. We enhanced management streamlining and improved business structure for healthy growth. We were also keen in promoting energy-saving, environmental optimization and green sustainable development. We persevered in our service concept of 'being understanding and innovative', and always focused on users' needs in our services. We spared no efforts towards achieving our goal of becoming a branded superior integrated property management service provider in China.

2024 outlook

As people pursue a better life, the demands for superb living environment and services increase. The continual progress on streamlined grass-roots governance attracts more policy support for the property management industry and propels rapid development in senior living and convenience services. In addition to the incremental market, the industry also has favourable factors in the existing market. The attributes of light asset and robust cash flow help to resist economic fluctuations. From the perspectives of market demand, consumer attitude, policy orientation and industry structure, the future of property management is wide open. The industry will become even more professional, intelligent, humanized and diverse. Property management enterprises that possess a good brand and offer excellent services will usher in a multi-scenario and multi-level space for development.

In 2024, we shall adhere to our original aspiration and mission of 'serving customers with an artisan's spirit', raise service quality continually, strengthen our professional and service capabilities to craft quality living. We shall persevere in the strategic planning of 'one body, two wings', optimize business structure, promote valuable resources, tap into long-term and stable channels for expansion. We shall innovate our operating model, build stronger cost-control systems, raise quality and efficiency by streamlining management, optimize standardized and systemized operation to ensure services of a high calibre. We shall return to the essence of service and focus on cash flow logic, insist on profit growth with a positive cash flow, gather momentum and capability in operating and service performance as well as operating strategy. We shall set sail with determination and perseverance, remain steadfast in our chosen path of sustainable and high-quality development. Forging ahead, we are determined to become a branded superior integrated property management service provider in China.

RESULT REVIEW*

2023 results

For the year ended 31 December 2023, the Group's revenue was RMB3,133.2 million, down approximately 6% YoY, gross profit was RMB597.7 million, down approximately 23% YoY. Net profit for the year was RMB40.0 million, down approximately 49% YoY. Profit attributable to owners of the Company was RMB42.1 million, down approximately 44% YoY. Basic earnings per Share was RMB0.036, down approximately 44% YoY.

* In this annual results announcement, the consolidated 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 to the Consolidated Financial Statements.

In 2023, the Group focused even more on growth with operation quality. On the one hand, we sought external expansion, while on the other withdrew from projects that suffered prolonged losses or deficit cash flow. Both contracted GFA and GFA under management were maintained at over 100 million sq.m. As at 31 December 2023, contracted GFA was 136.1 million sq.m., GFA under management was 101.0 million sq.m., indicating a noticeable expansion. Contracted GFA from third parties accumulatively reached 74.5 million sq.m. Newly contracted GFA from third parties accounted for approximately 69% of total new contracted GFA.

BUSINESS REVIEW

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

Property management and commercial operational services

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

For the year ended 31 December 2023, the Group's revenue from property management and commercial operational services amounted to RMB2,205.8 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 year ended 31 December			
	2023		2022	
	(RMB'000)	***%***	*(RMB'000)*	*%*
Property management services on residential and other non-commercial properties	**1,698,024**	**77**	1,433,453	73
Commercial operational and property management services on commercial properties	**507,818**	**23**	529,120	27
Total	**2,205,842**	**100**	1,962,573	100

Optimizing quality of projects under management with multiple drivers assuring stable operation. Based on strategic arrangements that were aimed to attain operating quality, the Group actively sought expansion on the one hand and made proactive adjustments to projects that had recorded ongoing losses. As of 31 December 2023, our contracted property management services for various business types amounted to 607 projects, with contracted GFA decreasing by approximately 9% to 136.1 million sq.m. and GFA under management growing by approximately 0.2% to 101.0 million sq.m., compared to 31 December 2022. During the year, the Group continued to procure expansion through multiple channels, such as tendering, merger and acquisition, joint venture and strategic cooperation, as it continued to expand its diverse servicing regime covering schools, hospitals, industrial parks, logistics parks, internet data centers, government facilities and urban space on top of residential properties, while also being actively engaged 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 of property management service projects as at the dates indicated:

	As at 31 December	
	2023	2022
Contracted GFA *('000 sq.m.)*	**136,059**	149,842
Number of projects relating to contracted GFA	**607**	670
GFA under management *('000 sq.m.)*	**100,959**	100,769
Number of projects relating to GFA under management	**506**	519

Staying focused on regions with deep engagement to build a stable channel for expansion in the long term. The Group continued to be deeply engaged in core cities, as it sought to increase the density of management in existing regions where it claimed an advantage and enhanced coordination among projects in core regions. By enhancing ongoing customer development with strategic customers, formulating high-standard service customization schemes and creating benchmark projects, the Group has continued to enhance its independent market development ability. For 2023, the percentage share of third parties in the Group's contracted GFA of property management service projects further increased to approximately 55%, with third parties accounting for approximately 69% 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 31 December							
	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)	**61,601**	**45**	**51,808**	**51**	60,757	41	48,318	48
Properties developed/owned by other third parties[1]	**74,458**	**55**	**49,151**	**49**	89,085	59	52,451	52
Total	**136,059**	**100**	**100,959**	**100**	149,842	100	100,769	100

Note:

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

As of 31 December 2023, our projects covered 84 cities across 28 provinces, autonomous regions and municipalities in China. Our geographical presence covered 5 major city clusters, including the Beijing-Tianjin-Hebei region, Bohai Rim region, Eastern China region, Southern China region and Central and Western China region. We continued to deeply engaged in the Beijing-Tianjin-Hebei region and Bohai Rim region, while devoting strong efforts to business development in the Eastern China region, Southern China region and Central and Western China region, underpinned by notable expansion in coverage and business growth in the Southern China region. As of 31 December 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%, 21%, 17%, 14% and 15%, respectively, of our GFA under management.

The table below sets forth a breakdown of the Group's contracted GFA and GFA under management by geographic location as at the dates indicated and revenue generated from its property management services for the years ended 31 December 2023 and 2022, respectively:

	As at or for the year ended 31 December							
	2023				2022			
	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]	**47,085**	**33,026**	**694,830**	**33**	48,649	33,340	687,452	37
Bohai Rim region[2]	**26,983**	**21,503**	**401,191**	**19**	30,386	21,813	339,970	18
Eastern China region[3]	**21,610**	**17,260**	**456,012**	**22**	27,433	20,720	410,337	22
Southern China region[4]	**16,619**	**13,923**	**265,616**	**12**	18,750	10,092	228,027	12
Central and Western China region[5]	**23,762**	**15,247**	**292,907**	**14**	24,624	14,804	209,517	11
Total	**136,059**	**100,959**	**2,110,556**	**100**	149,842	100,769	1,875,303	100

Notes:

1) "Beijing-Tianjin-Hebei region" refers to cities or municipalities including Beijing, Tianjin, Shijiazhuang, Qinhuangdao, Langfang, etc.

2) "Bohai Rim region" refers to cities including Dalian, Qingdao, Shenyang, Jinan, Changchun, Taiyuan, etc.

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

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

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

The Group's projects are mainly concentrated in first-tier and second-tier cities such as Beijing, Tianjin, Hangzhou and Wuhan. First-tier and second-tier cities accounted for approximately 85% of our GFA under management.

The table below sets out a breakdown of the contracted GFA and GFA under management in cities where the Group's property management service projects were primarily located as at 31 December 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	**19,639**	**14**	**17,177**	**17**
New first-tier cities	**34,083**	**25**	**26,402**	**26**
Second-tier cities	**48,811**	**36**	**42,226**	**42**
Other cities	**33,526**	**25**	**15,154**	**15**
Total	**136,059**	**100**	**100,959**	**100**

Focused on service quality upgrade and improvement of differentiated service regime to ensure long-term reward for premium service. During 2023, we were focused on upgrading our service quality as we conducted delicacy operation on a continuous basis to drive qualitative and sustainable development. The Group recorded a 93% property management fee payment ratio. Based on customer contact, we formulated the Clean Oxygen Programme, Operation Brilliance and Operation Facelift, among others, to provide property owners with special property services focused on service quality and details in ongoing enhancement of customer satisfaction. In terms of relations with property owners, a more proactive management approach was adopted with a customer visit system going online, through which visits and responses to property owners were made on a regular basis to solve any problems for customers in a timely manner. Meanwhile, our response to and handling of property owners' complaints was also enhanced, as more rigorous training specific to issues under complaint was provided according to different professional areas with a strong emphasis on appraisal to increase the delicacy level of our service and effectively optimize our service quality. A strong emphasis was also placed on community safety, as we sought to improve our professional competence according to high standards under the theme of "Pre-emptive Actions and Priority of Life", organizing fire drills throughout our projects across the nation as well as safety risk hazard inspection at projects, while patrol and inspection of fire escape access and elevator maintenance were provided by frontline professionals on a regular basis to assure safety for property owners in their daily lives.

Property management services on residential and other non-commercial properties

As of 31 December 2023, the contracted GFA and GFA under management of the Group's residential and other non-commercial property projects were 125.7 million sq.m. and 94.8 million sq.m., respectively, decreasing by approximately 9% and basically unchanged, respectively, as compared to 31 December 2022.

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

	As at 31 December	
	2023	2022
Contracted GFA *('000 sq.m.)*	**125,676**	138,180
Number of projects relating to contracted GFA	**523**	576
GFA under management *('000 sq.m.)*	**94,812**	94,106
Number of projects relating to GFA under management	**438**	444

Commercial operational and property management services on commercial properties

For the year ended 31 December 2023, the Group's revenue from commercial operational and property management services on commercial properties amounted to RMB507.8 million, decreasing by approximately 4% compared to the previous year. The Group provides commercial operational and property management services primarily to shopping malls and office buildings.

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

	As at 31 December	
	2023	2022
Property management services		
Contracted GFA *('000 sq.m.)*	**10,383**	11,662
Number of projects relating to contracted GFA	**84**	94
GFA under management *('000 sq.m.)*	**6,147**	6,663
Number of projects relating to GFA under management	**68**	75
Commercial operational services		
Contracted GFA *('000 sq.m.)*	**939**	2,357
Number of projects relating to contracted GFA	**16**	32
GFA under management *('000 sq.m.)*	**769**	1,620
Number of projects relating to GFA under management	**15**	26

Improving management performance with the adoption of green concepts while enhancing value of commercial assets by matching international standards. As of 31 December 2023, the Group's commercial property management service projects had a contracted GFA amounted to 10.4 million sq.m. and GFA under management of 6.1 million sq.m., decreasing by approximately 11% and 8%, respectively, as compared to 31 December 2022. First-tier and second-tier cities accounted for 100% of our GFA under management. The average property management fee for the year was RMB10.7/sq.m./month. The Group's commercial property management services were focused on the two principal business forms of shopping malls and office buildings, such as Tower C of Ocean Office Park (遠洋光華國際), a project under management of the Group, which obtained BOMA 360 renewal on the back of continuous learning of international standards and improvements in rudimentary service standards and quality in implementation of the international operational and management regime.

Focused on nature of service and qualitative operational growth. GFA under management of projects for which the Group provided commercial operational services amounted to 769,000 sq.m. as at 31 December 2023, decreasing by approximately 53% compared to that as at 31 December 2022 which was due to the decline in the parent company's demand for asset management services under the impact of conditions in the overall economic situation and the real estate market. During the year, we were actively investigating models for the innovative operation of commercial assets which would genuinely fulfill the needs of customers and improve the overall operational standards of our projects. Nevertheless, taking into account the parent company's demand for asset management services and the Company's strategic arrangements, the Group has not renewed the master commercial operational services agreement with the parent company which expired on 31 December 2023. In future, the Company will leverage its wealth of experience in the management of residential, commercial and office properties and focus on the nature of property service to seek genuine improvement in service quality and fulfill the needs of property owners in day-to-day life.

Community value-added services

Persistent expansion and deepening of our principal business with fine-tuning of our products and services. For the year ended 31 December 2023, revenue from community value-added services amounted to RMB544.4 million, decreasing by approximately 18% compared to the previous year and accounting for approximately 18% of the Group's total revenue. In 2023, we optimized the approach of our community value-added services and honed the details of our services and products based on our direction for development, namely, the four principal business focuses of "community living, leasing and sale, home decoration and spatial resources". In connection with community living services, our products sales benefited from growing diversity and flexibility after the launch of live-streamed themed activities through the "Yi Life" app, as sales activities directly reached out to customers through a variety of combinations to assure greater trust on the part of the customers. In connection with lease and sales services, the business cooperation model was adjusted, whereby the model of joint operation of housing agency and property management was upgraded to create a pan-community asset consulting service. Regarding home decoration services, we continued to extend and broaden our service chain, probing the home decoration demands of property owners for new houses while continuing to carry out renovation and refurbishment work for existing houses. In connection with spatial resources, in close tandem with the daily-living requirements of property owners, we continued to optimize convenience facilities for the community with the introduction of public power charging stands and self-serviced car washing to further fulfill property owners' demand for daily convenience services.

Tapping innovative self-operated businesses in active exploration of new scenarios in C-end spending. Subject to the stable operation of our four principal businesses, we were actively identifying and solving potential critical needs of property owners by breaking away from the industry's traditional models and building novel scenarios of community spending with the pilot launch of convenience stores and home decoration services under our own brand. Service standards for the end-to-end chain of novel service spending scenarios have been formulated. By offering value-added services in close tandem with owners' requirements, we have enhanced the loyalty and satisfaction of property owners and further improved our standards in rudimentary property service.

The following table sets forth a breakdown of the Group's revenue generated from community value-added services by service types for the years ended 31 December 2023 and 2022, respectively:

	For the year ended 31 December			
	2023		2022	
	(RMB'000)	**%**	*(RMB'000)*	%
Community asset value-added services[1]	**381,941**	**70**	364,543	55
Community living services[2]	**81,456**	**15**	197,998	30
Property brokerage services[3]	**81,007**	**15**	102,419	15
Total	**544,404**	**100**	664,960	100

Notes:

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

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

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

Value-added services to non-property owners

Continuous forging of engineering service capabilities to reassure quality of facilities maintenance service and stable business operation. For the year ended 31 December 2023, revenue from value-added services to non-property owners amounted to RMB383.0 million, decreasing by approximately 45% as compared to the previous year (restated) and accounting for approximately 12% of the Group's total revenue. The decline in revenue from value-added services to non-property owners was mainly attributable to the Company's proactive adjustment of its business mix taking into consideration the growth potential of the current real estate market and the operating conditions of upstream real estate companies. During the year, the Group completed the acquisition of Sino-Ocean Mechatronics in further integration of the Group's technical and brand advantages in project engineering and intelligent services. We will continue to reassure our existing service quality to foster the Group's brand image in the facilities and equipment maintenance sector, while introducing innovations to our service model by developing and expanding value-added services to non-property owners along the life cycle of the assets to preserve and enhance their value.

The following table sets forth a breakdown of the Group's revenue generated from value-added services to non-property owners by service types for the years ended 31 December 2023 and 2022, respectively:

	For the year ended 31 December			
	2023		2022 (Restated)	
	(RMB'000)	***%***	*(RMB'000)*	*%*
Pre-delivery services[1]	**154,842**	**40**	210,512	30
Consultancy services[2]	**100,228**	**26**	191,329	27
Property engineering services[3]	**127,893**	**34**	300,762	43
Total	**382,963**	**100**	702,603	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

Persisting in the servicing nature and forging competence in delicacy operation to achieve stable growth in operation.

In firm adherence to our strategic focus, we will persist in offering artisan service to users and practice delicacy management in a continuous manner to drive qualitative, sustainable business development. We will refocus on our nature as a servicing business and concern ourselves with cash flow logic, insisting on achieving profit growth with cash flow quality and empowering ourselves in terms of operating results, service performance and operating strategy. We will focus on improving the service quality of projects by enhancing training and empowerment in relation to published standardization documents to procure improvement in the processes and service quality of frontline work, while building a management model for projects with material difficulties to train and empower frontline professionals. Customer complaints will be taken in a most serious manner and customer satisfaction will be our top priority. We will continue to advance the customer visit system and seek to understand customers' needs as well as adjust and improve our service contents and quality in a timely manner. A star-rated butler system will also be developed to effectively enhance owners' satisfaction.

Strengthening development of our value-added, advantageous businesses and building a sustainable commercial model with sophisticated attributes of community service.

On top of deep engagement in our principal business, we will optimize the mix of our community value-added services. While maintaining deep engagement our four principal business focuses of "community living, leasing and sale, home decoration and spatial resources", we will pursue delicacy operation and management catered to different product lines and develop innovative self-operated businesses with a persistent profit-oriented approach, conjuring new scenarios for C-end consumer spending to initially form a positive and replicable business model. On the basis of the needs of property owners, we will create a Sino-Ocean daily-living circle characterized by convenience, premium quality and standardization in ongoing enhancement of product offerings from various business lines, in order to attain sustainable business growth. Moreover, we will actively develop innovative businesses and commence trial runs, with a special focus on the research of retail products and forging of popular products, as we seek to build up retail operations at the properties. A strong emphasis will be placed on the creation of a commodity supply chain underpinned by a wide variety of retail product categories and brand resources, which will be carried by diversified marketing activities conducted on the back of the corporate WeChat account and "Yi Life" app. Livestreaming schemes with standardized processes will be employed to create livestreaming activities with feature themes covering a myriad of flavors from the multitude of cities. Leveraging the community advantage, we will expand our operation of the private domain traffic and increase the rate of new and repeated purchases on the back of multi-scenario consumer spending. The Group will conduct resource integration and business planning in tandem with the development of community retirement service as a future core advantageous service, such that the servicing philosophy of 'being understanding and innovative' will be further applied to daily services for senior property owners. We will also make active endeavors in innovative pilot businesses, going to greater depths to identify customer's needs in multiple daily-life scenarios and provide differentiated services that exceed expectations, in order to enhance brand reputation and user satisfaction.

Continuous improvement of the talent mechanism and succession team building to increase manpower efficiency and create professional service teams.

We will optimize our organizational hierarchy to clearly define the positioning and duties of each tier and reduce redundant structures and personnel, so as to improve the overall efficiency of our organizational structure. We will improve the staff appointment and assessment mechanism and optimize the remuneration regime, with a view to enhancing staff incentivization, motivating professional staff and increasing our organizational vigor by optimizing our performance and remuneration appraisal mechanism. In connection with our principal service business, we will explore new models for staff allocation and reshape the boundaries of the duties of professional positions. Moreover, we will stress the development of a talent regime, with talent stocktaking and a mechanism for promotion, appointment and selection, so as to build a staff team with outstanding professional competence and vocational aptitude and to enhance the operational ability of the core team.

FINANCIAL REVIEW

Revenue

The Group's revenue in 2023 decreased by approximately 6% to RMB3,133.2 million, from RMB3,330.1 million (restated) in 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%, 18% and 12% of the Group's total revenue in 2023, respectively.

The following table sets forth the breakdown of our revenue by business lines for the years ended 31 December 2023 and 2022 respectively:

	For the year ended 31 December			
	2023		2022 (Restated)	
	(RMB'000)	***%***	*(RMB'000)*	*%*
Property management and commercial operational services				
(a) Property management services on residential and other non-commercial properties	**1,698,024**	**54**	1,433,453	43
(b) Commercial operational and property management services on commercial properties	**507,818**	**16**	529,120	16
Sub-total	**2,205,842**	**70**	1,962,573	59
Community value-added services	**544,404**	**18**	664,960	20
Value-added services to non-property owners	**382,963**	**12**	702,603	21
Total	**3,133,209**	**100**	3,330,136	100

Revenue from property management and commercial operational services increased by approximately 12% to RMB2,205.8 million in 2023 from RMB1,962.6 million in 2022, amongst which, (i) revenue from property management services on residential and other non-commercial properties increased by approximately 18% to RMB1,698.0 million in 2023 from RMB1,433.5 million in 2022. The increase was mainly attributable to our business expansion in this segment, with an increase in the number of residential properties under management to 321 as at 31 December 2023 (31 December 2022: 299); and (ii) revenue from commercial operational and property management services on commercial properties decreased by approximately 4% to RMB507.8 million in 2023 from RMB529.1 million in 2022. The decrease was mainly attributable to the decrease in demand of asset management from parent company and the commercial operational services due to the overall economic situation and real estate market downturn.

Revenue from community value-added services decreased by approximately 18% to RMB544.4 million in 2023 from RMB665.0 million in 2022, 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 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 2022.

Revenue from value-added services to non-property owners decreased by approximately 45% to RMB383.0 million in 2023 from RMB702.6 million (restated) in 2022. The decrease was mainly driven by (i) revenue from property engineering services which decreased by approximately 57% to RMB127.9 million in 2023 from RMB300.8 million (restated) in 2022; and (ii) revenue from consultancy services which decreased by approximately 48% to RMB100.2 million in 2023 from RMB191.3 million in 2022 due to less pre-sale services income attributed to the decrease in pre-sale activities in the PRC real estate market, and due to the decrease in property engineering related services and consultancy services income attributed to our initiatives to diminish the businesses with unsatisfactory cash collection assurance.

Cost of sales

For the year ended 31 December 2023, cost of sales was RMB2,535.5 million (2022: RMB2,557.5 million (restated)).

The cost of sales comprised mainly (i) sub-contracting costs for security, greening and cleaning; (ii) staff cost; (iii) maintenance expenses and utilities; (iv) cost of consumables and construction 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 in 2023 increased by approximately 5% to RMB905.2 million as compared to RMB864.3 million in 2022, which was primarily attributable to the increase in our GFA under management, as well as a general increase in sub-contracting fees due to the increase in labor costs of our sub-contractors.

Staff cost in 2023 slightly increased by approximately 1% to RMB823.6 million as compared with that of RMB813.7 million in 2022, which was in line with the increase in the scale of the Group's projects under management.

Maintenance expenses and utilities and cost of consumables and construction materials decreased by approximately 11% and 55% to RMB422.5 million and RMB58.2 million in 2023, respectively, as compared to RMB476.5 million (restated) and RMB128.3 million in 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 56% to RMB41.0 million in 2023 from RMB92.7 million in 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 decreased by approximately 21% to RMB27.5 million in 2023 from RMB34.7 million in 2022, which was primarily attributable to the decrease in the costs of home decoration services due to more revenue from home decoration services was recognised under commission and net amount basis.

Gross profit and gross profit margin

Gross profit in 2023 decreased by approximately 23% to RMB597.7 million from RMB772.7 million (restated) in 2022. Our overall gross profit margin in 2023 decreased to approximately 19% from approximately 23% (restated) in 2022, mainly attributable to the decrease in gross profit margin of commercial operational and property management services on commercial properties and the decrease in revenue generated from value-added services to non-property owners and community value-added services (higher gross profit margin), affected by the overall economy and real estate market.

The table below sets forth the breakdown of our gross profit and gross profit margin by business lines for the years ended 31 December 2023 and 2022 respectively:

	For the year ended 31 December			
	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	**286,650**	**17**	247,112	17
(b) Commercial operational and property management services on commercial properties	**75,461**	**15**	145,284	27
Sub-total	**362,111**	**16**	392,396	20
Community value-added services	**164,635**	**30**	241,721	36
Value-added services to non-property owners	**70,993**	**19**	138,568	20
Total	**597,739**	**19**	772,685	23

Gross profit margin for property management and commercial operational services decreased from approximately 20% in 2022 to approximately 16% in 2023. The reduction in gross profit margin was primarily resulted from (i) the rise in labour, gardening and energy costs; and (ii) the decrease in gross profit margin of commercial operational and property management services on commercial properties due to the adverse economic conditions during 2023.

Gross profit margin for community value-added services decreased from approximately 36% in 2022 to approximately 30% in 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 downturn.

Gross profit margin for value-added services to non-property owners slightly decreased from approximately 20% (restated) in 2022 to approximately 19% in 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 in 2023 mainly comprised government grants and interest income from bank deposits. Other income slightly increased by RMB0.2 million to RMB29.7 million in 2023 from RMB29.5 million in 2022. The slight increase was mainly attributable to the increase of interest income from bank deposits and the write-off of long outstanding payables, partly offset by the decrease of government grants during the year.

We recorded other net gains of RMB14.2 million in 2023 (2022: other net losses of RMB4.2 million). Other net gains mainly comprised of gains on disposal of interest in a joint venture of RMB20.6 million and net foreign exchange losses of RMB6.2 million.

Operating expenses

Selling and marketing expenses remained stable at RMB22.4 million in 2023 (2022: RMB22.1 million).

Administrative expenses in 2023 increased by approximately 22% to RMB272.9 million from RMB224.4 million (restated) in 2022. This increase was primarily due to (i) the increase in business expansion activities as compared to 2022; and (ii) amortisation arising from acquired projects.

Net impairment losses on financial assets

Net impairment losses on financial assets decreased by approximately 46% to RMB260.0 million in 2023 from RMB483.1 million in 2022, which was mainly comprised of the provision made by the Group for the impairments on trade and other receivables. The decrease in the net impairment losses on financial assets was mainly attributable to a decrease in provision for impairment on other receivables.

Net impairment losses on goodwill and investment properties

In 2023, due to the overall real estate market downturn in the PRC, the Group recorded net impairment losses on goodwill and investment properties of RMB6.6 million and RMB6.5 million, respectively (2022: nil and nil, respectively).

Finance cost

Finance costs in 2023 and 2022 amounted to RMB0.8 million and RMB1.7 million, respectively, mainly comprised interest expenses of the lease liabilities.

Share of results of joint ventures

In 2023, share of results of joint ventures recorded a loss of RMB8.8 million (2022: a gain of RMB39.7 million). The share of losses of joint ventures was mainly due to the disposal of the equity interests in a joint venture, as well as the decline in the financial performance of joint ventures affected by the downturn of the overall economic situation.

Taxation

The decrease in income tax expense was the combined effects of the decrease in operating profits and the increase in non-deductible items. Income tax expense in 2023 decreased by approximately 13% to RMB23.7 million (2022: RMB27.2 million (restated)).

Profit attributable to owners of the Company

Due to (i) mainly affected by the significant change in the supply and demand in the real estate market which lengthened the settlement cycle of relevant businesses, further provision for impairment on trade receivables made for the sake of prudence (despite a decrease in the net impairment losses on financial assets, which was mainly attributable to a decrease in provision for impairment on other receivables); (ii) the initiatives to adjust the businesses of value-added services to non-property owners with unsatisfactory cash collection assurance, having taken into consideration the progress of receivables collection; and (iii) mainly affected by the overall economic situation and real estate market, the performance of certain businesses falling short of expectations, leading to a decrease in the gross profit margin of respective businesses, and a decrease in the share of results of joint ventures, the profit attributable to owners of the Company for the year ended 31 December 2023 decreased by approximately 44% to RMB42.1 million, as compared to RMB75.7 million (restated) for the year ended 31 December 2022. Our management will continue to focus on the improvement of our Shareholders' return as an on-going task.

Investment properties

Investment properties represented certain units of office buildings, underground commercial properties and parking spaces located in the PRC, which were held to earn rentals. As at 31 December 2023, the Group's investment properties were amounted to RMB61.5 million (31 December 2022: RMB106.3 million (restated)). Such decrease was primarily attributed to the maturity of the lease periods of the properties leased for earning rentals during 2023.

Property, plant and equipment

Property, plant and equipment mainly consisted of office and operating equipment, leasehold improvement, vehicles and buildings. As at 31 December 2023, the Group's property, plant and equipment slightly decreased to RMB104.7 million from RMB112.2 million as at 31 December 2022.

Intangible assets

Intangible assets comprised of computer software, property management contracts and customer relationships, trademark and goodwill. As at 31 December 2023, the Group's intangible assets decreased to RMB699.0 million from RMB731.6 million as at 31 December 2022. The decrease was primarily due to amortisation and impairment losses during the year.

Inventories

Inventories primarily consisted of parking spaces, commercial properties and community facilities held for sale and consumables held for consumption during the provision of property management services. Our inventories increased to RMB651.4 million as at 31 December 2023 from RMB249.5 million as at 31 December 2022, mainly due to acquisitions of parking spaces and commercial properties from Sino-Ocean Group during the year (please refer to the section headed "Material acquisitions and disposals of subsidiaries, associates and joint ventures" under this annual results announcement).

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 31 December 2023, trade and note receivables amounted to RMB1,123.0 million, representing a decrease of approximately 4% as compared to RMB1,170.7 million (restated) as at 31 December 2022. The slight decrease was primarily attributable to the increase in allowance for impairment of trade and note receivables, arising from the slowdown in receivables collection under the adverse economic conditions and the sluggish market environment. We will continue to enhance various measures to ensure the timeliness and expedite the recovery of our trade and note receivables.

Prepayments and other receivables

Prepayments and other receivables include prepayment to suppliers, other receivables and prepaid tax which in aggregate decreased to RMB525.0 million as at 31 December 2023 from RMB1,183.0 million (restated) as at 31 December 2022. The significant decrease was primarily attributable to the completion of the Assets Acquisition during the year (please refer to the section headed "Material acquisitions and disposals of subsidiaries, associates and joint ventures" under this annual results announcement), the refundable deposit receivables has been settled and offset in full thereafter.

Trade and other payables

Trade payables primarily represent our obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, including purchase of utilities and materials and purchase from sub-contractors. Accruals and other payables primarily represent: (i) deposit; (ii) amounts collected on behalf of property owner; (iii) accrued payroll and welfare payables; (iv) other payables to related parties; and (v) other tax payables.

As at 31 December 2023, trade and other payables amounted to RMB1,275.1 million, which remained relatively 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 valued-added services to non-property owners. Contract liabilities mainly arose from the advance payments made by customers while the underlying services such as property management services and carpark management services are yet to be provided. As at 31 December 2023, our contract liabilities amounted to RMB518.1 million, representing an increase of approximately 13% 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 2023, we incurred capital expenditures of RMB46.3 million (2022: RMB219.2 million (restated)), which mainly consisted of (i) purchase of investment properties; and (ii) purchase of intangible assets such as computer software.

Financial resources and liquidity

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

As at 31 December 2023, the Group had cash and cash equivalents of RMB651.6 million and restricted bank deposits of RMB9.1 million, amounted to RMB660.7 million in aggregate; of which approximately 99.9% (31 December 2022: approximately 99.6%) of the Group's cash resources were denominated in RMB with the remaining balances denominated in HKD, and a current ratio of 1.6 times (31 December 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 year ended 31 December 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 31 December 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 31 December 2023, gearing ratio was nil (31 December 2022: nil).

Significant investments

As at 31 December 2023, we did not have any significant investments.

Capital commitments

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

Charge on assets

As at 31 December 2023, we did not have any charges on our assets.

Contingent liabilities

As at 31 December 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. The Acquisition had been completed during the year of 2023.

Details of the Acquisition have been disclosed in the announcement of the Company dated 24 February 2023.

Acquisition of parking spaces and commercial properties in the PRC

On 21 July 2023, Ocean Homeplus and 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 Target Assets shall be classified as inventories of the Group. The Assets Acquisition had been completed during the year of 2023 and therefore the refundable deposit receivables due from the Sino-Ocean Group (for the avoidance of doubt, excluding the Group) had been settled in full.

Details of the Assets Acquisition have been disclosed in the joint announcement of the Company and Sino-Ocean Holding dated 21 July 2023 and the circular of the Company dated 25 September 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.

Acquisition of parking spaces in the PRC

On 22 December 2023, Ocean Homeplus and Beijing Yuanxin Asset Management Co., Ltd.* (北京遠新資產管理有限公司) ("**Beijing Yuanxin**", a wholly-owned subsidiary of Sino-Ocean Holding) entered into a sale and purchase agreement, pursuant to which Ocean Homeplus has conditionally agreed to acquire, and Beijing Yuanxin has conditionally agreed to sell, 196 parking spaces (collectively, the "**Target Parking Spaces**") at an aggregate consideration of RMB30,262,400. The Target Parking Spaces are located in a grade-A office building known as Ocean Office Park (遠洋光華國際) situated at the core area of the Central Business District, Chaoyang District, Beijing, the PRC.

Upon completion of the above transaction, the Target Parking Spaces shall be classified as investment properties of the Group. The above transaction had been completed during the year of 2023.

Details of the above transaction have been disclosed in the announcement of the Company dated 22 December 2023.

Employees and human resources

As at 31 December 2023, the Group had 9,081 employees (31 December 2022: 10,179 employees). The total number of employees serving the Group decreased primarily attributed to the optimisation of the Company's business strategy. At the same time, we continued to elevate our effort on improving both manpower effectiveness and control capability, as well as optimising resources allocation of the Group during the year. Our employee benefit expenses for 2023 was RMB970.9 million (2022: RMB945.6 million (restated)), which was attributable to the increase in labor costs and partly offset by the decrease in number of employees.

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

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

Important event after the financial year ended 31 December 2023

As at the date of this annual results announcement, there was no important event affecting the Group after the financial year ended 31 December 2023.

The audited consolidated results of the Group for the year ended 31 December 2023 are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**2023**	2022
		RMB'000	*RMB'000*
			(Restated)
Revenue	4	**3,133,209**	3,330,136
Cost of sales and services	4, 5	**(2,535,470)**	(2,557,451)
Gross profit		**597,739**	772,685
Selling and marketing expenses	5	**(22,351)**	(22,073)
Administrative expenses	5	**(272,909)**	(224,437)
Net impairment losses on goodwill		**(6,622)**	—
Net impairment losses on investment properties		**(6,504)**	—
Net impairment losses on financial assets		**(260,041)**	(483,060)
Other income		**29,704**	29,492
Other gains/(losses)	6	**14,207**	(4,237)
Operating profit		**73,223**	68,370
Finance costs	7	**(762)**	(1,727)
Share of results in joint ventures		**(8,767)**	39,692
Profit before income tax		**63,694**	106,335
Income tax expense	8	**(23,693)**	(27,213)
Profit and total comprehensive income for the year		**40,001**	79,122
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**42,148**	75,745
Non-controlling interests		**(2,147)**	3,377
		40,001	79,122
Earnings per share for profit attributable to owners of the Company			
Basic and diluted *(expressed in RMB per share)*	9	**0.036**	0.064

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December **2023** *RMB'000*	31 December 2022 *RMB'000* (Restated)	1 January 2022 *RMB'000* (Restated)
Assets				
Non-current assets				
Investment properties		**61,532**	106,269	—
Property, plant and equipment		**104,732**	112,166	23,042
Intangible assets		**698,976**	731,649	164,263
Right-of-use assets		**10,906**	24,692	24,056
Investments in joint ventures		**50,592**	59,359	150,671
Deferred income tax assets		**134,967**	91,199	19,735
		1,061,705	1,125,334	381,767
Current assets				
Inventories		**651,355**	249,483	176,209
Trade and note receivables	11	**1,123,025**	1,170,746	650,764
Contract assets		**17,413**	20,353	15,837
Prepayments and other receivables		**525,020**	1,183,019	275,894
Restricted bank deposits		**9,120**	471	541
Cash and cash equivalents		**651,542**	472,540	2,526,828
		2,977,475	3,096,612	3,646,073
Asset held for sale		**—**	38,441	—
		2,977,475	3,135,053	3,646,073
Total assets		**4,039,180**	4,260,387	4,027,840
Equity				
Share capital		**99,829**	99,829	99,829
Reserves		**1,217,071**	1,417,180	1,688,320
Retained earnings		**782,297**	740,149	664,404
Equity attributable to owners of the Company		**2,099,197**	2,257,158	2,452,553
Non-controlling interests		**46,513**	51,100	31,845
Total equity		**2,145,710**	2,308,258	2,484,398

		31 December		1 January
	Notes	**2023**	2022	2022
		RMB'000	*RMB'000*	*RMB'000*
			(Restated)	(Restated)
Liabilities				
Non-current liabilities				
Trade and other payables	12	**15,297**	15,805	29,233
Lease liabilities		**2,206**	13,392	13,138
Deferred income tax liabilities		**52,912**	62,859	18,015
		70,415	92,056	60,386
Current liabilities				
Trade and other payables	12	**1,259,766**	1,347,082	1,034,454
Contract liabilities	4	**518,064**	457,825	396,242
Lease liabilities		**5,460**	3,289	8,000
Current tax liabilities		**39,765**	51,877	44,360
		1,823,055	1,860,073	1,483,056
Total liabilities		**1,893,470**	1,952,129	1,543,442
Total equity and liabilities		**4,039,180**	4,260,387	4,027,840

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

The 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. 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.

The consolidated financial statements are presented in Renminbi ("RMB") (which is also the Company's presentational currency), unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors on 26 March 2024.

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), 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" and is accounted for using the principles and procedures of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 (Revised) "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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.

* The English name of the entities represents the best efforts made by the management of the Group in translating their Chinese names as they do not have official English names.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and the applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention.

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

Application of Amendments to HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current period

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA that are first effective and relevant for the current accounting period of the Group:

Amendments to 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
Amendments to HKAS 12	International Tax reform — Pillar Two Model Rules

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

Amendments to HKFRSs in issue but not yet effective

The Group has not applied the following 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 amendments to HKFRSs but is not yet in a position to state whether these 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 HKAS 1, Classification of Liabilities as Current or Non-Current	1 January, 2024
Hong Kong Interpretation 5 (Revised), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause	1 January, 2024
Amendments to HKAS 1, Non-current Liabilities with Covenants	1 January, 2024
Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback	1 January, 2024
Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements	1 January, 2024
Amendments to HKAS 21, Lack of Exchangeability	1 January, 2025

3 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of the Company. During the year ended 31 December 2023, the Group is principally engaged in the provision of property management and commercial operational services, community value-added services and value-added services to non-property owners in the PRC. Management reviews the operating results of the business by geography, but these operating segments are aggregated into a single operating segment as the nature of services, the type of customers for services, the methods used to provide their services and the nature of regulatory environment is same in different regions.

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

The major operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC during the years ended 31 December 2023 and 2022.

4 REVENUE AND COST OF SALES AND SERVICES

Revenue mainly comprises of proceeds from property management and commercial operational services, community value-added services and value-added services to non-property owners. An analysis of the Group's revenue and cost of sales and services by category for the year ended 31 December 2023 and 2022 is as follows:

	2023		2022	
	Revenue	**Cost of sales and services**	Revenue	Cost of sales and services
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
			(Restated)	(Restated)
Type of goods or services				
Property management and commercial operational services				
a) Property management services on residential and other non-commercial properties	**1,698,024**	**1,411,374**	1,433,453	1,186,341
b) Commercial operational and property management services on commercial properties	**507,818**	**432,357**	529,120	383,836
Community value-added services	**544,404**	**379,769**	664,960	423,239
Value-added services to non-property owners	**382,963**	**311,970**	702,603	564,035
	3,133,209	**2,535,470**	3,330,136	2,557,451
Timing of revenue recognition				
Over time	**2,729,131**	**2,198,956**	2,848,564	2,219,400
Point in time	**213,843**	**189,149**	347,965	252,963
	2,942,974	**2,388,105**	3,196,529	2,472,363
Revenue from other sources				
Rental income	**190,235**	**147,365**	133,607	85,088

For the year ended 31 December 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 ("these Customers") contributed 15% (2022 restated: 23%) of the Group's revenue. Other than these customers, the Group has a large number of customers, none of whom contributed approximately 10% or more of the Group's revenue during the years ended 31 December 2023 and 2022.

4.1 Contract liabilities

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

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Contract liabilities		
— Related parties	**21,954**	12,598
— Third parties	**496,110**	445,227
	518,064	457,825

(i) Significant changes in contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. The Group recognises revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value to the customer of the Group's performance completed to date. The Group bills the amount for services provided on a monthly or quarterly basis, or pre-charges service fee on a yearly basis. The increase in contract liabilities was mainly due to the expansion of business activities from self-development.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
Property management and commercial operational services	**327,466**	290,232
Community value-added services	**100,804**	75,692
Value-added services to non-property owners	**7,684**	12,121
	435,954	378,045

(iii) Unsatisfied performance obligations

For property management and commercial operational services, community value-added services and value-added services to non-property owners, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly or quarterly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations that were unsatisfied or partially unsatisfied as of the end of the year for these types of contracts.

For sales of carpark spaces, properties, consumables and merchandises, included in community value-added services and value-added services to non-property owners, the performance obligation is satisfied when control of the asset is transferred to the customers. The payment is due immediately when the customer obtains the physical possession and/or the legal title of the carpark spaces, properties, consumables and goods. There were no remaining performance obligations unsatisfied or partially satisfied as of 31 December 2023 and 2022.

(iv) Assets recognised from incremental cost to obtain a contract

For the years ended 31 December 2023 and 2022, no significant incremental cost was incurred to obtain a contract.

5 EXPENSES BY NATURE

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Employee benefit expenses	**970,901**	945,599
Outsourced security, greening and cleaning expenses	**907,892**	868,920
Maintenance expenses and utilities	**423,095**	476,950
Cost of consumables and construction materials	**59,122**	129,433
Cost of merchandises sold	**40,975**	92,694
Cost of selling carpark spaces and properties	**39,340**	14,969
Net impairment losses on inventories	**30,476**	4,714
Sub-contract expenses for home improvement and property agency services	**27,548**	34,654
Office-related expenses	**104,263**	91,946
Depreciation and amortisation charges	**122,847**	49,862
Community activities expenses	**22,351**	22,073
Taxes and surcharges	**14,394**	13,087
Service fee related to commercial operational services	**—**	7,333
Auditors' remuneration	**4,580**	3,620
— Audit services	**2,830**	2,480
— Non-audit services	**1,750**	1,140
Others	**62,946**	48,107
	2,830,730	2,803,961

6 OTHER GAINS/(LOSSES)

	2023	2022
	RMB'000	*RMB'000*
Fair value gains on financial assets at fair value through profit or loss	**—**	157
Gain/(loss) on disposal of property, plant and equipment	**127**	(146)
Loss on disposal of intangible assets	**(272)**	—
Gain on disposal of investment in a joint venture	**20,559**	6,913
Net foreign exchange losses	**(6,207)**	(11,161)
	14,207	(4,237)

7 FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest expense for lease liabilities	**762**	1,727

8 INCOME TAX EXPENSE

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

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Current income tax		
— PRC corporate income tax-current tax	**93,651**	104,801
— PRC corporate income tax over provision in prior years	**(16,886)**	(6,386)
— PRC land appreciation tax	**643**	3,480
Deferred income tax credit	**(53,715)**	(74,682)
	23,693	27,213

9 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares of 1,184,000,000 (2022: 1,184,000,000) in issue during the year.

	2023	2022 (Restated)
Profit attributable to owners of the Company used in the basic earnings per share calculation (RMB'000)	**42,148**	75,745
Weighted average number of ordinary shares in issue (in thousands)	**1,184,000**	1,184,000
Basic and diluted earnings per share for profit attributable to the owners of the Company during the year (expressed in RMB per share)	**0.036**	0.064

For the years ended 31 December 2023 and 2022, diluted earnings per share was equal to the basic earnings per share as there were no dilutive potential ordinary shares.

10 DIVIDENDS

	2023 *RMB'000*	2022 *RMB'000*
2023 Interim dividend of RMBnil (2022: RMB0.136) per ordinary share paid (a)	—	161,024
2022 Final dividend of RMB0.123 (2021: RMB0.093) per ordinary share paid	**146,109**	110,112
Dividends paid for the year	**146,109**	271,136

(a) The Board has resolved not to declare any payment of interim dividend for the year ended 31 December 2023 (2022: RMB161,024,000).

(b) On 26 March 2024, the Company has proposed a final dividends of RMB17,050,000 (i.e. RMB0.0144 per ordinary share (2022: RMB0.1230 per ordinary share)) for the year ended 31 December 2023. Total final dividend for the year ended 31 December 2022 of RMB146,109,000 (2021: RMB110,112,000) was paid to shareholders.

11 TRADE AND NOTE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Trade receivables		
— Related parties	**834,550**	638,401
— Third parties	**770,779**	759,885
	1,605,329	1,398,286
Note receivables		
— Third parties	**—**	918
Less: allowance for impairment of trade and note receivables	**(482,304)**	(228,458)
Total	**1,123,025**	1,170,746

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

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

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

As of 31 December 2023 and 2022, the ageing analysis of the trade and note receivables based on the invoice dates, were as follows:

		2023			2022	
	Due from related parties	**Due from third parties**	**Total**	Due from related parties	Due from third parties	Total
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
				(Restated)	(Restated)	(Restated)
0–90 days	**148,991**	**185,599**	**334,590**	181,257	299,651	480,908
91–180 days	**75,553**	**115,350**	**190,903**	87,644	116,071	203,715
181–360 days	**154,990**	**158,903**	**313,893**	208,642	158,084	366,726
1–2 years	**332,342**	**191,436**	**523,778**	120,163	102,666	222,829
2–3 years	**78,990**	**57,639**	**136,629**	36,151	38,872	75,023
Over 3 years	**43,684**	**61,852**	**105,536**	4,544	45,459	50,003
Total	**834,550**	**770,779**	**1,605,329**	638,401	760,803	1,399,204

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As of 31 December 2023, a provision of RMB482,304,000 (2022: RMB228,458,000) was provided against the gross amounts of trade and note receivables.

As of 31 December 2023 and 2022, the trade and note receivables were denominated in RMB, and the fair value of trade and note receivables approximated their carrying amounts.

12 TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Trade payables		
— Related parties	**25,802**	51,990
— Third parties	**725,558**	766,684
	751,360	818,674
Other payables		
— Related parties	**27,007**	27,322
— Deposit	**180,253**	177,011
— Amounts collected on behalf of property owner	**160,931**	167,836
— Consideration payable for acquisition of a subsidiary	**8,580**	17,160
— Others	**30,016**	18,107
	406,787	407,436
Dividends payables		
— Non-controlling shareholders	**1,320**	1,320
Accrued payroll and welfare payables	**108,935**	126,213
Other tax payables	**6,661**	9,244
	115,596	135,457
Less: non-current portion	**(15,297)**	(15,805)
Total	**1,259,766**	1,347,082

As of 31 December 2023 and 2022, the carrying amounts of trade and other payables approximated their fair values. The average credit period on trade payables is 90 days.

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

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Within 1 year	**527,493**	662,212
1–2 years	**121,312**	108,642
2–3 years	**58,439**	32,175
Over 3 years	**44,116**	15,645
Total	**751,360**	818,674

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto in this preliminary results announcement for the year ended 31 December 2023 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance has been expressed by BDO Limited on this preliminary results announcement.

FINAL DIVIDEND

The Board proposed to recommend at the forthcoming AGM to be held on Thursday, 30 May 2024 for the payment of a final dividend of RMB0.0144 per Share (equivalent to HKD0.0159 per Share, rounded to the nearest four decimal places) for the year ended 31 December 2023 (2022: RMB0.1230 per Share). The final dividend will be paid in cash in HKD. The relevant exchange rate is the average central parity rate of RMB to HKD as announced by the People's Bank of China for the period from Tuesday, 19 March 2024 to Monday, 25 March 2024 (RMB1 = HKD1.1019). The final dividend is subject to the approval of the Shareholders at the AGM. The final dividend will be paid to the Shareholders whose names are standing in the register of members of the Company at the close of business on Wednesday, 5 June 2024. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Wednesday, 5 June 2024.

It is expected that the cheques for dividend payment in relation to the final dividend will be despatched at the risk of those who are entitled thereto to their respective registered addresses on or around Tuesday, 18 June 2024.

ANNUAL GENERAL MEETING

The AGM will be held on Thursday, 30 May 2024. The notice of AGM will be published and disseminated to the Shareholders in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 27 May 2024 to Thursday, 30 May 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, 24 May 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 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 will be described in the Corporate Governance Report contained in the annual report of the Company for the year ended 31 December 2023 and complied with all the applicable code provisions of the CG Code throughout the year ended 31 December 2023, except for the deviations 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.

Further information of the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the Company's annual report for the year ended 31 December 2023, which will be disseminated to the Shareholders in due course.

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 year ended 31 December 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.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the consolidated annual results of the Group for the year ended 31 December 2023.

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

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.sinooceanservice.com). The Company's annual report for the year ended 31 December 2023 will be available on the Stock Exchange's and the Company's websites 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 annual results announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

"AGM"	the annual general meeting of the Company
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chief Executive Officer"	the chief executive officer of the Company
"China" or "PRC"	the People's Republic of China, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
"Code of Conduct"	the code of conduct regarding Directors' securities transactions adopted by the Company
"Company" or "Sino-Ocean Service"	Sino-Ocean Service Holding Limited (遠洋服務控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 06677)
"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 C3 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 under the laws of the PRC with limited liability, which is a wholly-owned subsidiary of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Share Registrar"	the Company's Hong Kong branch share registrar, Tricor Investor Services Limited
"Share(s)"	the ordinary share(s) of the Company with a nominal value of HKD0.10 each
"Shareholder(s)"	the shareholder(s) of the Company
"Sino-Ocean Group"	Sino-Ocean Holding and its subsidiaries
"Sino-Ocean Holding"	Sino-Ocean Group Holding Limited (遠洋集團控股有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 03377), and the controlling Shareholder
"Sino-Ocean Mechatronics"	Sino-Ocean Mechatronics Equipment Technology Development Co., Ltd.* (遠洋機電設備技術發展有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"SOG China"	Sino-Ocean Holding Group (China) Limited (遠洋控股集團(中國)有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Sino-Ocean Holding

"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, 26 March 2024

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.