遠洋服務
SINO-OCEAN SERVICE

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

RESULTS HIGHLIGHTS

- As of 31 December 2021, the total contracted GFA of property management services was 105.9 million sq.m., and total GFA under management was 73.5 million sq.m., representing an increase of approximately 49% and 62% respectively as compared to 31 December 2020.
- Revenue increased by approximately 47% to RMB2,965.6 million as compared to 2020.
- Gross profit increased significantly by approximately 61% to RMB824.8 million as compared to 2020. Gross profit margin was approximately 28%, representing an increase of approximately 3 percentage points as compared to 2020.
- Profit for the year increased significantly by approximately 68% to RMB441.3 million as compared to 2020. Profit attributable to owners of the Company increased significantly by approximately 70% to RMB439.0 million as compared to 2020.
- Cash and cash equivalents increased by approximately 16% to RMB2,526.5 million as compared to 31 December 2020 thanks to enhanced collection of trade receivables and increase in revenue.
- Equity attributable to owners of the Company increased by approximately 18% to RMB2,402.3 million as compared to 31 December 2020.
- The Board is pleased to propose a final dividend of RMB0.093 per share (equivalent to HKD0.114 per share), in the form of cash.

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

The board of directors (the "Board") of Sino-Ocean Service Holding Limited (the "Company" or "Sino-Ocean Service") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively "our Group", "the Group" or "we") for the year ended 31 December 2021.

REVIEW AND OUTLOOK

2021 review

China's 14th Five-Year Plan commenced in 2021. As a quasi-public service business closely related to people's livelihood and at a time when the country vigorously advocated for people's livelihood, property service was given constant attention. Property management was admitted to the basic governance system that is essential to satisfy people's need for quality life. In 2020, China announced a series of policies governing and promoting the development of property management. In 2021, the government of the People's Republic of China (the "PRC") added new policies and all local authorities followed diligently. As the PRC government's directional policies were implemented in details, a consensus on supporting and promoting the expansion of property management from central to local areas was reached. The 14th Five-Year Plan passed in 2021 mentioned 'property service' numerous times, giving this industry unprecedented importance in the country's development strategy and pushing it into a 'golden era' of rapid growth. State policies on property management were two-pronged: one was to encourage and support the industry's expansion, the other was its regulation. While the policies have always been supportive and unwavering, more solid and effective regulatory measures will be conducive to the industry's healthy and quality growth. Non-compliant enterprises will be weeded out while superior enterprises will enjoy better resources and stand out. They will be an integral part of basic governance in society, offering high quality and diversified services to satisfy people's increasing need for quality life.

In 2021, frequent mergers and acquisitions in the property management industry took place and market expansion by enterprises gathered momentum. These enterprises built competitiveness through multi-discipline interaction, technology empowerment, optimal incentives and branding. Property management service became more market oriented, grew in scale and experienced an increase in the importance of branding. The industry's ability to iterate continuously, to streamline and provide comprehensive services in a professional and technology-enhanced manner was key in raising standards of diversified services. Value-added services based on real life scenarios became the second driver in rapid growth. By providing basic services, enterprises can discover and involve themselves in a wider range of economic and social activities in communities to satisfy residents' varied demands and at the same time achieve their own growth. Sustainable development is now main-stream. Enterprises are changing their approach, moving from purely pursuing speedy expansion to placing more emphasis on service quality, goodwill, outward expansion capability, application of technology and stronger operational efficiency.

In 2021, the Company completed a full year since listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). It was also the first year of the Group's 'five-phase' strategic development. We never forgot our original aspiration. Upholding the concept of 'serving customers with an artisan's spirit' and the vision of being an 'asset value and quality life maker', we worked assiduously and conscientiously to raise service quality, innovated operational management and probed growth potential. We were determined to be a branded superior integrated property management service provider in China. We forged ahead to break new grounds and achieved rapid growth in scale and performance during the year.

2022 outlook

Looking ahead, despite the ongoing macro measures and fluctuations in the industry, the nature of two-dimensional growth in property management will not change. The clear stance of the policies boosts confidence in the enterprises' development and broadens the industry's perimeters. Vertical deepening by subdividing services will continue to proceed. Enterprises need to count on their own professional capacity to enhance their service quality and growth. How to achieve high quality expansion and engage in healthy competition is a topic that every property service enterprise needs to address.

In 2022, the Group will adopt an even more proactive approach and adhere to the concept of 'serving customers with an artisan's spirit', with integrity and determination. We will remain steadfast to our principal business, enrich service contents continuously, and raise service quality and capabilities. We will be alert of policies relating to the industry and capture opportunities in the capital market. We will accelerate growth scale, focus on the two-dimensional expansion of value-added services, and incubate strategic subdivided segments with prospects to boost market share. We persevere with intensive cultivation, diligently apply management system on the principal business, and explore potential ceaselessly to enhance performance. We firmly hold our belief in sustainable development, build a team of talents who pursuit excellence, are pragmatic but bold, receptive and humble, honest and ambitious. Our vision is to become a branded superior integrated property management service provider in China, embark on a new journey in the year ahead and step up to a new stage of development.

RESULT REVIEW

2021 results

For the year ended 31 December 2021, the Group's revenue was RMB2,965.6 million, up approximately 47% year-on-year ("YoY"). Gross profit was RMB824.8 million, up approximately 61% YoY. Net profit for the year was RMB441.3 million, up approximately 68% YoY. Gross profit margin and net profit margin were approximately 3 and 2 percentage points higher respectively, which reached approximately 28% and 15% respectively. Profit attributable to owners of the Company rose from RMB257.6 million in 2020 to RMB439.0 million, growing approximately 70% YoY. Basic earnings per share was RMB0.37, up approximately 28% YoY.

As at 31 December 2021, the Group's contracted GFA was 105.9 million sq.m., 34.8 million sq.m. more than the end of 2020; GFA under management was 73.5 million sq.m., added 28.0 million sq.m. from the end of 2020; accumulated third-party contracted GFA reached 53.6 million sq.m., which increased from approximately 33% to 51% of the total contracted GFA, added third-party contracted GFA of 32.6 million sq.m., covering a wide variety of establishments including residential and commercial premises, offices, schools, hospitals, industrial parks, logistics parks, internet data centers, government buildings, urban spaces.

BUSINESS REVIEW

We are 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 2021, the Group's revenue from property management and commercial operational services amounted to RMB1,588.4 million, accounting for approximately 53% 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 years ended 31 December			
	2021		2020	
	Revenue *(RMB'000)*	**%**	Revenue *(RMB'000)*	%
Property management services on residential and other non-commercial properties	**1,126,331**	**71**	978,773	73
Commercial operational and property management services on commercial properties	**462,064**	**29**	360,483	27
Total	**1,588,395**	**100**	1,339,256	100

Expanding scale and diversifying business lines in a multi-pronged effort to drive qualitative growth. As of 31 December 2021, our contracted property management services for various business types amounted to 488 projects, with contracted GFA of 105.9 million sq.m. and GFA under management of 73.5 million sq.m., growing by approximately 49% and 62%, respectively, compared to 31 December 2020. During the year, the Group achieved rapid growth through expansion by multiple channels, such as tendering, merger and acquisition, joint venture and strategic cooperation, providing strong assurance for qualitative growth in revenue from the property management services segment. In terms of business line, the Group was gradually expanding a diverse servicing regime covering shopping malls, office buildings, hospitals, industry parks, logistics parks, internet data centers, schools, government buildings and urban space on top of residential properties, and was stepping up with its exploration of the urban service segment in an active bid to deploy in smart city development and integrated urban operational services.

The table below sets forth a breakdown of the contracted GFA and GFA under management of property management service projects as at the dates indicated:

	As at 31 December	
	2021	2020
Contracted GFA *('000 sq.m.)*	**105,858**	71,083
Number of projects relating to contracted GFA	**488**	318
GFA under management *('000 sq.m.)*	**73,484**	45,450
Number of projects relating to GFA under management	**360**	238

Integrating advantageous channels and brand resources to forge independent market development capabilities. In an increasingly competitive marketplace, the stable development of Sino-Ocean Group Holding Limited ("Sino-Ocean Group") and its long-term support for the Group as the Group's controlling shareholder has enabled continuous, high-quality business growth. Meanwhile, the Group has also substantially enhanced its independent market development ability on the back of its regional advantage, channel resources and brand influence. For 2021, the percentage share of third parties in the Group's contracted GFA of property management service projects increased from approximately 33% to 51%, with third parties accounting for 32.6 million sq.m. or approximately 87% of our newly added contracted GFA.

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

	As at 31 December							
	2021				2020			
	Contracted GFA		**GFA under management**		Contracted GFA		GFA under management	
	('000 sq.m.)	***%***	***('000 sq.m.)***	***%***	*('000 sq.m.)*	*%*	*('000 sq.m.)*	*%*
Properties developed/owned by Sino-Ocean Group (including its joint ventures and associates)	**52,254**	**49**	**40,687**	**55**	47,677	67	32,030	70
Properties developed/owned by other third parties[1]	**53,604**	**51**	**32,797**	**45**	23,406	33	13,420	30
Total	**105,858**	**100**	**73,484**	**100**	71,083	100	45,450	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.

As of 31 December 2021, our projects cover 78 cities across 24 provinces, autonomous regions and municipalities in China. Our geographical coverage has expanded from the Beijing-Tianjin-Hebei region to the Bohai Rim region and other regions in China, covering 5 major city clusters in the nation. We have a significant regional advantage in Beijing-Tianjin-Hebei and Bohai Rim regions, while gradually increasing the proportionate share in the Eastern China, Southern China and Central and Western China regions. As of 31 December 2021, Beijing-Tianjin-Hebei region, Bohai Rim region, Eastern China, Southern China and Central and Western China regions accounted for approximately 33%, 26%, 16%, 12% and 13%, respectively, of our GFA under management.

The table below sets forth a breakdown of the contracted GFA and GFA under management by geographic location as at the dates indicated and revenue generated from property management services for the years ended 31 December 2021 and 2020, respectively:

	As at 31 December or for the year ended 31 December							
	2021				2020			
	Contracted GFA *('000 sq.m.)*	**GFA under management** *('000 sq.m.)*	**Revenue** *(RMB'000)*	**%**	Contracted GFA *('000 sq.m.)*	GFA under management *('000 sq.m.)*	Revenue *(RMB'000)*	%
Beijing-Tianjin-Hebei region[1]	**32,312**	**24,615**	**613,456**	**40**	19,279	13,869	574,571	43
Bohai Rim region[2]	**23,903**	**19,215**	**312,025**	**20**	17,936	13,542	295,194	22
Eastern China region[3]	**16,361**	**11,891**	**290,719**	**19**	10,149	6,679	233,033	17
Southern China region[4]	**16,783**	**8,461**	**193,535**	**13**	12,090	6,420	159,614	12
Central and Western China region[5]	**16,499**	**9,302**	**120,168**	**8**	11,629	4,940	76,844	6
Total	**105,858**	**73,484**	**1,529,903**	**100**	71,083	45,450	1,339,256	100

Notes:

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

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

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

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

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

The Group's property management projects are mainly concentrated in first-tier and second-tier cities such as Beijing, Tianjin, Hangzhou and Chengdu. First-tier and second-tier cities accounted for approximately 92% of our GFA under management.

The table below sets out a breakdown of the contracted GFA and GFA under management in cities where the Group's property management projects were primarily located as at 31 December 2021 according to the city classification by China Business Network in 2021:

	Contracted GFA		GFA under management	
	'000 sq.m.	*%*	*'000 sq.m.*	*%*
First-tier cities	**18,176**	**17**	**16,143**	**22**
New first-tier cities	**32,551**	**31**	**21,783**	**30**
Second-tier cities	**39,612**	**37**	**29,481**	**40**
Other cities	**15,519**	**15**	**6,077**	**8**
Total	**105,858**	**100**	**73,484**	**100**

Enhancing owners' satisfaction with standardized services and efficiency with delicacy management efficiency. In 2021, we enhanced owners' satisfaction through a wide range of measures, as the Group reported a 94% property fee collection rate. We implemented visualized service standards, meaning that our service standards are clear and direct, such that there could be mutual supervision among on-site staff. Front-desk servicing actions were streamlined and formalized to facilitate measurable and assessable outcome of services, through which to enhance customers' appreciation of our services and an interactive overall experience. The servicing awareness and competence of the teams were strengthened through butler classification and training to foster a high-calibre butlers' team offering premium quality. Feature activities addressing customers' needs, such as "Care for Seniors Golden Retirement Service", "Exclusive Housekeeping Service" and "Sino-Ocean Health Keeper", were launched to enhance our brand influence. The customer complaint management regime was optimized to facilitate swift response and timely solutions to customer complaints, as a marked decrease in the average valid complaint was noted. In connection with delicacy management, the Group was committed to enhancing the intensity of city management, seeking to improve its response ability and reduce management costs through the mechanism of replicated staff deployment for commercial spaces and residential spaces at integrated development projects in the same city. Digitalization of servicing scenarios and work scenarios was further promoted to strengthen the application of digital intermediary and back-office operation centres, while functions such as smart security, smart patrolling, vacating system and work order warranty and maintenance were shared among multiple business lines and areas to enhance management efficacy and efficiency.

Property management services on residential and other non-commercial properties

As of 31 December 2021, the contracted GFA and GFA under management of the Group's residential and other non-commercial property projects were approximately 98.5 million sq.m. and approximately 69.3 million sq.m., respectively, growing by approximately 50% and 62%, respectively, as compared to 31 December 2020. There were a total of 430 contracted property management projects, representing an approximate 51% growth compared to 31 December 2020.

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

	As at 31 December	
	2021	2020
Contracted GFA *('000 sq.m.)*	**98,535**	65,646
Number of projects relating to contracted GFA	**430**	285
GFA under management *('000 sq.m.)*	**69,335**	42,902
Number of projects relating to GFA under management	**319**	217

Commercial operational and property management services on commercial properties

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

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

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

For the year ended 31 December 2021, the Group's revenue from commercial operational and property management services on commercial properties amounted to RMB462.1 million, growing by approximately 28% compared to the previous year.

Optimizing quality of mid- to high-end commercial property services while underpinning sustainability with green building concepts. As of 31 December 2021, the Group's commercial property management service projects with a contracted GFA amounted to 7.3 million sq.m. and GFA under management of 4.1 million sq.m., growing by approximately 35% and 63%, respectively, as compared to 31 December 2020. First-tier and second-tier cities accounted for more than 99% of our GFA under management. Focused on the two principal business forms of shopping malls and office buildings, the Group's commercial property management services continued to enhance rudimentary service standards and quality, while effectively improving customer satisfaction and reliance through the organization of a variety of feature community and cultural activities. The average property management fee for the year was RMB14.0/sq.m./month. In the meantime, we practised sustainable property management to the maximum extent by enhancing our energy utilization ratio and resource utilization ratio in adherence to the concept of "Building • Health". During the year, Ocean International Center (Beijing) and Ocean Office Park (Beijing) successfully obtained BOMA BEST International Management System certification and BOMA COE Building Management Certificate of Excellence, respectively.

Playing to the advantage afforded by our asset management platform to enhance servicing and operational capabilities on an ongoing basis. Since August 2021, the Group has started to undertake commercial operational services for shopping malls and office buildings of Sino-Ocean Group and its associates. An asset management platform has been established to accumulate experience in asset-light management, and project quality and profitability has been enhanced by leveraging fully the advantages afforded by the platform. For 2021, the gross profit margins of commercial operational services for shopping malls and office buildings were approximately 75% and 73%, respectively. For shopping mall projects, we bolstered strategic brand alliances with a special focus on developing premium brands to ensure the market competitiveness of our projects. Through research on "Generation Z" and insights into the journey of consumer experience with the aid of optimized data analysis tools, we consistently realigned our brand and business mixes to enhance our operational management capabilities. Intensive effort was made to identify members' potential and consolidate membership regimes, in order to empower operations on the back of accumulated data and extend the membership life cycle. Regarding office building projects, we consolidated our experience in operational management garnered so far to develop a differentiation edge through standardized services for space and specialized spatial conversion, as special customer activities were organized during holidays and festivals to foster a community ambience and enhance the concept of "Sharing•Health•Art". Improvements in the lease renewal rate, new customer referral rate, conversion rate and rental rates have been reported as a result.

Shopping malls

For the year ended 31 December 2021, the Group's revenue from commercial operational and property management services for shopping malls amounted to RMB251.9 million, growing by approximately 23% compared to the previous year.

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

	As at 31 December	
	2021	2020
Property management services		
Contracted GFA *('000 sq.m.)*	**5,678**	4,355
Number of projects relating to contracted GFA	**35**	20
GFA under management *('000 sq.m.)*	**2,722**	1,655
Number of projects relating to GFA under management	**21**	10
Commercial operational services*Note*		
Contracted GFA *('000 sq.m.)*	**905**	N/A
Number of projects relating to contracted GFA	**11**	N/A
GFA under management *('000 sq.m.)*	**600**	N/A
Number of projects relating to GFA under management	**8**	N/A

Note:

The Group has started to undertake commercial operational services for shopping malls and office buildings of Sino-Ocean Group and its associates since August 2021.

As at 31 December 2021, the Group provided commercial operational services to 8 shopping malls in operation and had 3 projects pending operation with a total contracted GFA of 0.9 million sq.m., located variously in first-tier and new first-tier cities such as Beijing, Tianjin, Wuhan and Hangzhou. The Group operates shopping malls through its three major product lines: the "Grand Canal Place" Series, "Lane" Series and "We-life" Series. The "Grand Canal Place" Series and the "Lane" Series are positioned as city-grade flagship commercial complexes, while the "We-life" Series is positioned as an urban community commercial hub.

The table below sets forth information of the shopping malls in operation and pending operation to which the Group provided commercial operational services by brand series as at 31 December 2021:

	Projects in operation		**Projects pending operation**	
Brand series	**Number of projects**	**Total GFA** *('000 sq.m.)*	**Number of projects**	**Total GFA** *('000 sq.m.)*
"Grand Canal Place" Series	1	138	1	104
"Lane" Series	0	0	1	175
"We-life" Series	7	462	1	26
Total	8	600	3	305

Office buildings

For the year ended 31 December 2021, the Group's revenue from commercial operational and property management services for office buildings amounted to RMB210.2 million, growing by approximately 35% compared to the previous year.

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

	As at 31 December	
	2021	2020
Property management services		
Contracted GFA *('000 sq.m.)*	**1,645**	1,082
Number of projects relating to contracted GFA	**23**	13
GFA under management *('000 sq.m.)*	**1,427**	893
Number of projects relating to GFA under management	**20**	11
Commercial operational services[Note]		
Contracted GFA *('000 sq.m.)*	**1,198**	N/A
Number of projects relating to contracted GFA	**15**	N/A
GFA under management *('000 sq.m.)*	**778**	N/A
Number of projects relating to GFA under management	**12**	N/A

Note:

The Group has started to undertake commercial operational services for shopping malls and office buildings of Sino-Ocean Group and its associates since August 2021.

As at 31 December 2021, the Group provided commercial operational services to 12 office buildings in operation and had 3 projects pending operation with a total contracted GFA of 1.2 million sq.m., including 4 external projects from third parties accounting of approximately 19% of the total contracted GFA.

Community value-added services

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

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

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

(iii) property brokerage services.

Foundation reinforced, regime improved, value-added services substantiated and comprehensive servicing abilities extended. For the year ended 31 December 2021, revenue from community value-added services amounted to RMB788.8 million, growing by approximately 149% compared to the previous year and accounting for approximately 27% of the Group's total revenue. In 2021, we further improved our community value-added service regime, in particular the four business focuses of "community living, leasing and sale, home decoration and resources from community space" to reinforce our business foundation and improve our product offering ability. In connection with community living services, service categories were meticulously designed on the basis of daily-life scenarios and customers' daily needs, while the "Ocean Homeplus U-select" online retail platform officially went into operation, connecting close to five thousand units in stock, introducing cooperative resources such as over one hundred branded manufacturers and source locations of production, and plan for marketing campaigns with special themes. Revenue from retail commodity sales grew by approximately 2,630% as compared to the previous year. In connection with lease and sales services, we have commenced operation of 40 property leasing outlets covering 70 projects in 12 cities, backed by an improved online business lease and sale system enabling large-scale management across different cities. Sales revenue grew by approximately 565% as compared to the previous year. Regarding home decoration services, we integrated premium resources to deliver refined service products and constructed a matrix for standardized product lines covering the full life-cycle of the property based on the critical needs of users. Through strategic centralized procurement, we have built a nationwide business resource database to safeguard both services and price rates. In terms of spatial resources, we processed spatial resources on a data basis and conducted visualized management to facilitate reasonable planning and refined operation with the aid of the resource management system to enhance the efficiency of resource utilization.

Vigorous exploration of new businesses to identify new scope for growth. While bolstering our principal business, we also made vigorous attempts at new businesses such as community retirement, in a bid to open up a new scope for growth in the community value-added services. The Group was selected as a pilot entity for the first stage of the "property + retirement" initiative in Beijing of the Ministry of Housing and Urban-Rural Development in 2021 and a pilot entity of the "property service + retirement service" scheme of Beijing Municipal Civil Affairs Bureau in early 2022, as it improved its retirement service regime with the benefit of policy support while provided experiences for the development of this sector. We conducted a series of customer poll and business planning and implementation on a trial basis at Ocean Paradise (Beijing) to plan for services such as home conversion for aged residents, catering, daily-life services, entertainment, community welfare and medical care based on an asset-light platform for community home retirement services, in a bid to meet the needs of elderly property owners. The door-step and remote community retirement service models were consistently verified and upgraded to build up service experience and lay a solid foundation for the burgeoning development of the new business.

The following table sets forth a breakdown of our revenue generated from community value-added services by service types for the years ended 31 December 2021 and 2020, respectively:

	For the year ended 31 December			
	2021		2020	
	RMB'000	***%***	*RMB'000*	*%*
Community asset value-added services[1]	**326,565**	**41**	245,185	78
Community living services[2]	**256,671**	**33**	38,505	12
Property brokerage services[3]	**205,599**	**26**	32,481	10
Total	**788,835**	**100**	316,171	100

Notes:

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

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

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

Value-added services to non-property owners

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

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

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

(iii) property engineering services.

Optimization of the engineering service business chain and deployment in smart city and smart properties. For the year ended 31 December 2021, revenue from value-added services to non-property owners amounted to RMB588.3 million, growing by approximately 60% as compared to the previous year and accounting for approximately 20% of the Group's total revenue. On the back of our extensive management experience and build-up of specialized technologies in engineering maintenance and intelligent service, we were actively exploring the property engineering service market, seizing firmly customers' requirement for equipment maintenance services as we further advanced various businesses such as intelligent conversion and mechanical and electrical installation to form a complete service chain that would enhance customer reliance.

Meanwhile, we deployed in smart city operation, maintenance and management to provide maintenance security for the operation of smart city infrastructure and the operation of urban space.

Forging a smart technology property platform and upgrading our digital operational decision-making regime. During the year, the Group established Beijing Yingwei Technology Service Co., Ltd.* (北京應維科技服務有限公司) in joint venture with Beijing Intelligent Building Technology Co., Ltd.* (北京智能建築科技有限公司) to provide smart conversion and upgrade as well as premium maintenance and repair services with a special focus on the full-cycle management of mid- to high-end property equipment and facilities. A smart technology property platform providing smart operational service systems and solutions has been built to facilitate the upgrade of traditional properties from the operation of space and assets to a digitalized operational decision-making regime.

The following table sets forth a breakdown of our revenue generated from value-added services to non-property owners by service types for the years ended 31 December 2021 and 2020, respectively:

	For the year ended 31 December			
	2021		2020	
	RMB'000	***%***	*RMB'000*	*%*
Pre-delivery services[1]	**204,109**	**35**	197,653	54
Consultancy services[2]	**136,396**	**23**	58,605	16
Property engineering services[3]	**247,824**	**42**	111,634	30
Total	**588,329**	**100**	367,892	100

Notes:

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

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

3) Mainly represents property engineering services to property developers and other property management companies, including engineering, greening, gardening, repair and maintenance of residential communities and non-residential properties, equipment operation and maintenance and the upgrade of smart security systems.

* *For identification purposes only.*

FUTURE DEVELOPMENT PLANS

To consistently expand our business scale and enhance the ability to develop third-party customers.

We will enhance our ability to develop third-party customers by optimizing our deployment in cities and diversifying our channels, in a bid to expand our business scale and business services, while ensuring the operating efficiency of our projects to fortify our ability to develop independently. We will continue to deepen cultivation in first- and second-tier cities and other strategic cities where we have established a heavy presence, while seeking entry into other opportunistic cities where conditions are favourable to enhance the effect of regional synergetic management. Focused on our principal business lines of residential and commercial properties, we will vigorously explore property management services for a diverse range of sectors through channel development and strategic cooperation, in order to speedily complement our existing portfolio with sectors that offer growth potential and synergy, such as hospital, schools, government buildings and industry parks. Meanwhile, we will also actively drive the implementation of city service projects. We will ensure the operating efficiency of external projects in persistent adherence to the principle of qualitative development. In the meantime, we will further accelerate the recruitment of talents and forge an elite market development team through staff training, appraisal and the realignment mechanism to provide staunch support for rapid growth in the scale of expansion.

To develop the principal business of community value-added services with intensive effort while actively exploring innovative businesses such as community retirement services.

We will continue to deepen as well as broaden our existing community value-added services. While continuing to focus on the depth and scope of the principal business, we will also implement innovative business models based on users, services, scenarios and resources. In connection with the principal business, we will forge a solid business foundation, expand our business scale and improve our serviced quality based on users' requirements and daily-life scenario, with a view to enhancing customer reliance and identifying customer values. In the meantime, we will streamline our business process regime and advance scenario-based, product-based and refined operations, implementing business details to enhance operating efficiency. Regarding innovative businesses, we will continue to identify value-added services holding out good potential, including sub-segments such as community retirement services, tourism, food catering and future education. We will continue to increase investment in community retirement and optimize the asset-light platform operating model for home retirement services to offer service quality and service standards, while seeking high-calibre partners to provide long-term, sustainable home retirement services as well as improving our online and offline smart retirement service regime to foster brand influence and expand our scale.

To enhance core competitiveness by optimizing end-to-end property management + asset management services in the commercial segment.

We will further identify the requirements of commercial customers and optimize the end-to-end service regime for essential property management services plus asset-light commercial asset management services to expand the commercial segment, enhance profitability and improve core competitiveness. We will consolidate the property management and commercial operational teams and resources and step up with the creation of tiered service products and feature auxiliary services for essential property management according to the characteristics of commercial customers and the changing trends of their demands. Leveraging further the operating advantage of our asset management platform, we will design marketing activities through multi-dimensional data estimations and intelligent analysis and optimize our operational management strategy on a data-centric basis to enhance our capabilities in refined operations and improve the operating efficiency of projects. We will strengthen the promotion and application of the "Building • Health" concept in the course of project operation to foster "differentiated" services, with a view to enhancing overall service quality and customer satisfaction, as well as assuring stable growth in renewal rate and rental level.

FINANCIAL REVIEW

Revenue

The Group's revenue in 2021 increased significantly by approximately 47% to RMB2,965.6 million, from RMB2,023.3 million in 2020. 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 53%, 27% and 20% of the Group's total revenue in 2021, respectively.

The following table sets forth the breakdown of our revenue by business lines for the years ended 31 December 2021 and 2020 respectively:

	For the years ended 31 December			
	2021		2020	
	RMB'000	***%***	*RMB'000*	*%*
Property management and commercial operational services				
(a) Property management services on residential and other non-commercial properties	**1,126,331**	**38**	978,773	48
(b) Commercial operational and property management services on commercial properties	**462,064**	**15**	360,483	18
Sub-total	**1,588,395**	**53**	1,339,256	66
Community value-added services	**788,835**	**27**	316,171	16
Value-added services to non-property owners	**588,329**	**20**	367,892	18
Total	**2,965,559**	**100**	2,023,319	100

Revenue from property management and commercial operational services increased by approximately 19% to RMB1,588.4 million in 2021 from RMB1,339.3 million in 2020, among which, (a) revenue from property management services on residential and other non-commercial properties increased by approximately 15% to RMB1,126.3 million in 2021 from RMB978.8 million in 2020. The increase was mainly attributable to an increase in our GFA under management, which reached 69.3 million sq.m. as at 31 December 2021 (31 December 2020: 42.9 million sq.m.) with an increase in the number of properties under management to 319 as at 31 December 2021 (31 December 2020: 217), due to our business expansion; (b) revenue from commercial operational and property management services on commercial properties increased by approximately 28% to RMB462.1 million in 2021 from RMB360.5 million in 2020. The increase was mainly attributable to (i) an increase in our GFA under property management services, which reached 4.1 million sq.m. as at 31 December 2021 (31 December 2020: 2.5 million sq.m.) with an increase in the number of commercial properties under property management services to 41 as at 31 December 2021 (31 December 2020: 21), due to our business expansion; and (ii) the extension of commercial operational services to the owners of shopping malls and office buildings for 20 projects with a total GFA under management of 1.4 million sq.m. as at 31 December 2021 (31 December 2020: nil).

Revenue from community value-added services increased by approximately 149% to RMB788.8 million in 2021 from RMB316.2 million in 2020. The increase was mainly attributable to (i) revenue from community living services increased by approximately 567% to RMB256.7 million in 2021 from RMB38.5 million in 2020 due to the increase in income from home decoration services and retail sales of commodities with our vigorous promotion during the year; and (ii) revenue from property brokerage services increased by approximately 533% to RMB205.6 million in 2021 from RMB32.5 million in 2020 as a result of our successful expansion of the coverage of our property brokerage services during the year.

Revenue from value-added services to non-property owners increased by approximately 60% to RMB588.3 million in 2021 from RMB367.9 million in 2020. The increase was mainly attributable to (i) revenue from consultancy services which increased by approximately 133% to RMB136.4 million in 2021 from RMB58.6 million in 2020 due to our vigorous promotion and the increase of bespoke consultancy services to property developers to assist with the overall planning and coordination of pre-sale activities; and (ii) revenue from property engineering services which increased by approximately 122% to RMB247.8 million in 2021 from RMB111.6 million in 2020, which was primarily because we undertook more property engineering projects for the repair and maintenance services and smart management services for property projects during the year.

Cost of sales

Cost of sales increased by approximately 42% to RMB2,140.7 million for the year ended 31 December 2021 as compared with that of RMB1,512.0 million for the year ended 31 December 2020. The increase was in line with the increase in the Group's revenue.

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

Sub-contracting costs for security, greening and cleaning for the year ended 31 December 2021 increased by approximately 23% to RMB689.4 million as compared to RMB559.7 million for the year ended 31 December 2020, which was primarily attributable to the increase in our GFA under management as well as a general increase in sub-contracting fees charged by our sub-contractors due to an increase in labor costs of our sub-contractors.

Staff cost for the year ended 31 December 2021 increased by approximately 27% to RMB620.6 million as compared with that of RMB489.7 million for the year ended 31 December 2020, which was in line with the continuous increase in the number and scale of the Group's projects under management and additional staff are required. Also, we were entitled to certain exemptions from contributions of social insurance by the local governments in response to the pandemic during the first half of 2020, while there was no such exemption in 2021.

Maintenance expenses and cost of consumables and raw materials increased by approximately 47% and 83% to RMB232.4 million and RMB131.1 million for the year ended 31 December 2021, respectively, as compared to RMB158.2 million and RMB71.8 million for the year ended 31 December 2020, respectively, which was in line with the increase in revenue from property engineering services.

Cost of goods sold and sub-contracting costs for home decoration and property agency services increased to RMB115.6 million and RMB100.0 million for the year ended 31 December 2021, respectively, as compared to nil and nil for the year ended 31 December 2020, respectively, which was primarily attributable to the expansion of retail sales of commodities and home decoration services.

Gross profit and gross profit margin

Gross profit increased by approximately 61% to RMB824.8 million for the year ended 31 December 2021 from RMB511.3 million for the year ended 31 December 2020. Our overall gross profit margin increased to approximately 28% for the year ended 31 December 2021 from approximately 25% for the year ended 31 December 2020 primarily due to the increased contribution in revenue from community value-added services and commercial operational services which recorded higher gross profit margins.

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

	For the years ended 31 December			
	2021		2020	
	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	**222,283**	**20**	161,760	17
(b) Commercial operational and property management services on commercial properties	**155,702**	**34**	77,878	22
Sub-total	**377,985**	**24**	239,638	18
Community value-added services	**316,495**	**40**	197,340	62
Value-added services to non-property owners	**130,355**	**22**	74,323	20
Total	**824,835**	**28**	511,301	25

Gross profit margin for property management and commercial operational services increased from approximately 18% for the year ended 31 December 2020 to approximately 24% for the year ended 31 December 2021 which was primarily due to (i) our active implementation of refined management measures to improve efficiency; and (ii) the extension of commercial operational services in 2021 with a higher gross profit margin.

Gross profit margin for community value-added services decreased from approximately 62% for the year ended 31 December 2020 to approximately 40% for the year ended 31 December 2021 which was primarily due to the increased contribution in revenue from home decoration services and retail sales of commodities with lower gross profit margins as compared to traditional community value-added services.

Gross profit margin for value-added services to non-property owners increased from approximately 20% for the year ended 31 December 2020 to approximately 22% for the year ended 31 December 2021 which was primarily due to the increased contribution for revenue 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 utilize our existing resources from provision of property management services and incur less incremental cost, in particular, staff cost.

Other income and other net losses

The other income for the year ended 31 December 2021 mainly comprised of government grants and interest income. The other income decreased by approximately 79% to RMB35.6 million for the year ended 31 December 2021 from RMB173.5 million for the year ended 31 December 2020. This decrease was mainly attributable to the decrease of interest income from loans due from a related party of RMB147.4 million since the loan was settled in full during 2020.

We recorded other net losses of RMB7.2 million for the year ended 31 December 2021 as compared to net losses of RMB10.2 million for the year ended 31 December 2020. The decrease of RMB3.0 million was mainly due to the decrease of net foreign exchange losses as a result of the reduction of foreign currency deposits whilst the appreciation of RMB against HKD and USD during 2021.

Operating expenses

Selling and marketing expenses increased by approximately 45% to RMB22.8 million for the year ended 31 December 2021 from RMB15.7 million for the year ended 31 December 2020. The increase was primarily due to the resumption of community activities during the year ended 31 December 2021 as the epidemic in mainland China has eased.

Administrative expenses increased by approximately 57% to RMB286.1 million for the year ended 31 December 2021 from RMB182.8 million for the year ended 31 December 2020. The increase was primarily due to the (i) increase in post-listing related expenses; (ii) increase in staff cost during the year as there are more staff being recruited after the Company is listed on the Stock Exchange, and there had been no exemptions from contributions of social insurance during 2021; and (iii) the increase in office expenses as a result of the enhancement of our internal information technology infrastructure and the expansion and diversification of businesses during the year. The increase was partially offset as we incurred listing expenses of RMB37.5 million for the year ended 31 December 2020 but nil for the year ended 31 December 2021.

Net impairment losses on financial assets

Net impairment losses on financial assets decreased by approximately 37% to RMB19.7 million for the year ended 31 December 2021 from RMB31.2 million for the year ended 31 December 2020. The decrease was primarily due to the decrease in net impairment losses on trade receivables as a result of the enhanced collection of trade receivables.

Finance cost

Finance cost decreased by RMB130.0 million to RMB1.4 million for the year ended 31 December 2021 from RMB131.4 million for the year ended 31 December 2020, which was mainly attributable to the decrease of RMB130.4 million in interest expenses incurred for asset-backed securities since we have early repaid it in full in 2020.

Share of results in joint ventures

Share of results in joint ventures increased by RMB15.3 million to RMB31.4 million for the year ended 31 December 2021 from RMB16.1 million for the year ended 31 December 2020. The significant increase was mainly attributable to the share of full year profit from the 50% equity interest in two property management companies we acquired in June 2020.

Taxation

In line with the increase of profit before income tax, income tax expense increased by approximately 68% to RMB113.3 million for the year ended 31 December 2021 from RMB67.6 million for the year ended 31 December 2020. Effective tax rate for the year ended 31 December 2021 remained stable at approximately 20% (2020: approximately 20%).

Profit attributable to owners of the Company

Benefiting from the increase of revenue and the improvement in profitability for the year ended 31 December 2021, the profit attributable to owners of the Company increased by approximately 70% to RMB439.0 million, as compared to RMB257.6 million for the year ended 31 December 2020. Our management will continue to focus on the improvement of our shareholders' return as on-going task.

Investment properties

As at 31 December 2021, the Group did not have any investment properties (31 December 2020: RMB85.5 million). Our investment properties as at 31 December 2020 represented certain community facilities and carpark spaces located in the PRC which are held to earn rentals and for capital appreciation. As management considered that the intention of holding such properties has become external sales purposes, the Group has transferred all of its investment properties to inventories during the year accordingly.

Property, plant and equipment

Property, plant and equipment mainly consisted of office and operating equipment, leasehold improvement, vehicles and buildings. As at 31 December 2021, the Group's property, plant and equipment increased to RMB23.0 million from RMB20.2 million as at 31 December 2020 primarily due to the procurement of office and operating equipment and acquisition of subsidiary.

Intangible assets

Our intangible assets comprised of computer software, property management contracts and customer relationship, trademark and goodwill. As at 31 December 2021, the Group's intangible assets increased by RMB57.3 million to RMB164.3 million from RMB107.0 million as at 31 December 2020. The increase was primarily attributable to (i) the goodwill of RMB37.8 million and (ii) the property management contracts and customer relationship of RMB22.7 million arising from the acquisition of 80% equity interests of Ourui Property Management Group Limited* (甌睿物業集團有限公司) in 2021. The goodwill arising from the above acquisition represented the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired. The property management contracts and customer relationship acquired in the above acquisition are recognised at fair value at the acquisition date.

Inventories

Our inventories primarily consisted of carpark spaces and community facilities held for sale and consumables held for consumption during the provision of property management services. Our inventories increased to RMB176.2 million as at 31 December 2021 from RMB122.9 million as at 31 December 2020 mainly because the Group transferred certain community facilities and carpark spaces, which were classified as investment properties, to inventories during the year for the reason mentioned under the paragraph headed "Investment properties" above.

Trade and note receivables

Trade and note receivables are amounts due from customers for goods sold or services provided in the ordinary course of business. Our trade and note receivables mainly arise from our property management and commercial operational services and value-added services provided. We usually issue a monthly payment notice for value-added services customers, who must pay accordingly. We generally do not grant a credit term to our customers of property management services and a credit term of up to 30 days for commercial operational services and 60 days for value-added services to non-property owners.

As at 31 December 2021, our trade and note receivables amounted to RMB523.7 million, representing an increase of approximately 66% as compared to RMB315.5 million as at 31 December 2020. The increase was in line with the significant increase of the Group's revenue during the year. The average trade and note receivables turnover days during the year was 59 days (2020: 76 days). We will continue to enhance various measures to ensure the timeliness and expedite the recovery of our trade and note receivables.

Prepayments and other receivables

Our prepayments and other receivables include prepayment to suppliers, other receivables and prepaid tax which in aggregate increased to RMB219.6 million as at 31 December 2021 from RMB114.7 million as at 31 December 2020. The increase was primarily due to the increase of deposits paid to Sino-Ocean Group and its associates for obtaining the exclusive sales right on parking spaces in relation to our property brokerage services.

* *For identification purpose only.*

Trade and other payables

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

As at 31 December 2021, our trade and other payables amounted to RMB926.9 million, representing an increase of approximately 40% as compared to RMB659.8 million as at 31 December 2020, which was in line with the increase in cost of sales during the year. The average trade payables turnover days during the year remained stable at 62 days (2020: 64 days).

Contract liabilities

Contract liabilities represent our obligations to provide the contracted property management and commercial operational services, community value-added services and valued-added services to non-property owners. Our contract liabilities mainly arise from the advance payments made by customers while the underlying services such as property management services and carpark management services are yet to be provided. As at 31 December 2021, our contract liabilities amounted to RMB384.2 million, representing an increase of approximately 17% as compared to RMB327.9 million as at 31 December 2020 which was primarily resulting from expansion of business activities.

Capital expenditures

During the year ended 31 December 2021, we incurred capital expenditures of RMB14.9 million, representing an increase of approximately 66% as compared to RMB9.0 million for the year ended 31 December 2020, which mainly consisted of (i) purchase of property, plant and equipment such as office and operating equipment and (ii) purchase of intangible assets such as computer software.

Financial resources and liquidity

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

As at 31 December 2021, the Group had total cash resources (including cash and cash equivalents and restricted bank deposits) amounting RMB2,527.1 million (31 December 2020: RMB2,175.4 million), of which approximately 70% (31 December 2020: approximately 28%) of the Group's cash resources were denominated in RMB with the remaining balances mainly denominated in USD and HKD, and a current ratio of 2.6 times (31 December 2020: 2.7 times). We have ample financial resources and an adaptable financial management policy to support our business expansion in the coming years.

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

Major investments

As at 31 December 2021, the Group did not have any significant investments. Save as disclosed in the paragraphs headed "Use of net proceeds from listing", we have no other plans for material investments.

Capital commitments

As at 31 December 2021, the Group had capital commitments of RMB61.2 million (31 December 2020: nil), which related to capital investment in acquisition of subsidiaries primarily engaged in the provision of property management services in Zhengzhou and Dalian.

Charge on assets

As at 31 December 2021, we did not have any charges on our assets.

Contingent liabilities

As at 31 December 2021, we did not have any significant contingent liabilities.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

The Group did not have any material acquisition and disposal of subsidiaries, associates or joint ventures for the year ended 31 December 2021.

Risk of exposure to exchange rate fluctuations

The principal activities of the Group are conducted in the PRC. Foreign currency transaction mainly included receipts of proceeds from listing on the Stock Exchange and payment of professional fees which are dominated in HKD and USD. As at 31 December 2021, major non-RMB assets are cash and cash equivalents of RMB751.5 million denominated in HKD and USD (31 December 2020: RMB1,557.6 million). Fluctuation of the exchange rates of RMB against foreign currencies could affect the Group's results of operations. During the year ended 31 December 2021, 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.

Employees and human resources

As at 31 December 2021, the Group had 7,027 employees (31 December 2020: 5,928 employees). The total number of employees serving the Group has increased as there are more staff being recruited after the listing of the Company on the Stock Exchange and it was in line with our business expansion during the year. We will continue to strive for improvement in both manpower effectiveness and governance capability of the Group. Our employee benefit expenses for 2021 was RMB802.1 million (2020: RMB579.3 million).

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

Use of net proceeds from listing

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

- Approximately 60%, or HKD1,015.0 million (equivalent to approximately RMB855.8 million), will be used to pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of our property management business;

- Approximately 20%, or HKD338.3 million (equivalent to approximately RMB285.3 million), will be used to develop smart community through upgrading of our systems for smart management;

- Approximately 10%, or HKD169.2 million (equivalent to approximately RMB142.6 million), will be used to enhance our level of digitization and our internal information technology infrastructure; and

- Approximately 10%, or HKD169.2 million (equivalent to approximately RMB142.6 million), will be used for working capital and general corporate purpose.

As at 31 December 2020, none of the net proceeds had been utilised. As at 31 December 2021, our planned use and actual use of net proceeds from listing were as follows:

	Percentage of net proceeds *%*	**Available to utilise** *RMB million*	**Utilised during 2021** *RMB million*	**Accumulated utilised (up to 31 December 2021)** *RMB million*	**Unutilised (as at 31 December 2021)** *RMB million*	**Expected timetable for the usage of the unutilised net proceeds as of 31 December 2021**
Pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of our property management business	60%	855.8	45.7[1]	45.7	810.1	On or before 31 December 2023
Develop smart community through upgrading of our systems for smart management	20%	285.3	14.0	14.0	271.3	On or before 31 December 2023
Enhance our level of digitization and our internal information technology infrastructure	10%	142.6	28.1[2]	28.1	114.5	On or before 31 December 2023
Working capital and general corporate purpose	10%	142.6	35.2	35.2	107.4	On or before 31 December 2022
Total	100%	1,426.3	123.0	123.0	1,303.3	

The directors of the Company are not aware of any material change to the planned use of net proceeds as at the date of this announcement. The unutilised net proceeds as at 31 December 2021 were deposited with licensed banks or financial institutions in Hong Kong and mainland China for short-term deposits.

Notes:

1) Among the RMB45.7 million paid for business acquisition, RMB25.5 million was the partial payment for the acquisition of 80% of equity interests of a company primarily engaged in the provision of property management services in Wenzhou; and RMB20.2 million was the partial payment for the acquisition of 51% of equity interests of a company primarily engaged in the provision of property management services in Zhengzhou. As at the date of this announcement, the two acquisitions above have been completed.

2) As disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 7 December 2020, approximately 3% of net proceeds, or HKD50.9 million (equivalent to approximately RMB42.8 million) shall be used to establish and/or develop our operation management system for community value-added services by first half of 2021 and approximately 2% of net proceeds, or HKD34.0 million (equivalent to approximately RMB28.5 million) shall be used to establish and/or develop our financial-related systems by second half of 2021. As at 31 December 2021, only RMB9.6 million and RMB10.8 million were used on the aforesaid operation management system for community value-added services and financial-related systems, respectively, as we are formulating comprehensive information technology infrastructure development plan for better outcome to be generated by these systems. The related establishments and developments of the systems are expected to complete gradually in 2022.

The audited consolidated results of the Group for the year ended 31 December 2021 are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2021 RMB'000	2020 RMB'000
Revenue	4	**2,965,559**	2,023,319
Cost of sales	4, 7	**(2,140,724)**	(1,512,018)
Gross profit		**824,835**	511,301
Selling and marketing expenses	7	**(22,828)**	(15,730)
Administrative expenses	7	**(286,110)**	(182,838)
Net impairment losses on financial assets		**(19,706)**	(31,177)
Other income		**35,551**	173,488
Other losses, net	8	**(7,180)**	(10,154)
Fair value gains on investment properties		**–**	602
Operating profit		**524,562**	445,492
Finance costs	9	**(1,436)**	(131,430)
Share of results in joint ventures		**31,381**	16,105
Profit before income tax		**554,507**	330,167
Income tax expense	10	**(113,256)**	(67,610)
Profit for the year		**441,251**	262,557
Other comprehensive income		**–**	–
Profit and total comprehensive income for the year		**441,251**	262,557
Profit and total comprehensive income attributable to:			
— Owners of the Company		**439,020**	257,634
— Non-controlling interests		**2,231**	4,923
		441,251	262,557
Earnings per share for profit attributable to the owners of the Company			
— Basic and diluted (expressed in RMB per share)	11	**0.37**	0.29

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As of 31 December	
		2021	2020
	Note	***RMB'000***	*RMB'000*
Assets			
Non-current assets			
Investment properties		**–**	85,496
Property, plant and equipment		**23,042**	20,221
Intangible assets		**164,263**	107,033
Right-of-use assets		**24,056**	15,217
Investments in joint ventures		**150,671**	119,290
Deferred income tax assets		**19,735**	16,659
Total non-current assets		**381,767**	363,916
Current assets			
Inventories		**176,209**	122,886
Trade and note receivables	5	**523,691**	315,470
Prepayments and other receivables		**219,606**	114,743
Restricted bank deposits		**541**	338
Cash and cash equivalents		**2,526,530**	2,175,019
Total current assets		**3,446,577**	2,728,456
Total assets		**3,828,344**	3,092,372
Equity			
Equity attributable to owners of the Company			
Share capital		**99,829**	99,829
Reserves		**1,638,320**	1,703,440
Retained earnings		**664,134**	225,114
		2,402,283	2,028,383
Non-controlling interests		**31,845**	22,922
Total equity		**2,434,128**	2,051,305

	Note	As of 31 December 2021 RMB'000	2020 RMB'000
Liabilities			
Non-current liabilities			
Trade and other payables	6	**24,434**	8,526
Lease liabilities		**13,138**	4,393
Deferred income tax liabilities		**18,015**	12,543
Total non-current liabilities		**55,587**	25,462
Current liabilities			
Trade and other payables	6	**902,455**	651,304
Contract liabilities		**384,229**	327,943
Lease liabilities		**8,000**	8,338
Current tax liabilities		**43,945**	28,020
Total current liabilities		**1,338,629**	1,015,605
Total liabilities		**1,394,216**	1,041,067
Total equity and liabilities		**3,828,344**	3,092,372

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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

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

The consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors on 18 March 2022.

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

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 Hong Kong Institute of Certified Public Accountants ("HKICPA") and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through profit or loss.

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

(a) Amended standards adopted by the Group

The Group has applied the following amended standards for the first time for their annual reporting period commencing 1 January 2021:

- Covid-19-related Rent Concessions — Amendments to HKFRS 16
- Interest Rate Benchmark Reform — Phase 2 — Amendments to HKFRS 9, HKFRS 39, HKFRS 7, HKFRS 4 and HKFRS 16

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and amendments not yet adopted

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

	Effective for annual periods beginning on or after
Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2 — Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 — Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKFRS 17 — Insurance Contract	1 January 2023
Amendments to HKFRS 3 — Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 — Property, plant and equipment-proceeds before intended use	1 January 2022
Amendments to HKAS 37 — Onerous contracts — Cost of fulfilling a contract	1 January 2022
Annual Improvements to HKFRS Standards 2018–2020	1 January 2022
Revised Accounting Guideline 5 — Merger Accounting for Common Control Combinations	1 January 2022
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28 — Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The directors of the Company are of the view that the above new standards and amendments to existing standards that have been issued are not expected to have any significant impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 SEGMENT INFORMATION

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

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

The major operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC during the years of 2021 and 2020.

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

4 REVENUE AND COST OF SALES

Revenue mainly comprises of proceeds from property management and commercial operational services, community value-added services and value added services to non-property owners. An analysis of the Group's revenue and cost of sales by category for the years ended 31 December 2021 and 2020 is as follows:

		Year ended 31 December			
		2021		2020	
	Revenue from customer and recognised	**Revenue**	**Cost of sales**	Revenue	Cost of sales
		RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Property management and commercial operational services	Over time	**1,588,395**	**1,210,409**	1,339,256	1,099,618
Community value-added services	Over time and point in time	**788,835**	**472,340**	316,171	118,831
Value-added services to non-property owners	Over time	**588,329**	**457,975**	367,892	293,569
		2,965,559	**2,140,724**	2,023,319	1,512,018

For the year ended 31 December 2021 revenue from entities controlled by Sino-Ocean Group, joint ventures and associates of Sino-Ocean Group and the shareholder of ultimate holding company of the Group contributed 25.7% (2020: 20.4%) of the Group' s revenue. Other than Sino-Ocean Group and it's joint ventures, and associates and the shareholder of ultimate holding company of the Group, the Group has a large number of customers, none of whom contributed approximately 10% or more of the Group's revenue for the years ended 31 December 2021 and 2020.

5 TRADE AND NOTE RECEIVABLES

	As of 31 December	
	2021	2020
	RMB'000	*RMB'000*
Trade receivables		
— related parties	**209,628**	97,850
— third parties	**356,157**	298,562
	565,785	396,412
Note receivables		
— third parties	**235**	–
Less: allowance for impairment of trade and note receivables	**(42,329)**	(80,942)
	523,691	315,470

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

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

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

As of 31 December 2021 and 2020, the aging analysis of the trade and note receivables based on the invoice date, were as follows:

	As of 31 December	
	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**466,405**	254,341
1–2 years	**55,322**	57,482
2–3 years	**33,845**	36,417
Over 3 years	**10,448**	48,172
Total	**566,020**	396,412

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As of 31 December 2021, a provision of RMB42,329,000 (2020: RMB80,942,000) was provided against the gross amounts of trade and note receivables.

As of 31 December 2021 and 2020, the trade and note receivables were denominated in RMB, and the fair value of trade and note receivables approximated their carrying amounts.

6 TRADE AND OTHER PAYABLES

	As of 31 December	
	2021	2020
	RMB'000	*RMB'000*
Trade payables (a)		
— Related parties	**29,215**	22,347
— Third parties	**415,102**	256,930
	444,317	279,277
Other payables		
— Related parties	**32,042**	25,279
— Deposit	**132,419**	112,148
— Amounts collected on behalf of property owner	**100,845**	90,235
— Consideration payable for acquisition of a subsidiary	**28,600**	–
— Others	**24,468**	50,857
	318,374	278,519
Dividends payables		
— Non-controlling shareholders	**7,453**	4,145
Accrued payroll and welfare payables	**140,015**	92,125
Other taxes payables	**16,730**	5,764
	156,745	97,889
Less: non-current portion	**(24,434)**	(8,526)
Total	**902,455**	651,304

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

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

	As of 31 December	
	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**406,713**	269,703
1–2 years	**28,862**	6,652
2–3 years	**5,866**	2,271
Over 3 years	**2,876**	651
	444,317	279,277

7 EXPENSES BY NATURE

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Employee benefit expenses	**802,123**	579,278
Outsourced security, greening and cleaning expenses	**699,166**	566,258
Maintenance expenses and utilities	**348,436**	283,226
Cost of consumables and raw materials	**132,130**	72,602
Cost of goods sold	**115,583**	–
Sub-contract expenses for home decoration and property agency services	**100,009**	–
Office-related expenses	**96,417**	70,062
Cost of selling carpark spaces	**34,954**	11,702
Depreciation and amortisation charges	**29,272**	27,521
Community activities expenses	**20,689**	15,730
Taxes and surcharges	**14,520**	10,233
Service fee related to commercial operational services	**7,607**	–
Listing expenses	**–**	37,512
Auditors' remuneration	**3,740**	3,029
— Audit services	**2,600**	2,600
— Non-audit services	**1,140**	429
Others	**45,016**	33,433
	2,449,662	1,710,586

8 OTHER LOSSES, NET

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Fair value gains on financial assets at fair value through profit or loss	**1,628**	3,063
Gains on disposal of property, plant and equipment	**77**	142
Net foreign exchange losses	**(8,885)**	(13,355)
Others	**–**	(4)
	(7,180)	(10,154)

9 FINANCE COSTS

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Interest expense of asset-backed securities	**–**	130,406
Interest expense for lease liabilities	**1,436**	929
Others	**–**	95
	1,436	131,430

10 INCOME TAX EXPENSE

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

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Current income tax		
— PRC corporate income tax	**111,359**	66,926
— PRC land appreciation tax	**5,181**	780
Deferred income tax credit	**(3,284)**	(96)
	113,256	67,610

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Profit before income tax	**554,507**	330,167
Adjust for:		
Share of results of joint ventures	**(31,381)**	(16,105)
	523,126	314,062
Tax calculated at a tax rate of 25%	**130,782**	78,516
Tax effects of:		
Income not subject to tax	**(3,267)**	(71)
Effect of higher tax rate for the appreciation of land in the PRC	**3,886**	585
Expenses not deductible for tax purposes	**3,642**	1,759
Tax losses not recognised	**1,465**	1,991
Utilisation of previously unrecognised tax losses and expenses	**(616)**	(1,617)
Differences in tax rate	**(23,990)**	(13,396)
Others	**1,354**	(157)
	113,256	67,610

11 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares of 1,184,000,000 (2020: 900,131,148) in issue during the year.

	Year ended 31 December	
	2021	2020
Profit attributable to owners of the Company used in the basic earnings per share calculation *(RMB'000)*	**439,020**	257,634
Weighted average number of ordinary shares in issue *(in thousands)*	**1,184,000**	900,131
Basic and diluted earnings per share for profit attributable to the owners of the Company during the year *(expressed in RMB per share)*	**0.37**	0.29

For the years ended 31 December 2021 and 2020, diluted earnings per share was equal to the basic earnings per share as there were no dilutive shares.

12 DIVIDENDS

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Proposed final dividend of RMB0.093 (2020: RMB0.055) per ordinary share (a)	**110,112**	65,120

(a) On 18 March 2022, the Company proposed a final dividend of RMB110,112,000 for the year ended 31 December 2021.

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

SUBSEQUENT EVENT

Pursuant to certain share purchase agreements signed by the Group and certain third parties in December 2021, the Group will purchase 51% and 100% of issued shares of two target companies with the cash consideration of RMB31,350,000 and RMB50,000,000, respectively. The target companies are primarily engaged in the provision of property management services in Zhengzhou and Dalian.

As at the date of this announcement, the share purchase of the property management company in Zhengzhou has been completed while the share purchase of the property management company in Dalian is expected to be completed in first half of 2022.

Save as disclosed above, as at the date of this announcement, there is no material subsequent event after the reporting period.

AUDITOR'S PROCEDURES PERFORMED ON THIS ANNOUNCEMENT OF ANNUAL RESULTS

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto in this announcement of annual results for the year ended 31 December 2021 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement of annual results.

FINAL DIVIDEND

The Board proposed to recommend at the forthcoming annual general meeting of the Company (the "AGM") to be held on Wednesday, 25 May 2022 for the payment of a final dividend of RMB0.093 per ordinary share (equivalent to HKD0.114 per ordinary share, rounded to the nearest three decimal places) for the year ended 31 December 2021 (2020: RMB0.055 per ordinary share). The final dividend will be paid in cash in Hong Kong dollars. The relevant exchange rate is the average central parity rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China for the period from Friday, 11 March 2022 to Thursday, 17 March 2022 (RMB1 = HKD1.2311). The final dividend is subject to the approval of the shareholders of the Company (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 on Monday, 30 May 2022. 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 Company's Hong Kong share registrar, Tricor Investor Services Limited (the "Share Registrar") at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Monday, 30 May 2022.

It is expected that the cheques for dividend payment in relation to the final dividend will be despatched at the risk of those entitled thereto to their respective registered addresses on or around Tuesday, 14 June 2022.

ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, 25 May 2022. The notice of AGM will be published and despatched to the Shareholders in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 20 May 2022 to Wednesday, 25 May 2022 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar no later than 4:30 p.m. on Thursday, 19 May 2022.

PURCHASE, SALES 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 2021.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company had applied the applicable principles and complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2021, except for the deviations as disclosed herein.

The positions of the joint chairman of the Board (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 of the Company (the "Chief Executive Officer"). The Joint Chairmen provide leadership, guidance for the Board and ensures 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 of the Company's 2021 annual report which will be sent to the Shareholders on or about 14 April 2022.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2021.

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 that of the Company (www.sinooceanservice.com). The Company's annual report for the year ended 31 December 2021 will be despatched to the Shareholders on or about 14 April 2022 and will be available on the Company's and the Stock Exchange's websites at about the same time.

APPRECIATION

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

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

Hong Kong, 18 March 2022

As at the date of this announcement, the Board comprises Mr. Yang Deyong and Ms. Zhu Geying as executive directors, Mr. Cui Hongjie and Mr. Zhu Xiaoxing as non-executive directors, and Dr. Guo Jie, Dr. Xue Jun and Mr. Zhu Lin as independent non-executive directors.