中海物業
CHINA OVERSEAS PROPERTY

CHINA OVERSEAS PROPERTY HOLDINGS LIMITED
中 海 物 業 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2669)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

FINANCIAL HIGHLIGHTS

1. During the six months ended 30 June 2020, total gross floor area ("GFA") under our management increased by 10.2% to 157.5 million sq.m. from 142.9 million sq.m* at the end of last corresponding period. New/renewed property management contracts secured during the first half of 2020 amounted to a total contract sum of approximately HK$2,079.0 million.

2. Revenue increased by 18.0% to HK$2,850.1 million, comparing to HK$2,414.5 million* in the last corresponding period. Operating profit increased by 10.4% during the first half of 2020 against last corresponding period to HK$392.1 million for the period (2019: HK$355.2 million*).

3. Profit attributable to owners of the Company for the six months ended 30 June 2020 increased by 12.0% to HK$280.0 million against the last corresponding period (2019: HK$250.0 million*). Basic and diluted earnings per share was HK8.52 cents (2019: HK7.61 cents*), increased by 12.0%.

4. The Board declared the payment of an interim dividend of HK2.2 cents per share (2019: HK2.2 cents per share) for the six months ended 30 June 2020.

* *Note: Upon adoption of merger accounting method affected by the acquisition of a subsidiary in 2019, the comparative figures of the last corresponding period were restated accordingly.*

The board of directors (the "Board") of China Overseas Property Holdings Limited (the "Company" or "COPL") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2020. The six-month turnover of the Group increased by 18.0% to HK$2,850.1 million from the turnover of HK$2,414.5 million for the corresponding period last year (restated upon the completion of acquisition in last year). Operating profit rose by 10.4% to HK$392.1 million when compared to the last corresponding period (2019: HK$355.2 million (restated)). The profit attributable to owners of the Company increased by 12.0% to HK$280.0 million (2019: HK$250.0 million (restated)). Basic and diluted earnings per share was HK8.52 cents (2019: HK7.61 cents (restated)). Average return on equity was 35.1% (2019: 41.1% (restated)). After taking into account uncertainties brought from the pneumonia epidemic, the dividend policy of the Group, business results for the period and future business development plans, the Board declared an interim dividend of HK2.2 cents per share (2019: HK2.2 cents per share) for the six months ended 30 June 2020.

As an avant-garde in the property management industry in China with first-class qualifications, COPL was established in Hong Kong in 1986 and set foot in Chinese Mainland in 1991. With the vision "To be an Outstanding Global Service Provider in Asset Management" and the mission "Creating More Beautiful Spaces to Embrace a Better Life" (拓展幸福空間,服務美好生活), COPL provides customers from various industries with standardised, detailed, professional and customised services by staying devoted to the service tenet "Property Assets to be Entrusted" and following the development strategy "One Base (basic property management services as the foundation), Two Wings (quality management and operating scale as the pair of wings) and Four Drivers (UN+ (優你互聯), Xinghai Wulian (興海物聯), asset management, investment and merger & acquisition as the drivers)". Currently, COPL has 21 city-based companies, with businesses distributed in 114 major cities in the People's Republic of China ("PRC") and approximately 42,710 employees. The types of properties under management include boutique residential buildings, commercial complexes, A plus-grade office buildings, government properties, industrial parks and others. With 200 pre-sales sites projects, 851 property management projects and nearly 157,500,000 square meters ("sq.m.") of service area, COPL serves over 100 corporate customers who are the world's top 500 companies and becomes the most reliable business partner of central enterprises, state-owned enterprises and private enterprises. In the first half of 2020, it was named as "Top 10 Listed Property Service Enterprises 2020" and "2020 China TOP 20 Property Management Service Enterprises with Outstanding Operating Performance" (「2020 中國物業服務企業運營表現 TOP20」), and was included in Morgan Stanley Capital International Index (MSCI) China Index as a constituent in May 2020. COPL received high recognition of the capital market.

As the urbanisation accelerated over the recent years, the property management industry entered the high-speed development era; the capital market witnessed property enterprises' "go-public" wave and recognised the industry's growth potential and stability; the industry continued to become more concentrated, which was accompanied with increasing industry consolidations such as mergers & acquisitions, the market become increasingly competitive; the value of high-quality services was gradually recognised by the market, value-added services experienced rapid growth, and the property management sector embraced a promising development outlook. However, subject to the unexpected coronavirus pandemic crisis, the property management industry, which was targeted at the general public, face to great challenges. In COPL, we took epidemic prevention and control as the top priority, actively cooperated with local governments to implement the epidemic prevention measures, guaranteed the hygiene condition and supported the life of people living and working in communities and non-residential projects managed by us, achieved appropriate and effective prevention and control and fulfilled our responsibility as a corporate citizen. COPL paid high attention to the epidemic, and the management made coordination and instructions in the whole process. The epidemic response leading group was established at the top speed, which initiated the first-level public health emergency response, took the lead in the industry to implement epidemic prevention and control measures, formed 77 standards and guidelines for pandemic prevention covering 13 categories, strictly implemented body temperature measurement at entrance and exit and seized the prime opportunity to control the virus. At the early stage of the outbreak, we improved the accommodation environment for employees immediately by installing ultraviolet sterilization devices in staffs' dormitory and canteens, reducing the density in these areas, improving the ventilation and enhancing disinfection. We prioritized the provision of N95 masks and goggles to staffs working at customer service positions, which were the footholds of frontline work. At the same time, we immediately launched the remuneration and benefit policy for frontline staffs in the time of epidemic prevention and control, and provided peace of mind to staffs with epidemic insurance. During the epidemic, intelligent AI customer service was launched to provide 24-hour health consultation services and one-click epidemic information toolkit was offered for customers to make quick inquiry; intelligent ultraviolet disinfection lamps were installed in elevators to disinfect when they are not in service; “Community Epidemic Prevention Daily” was published timely in UN+ App and services such as fresh food purchase and the online VR travel were also provided. During the epidemic, in order to satisfy diversified demands from home quarantine customers, innovative services such as daily necessities purchase and distribution, household garbage disposal, delivery in disinfection, free haircuts, free printing of learning materials, and jump-starting for private cars were provided to facilitate owners' daily lives. With the scientific prevention and control and the government-enterprise coordination and through the closed-end management, COPL helped the government to do the extensive investigation and health promotion and education, thus consolidating the most basic-level defensive line of epidemic prevention and control. From the early stage of the outbreak to the end of March, we accumulated 14,940,000 times of temperature checking for customers and 3,900 times of epidemic prevention and control promotion, was reported by Xinhua News Agency, CCTV News, People’s Daily and other mainstream media in various provinces and cities by more than 400 times and highly recognised by Hong Kong SAR Government, local governments of all levels in Chinese Mainland, received approximately 400 compliment letters and silk banners, received generous donations from owners and various social organisations, which greatly boosted staffs’ morale and improved the social recognition. Under the important condition that the epidemic prevention and control shall be well implemented, COPL actively promoted the resumption of work, made every effort to overcome difficulties caused by the epidemic, and therefore ensured that the operation continued stably in an orderly manner. At present, the whole country further enhances its stage achievements in epidemic prevention and control, and the economy runs in an orderly manner and records accelerated recovery, which provides a positive and stable environment for fully returning to normal production and operation. On the other hand, the epidemic underlines the role of property service enterprises, which integrate into the government's unified epidemic prevention and control system and play an important role, thereby showing the "Last Mile" service value. In the meantime, the cyclicity and risk resistance nature of the property management industry is highlighted remarkably. The epidemic prevention and control promotes telecommuting, online education and online shopping to rapidly become a new production and life style, the accelerating incorporation of new technological products, such as contactless elevators, access control and smart temperature detection equipment, into the community management will further improve the intelligence level of property management industry. The Civil Code of the People's Republic of China promulgated in May 2020 systematically clarifies the responsibilities, rights and relations between property management enterprises and owners, owners' meeting, owners' committee, governmental departments, and provides standard rules for the focuses and difficult points of conflicts in the past property management practice. In the new legal environment, enterprises operating with integrity, driven by technology and management innovation will be rewarded by more market opportunities.

However, the pandemic continues to spread in the world and hit the world's economy with continuing evolution. External risks are rising significantly, and China's economy is faced with greater slowdown pressure and obviously increasing uncertainty and instability, which hinders the economic cycle and leads to a year-on-year decrease of 1.6% in GDP of the first half. Nevertheless, China's economy, on the whole, has gradually overcome the negative impact of the pandemic in the first half, and the economy returns to positive growth in the second quarter from a negative one and takes on the steady recovery, in spite of some declining indicators, losses caused by the epidemic to be offset and the pressure on full economic recovery. Facing the current challenges and opportunities, the Group, leveraging its efforts of over 30 years and the strong brand and market leading position established through deep cultivation, will develop strategies, forge ahead with confidence and courage, stick to the goal of strengthening the leading position in the industry, and do its utmost in the following aspects:

1. Quality management

With management practices and brand accumulation of over 30 years, we will march on the path of property management professionalism and refinement, and COPL has obtained the standard certifications of ISO9001:2008, ISO 10002:2004, ISO14001:2004 and OHSAS 18001:2007 in respect of quality control, environmental management, occupational health and safety management. Upholding the service tenet “customer first and service best”, we respond to customers’ needs, set customers’ satisfaction as the target, actively promote service product design, strengthen complaint management, enhance the building of customer service teams, establish the leftover problem solving and verifying mechanism through “Customer Satisfaction Survey” and “Mystery Customer Survey” of independent third parties, and invite customers to participate in the construction of the comprehensive and transparent supervision mechanism by meeting with customers, on-site visits, engaging quality supervisors and other activities. The current customer satisfaction reaches an outstanding level in the industry.

2. Business operation

COPL has diversified business segments covering office buildings, commercial properties, government construction, industrial parks and boutique residential buildings. With enhanced efforts to expand commercial and government projects, COPL is rewarded by additional projects, providing professional facility management services to the first project of Beijing Xiong’an New Area – Xiong’an Civic Service Center, and Shenzhen Museum of Contemporary Art and Planning Exhibition. In the meantime, it further acquires a number of large and landmark facility management contracts in Hong Kong and Macau regions, including the ports of Hong Kong-Zhuhai-Macao Bridge, West Kowloon Railway Station and other famous landmark projects; thereby, COPL obtains 10 services contracts out of the 15 entry and exit ports of Hong Kong. In addition, it is rewarded by security service contracts in respect of all courts under Hong Kong judicial organs and the comprehensive property management service contract of University of Macau.

3. Commercial property management

COPL advances with the times and forges ahead with determination. With its solid property management foundation of more than 30 years, it continuously consolidates its high-quality commercial resources, builds the "Hainawanshang" service brand by staying committed to the development philosophy "valuing all talents and achieving win-win outcome" (海納英才、萬商共贏), persistently cultivates the non-residential sector including office buildings, commercial complexes, industrial parks, government construction, schools and barracks, and devotes itself to becoming an excellent international asset management service provider driven by the new engine of whole-life-cycle and whole-business-chain asset management. While protecting the high-quality operation of customers' assets, COPL inherits the core values "Attention to Details, Professionalism, Integrity and Harmony", centers on the four core dimensions of China Overseas, namely, "Talent-oriented, Engineering-focused, High-quality and Informatized", continuously enhances the management foundation and constructs the international asset operation and management system to realise the mission of Hainawanshang "Creating More Beautiful Spaces to Create Business Value", promotes the management through innovation, improves the operation through quality, and creates the maximum value by diversified service products and strong commercial resource consolidation ability, so as to build a bright future for COPL's commercial property segment.

4. <u>Service model</u>

Relying on the extensive experience and professional abilities in property management, COPL provides customers with high-quality basic services, including security guarding, repair and maintenance, cleaning and greening and other professional services that preserve and increase the value of properties and maintain the good reputation of development properties. On top of that, COPL offers developers whole-process property consulting and management services in the property development stage, which include product positioning consulting, construction drawing review, advice on equipment and facility selection, pre-delivery services, delivery supporting services, delivery inspection services and engineering service quality monitoring. Currently, it has capabilities to expand to the whole industry chain.

5. <u>Value-added services</u>

After three years of business exploration and accumulation, the "U+" platform of COPL establishes a multi-business system that covers "community asset management, customer asset management and life service operation" (社區資產運營、客戶資產運營、生活服務運營) through online and offline channels, continuously fosters a community business environment with lasting vitality, nurtures the industry-leading asset management ability and gradually becomes another COPL's core market competitiveness.

6. Smart property management

Actively following technology trends, the Xinghai Wulian platform of COPL leverages the internet of things and smart hardware technologies to build a smart community; makes use of the internet technologies to establish online and offline business interactions, and becomes the interface for owners to connect with property management companies, neighbours and various service resources to realise owners' smart life; takes advantage of smart energy technologies to transform the energy utilisation model of projects, thereby improving energy consumption and cost structure and protecting the ecological environment; uses informatization means to improve business management and communication effectiveness, thus indirectly reducing operational costs. A series of research and development achievements of COPL have laid down a solid technological foundation for the informatization construction and better services.

7. Corporate social responsibility

COPL strives to meet the society's expectations and actively participates in the establishment of public welfare. The Group absorbs over 35,000 staffs to engage in cleaning, security guarding, greening, maintenance and other works, organises special recruitment campaigns targeted at poverty-stricken regions, provides job opportunities, protects labour safety, improves service skills and promotes the poverty alleviation through stabilising employment. It purchases agricultural products from poverty-stricken regions, establishes long-term charity sale channels in management projects and continuously launches promotion activities to help families of poverty-stricken regions increase incomes. It initiates "Green China Overseas•Eco-friendly Carnival" (綠動中海・環保嘉年華) to work with owners to promote the green lifestyle; actively coordinates with social work agencies, nursing homes, hope primary schools, maternal and child care service centres to launch volunteer activities, including “Flower and Youth” (花兒與少年), “Dream Summer Vacation” (嚮往的暑假) and “Warm Double Ninth Festival with Company of COPL” (溫暖重陽、中海相伴), donating teaching tools and books to schools and rehabilitation devices to breast cancer patients. In the times of fighting against typhoons and natural disasters, COPL “bears owners’ needs in mind and takes immediate actions to solve problems for owners” (想業主所想，急業主所急), takes proactive and timely actions to avoid injures and material property losses, and fulfills its service commitment and social responsibility with practical actions.

Looking forward, the property management industry is embracing the historic opportunities of thriving. In the face of development opportunities brought by China’s urbanisation and modernisation, the property sector and the infrastructure industry continuously register strong performance. On top of that, relevant policies launched by the government and the property sector gradually improve and relax. In view of such factors, we adhere steadfastly to the customer-centric quality management and the customer-centric service product design ability, stay committed to becoming the industry-leading brand with globalisation strategic layout and international management vision, make scientific judgement about situations and challenges through continuous operation analysis, follow the annual task and work plan and spare no effort to accomplish the annual task, so as to draw the curtain on the “Thirteenth Five Year Plan” and lay a good foundation for the start of “Fourteenth Five Year Plan”.

REVENUE AND OPERATING RESULTS

The Group is one of the leading property management companies in the PRC, with operations covering Hong Kong and Macau, which strives to preserve and add value to the properties under our management by providing high-quality and sophisticated services to the customers and maximising customer satisfaction. As at 30 June 2020, the gross floor area (“GFA”) under our management increased by 10.2% to 157.5 million sq.m. from 142.9 million sq.m. (restated) at the end of last corresponding period. This continuously strengthened our revenue base and improved our market competitive position.

As disclosed in last year’s annual report, the Group completed acquisition of a subsidiary from its controlling shareholder in 2019. According to the accounting standards, the consolidated financial statements would be presented using the principles of merger accounting, as if the Group had been combined with the acquired company in the acquisition at the outset. The comparative figures for the six months ended 30 June 2019 were restated accordingly.

Despite we are facing challenges from “Coronavirus Disease 2019” pneumonia epidemic (“COVID-19”) in the first half of the year, total revenue increased moderately by 18.0% to HK$2,850.1 million for the six months ended 30 June 2020, comparing to HK$2,414.5 million (restated) in the last corresponding period, which mainly arisen from (i) the increase in GFA under our management for the core-traditional property management sector; and (ii) the steady growth on value-added services to both non-residents and residents. These upsides were however partly offset by the effect of average depreciation of Renminbi against Hong Kong dollar during the past twelve months and the impacts of COVID-19 at the early stage of outbreak.

During the six months ended 30 June 2020, although our normal business operations have gradually resumed from the attacks of COVID-19 in the second quarter when the disease was under better control, the business was still affected to a certain extent. In additions, prevention and active control measures against the disease inevitably brought additional costs, despite that these costs were mitigated mainly from unparalleled government relief policies on provident fund contribution amounting to HK$69.0 million. Nevertheless, direct operating expenses raised relatively faster than our revenue growth by 21.2%, to HK$2,338.3 million for the period from HK$1,929.3 million (restated) in the corresponding period last year, while gross profit increased by 5.5% to HK$511.8 million in 2020 (2019: HK$485.2 million (restated)). As a result, gross profit margin dropped to 18.0% for the period (2019: 20.1% (restated)).

Other income and gains, net was HK$55.5 million for the period (2019: HK$23.0 million), mainly represented by unconditional government grants and interest income of HK$34.6 million and HK$18.6 million respectively (2019: HK$6.9 million and HK$16.5 million respectively). The increase in unconditional government grants was mainly attributable to the government subsidies against COVID-19, together with those from value-added and other taxes beneficial policies of HK$31.0 million for the period (2019: HK$3.5 million). The increase in interest income mainly benefited from a higher level of cash balances against last period together with more effective treasury management.

Fair value change on investment properties for the period recorded a slight loss of HK$1.9 million (2019: HK$0.3 million).

After deducting selling and administrative expenses of HK$154.9 million (2019: HK$141.3 million (restated)) and net impairment of trade receivables and payments on behalf of property owners for properties of HK$18.4 million for the period (2019: HK$11.4 million), operating profit increased by 10.4% to HK$392.1 million for the period (2019: HK$355.2 million (restated)). The increase in selling and administrative expenses was primarily due to increase in manpower and salary level driven by scale expansion. The increase in net impairment of trade receivables and payments on behalf of property owners for properties was in line with increase in trade and other receivables from the corresponding period in last year.

Overall, profit attributable to owners of the Company for the six months ended 30 June 2020 increased by 12.0% to HK$280.0 million against the last corresponding period (2019: HK$250.0 million (restated)).

SEGMENT INFORMATION

PROPERTY MANAGEMENT SERVICES

Revenue from property management services constituted 78.3% of total revenue for the six months ended 30 June 2020 (2019: 80.8% (restated)), and increased by 14.3% from last corresponding period to HK$2,230.0 million (2019: HK$1,951.9 million (restated)). During the six months ended 30 June 2020, we increased our total GFA under management to 157.5 million sq.m. that was 10.2% more comparing with the end of last corresponding period (2019: 142.9 million sq.m. (restated)).

For the six months ended 30 June 2020, approximately 93.9% and 6.1% of the segment revenue were generated from regular property management contracts under lump sum basis and commission basis respectively (2019: 92.9% (restated) and 7.1% (restated) respectively).

The segment gross profit margin was 16.2% for the period (2019: 16.8% (restated)). Although we committed additional costs on monitoring community health and preventive measures against COVID-19, these costs were mitigated from unparalleled government subsidy and relief policies. With continuing increase in segment revenue, the gross profit of our property management services segment increased by 9.9% from last corresponding period to HK$360.2 million for the six months ended 30 June 2020 (2019: HK$327.7 million (restated)).

Accordingly, after deducting administrative expenses and taking into accounts the other income (including the government subsidy and relief policies under COVID-19), the segment profit of the property management services increased by 24.4% to HK$311.1 million for the period (2019: HK$250.1 million (restated)).

VALUE-ADDED SERVICES

High customers' satisfaction and recognition of our traditional property management services facilitates the promotion and expansion of our value-added services to property developers, other property management companies and residents of the properties under our management. Revenue from the value-added services segment constituted 21.4% of total revenue for the six months ended 30 June 2020 (2019: 19.0% (restated)). During the period, although our normal business operations have gradually resumed from the attacks of COVID-19 in the second quarter when the disease was under better control, the business was still affected to a certain extent. The segment revenue, with a lower growth rate than the operating costs, increased by 33.7% to HK$611.2 million (2019: HK$457.1 million). The sub-segment revenue from value-added services to non-residents (for property developers and other property management companies) and residents increased by 34.5% and 31.9% to HK$421.0 million and HK$190.2 million respectively (2019: HK$312.9 million and HK$144.2 million respectively).

The increase in non-residents sub-segment revenue was mainly arisen from (i) expansion of the intelligent building & construction and technical support for specific engineering business; and (ii) gradually resumption in business volumes on pre-delivery services rendered to property developers, such as security, cleaning and repair and maintenance services for display units in pre-sales offices for developing properties.

In respect of value-added services to residents sub-segment, the increase in revenue was mainly arisen from huge demand on our retail business such as fresh food distribution and epidemic prevention materials under the disease. Both of the customers' recognition of our traditional property management services, and diversification of our product offerings and marketing channels through services offered with our online-to-offline platform facilitates meeting the various needs of residents of the properties, which promotes the life style quality and satisfaction of our customers.

In respect of the profitability, the gross profit margin of the value-added services segment for the period dropped to 24.4% (2019: 33.9%), of which, (i) that of value-added services to non-residents sub-segment decreased to 20.1% (2019: 25.0%) because direct operating expenses raised relatively faster than our revenue growth with the impact of the disease; (ii) the gross profit margin of value-added services to residents sub-segment dropped to 33.8% (2019: 53.2%) as a result of the change in sales mix for retailing items with significant demands for daily fresh food products and epidemic prevention materials that command lower profit margin.

Accordingly, the gross profit of value-added services decreased by 4.0% to HK$149.0 million (2019: HK$155.1 million). Of which, (i) the gross profit of value-added services to non-residents sub-segment increased by 8.2% to HK$84.8 million (2019: HK$78.3 million); and (ii) the gross profit of value-added services to residents sub-segment decreased by 16.3% to HK$64.2 million (2019: HK$76.8 million).

All in all, the segment profit from value-added services, having allowed for segment overhead, decreased by 5.7% against last corresponding period to HK$127.7 million (2019: HK$135.4 million).

CAR PARKING SPACES TRADING BUSINESS

We started the car parking spaces trading business since the second half of 2018. Through acquiring unfettered rights and ability to control and coordinate the sales of the car parking spaces at the properties under the Group's management, the Group can create greater ease and value to the residents of such properties, and thereby enhance the Group's overall management of the amenities within such properties. This in turn also enable the Group to take advantage of its existing abundance of cash balance and increase the shareholders' value.

During the six months ended 30 June 2020, revenue from the car parking spaces trading business segment increased by 62.4% to HK$8.9 million from last corresponding period (2019: HK$5.5 million), with segment profit recorded at HK$2.3 million during the period (2019: HK$2.3 million).

LIQUIDITY, FINANCIAL RESOURCES AND DEBT STRUCTURE

The Group adopts prudent financial policies, with effective financial and cash management under centralised supervision, and maintains adequate cash balances. As at 30 June 2020, net working capital amounted to HK$1,447.0 million (as at 31 December 2019: HK$1,279.4 million).

Bank balances and cash slightly decreased by 1.8% to HK$2,450.8 million from last year end (as at 31 December 2019: HK$2,495.7 million), in which, 95.5% were denominated in Renminbi and 4.5% were denominated in Hong Kong Dollar/ Macau Pataca.

FOREIGN EXCHANGE EXPOSURE

As the Group mainly recorded its revenue, receivables and payables and expenditures etc. in Renminbi for its PRC property management business, the management considers that a natural hedge mechanism existed. Meanwhile, fluctuations of exchange rates may impact our net assets value and financial results due to currency translation upon consolidation. If Renminbi appreciates/depreciates against Hong Kong dollar, we would record a(n) increase/decrease in our net assets value and financial results. At present, we have not entered into or traded any financial instruments, including derivative financial instruments, for hedging or speculative purpose. Hence, other than the effect of currency translation as mentioned above, we have neither experienced nor expected any material adverse effect on our business and operations due to the devaluation of Renminbi.

On one hand, the Group would closely monitor the volatility of Renminbi exchange rate, and would consider appropriate currency hedging policy for mitigating apparent exchange rate risk and enter into such hedging arrangement, if and when appropriate.

CAPITAL EXPENDITURES

The capital expenditures, which mainly represent additions to/payment on buildings, leasehold improvement, motor vehicles, machinery and equipment, furniture, fixtures, office equipment, leasehold right-of-use assets and software systems, were HK$29.4 million for the six months ended 30 June 2020.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2020, the capital commitments of the Group was HK$164.9 million, which mainly related to capital investment and acquisition of equipment and software. In additions, the Group provided counter-indemnities amounting to approximately HK$131.9 million, for guarantees issued in respect of certain property management service contracts for which we are required to provide performance bonds in the ordinary course of business.

Except as disclosed above, we had no other material capital commitments and outstanding contingent liabilities as at 30 June 2020.

MATERIAL ACQUISITIONS, DISPOSALS, SIGNIFICANT INVESTMENT AND FUTURE PLANS OF MATERIAL INVESTMENT

The Group had no material acquisitions, disposals, significant investments and future plans of material investment during the six months ended 30 June 2020.

EMPLOYEES

As at 30 June 2020, the Group had approximately 42,710 employees (as at 31 December 2019: 41,244). The pay levels of these employees are commensurate with their responsibilities, performance and the prevailing market conditions. The remuneration packages included basic salaries, discretionary bonus and provident fund contributions/ retirement pension scheme. Certain selected key personnel of the Group were also entitled to participate in a share incentive scheme of an intermediate holding company of the Group. The total staff costs incurred for the six months ended 30 June 2020 was approximately HK$1,524.7 million (2019: HK$1,286.7 million (restated)).

As part of our comprehensive training programme, we have provided classroom and online training to our staff to enhance technical and service knowledge as well as knowledge of industry quality standards and workplace safety standards.

CONDENSED CONSOLIDATED INCOME STATEMENT

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2020 and the comparative figures for the corresponding period in 2019 are as follows:

		Six months ended 30 June	
		2020	2019
		(Unaudited)	(Unaudited)
			(Restated)
	Note	**HK$'000**	HK$'000
Revenue	*5*	**2,850,124**	2,414,479
Direct operating expenses		**(2,338,298)**	(1,929,294)
Gross profit		**511,826**	485,185
Other income and gains, net		**55,473**	23,041
Loss arising from changes in fair value of investment properties		**(1,884)**	(337)
Selling and administrative expenses		**(154,901)**	(141,320)
Net impairment losses on financial assets - trade and other receivables		**(18,424)**	(11,361)
Operating profit		**392,090**	355,208
Share of profit of an associate		**86**	91
Share of profit of a joint venture		**33**	-
Finance costs		**(1,683)**	(795)
Profit before tax	*6, 7*	**390,526**	354,504
Income tax expenses	*8*	**(104,702)**	(102,448)
Profit for the period		**285,824**	252,056
Attributable to:			
Owners of the Company		**280,029**	249,989
Non-controlling interests		**5,795**	2,067
		285,824	252,056
		HK Cents	HK Cents
Earnings per share	*10*		
Basic and diluted		**8.52**	7.61

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
		(Restated)
	HK$'000	HK$'000
Profit for the period	**285,824**	252,056
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of subsidiaries of the Company	**(30,188)**	(2,985)
Total comprehensive income for the period	**255,636**	249,071
Total comprehensive income attributable to:		
Owners of the Company	**250,256**	247,049
Non-controlling interests	**5,380**	2,022
	255,636	249,071

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2020 (Unaudited) HK$'000**	31 December 2019 (Audited) HK$'000
Non-current assets			
Investment properties		**141,118**	145,898
Property, plant and equipment		**59,098**	56,471
Right-of-use assets		**62,860**	61,656
Intangible assets		**9,171**	11,657
Interest in an associate		**231**	145
Interest in a joint venture		**3,034**	3,164
Prepayments		**6,587**	5,540
Deferred tax assets		**25,191**	35,006
		307,290	319,537
Current assets			
Inventories	*11*	**396,562**	418,408
Trade and other receivables	*12*	**981,919**	766,247
Deposits and prepayments		**130,804**	97,406
Amount due from immediate holding company		**262**	231
Amounts due from fellow subsidiaries		**150,475**	90,220
Amounts due from related companies		**119,479**	107,613
Bank balances and cash		**2,450,801**	2,495,693
		4,230,302	3,975,818
Current liabilities			
Trade and other payables	*13*	**1,753,703**	1,745,903
Receipts in advance and other deposits		**780,083**	740,090
Lease liabilities		**23,543**	22,044
Amount due to immediate holding company		**120**	-
Amounts due to fellow subsidiaries		**12,186**	4,332
Amounts due to related companies		**11,637**	6,588
Tax liabilities		**202,013**	177,439
		2,783,285	2,696,396
Net current assets		**1,447,017**	1,279,422
Total assets less current liabilities		**1,754,307**	1,598,959
Non-current liabilities			
Lease liabilities		**32,214**	32,461
Deferred tax liabilities		**19,848**	31,795
		52,062	64,256
Net assets		**1,702,245**	1,534,703
Capital and reserves			
Share capital	*14*	**3,287**	3,287
Reserves		**1,670,721**	1,510,586
Equity attributable to owners of the Company		**1,674,008**	1,513,873
Non-controlling interests		**28,237**	20,830
Total equity		**1,702,245**	1,534,703

1. GENERAL INFORMATION

China Overseas Property Holdings Limited (the "Company") was incorporated in the Cayman Islands on 26 June 2006 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Suite 703, 7/F., Three Pacific Place, 1 Queen's Road East, Hong Kong.

The Company's immediate holding company is China Overseas Holdings Limited, a company incorporated in Hong Kong. The ultimate holding company of the Company is China State Construction Engineering Corporation (中國建築集團有限公司) ("CSCEC"), an entity established in the People's Republic of China (the "PRC") and the PRC government is a substantial shareholder of CSCEC.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are principally engaged in provision of property management services, value-added services and car parking spaces trading business.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2020 (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Interim Financial Statements do not include all of the information required for annual financial statements and thereby they should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019.

The Interim Financial Statements are presented in Hong Kong Dollars ("HK$"), unless otherwise stated.

The Interim Financial Statements are unaudited, but have been reviewed by the Audit Committee of the Company. The Interim Financial Statements were approved for issue on 20 August 2020.

2. APPLICATION OF BUSINESS COMBINATION UNDER COMMON CONTROL

On 15 August 2019, the Company (through its direct wholly-owned subsidiary) (the "Purchaser") entered into the acquisition agreement with its intermediate holding company, China State Construction Engineering Corporation Limited ("CSCECL") (through its indirect wholly-owned subsidiary) (the "Vendor"), a non-wholly owned subsidiary of CSCEC, pursuant to which the Purchaser agreed to acquire the entire equity interest of 武漢中建捷誠物業管理有限公司 (Wuhan Zhong Jian Zhe Cheng Property Management Limited*) ("Wuhan Zhong Jian") at a consideration of RMB4.7 million (equivalent to approximately HK$5.2 million). The entire equity interest of Wuhan Zhong Jian was transferred to the Group on 16 August 2019.

* *The English name of the company is a translation from its Chinese name and is for identification purposes only. If there are any inconsistencies, the Chinese name shall prevail.*

Basis of preparation

For the purpose of these condensed consolidated financial statements, the Company and Wuhan Zhong Jian were under common control of CSCEC, therefore it is accounted for as a business combination under common control. The assets and liabilities of the entities are consolidated by the Group using the existing book values from the controlling parties' perspective as if Wuhan Zhong Jian had been in existence within the Group structure throughout the periods presented, or since the date when the companies first came under the control of ultimate controlling party, whichever is a shorter period.

2. APPLICATION OF BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

Basis of preparation (Continued)

No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of business combination under common control, to the extent of the continuation of the ultimate controlling party's interest.

Inter-company transactions, balances and unrealised gains/losses on transactions between Wuhan Zhong Jian and other group companies are eliminated on consolidation.

The following is a reconciliation of the effect arising from the business combination under common control of Wuhan Zhong Jian on the condensed consolidated income statement.

Condensed consolidated income statement

For the six months ended 30 June 2019 (Unaudited)

	The Group (before business combination under common control) HK$'000	Effects of business combination under common control of Wuhan Zhong Jian HK$'000	Consolidated HK$'000
Revenue	2,400,420	14,059	2,414,479
Direct operating expenses	(1,917,222)	(12,072)	(1,929,294)
Gross profit	483,198	1,987	485,185
Other income and gains, net	23,041	-	23,041
Loss arising from changes in fair value of investment properties	(337)	-	(337)
Selling and administrative expenses	(141,303)	(17)	(141,320)
Net impairment losses on financial assets – trade and other receivables	(11,361)	-	(11,361)
Operating profit	353,238	1,970	355,208
Share of profit of an associate	91	-	91
Finance costs	(795)	-	(795)
Profit before tax	352,534	1,970	354,504
Income tax expenses	(101,994)	(454)	(102,448)
Profit for the period	250,540	1,516	252,056
Attributable to:			
Owners of the Company	248,473	1,516	249,989
Non-controlling interests	2,067	-	2,067
	250,540	1,516	252,056

2. APPLICATION OF BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

Basis of preparation (Continued)

Condensed consolidated income statement (Continued)

For the six months ended 30 June 2020 (Unaudited)

	The Group (before business combination under common control) HK$'000	Effects of business combination under common control of Wuhan Zhong Jian HK$'000	Consolidated HK$'000
Revenue	2,839,603	10,521	2,850,124
Direct operating expenses	(2,329,176)	(9,122)	(2,338,298)
Gross profit	510,427	1,399	511,826
Other income and gains, net	55,414	59	55,473
Loss arising from changes in fair value of investment properties	(1,884)	-	(1,884)
Selling and administrative expenses	(154,893)	(8)	(154,901)
Net impairment losses on financial assets – trade and other receivables	(18,424)	-	(18,424)
Operating profit	390,640	1,450	392,090
Share of profit of an associate	86	-	86
Share of profit of a joint venture	33	-	33
Finance costs	(1,683)	-	(1,683)
Profit before tax	389,076	1,450	390,526
Income tax expenses	(104,557)	(145)	(104,702)
Profit for the period	284,519	1,305	285,824
Attributable to:			
Owners of the Company	278,724	1,305	280,029
Non-controlling interests	5,795	-	5,795
	284,519	1,305	285,824

Note:

No other significant adjustments were made by the Group during the period to the net profit or loss of any entities as a result of the business combination under common control to achieve consistency of accounting policies.

3. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared under the historical cost basis except for investment properties, which are stated at fair values.

Save as described in note 4 “Adoption of new and revised Hong Kong Financial Reporting Standards” (“HKFRSs”), the accounting policies used in preparing the Interim Financial Statements are consistent with those of the annual financial statements for the year ended 31 December 2019.

4. ADOPTION OF NEW AND REVISED HKFRSs

In the current period, the Group has applied the following new and revised HKASs, HKFRSs, amendments and interpretations (hereinafter collectively referred to as the “new and revised HKFRSs”) issued by the HKICPA.

HKFRS 3 (Amendments)	Definition of a Business
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Hedge Accounting
Conceptual Framework for Financial Reporting 2018	
HKAS 1 and HKAS 8 (Amendments)	Definition of Material

The adoption of the above new and revised HKFRSs in the current period had no material impact on the Group’s results and financial position.

The Group has not early applied any of the following applicable new and revised standards and interpretations that have been issued but are not yet effective for the current accounting period.

Annual Improvements Project	Annual Improvements 2018–2020 Cycle [1]
HKFRS 3 (Amendments)	Reference to the Conceptual Framework [1]
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current [2]
HKAS 16 (Amendments)	Proceeds before Intended Use [1]
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract [1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]

[1] Effective for annual periods beginning on or after 1 January 2022
[2] Effective for annual periods beginning on or after 1 January 2023
[3] The mandatory effective date will be determined

The Group has already commenced a preliminary assessment of the relevant impact of these new or revised standards and amendments, certain of which may be relevant to the Group’s operations and may give rise to changes in disclosure and remeasurement of certain items in the financial statements. Preliminary assessment of these standards based on current available information does not indicate any significant impacts to the results and financial position of the Group as when these standards become effective.

5. REVENUE

Revenue from the Group's principal activities recognised during the period is as follows:

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
		(Restated)
	HK$'000	HK$'000
Property management services	**2,230,024**	1,951,873
Value-added services	**611,226**	457,143
Car parking spaces trading business	**8,874**	5,463
Total revenue	**2,850,124**	2,414,479

6. SEGMENT INFORMATION

The Group is organised into business segments based on the nature of services, and information is prepared and reported to the Group's management, for the purposes of resource allocation and assessment of performance.

The Group's operating and reportable segments under HKFRS 8 and the types of revenue are as follows:

Property management services	—	Provision of services such as security, repairs and maintenance, cleaning and garden landscape maintenance provided to mid- to high-end residential communities (including mixed-use properties), commercial properties, government properties and construction sites.
Value-added services	—	Provision of (i) value-added services to non-residents (for property developers and other property management companies), including engineering, pre-delivery (such as security, cleaning and repair and maintenance services for display units in pre-sales offices for developing properties), move-in assistance, delivery inspection, engineering service quality monitoring and consulting services, etc. and (ii) value-added services to residents, represented community asset management services (such as rental assistance, agency and custody for real estate transactions, common area rental assistance and rental of self-owned properties), living service operations (to meet the various needs of residents of the properties) and commercial service operations (to meet the needs of business users).
Car parking spaces trading business	—	Trading of various types of car parking spaces.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. Segment revenue represents revenue from both external customers and inter-segment revenue. Inter-segment revenue is charged at prevailing market rates and eliminated on consolidation. Segment profit included profits from the Company, the subsidiaries and share of profits of an associate and a joint venture. This is the measure reported to the management of the Group for the purposes of resource allocation and performance assessment.

6. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities

The following is analysis of the Group's revenue and profit by reportable segments:

	Property management services HK$'000	**Value-added services HK$'000**	**Car parking spaces trading business HK$'000**	**Elimination HK$'000**	**Consolidated HK$'000**
Six months ended 30 June 2020 (Unaudited)					
Reportable segment revenue					
- from external customers	**2,230,024**	**611,226**	**8,874**	**-**	**2,850,124**
- inter-segment revenue	**36,754**	**57,332**	**-**	**(94,086)**	**-**
	2,266,778	**668,558**	**8,874**	**(94,086)**	**2,850,124**
Timing of revenue recognition of reportable segment revenue from external customers					
- at a point of time	**-**	**123,537**	**8,661**	**-**	**132,198**
- over time	**2,230,024**	**486,281**	**-**	**-**	**2,716,305**
	2,230,024	**609,818**	**8,661**	**-**	**2,848,503**
Revenue from other sources from external customers					
- rental income	**-**	**1,408**	**213**	**-**	**1,621**
	2,230,024	**611,226**	**8,874**	**-**	**2,850,124**
Reportable segment profit	**311,083**	**127,650**	**2,291**	**-**	**441,024**
	(i)	**(ii)**			
Corporate expenses, net					**(50,498)**
Profit before tax					**390,526**

	Property management services HK$'000	Value-added services HK$'000	Car parking spaces trading business HK$'000	Elimination HK$'000	Consolidated HK$'000
Six months ended 30 June 2019 (Unaudited) (Restated)					
Reportable segment revenue					
- from external customers	1,951,873	457,143	5,463	-	2,414,479
- inter-segment revenue	37,992	34,678	-	(72,670)	-
	1,989,865	491,821	5,463	(72,670)	2,414,479
Timing of revenue recognition of reportable segment revenue from external customers					
- at a point of time	-	60,480	5,362	-	65,842
- over time	1,951,873	395,154	-	-	2,347,027
	1,951,873	455,634	5,362	-	2,412,869
Revenue from other sources from external customers					
- rental income	-	1,509	101	-	1,610
	1,951,873	457,143	5,463	-	2,414,479
Reportable segment profit	250,077	135,421	2,340	-	387,838
	(i)	(ii)			
Corporate expenses, net					(33,334)
Profit before tax					354,504

6. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (continued)

(i) Including net impairment provision for HK$18,424,000 (six months ended 30 June 2019: HK$11,361,000) of trade receivables and payments on behalf of property owners for properties managed under commission basis.

(ii) Including a loss arising from the changes in fair value of investment properties of HK$1,884,000 (six months ended 30 June 2019: HK$337,000).

The following is an analysis of the Group's assets and liabilities by reportable segments:

	Property management services HK$'000	**Value-added services HK$'000**	**Car parking spaces trading business HK$'000**	**Unallocated HK$'000**	**Consolidated HK$'000**
As at 30 June 2020 (Unaudited)					
Segment assets	**3,615,034**	**500,982**	**401,912**	**19,664**	**4,537,592**
Segment liabilities	**(2,525,311)**	**(161,008)**	**(1,650)**	**(147,378)**	**(2,835,347)**

	Property management services HK$'000	Value-added services HK$'000	Car parking spaces trading business HK$'000	Unallocated HK$'000	Consolidated HK$'000
As at 31 December 2019 (Audited)					
Segment assets	3,350,541	464,700	449,052	31,062	4,295,355
Segment liabilities	(2,534,926)	(192,520)	(352)	(32,854)	(2,760,652)

7. PROFIT BEFORE TAX

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited) (Restated)
	HK$'000	HK$'000
Profit before tax is arrived at after charging:		
Staff costs including directors' emoluments and share-based payment (note)	**1,524,687**	1,286,703
Sub-contracting costs	**405,190**	377,995
Impairment provision for trade and other receivables, net	**18,424**	11,361

Note: During the six months ended 30 June 2020, share-based payments to certain directors, senior management and other employees amounting to HK$1,911,000 (2019: HK$2,165,000) were recognised in profit or loss, with a corresponding credit to equity.

8. INCOME TAX EXPENSES

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
		(Restated)
	HK$'000	HK$'000
Income tax expenses comprise:		
Current tax for the period		
Hong Kong profits tax	**1,295**	532
Macau complementary income tax	**213**	15
PRC Enterprise Income Tax	**103,196**	94,146
PRC Withholding Income Tax	**13,136**	8,621
	117,840	103,314
Over-provision in prior years:		
Hong Kong profits tax	**-**	(198)
PRC Enterprise Income Tax	**(11,596)**	-
	(11,596)	(198)
Deferred tax:		
Current period	**(1,542)**	(668)
Total	**104,702**	102,448

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the period (2019: 16.5%).

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law') and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% (2019: 25%).

Macau complementary income tax is calculated at the prevailing tax rate of 12% in Macau (2019: 12%).

Under the EIT Law of the PRC, withholding income tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards, charging at the prevailing tax rate applied in the PRC tax jurisdiction. Withholding income tax amounting to HK$13,136,000 (2019: HK$8,621,000) for the six months ended 30 June 2020 has been provided for in the financial statements in respect of dividends distributed from a PRC subsidiary to the Company during the period.

9. DIVIDENDS

A dividend of HK$92,032,000 that relates to the year ended 31 December 2019 was paid in July 2020 (2019: HK$65,737,000).

On 20 August 2020, the board of directors has resolved to declare an interim dividend of HK2.2 cents per share (2019: HK2.2 cents), which is payable to shareholders whose names appear on the register of members on 18 September 2020. This interim dividend, amounting to HK$72,311,000 (2019: HK$72,311,000), has not been recognised as a liability in the Interim Financial Statements. It will be recognised in equity in the year ending 31 December 2020.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
		(Restated)
	HK$'000	HK$'000
Earnings for the purpose of basic earnings per share	**280,029**	249,989

Weighted average number of ordinary shares

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	'000	'000
Adjusted weighted average number of ordinary shares for the purpose of basic earnings per share	**3,286,860**	3,286,860

As there are no dilutive potential ordinary shares as at 30 June 2019 and 30 June 2020, the diluted earnings per share is equal to the basic earnings per share.

11. INVENTORIES

	30 June 2020	31 December 2019
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Car parking spaces, at cost	**396,562**	418,408

12. TRADE AND OTHER RECEIVABLES

	30 June 2020	31 December 2019
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Trade receivables	**858,753**	647,250
Less: Provision of impairment	**(93,795)**	(79,688)
Trade receivables, net	**764,958**	567,562
Other receivables, net	**216,961**	198,685
	981,919	766,247

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following is an aging analysis of trade receivables based on invoice date presented at the end of the reporting period:

	30 June 2020 (Unaudited) HK$'000	31 December 2019 (Audited) HK$'000
0–30 days	**177,026**	155,935
31–90 days	**196,493**	144,581
91–365 days	**236,923**	167,499
Within 1 year	**610,442**	468,015
1–2 years	**107,297**	65,440
Over 2 years	**141,014**	113,795
	858,753	647,250

Trade receivables are mainly arisen from property management services income from properties managed under lump sum basis and value-added services.

Property management services income from properties managed under lump sum basis in the PRC are received in accordance with the terms of the relevant property service agreements. Service income from property management services is due for payment by the residents upon the issuance of demand note.

Property management services income from properties managed under lump sum basis in Hong Kong has average credit period of not exceeding 60 days.

Provision of repair and maintenance, automation and other equipment upgrade services income is received in accordance with the terms of the relevant contract agreements, normally within 60 days from the issuance of payment requests.

Other value-added services income is due for payment upon the issuance of demand note.

Car parking spaces trading income is received in accordance with the terms of the sales and purchases agreements.

At the end of each reporting period, management reviews receivables for evidence of impairment on both an individual and collective basis. The Group applies the simplified approach to provide for expected credit losses model, which requires the use of the lifetime expected loss provision for all trade and other receivables.

13. TRADE AND OTHER PAYABLES

	30 June 2020 (Unaudited) HK$'000	31 December 2019 (Audited) HK$'000
Trade payables	**431,118**	427,487
Special fund (Note)	**96,203**	95,504
Temporary receipts from properties managed under commission basis	**184,891**	246,986
Temporary receipts from properties managed under lump sum basis	**317,757**	297,574
Accrued staff costs	**479,609**	562,220
Payables for value-added tax and other levies	**43,297**	45,365
Dividend payables	**92,032**	-
Other payables	**108,796**	70,767
	1,753,703	1,745,903

Note:

It mainly represents special maintenance fund held on custody of property owners for future settlement of construction costs for certain properties being managed by the Group.

The aging analysis of trade payables based on invoice date at the end of the reporting period is as follows:

	30 June 2020 (Unaudited) HK$'000	31 December 2019 (Audited) HK$'000
0–30 days	**115,168**	114,028
31–90 days	**66,828**	56,445
Over 90 days	**249,122**	257,014
	431,118	427,487

14. SHARE CAPITAL

Issued and fully paid:

	Number of shares	**Share capital HK$'000**
As at 1 January 2019 and 31 December 2019 (Audited), 1 January 2020 and 30 June 2020 (Unaudited)	**3,286,860,460**	**3,287**

INTERIM DIVIDEND

After taking into account uncertainties brought from COVID-19, the dividend policy of the Group, business results for the period and future business development plans, the Board declared the payment of an interim dividend of HK2.2 cents per share for the six months ended 30 June 2020 (for the six months ended 30 June 2019: an interim dividend of HK2.2 cents per share) representing a total amount of approximately HK$72,311,000. The interim dividend will be paid to the shareholders of the Company (the "Shareholders") on Monday, 5 October 2020 whose names appear on the Company's register of members (the "Register of Members") on 18 September 2020.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the eligible Shareholders' entitlement to the interim dividend, the Register of Members will be closed as appropriate as set out below:

Ex-dividend date	Tuesday, 15 September 2020
Latest time to lodge transfer documents for registration with the Company's Hong Kong branch share registrar and transfer office	At 4:30 p.m. on Wednesday, 16 September 2020
Closure of Register of Members	Thursday, 17 September 2020 to Friday, 18 September 2020 (both days inclusive)
Record date	Friday, 18 September 2020

For purposes mentioned above, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

REVIEW OF ACCOUNTS BY AUDIT COMMITTEE

The audit committee of the Company has reviewed with the management of the Company the accounting policies and practices adopted by the Group and discussed, among other things, internal control, risk management and financial reporting matters including a review of the unaudited interim results of the Group for the six months ended 30 June 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board and the management of the Company are committed to the principles of good corporate governance consistent with prudent management and enhancement of shareholder value. These principles emphasise transparency, accountability and independence.

During the six months ended 30 June 2020, the Company has adopted and complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the required standard regarding securities transactions set out therein throughout the six months ended 30 June 2020. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

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

The Company had not redeemed any of its shares during the six months ended 30 June 2020. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 30 June 2020.

PUBLICATION OF INTERIM RESULTS

This interim results announcement is published on the Company's website (http://www.copl.com.hk) and the Stock Exchange's designated website (http://www.hkexnews.hk).

APPRECIATION

Sincere appreciation would be expressed to our fellow directors and our entire staff for their efforts and our business partners and shareholders for their longstanding support.

By Order of the Board
China Overseas Property Holdings Limited
Zhang Guiqing
Chairman and Executive Director

Hong Kong, 20 August 2020

As at the date of this announcement, the Board comprises seven Directors, of which four are Executive Directors, namely Mr. Zhang Guiqing (Chairman), Dr. Yang Ou (Chief Executive Officer), Mr. Pang Jinying (Vice President) and Mr. Kam Yuk Fai (Chief Financial Officer); and three are Independent Non-executive Directors, namely Mr. Yung, Wing Ki Samuel, Mr. So, Gregory Kam Leung and Mr. Lim, Wan Fung Bernard Vincent.