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 2022

FINANCIAL HIGHLIGHTS

1. During the six months ended 30 June 2022, the gross floor area ("GFA") under our management increased by 27.2 million sq.m. or 10.5% to 287.2 million sq.m. from 260.0 million sq.m. at the last year end, in which, 64.7% of the new jobs with a contract sum of HK$1,459.7 million were secured from independent third parties. Residential projects and non-residential projects accounted for 66.2% and 33.8% of the new orders respectively, with corresponding contract sums amounting to HK$1,405.6 million and HK$1,151.8 million respectively. As at 30 June 2022, the portion of GFA under management from independent third parties and for non-residential projects increased to 31.1% and 23.8% respectively (At 31 December 2021: 27.6% and 22.8% respectively).

2. Revenue increased by 35.3% to HK$5,813.9 million, comparing to HK$4,295.6 million in the last corresponding period. Gross profit increased by 27.1% against last period to HK$877.4 million (2021: HK$690.2 million).

3. Profit attributable to shareholders of the Company for the six months ended 30 June 2022 increased by 32.7% to HK$521.7 million against the last corresponding period (2021: HK$393.1 million). Basic and diluted earnings per share was HK15.87 cents (2021: HK11.96 cents), representing an increase of 32.7%. Average return on equity was 33.8% (2021: 34.3%).

4. The Board declared the payment of an interim dividend of HK4.0 cents per share (2021: HK3.0 cents per share) for the six months ended 30 June 2022.

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 2022. The six-month turnover of the Group amounted to HK$5,813.9 million, representing an increase of 35.3% compared to the turnover of HK$4,295.6 million for the corresponding period last year. Operating profit for the period rose by 29.6% to HK$706.7 million when compared to the last corresponding period (2021: HK$545.3 million). The profit attributable to shareholders of the Company increased by 32.7% to HK$521.7 million (2021: HK$393.1 million). Basic and diluted earnings per share was HK15.87 cents (2021: HK11.96 cents). Average return on equity was 33.8% (2021: 34.3%). After taking into account the Group's dividend policy, interim business results and future business development plans, the Board declared an interim dividend of HK4.0 cents (2021: HK3.0 cents) per share for the six months ended 30 June 2022.

In the first half of 2022, the global environment was complex and challenging, and the world was still plagued by COVID-19 pandemic. Outbreaks of the disease in certain regions in China increased the downward pressure on the economy. But, the highly effective coordination of epidemic prevention and control coupled with continuous achievements in the economic and social development, as well as a package of policies and measures on stabilising the economy have been effectively implemented, that stabilising growth and stimulating consumption in every aspects and details, the overall consumer demand continued to resume momentum, and the economy stabilised and rebounded. As the neighbourhood guardian to the people, COPL took the initiative in various cities including Hong Kong, Shenzhen, Shanghai, Jilin, Beijing, to bravely take responsibilities and fully cooperate with the anti-pandemic works of municipal governments, proactively respond to emergencies such as mobile cabin facilities management and city lockdown control, etc. We have once again demonstrated the responsibility and commitment of a central stated-owned enterprise in endeavoring in protecting the health and safety of citizens and residents, and have contributed to the implementation of the general epidemic prevention policy of "Dynamic Clearing", thus strike equal balance between efficient coordination of epidemic prevention and control, and maintaining production and operation.

Entering the year poised to take off the Group's "14th Five-Year strategic plan", we are well positioned to look for opportunities amidst crisis and changes. The Group adheres to the general principle of "maintaining rapid growth" to accumulate critical mass for further ventures. With the corporate vision of "To be an Outstanding Global Service Provider in Asset Management" and the corporate mission of "We Manage Happiness", COPL adheres to the performance pledge of "Property Assets to be Entrusted" while leading a new journey with "1155" strategic objectives and measures: Having the goal of revitalising the "No.1 Butler" gilded signboard, we continue to define industry standards and strive to become the leading brand in the industry. We pursue sustainable, balanced, healthy and quality development and regard it as "One Core", and build "Five Benchmarks", including customer satisfaction benchmark, city and property project benchmark, operational results growth benchmark, sub-brand benchmark, and employee market value and team capability benchmark, as well as aim for "Brilliance in Five Competencies", in respect of service, product, market, technology and organisation.

We insist on consolidating our existing strengths in the basic services of core stream business to penetrate well into and cultivate existing markets, building a moat mechanism, vigorously incubating innovative businesses, and continuing to actively explore external expanding markets. We also make use of technology-enabled digitalisation and intelligent transformation to facilitate a high quality and diversified upgrade on our property management services business, so as to meet our customers' ever-increasing demand for a wonderful living condition. As an avant-garde in the property management industry in the People's Republic of China ("PRC" or "China") with first-class qualifications, the Group started its property management service in Hong Kong in 1986, with 36 years of cultivation in Hong Kong and Macau. We set foot in Mainland China in 1991 and have achieved remarkable results. The Group fully integrates the property management experiences in Hong Kong into the practical situation in Mainland China. The Group firmly believes in "Quality and Enthusiasm", which has guided us through the years and will direct our future development. We adhere to the brand concept of "Building Happiness and Leading the Trend" to reflect the enterprise value, the enterprise spirit of "To Forge Ahead with All One's Heart Everyday" to attain well-rounded improvement in capabilities, the core value of "Customer-Orientation, Guaranteed Quality and

Value Creation" to fulfill our mission and move towards our vision. In this period of uncertainty and rapid changes in the external environment, we stay true to our mission and implement prudent measures with perseverance. We are committed to achieving long-term sustainable and steady growth for our shareholders by cultivating the quality of our services and seeking win-win cooperation.

In order to ensure a stable and sustainable long-term operation, we have always been committed to the sincere attitude of "Serving with Heart Every Single Day". We have been endeavoring along the road to standardisation and refinement of property management. Our confidence in achieving sustainable and steady growth in the long run also stems from the accelerated urbanisation in China, which has pushed the property management industry entering into a period of rapid development, industrial growth and stability. With the gradual recognition of the value of quality services in the market, the Group's market expansion and service product development capabilities have been enhanced significantly. Meanwhile, the sustainability governance structure has been restructured with clear terms of reference of each function unit within the structure. A "Three-Year Sustainability Roadmap" has been formulated, allowing the Group to gradually promote its sustainability. In the first half of 2022, the Group had a cumulative presence in 142 cities, covering Hong Kong and Macau, and a current workforce of approximately 53,893 employees, with 393 pre-sales sites projects under management and 1,451 property management projects with service area of nearly 287.2 million square meters ("sq.m."). We continued to diversify our property management portfolio and made new breakthroughs in expanding to non-residential areas, further diversifying our product portfolio consisting of commercial complexes, offices, shopping centers, industrial parks, aviation, high-speed rail, hospitals, schools, government properties, city services, parks, ports, roads and bridges, bus terminus and other public facilities. We secured new contracts of Chengdu China Overseas International Center (成都中海國際中心), Wuhan China Overseas Center (武漢中海中心), Hangzhou Haiwei Center (杭州海威中心), Suzhou Zhuhui Hotel (蘇州竹輝環宇薈), Shenzhen Guanshan Court (深圳觀山苑), Shanghai New Westgate Garden (上海老西門新苑), Wuhan Chutian City Elegant Garden (武漢楚天都市雅園), Peking Union Medical College Hospital (West) (北京協和醫院西單院區) and other projects, and tapped into the first "Property City" project in Urumqi, Xinjiang. In Hong Kong and

Macau regions, we extended our services to approximately 50% hospital projects under Hospital Authority and the headquarters building of Hospital Authority. Currently, our government management projects cover nine bureaux and 21 executive departments. We are now the largest provider of property management services for government facilities in Hong Kong and the leading Chinese property management services corporation in Hong Kong and Macau regions.

We continued to build our leading product innovative abilities, and Xingqi Platform Product (星啟中台產品) has been put into use in several projects such as Hangzhou Outlets (杭州奧特萊斯), Southern Investment Headquarters (南方投資總部大廈), Jinan Rural Commercial Bank (濟南農商行) and other projects. We commenced construction of benchmark projects and completed acceptance of the first batch of twelve benchmark projects in ten cities, integrating the concept of innovation leading, outstanding quality, co-construction and co-use, sustainable development into the whole process of project operation with high-standard positioning and high-quality operation. We continued to promote full lifecycle services in property development. We provide property developers with whole-process property consultation and management services, including product positioning consultation, gardening, interior fine furnishing, vetting of building plans, equipment and facility selection advice, decoration supplies sales agency, pre-delivery marketing value-added services, sales of residual flats, contracting of basic positions, carefree property service products with perfect delivery support services, delivery inspection services and quality control of engineering services, etc., marking a significant improvement of capabilities in the integration of our upstream and downstream supply chain.

Currently, the Group 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. We were named “2022 China Top 100 Property Management Companies” (2022 中國物業服務百強企業), “2022 China Top 10 Property Management Companies in terms of Service Scale” (2022 中國物業服務百強企業服務規模 TOP10), “2022 China Top 10 Property Management Companies in terms of Operating Performance” (2022 中國物業服務百強企業經營績效 TOP10) and 2022 China Top 100 Property Service Satisfaction Leading Company (2022 中國物業服務百強滿足度領先企業).

In recent years, we were included as a constituent in Morgan Stanley Capital International Index (MSCI) China Index and were admitted in the Shanghai-Hong Kong connect list as well as Hang Seng Property Service and Management Index, receiving high recognition from the capital market.

COPL's "Xinghai Wulian" (興海物聯) comprehensively promotes the research and breakthrough of key technologies. Its research center has passed the highest worldwide certificate; the "Research of IoT Platform Technology for Buildings" (建築聯網平台技術研究) has reached the international advanced level; and the "IoT Model Rule Platform for Buildings" (建築物聯網物模型規則平台) has been selected as a showcase project by the Ministry of Industry and Information Technology of the PRC. "Xinhai Wulian" will further strengthen its coordination, focus on its main business, facilitate the dynamic refinement of management, and promote digital transformation in order to take the lead in the technology sector. At the same time, our "Mepork Engineering" (美博工程) provides various value-added engineering services to corporate clients and property owners in accordance with the timeline of buildings, which mainly include construction and maintenance, early involvement and quality control, inspection, decoration and renovation, mechanical and electrical installation, landscape construction, and maintenance and repair, etc. We will adhere to the four implementation principles of strategic operation, market orientation, internal collaboration, and city cultivation to steadily promote the incubation of new businesses and contribute to the growth of the value-added business segment.

We pushed ahead with the idea of strengthening enterprises through deploying talents and built a commonly acclaimed motto by using the concept of "To Assemble the Enterprising Ones and Motivate the Promising Ones". We proactively explored and took full advantage of the market-oriented principle. We implemented the reform of "Project General Manager Partnership System" (項目總經理合夥人制) through management model innovation, and enhanced the four major abilities of our project teams, including "to manage", "to be professional", "to operate successful businesses" and "to generate increments". We built the competence and performance capacity of the project teams in a comprehensive manner, raised their sense of work planning and the awareness of sustainable business, and reinforced their sense of innovation and the ability to generate increments. We controlled back-office management fee rate at a reasonable level with a market-oriented performance incentive system and intensive project management model, and achieved human resource sharing and boosted management efficiency through business partnership incentive, a workload-based rewarding system, stimulated vitality, and rational staff deployment, thereby creating a regional advantage, area advantage and team advantage.

The "UN+ Butler Partnership System" (優管家合夥人制) is also an integral part of our reform of the project management model, which can stimulate the vitality of the butler team and the proactiveness of the staff to the fullest extent. Employees are encouraged to establish a good foundation for basic property services while actively expanding value-added services at the user end, so as to achieve the goal of a win-win situation in terms of personal income and corporate revenue generation. Partners who encounter new problems and issues in practice should take the initiative to step out of their comfort zone, overcome cognitive blind spots, and learn and practice with a problem-solving and goal-setting mindset. Through the partnership system, we will seek and cultivate a group of project general managers who are professionally qualified, proactive to undertake responsibilities and determined to seek the realisation of higher self-value in the future. The new model of professional fundamental business reform is in full swing, with engineering station reform realising resource sharing and planned batch operations to achieve continuous optimisation of labour costs and gradual improvement of labour efficiency. The reform of the precise cleaning business model creates a new environment to provide employees with workload-based rewards and improve efficiency through differentiated and quantifiable service menu design, while effectively mitigating the pressure on gross profit margins due to rising costs. Safe and intelligent staff deployment realises the differentiation of job standards, job matching and job professionalisation to fully optimise security job positions, improve job performance and better help enhance service quality.

At 10 February 2022, the General Office of the State Council issued the "14th Five-Year Plan for Urban and Rural Community Service System Construction" (《「十四五」城鄉社區服務體系建設規劃》) with the view to encourage the continuous expansion of the business coverage of property management in terms of improving social governance at the grassroots level, enhancing service provision, increasing service efficiency, accelerating the speed of construction digitisation and other areas. It also aims at promoting the extension of basic public service resources in the community and vigorously developing the community life service industry. Looking ahead, we will pass on the spirit of "Leading the Trend", and we must learn, take responsibility, and strive hard amidst the fierce market-oriented competition. We pursue balanced, sustainable, healthy, and high-quality development and regard it as "One Core", and we are devoted to revitalising our "No.1 Butler" gilded signboard.

REVENUE AND OPERATING RESULTS

The Group is one of the leading property management companies in the PRC, with operations covering Hong Kong and Macau. Our management portfolio includes both residential properties and non-residential properties, such as commercial complexes, office buildings, shopping malls, industrial parks, aviation, high-speed rail, hospitals, schools, government properties, city services, parks, ports, roads and bridges, bus terminus and other public facilities. Through providing high-quality and sophisticated services to the customers and maximising customer satisfaction, we strive to preserve and add value to the properties under our management and to solidify our strong brand recognition as a renowned property management service provider for mid- to high-end properties in our core stream business.

By leveraging on the Group's brand equity and size advantage, we pro-actively commenced market expansion to enlarge operating scale, partly via equity investment, and by way of securing more projects from independent third parties through enriching the market components. As at 30 June 2022, the GFA under our management increased by 27.2 million sq.m. or 10.5% to 287.2 million sq.m. from 260.0 million sq.m. at the last year end, in which, 64.7% of the new projects with a contract sum of HK$1,459.7 million was secured from independent third parties.

The following table sets forth a breakdown of the new orders secured by the Group by source of projects during the six months ended 30 June 2022:

	New orders secured during the period		
	GFA under management		Contract sums
	million sq.m.	%	HK$ million
Source of projects:			
China State Construction and China Overseas Group (Note)	**9.6**	**35.3%**	**1,097.7**
Independent third parties	**17.6**	**64.7%**	**1,459.7**
Total	**27.2**	**100.0%**	**2,557.4**

Note: "China State Construction and China Overseas Group" represented members under China State Construction Engineering Corporation and China Overseas Holdings Limited (including its subsidiaries, joint ventures and associates).

We promoted vertical and horizontal exploration of customer resources by consolidating the existing resources and actively seeking new ones to achieve diversification, new GFA contributed from residential projects and non-residential projects was 66.2% and 33.8% respectively, with corresponding contract sums amounting to HK$1,405.6 million and HK$1,151.8 million respectively. These continuously strengthened our revenue base and improved our market competitive position.

The following table sets forth a breakdown of the new orders secured by the Group by project types during the six months ended 30 June 2022:

	New orders secured during the period		
	GFA under management		Contract sums
	million sq.m.	%	HK$ million
Project types:			
Residential projects	**18.0**	**66.2%**	**1,405.6**
Non-residential projects	**9.2**	**33.8%**	**1,151.8**
— *Commercial and office buildings*	***1.8***	***6.6%***	***309.7***
— *Public and other properties*	***7.4***	***27.2%***	***842.1***
Total	**27.2**	**100.0%**	**2,557.4**

2022 is the year poised to take off the Group's "14th Five-Year strategic plan". We insisted on accumulating strength, seeking progress while maintaining stability, and promoting high-quality development under the circumstances of the volatile global environment and the continuing pneumonia epidemic. During the six months ended 30 June 2022, total revenue increased by 35.3% to HK$5,813.9 million (2021: HK$4,295.6 million), which mainly arisen from (i) the increase in GFA under our management dominated by lump-sum basis contracts; (ii) business growth on value-added services to both non-residents and residents; and (iii) the continuous increase in sales of car parking spaces.

The following table sets forth a breakdown of the Group's revenue for the first half of 2022:

	For the six months ended 30 June					
	2022		2021		Change	
	Revenue		Revenue			
	Proportion	HK$'000	Proportion	HK$'000	HK$'000	%
Project management services:						
— Lump sum basis	**72.8%**	**4,235,150**	**67.4%**	**2,892,794**	**1,342,356**	**46.4%**
— Commission basis	**2.6%**	**152,235**	**3.5%**	**150,988**	**1,247**	**0.8%**
	75.4%	**4,387,385**	**70.9%**	**3,043,782**	**1,343,603**	**44.1%**
Value-added services:						
— Non-residents	**14.9%**	**865,562**	**18.5%**	**797,316**	**68,246**	**8.6%**
— Residents	**7.8%**	**453,307**	**9.0%**	**385,126**	**68,181**	**17.7%**
	22.7%	**1,318,869**	**27.5%**	**1,182,442**	**136,427**	**11.5%**
Car parking space trading business	**1.9%**	**107,621**	**1.6%**	**69,409**	**38,212**	**55.1%**
Total	**100.0%**	**5,813,875**	**100.0%**	**4,295,633**	**1,518,242**	**35.3%**

On the other hand, direct operating expenses raised slightly faster than our revenue growth at 36.9% to HK$4,936.5 million for the period (2021: HK$3,605.5 million), which mainly reflected (i) organic growth on property management services and value-added services; and (ii) additional costs incurred on prevention and control measures against the rebound of the COVID-19 pandemic of approximately HK$44.2 million (2021: HK$5.0 million).

In spite of gross profit margin declined relatively to 15.1% for the period (2021: 16.1%), with increasing business scale, gross profit increased by 27.1% to HK$877.4 million for the period (2021: HK$690.2 million).

Other income and gains, net was HK$82.2 million for the period (2021: HK$59.9 million), mainly represented by unconditional government grants, interest income and net exchange gain. The first two income in total, increased by approximately HK$6.9 million, benefiting from more government subsidies on COVID-19 pandemic, tax incentives and other financial subsidies, as well as arising from a higher level of cash balances comparing with last period together with effective treasury management. The increase in net exchange gain of HK$14.6 million for the period was mainly attributable to the settlement gain on Renminbi remittance to Hong Kong.

Fair value gain on investment properties for the period was minimal at HK$0.2 million (2021: fair value gain of HK$0.4 million).

After deducting selling and administrative expenses of HK$221.9 million (2021: HK$200.6 million) and net impairment of trade and retention receivables, and payments on behalf of property owners for properties managed on a commission basis of HK$31.0 million for the period (2021: HK$4.6 million), operating profit increased by 29.6% to HK$706.7 million (2021: HK$545.3 million). The increase in selling and administrative expenses was mainly due to increase in manpower and salary level year on year driven by continuous scale expansion. The increase in net impairment of trade and retention receivables and payments on behalf of property owners for properties are the compound effects of (i) continuing expansion of operating scale but at lower impairment rate on trade and retention receivables of 5.8% (At 30 June 2021: 6.7%) for the period due to stringent controls on the age of debts; and (ii) increase in net impairment on commission-based projects of HK$9.6 million that were more vulnerable to uncertain market conditions as affected by the pandemic disease (2021: net reversal of impairment of HK$7.4 million).

Income tax expenses increased by 20.6% to HK$180.2 million for the period (2021: HK$149.4 million), mainly due to increase in profit before tax charged at different applicable regional tax rates. Among that, withholding income tax provision of HK$10.4 million (2021: HK$17.2 million) in respect of dividends distributed/expected to be distributed from a PRC subsidiary was recognised during the period.

Overall, profit attributable to shareholders of the Company for the six months ended 30 June 2022 increased by 32.7% to HK$521.7 million against the last corresponding period (2021: HK$393.1 million).

SEGMENT INFORMATION

PROPERTY MANAGEMENT SERVICES

At 30 June 2022, total GFA under management increased to 287.2 million sq.m. that was 10.5% more comparing with the end of last year (At 31 December 2021: 260.0 million sq.m.), in which, the portion of GFA under management from independent third parties and from non-residential projects increased to 31.1% and 23.8% respectively (At 31 December 2021: 27.6% and 22.8% respectively).

The following table sets forth a breakdown of the Group's GFA under management by source of projects as at period end:

	As at 30 June 2022		As at 31 Dec 2021	
	GFA under management		GFA under management	
	million sq.m.	%	million sq.m.	%
Source of projects:				
China State Construction and China Overseas Group	**198.0**	**68.9%**	**188.4**	**72.4%**
Independent third parties	**89.2**	**31.1%**	**71.6**	**27.6%**
Total	**287.2**	**100.0%**	**260.0**	**100.0%**

The following table sets forth a breakdown of the Group's GFA under management by project types as at period end:

	As at 30 June 2022		As at 31 Dec 2021	
	GFA under management		GFA under management	
	million sq.m.	%	million sq.m.	%
Project types:				
Residential projects	**218.7**	**76.2%**	**200.7**	**77.2%**
Non-residential projects	**68.5**	**23.8%**	**59.3**	**22.8%**
— *Commercial and office buildings*	***14.4***	***5.0%***	***12.6***	***4.9%***
— *Public and other properties*	***54.1***	***18.8%***	***46.7***	***17.9%***
Total	**287.2**	**100.0%**	**260.0**	**100.0%**

Revenue from property management services constituted 75.4% of total revenue for the six months ended 30 June 2022 (2021: 70.9%), and increased by 44.1% from last corresponding period to HK$4,387.4 million (2021: HK$3,043.8 million), which was mainly arisen from the increase in GFA under our management from lump-sum basis contracts.

During the period, approximately 96.5% and 3.5% of the segment revenue were generated from regular property management contracts under lump sum basis and commission basis respectively (2021: 95.0% and 5.0% respectively).

The following table sets forth a breakdown of the Group's segment revenue from property management services for the period:

	For the six months ended 30 June					
	2022		2021		Change	
	Segment revenue		Segment revenue			
	HK$'000	%	HK$'000	%	HK$'000	%
Property management services:						
— Lump sum basis	**4,235,150**	**96.5%**	**2,892,794**	**95.0%**	**1,342,356**	**46.4%**
— Commission basis	**152,235**	**3.5%**	**150,988**	**5.0%**	**1,247**	**0.8%**
Total	**4,387,385**	**100.0%**	**3,043,782**	**100.0%**	**1,343,603**	**44.1%**

As at 30 June 2022, the ratio of GFA under management from lump sum basis and commission basis was 74.9% to 25.1% (At 31 December 2021: 72.4% to 27.6%).

The following table sets forth a breakdown of the Group's GFA under management by contract bases as at period end:

	As at 30 June 2022		As at 31 Dec 2021	
	GFA under management		GFA under management	
	million sq.m.	%	million sq.m.	%
Contract bases:				
Property management contracts under lump sum basis	**215.0**	**74.9%**	**188.4**	**72.4%**
Property management contracts under commission basis	**72.2**	**25.1%**	**71.6**	**27.6%**
Total	**287.2**	**100.0%**	**260.0**	**100.0%**

During the period, the segment gross profit margin from regular property management contracts under lump sum basis and commission basis was 10.0% and 100.0% respectively (2021: 9.3% and 100.0% respectively). Overall, the weighted average segment gross profit margin decreased slightly to 13.1% for the period (2021: 13.8%), mainly due to higher proportion of lump-sum basis contracts upon market expansion in property management sector. The increase in gross profit margin under lump sum basis was mainly arisen from enhanced cost control measures, even though additional costs in response to the rebound of the COVID-19 pandemic were borne.

Accordingly, with continuing increase in segment revenue, the gross profit of our property management services segment increased by 37.4% to HK$576.5 million from last corresponding period for the six months ended 30 June 2022 (2021: HK$419.7 million).

The following table sets forth a breakdown of the Group's gross profit and gross profit margin of property management services for the period:

	For the six months ended 30 June					
	2022		**2021**		**Change in gross profit**	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**		
	HK$'000	**%**	**HK$'000**	**%**	**HK$'000**	**%**
Property management services:						
— Lump sum basis	**424,297**	**10.0%**	**268,699**	**9.3%**	**155,598**	**57.9%**
— Commission basis	**152,235**	**100.0%**	**150,988**	**100.0%**	**1,247**	**0.8%**
Total	**576,532**	**13.1%**	**419,687**	**13.8%**	**156,845**	**37.4%**

After deducting segment administrative expenses and net impairment of trade and retention receivables, and payments on behalf of property owners for properties managed on a commission basis, as well as taking into account of other income, the segment profit of the property management services increased by 29.9% to HK$487.4 million for the period (2021: HK$375.2 million).

VALUE-ADDED SERVICES TO NON-RESIDENTS

Value-added services to non-residents sub-segment cover engineering, vetting of building plans, facilities and equipment evaluation proposals, pre-delivery, move-in assistance, delivery inspection, engineering service quality monitoring and consulting services, etc. for property developers and other property management companies. For the six months ended 30 June 2022, revenue from the non-residents sub-segment constituted 14.9% (2021: 18.5%) of total revenue, and moderately increased by 8.6% to HK$865.6 million (2021: HK$797.3 million). The increase in segment revenue was mainly arisen from (i) expansion of Xinghai Wulian's intelligent building & construction and hardware sales business for the development of smart communities to meet projects' smart park experience; and (ii) increase in business volumes on repair and maintenance services provided to business entities and owners around the building timeline through Mepork Engineering. However, the above favorable factors were partly offset by the decline in pre-delivery services (such as security, cleaning and repair and maintenance services for display units in pre-sales offices for developing properties) and consultancy services upon the setback of real estate sector in the PRC.

The following table sets forth a breakdown of the Group's sub-segment revenue from value-added services to non-residents for the period:

	For the six months ended 30 June		Change	
	2022	2021		
	Sub-segment revenue HK$'000	Sub-segment revenue HK$'000	HK$'000	%
Value-added services to non-residents:				
Engineering services	**448,246**	308,550	139,696	45.3%
Pre-delivery services	**303,457**	388,283	(84,826)	(21.8)%
Inspection services	**94,965**	59,898	35,067	58.5%
Consulting services	**18,894**	40,585	(21,691)	(53.4)%
Total	**865,562**	797,316	68,246	8.6%

In respect of the profitability, the gross profit margin of the value-added services to non-residents sub-segment for the period decreased to 15.4% (2021: 17.1%) mainly due to decline in business volumes of pre-delivery services. Overall, the sub-segment gross profit slightly dropped by 1.9% to HK$133.7 million (2021: HK$136.3 million).

After having allowed for lower sub-segment overhead for the period, the sub-segment profit from value-added services to non-residents, increased by 11.0% to HK$88.9 million against last period (2021: HK$80.1 million). The reduction in overhead was mainly attributable to (i) more research and development expenditures (including smart park platform and product line business analysis) were capitalised, while Xinghai Wulian strived to achieve "leadership in technology" and build core competitiveness; and (ii) enhanced cost control measures.

VALUE-ADDED SERVICES TO RESIDENTS

In respect of value-added services to residents sub-segment, our services cover (i) 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); (ii) living service operations (to meet the various needs of residents of the properties, including housing ecology, home improvement, decoration supplies sales agency, new retail, home services, tourism and leisure, education and training, health and elderly care, automotive services, platform services, etc.); and (iii) commercial service operations (to meet the needs of business users). 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.

For the six months ended 30 June 2022, revenue from the residents sub-segment constituted 7.8% (2021: 9.0%) of total revenue, and increased by 17.7% to HK$453.3 million (2021: HK$385.1 million), mainly arisen from the increase in demand on retails and group purchases under living service operations as well as advertisements and common area rental assistance under community asset management, when residents spent more time at home under the epidemic. However, it was partially offset by the decrease in business volumes of agency for real estate transactions under community asset management upon the setback in real estate sector.

The following table sets forth a breakdown of the Group's sub-segment revenue from value-added services to residents for the period:

	For the six months ended 30 June		**Change**	
	2022	**2021**		
	Sub-segment revenue HK$'000	**Sub-segment revenue HK$'000**	**HK$'000**	**%**
Value-added services to residents:				
Community asset management services	**244,556**	**245,488**	**(932)**	**(0.4)%**
Living service operations and commercial service operations	**208,751**	**139,638**	**69,113**	**49.5%**
Total	**453,307**	**385,126**	**68,181**	**17.7%**

The gross profit margin of value-added services to residents sub-segment was 30.3% (2021: 29.5%). Accordingly, driven by increasing revenue, the sub-segment gross profit of value-added services to residents increased by 20.8% to HK$137.2 million (2021: HK$113.6 million).

After having allowed for sub-segment overhead, the sub-segment profit from value-added services to residents increased by 21.5% to HK$132.6 million against last period (2021: HK$109.1 million).

CAR PARKING SPACES TRADING BUSINESS

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 2022, through our incentive scheme to enhance sales momentum, revenue from the car parking spaces trading business segment raised by 55.1% to HK$107.6 million from last period (2021: HK$69.4 million). Total number of car parking spaces sold was 955 (2021: 563), with segment profit increased to HK$29.1 million (2021: HK$19.4 million) in the period.

LIQUIDITY, FINANCIAL RESOURCES AND DEBT STRUCTURE

The Group adopts prudent financial policies, with effective financial and cash management under centralised supervision, and maintains appropriate leverage with adequate cash balances. As at 30 June 2022, the Group was in a net cash position with net working capital amounted to HK$2,720.2 million (At 31 December 2021: HK$2,516.9 million).

Bank balances and cash decreased by 16.9% to HK$3,557.6 million from last year end (At 31 December 2021: HK$4,283.4 million), in which, 88.7% were denominated in Renminbi and 11.3% were denominated in Hong Kong Dollar/ Macau Pataca.

At 30 June 2022, the Group had unsecured bank borrowings amounted to HK$449.8 million to fund working capital, of which HK$416.7 million and HK$33.1 million were repayable within 1 year and between 1 and 5 years respectively. In additions, 15.5% were denominated in Renminbi and 84.5% were denominated in Hong Kong Dollar. Interest of such borrowings were charged at floating rates with a weighted average of 1.64% per annum.

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.

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 investment properties, leasehold improvement, motor vehicles, machinery and equipment, furniture, fixtures, office equipment, leasehold right-of-use assets (including capitalised lease commitments) and software systems, were HK$101.7 million for the six months ended 30 June 2022. Among that, as announced on 28 April 2022, the Group leased a property in Chengdu, China for providing one-stop shop asset management services from an indirect wholly-owned subsidiary of China State Construction Engineering Corporation, which is the ultimate holding company of the Group, which was recognised as an investment property held as a right-of-use asset in accordance with Hong Kong Financial Reporting Standards, at the present value of RMB31.9 million (equivalent to approximately HK$38.6 million).

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2022, the capital commitments of the Group were HK$4.9 million, which mainly related to capital investment in a joint venture and acquisition of software. In additions, the Group provided counter-indemnities to a fellow subsidiary and banks amounting to approximately HK$278.6 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.

Meanwhile, as announced on 28 April 2022 and 29 June 2022, in order to substitute the Group's certain requirements upon participating in competitive tenders on projects under China Overseas Land & Investment Limited, China State Construction International Holdings Limited and China Overseas Grand Oceans Group Limited, we provided corporate guarantees to them up to an aggregate amount of RMB30.0 million (equivalent to approximately HK$35.3 million), RMB30.0 million (equivalent to approximately HK$35.3 million) and RMB20.0 million (equivalent to approximately HK$23.5 million) respectively.

Except as disclosed above, we had no other material capital commitments and outstanding contingent liabilities as at 30 June 2022.

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 2022.

EMPLOYEES

As at 30 June 2022, the Group had approximately 53,893 employees (At 31 December 2021: 52,220). 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 2022 was approximately HK$3,053.5 million (2021: HK$2,270.6 million).

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 STATEMENT OF PROFIT OR LOSS

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2022 and the comparative figures for the corresponding period in 2021 are as follows:

		Six months ended 30 June	
		2022	2021
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Revenue	*5*	**5,813,875**	4,295,633
Direct operating expenses		**(4,936,474)**	(3,605,479)
Gross profit		**877,401**	690,154
Other income and gains, net		**82,174**	59,875
Fair value gain of investment properties, net		**155**	444
Selling and administrative expenses		**(221,946)**	(200,575)
Impairment of financial assets, net		**(31,042)**	(4,592)
Operating profit		**706,742**	545,306
Finance costs		**(3,914)**	(1,435)
Share of profit of a joint venture		**2,444**	861
Share of profit of an associate		**82**	93
Profit before tax	*6*	**705,354**	544,825
Income tax expenses	*7*	**(180,170)**	(149,363)
Profit for the period		**525,184**	395,462
Attributable to:			
Shareholders of the Company		**521,656**	393,054
Non-controlling interests		**3,528**	2,408
		525,184	395,462
		HK Cents	HK Cents
Earnings per share attributable to shareholders of the Company	*9*		
Basic and diluted		**15.87**	11.96

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit for the period	**525,184**	395,462
Other comprehensive income		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of subsidiaries of the Company	**(151,422)**	32,598
Other comprehensive (loss)/income for the period, net of income tax	**(151,422)**	32,598
Total comprehensive income for the period	**373,762**	428,060
Attributable to:		
Shareholders of the Company	**372,742**	425,090
Non-controlling interests	**1,020**	2,970
	373,762	428,060

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2022 (Unaudited) HK$'000	31 December 2021 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**109,722**	111,409
Investment properties		**198,766**	167,069
Right-of-use assets		**81,892**	80,840
Intangible assets		**83,586**	59,444
Investment in a joint venture		**7,524**	5,399
Investment in an associate		**226**	144
Due from a related company		**88,162**	92,397
Prepayments		**16,904**	26,260
Deferred tax assets		**46,814**	43,450
Total non-current assets		**633,596**	586,412
Current assets			
Inventories	*10*	**984,462**	935,295
Trade and retention receivables	*11*	**2,453,908**	1,387,463
Prepayments, deposits and other receivables		**652,006**	595,347
Due from the immediate holding company	*12*	**368**	408
Due from fellow subsidiaries	*12*	**570,495**	416,518
Due from other related companies	*12*	**155,939**	114,919
Cash and bank balances		**3,557,616**	4,283,374
Total current assets		**8,374,794**	7,733,324
Current liabilities			
Trade payables	*13*	**1,046,490**	776,486
Other payables and accruals		**1,129,667**	1,103,163
Temporary receipts from properties managed		**1,281,736**	1,543,226
Receipts in advance and other deposits		**1,505,134**	1,500,803
Lease liabilities		**46,005**	41,245
Due to the immediate holding company	*14*	**-**	1,084
Due to fellow subsidiaries	*14*	**9,943**	11,319
Due to other related companies	*14*	**10,008**	12,534
Income tax payables		**208,925**	226,612
Bank borrowings	*15*	**416,663**	-
Total current liabilities		**5,654,571**	5,216,472
Net current assets		**2,720,223**	2,516,852
Total assets less current liabilities		**3,353,819**	3,103,264

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	**30 June 2022 (Unaudited) HK$'000**	31 December 2021 (Audited) HK$'000
Non-current liabilities			
Lease liabilities		**71,113**	32,839
Deferred tax liabilities		**17,349**	17,925
Bank borrowings	*15*	**33,137**	-
Total non-current liabilities		**121,599**	50,764
Net assets		**3,232,220**	3,052,500
Equity			
Equity attributable to shareholders of the Company			
Issued capital	*16*	**3,287**	3,287
Reserves		**3,175,451**	2,996,751
		3,178,738	3,000,038
Non-controlling interests		**53,482**	52,462
Total equity		**3,232,220**	3,052,500

1. GENERAL INFORMATION

China Overseas Property Holdings Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands and shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at 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 immediate holding company of the Company is China Overseas Holdings Limited, a company incorporated in Hong Kong and its ultimate holding company is China State Construction Engineering Corporation (中國建築集團有限公司), which is a state-owned enterprise established in the People's Republic of China (the "PRC") and is under the control of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

During the six months ended 30 June 2022, the Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the provision of property management services and value-added services to non-residents and residents; and the trading of car parking spaces.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2022 (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 2021.

The Interim Financial Statements are presented in Hong Kong Dollars ("HK$") and all values are rounded to the nearest thousand, 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 31 August 2022.

2. PRINCIPAL ACCOUNTING POLICIES

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

Save as described in note 3 "Changes in Accounting Policies and Disclosures", the accounting policies used in preparing the Interim Financial Statements are consistent with those of the annual consolidated financial statements for the year ended 31 December 2021.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereafter collectively referred to as the "new or revised HKFRSs") issued by the HKICPA for the first time for the current period's financial statements:

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendment to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the above new or revised HKFRSs in the current period did not have any significant impact on the financial position and performance of the Group.

The Group has not applied the following new or revised HKFRSs, that are relevant to the Group and have been issued but are not yet effective, in these financial statements:

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 No mandatory effective date yet determined but available for adoption

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 disclosures 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.

4. OPERATING SEGMENT INFORMATION

For management purpose, the Group is organised into business segments based on their products and services and has three reportable operating segments as follows:

(a) the property management services segment engages in the provision of property management services such as security, repairs and maintenance, cleaning and garden landscape maintenance for residential communities (including mixed-use properties), commercial properties, government properties and construction sites.

(b) the value-added services segment included:

(i) the value-added services to non-residents sub-segment engages in the provision of engineering, vetting of building plans, facilities and equipment evaluation proposals, pre-delivery (such as security, cleaning and repair and maintenance services for display units in pre-sale offices for developing properties), move-in assistance, delivery inspection, engineering service quality monitoring and consulting services, etc. to non-residents (such as property developers and other property management companies).

(ii) the value-added services to residents sub-segment engages in the provision of 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).

(c) the car parking spaces trading business segment engages in the trading of various types of car parking spaces.

Basis of segment information

The chief operating decision maker of the Group ("CODM", identified as the executive directors of the Company and certain senior management) monitors the results of the Group's operating segments separately for the purpose of making decisions about measurements including resource allocation and performance assessment. Segment performance is evaluated based on various considerations, including but not limited to reportable segment profit, which is measured consistently with the Group's profit before tax except that corporate expenses including professional fees, staff costs and other corporate expenses are excluded from such measurement.

Inter-segment revenue and transfers are transacted with reference to the charging prices used for revenue from third parties at the then prevailing market prices.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

Six months ended 30 June 2022 (Unaudited)

		Value-added services				
	Property management services	***Non-residents***	***Residents***	**Sub-total**	**Car parking spaces trading business**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	**HK$'000**	**HK$'000**	**HK$'000**
Reportable segment revenue						
Revenue from external customers (note 5)	**4,387,385**	***865,562***	***453,307***	**1,318,869**	**107,621**	**5,813,875**
Inter-segment revenue	**40,483**	***132,941***	***63,713***	**196,654**	**-**	**237,137**
	4,427,868	***998,503***	***517,020***	**1,515,523**	**107,621**	**6,051,012**
Reconciliation:						
Elimination of inter-segment revenue						**(237,137)**
Reported total revenue						**5,813,875**
Reportable segment results	**487,396**	***88,927***	***132,576***	**221,503**	**29,086**	**737,985**
Reconciliation:						
Corporate expenses, net						**(32,631)**
Profit before tax						**705,354**

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

Six months ended 30 June 2021 (Unaudited)

		Value-added services				
	Property Management Services	*Non-residents*	*Residents*	Sub-total	Car parking spaces trading business	Total
	HK$'000	*HK$'000*	*HK$'000*	HK$'000	HK$'000	HK$'000
Reportable segment revenue						
Revenue from external customers (note 5)	3,043,782	*797,316*	*385,126*	1,182,442	69,409	4,295,633
Inter-segment revenue	27,966	*80,061*	*28,648*	108,709	-	136,675
	3,071,748	*877,377*	*413,774*	1,291,151	69,409	4,432,308
Reconciliation:						
Elimination of inter-segment revenue						(136,675)
Reported total revenue						4,295,633
Reportable segment results	375,154	*80,145*	*109,079*	189,224	19,428	583,806
Reconciliation:						
Corporate expenses, net						(38,981)
Profit before tax						544,825

5. REVENUE

Disaggregated revenue information

Type of goods or services

Revenue from contracts with customers disaggregated by type of goods or services (i.e. provision of property management services, provision of value-added services to non-residents and residents and trading of car parking spaces) are recognised in the respective reportable operating segments (i.e. property management services, value-added services to non-residents and residents and car parking spaces trading business), and the details of the revenue from these reportable operating segments are set out in note 4 "Operating segment information".

5. REVENUE (CONTINUED)

Disaggregated revenue information (Continued)

Timing of revenue recognition

Six months ended 30 June 2022 (Unaudited)

Segments	**Property management services HK$'000**	***Value-added services: Non-residents HK$'000***	***Value-added services: Residents HK$'000***	**Value-added services: Sub-total HK$'000**	**Car parking space trading business HK$'000**	**Total HK$'000**
At point in time	**-**	***-***	***284,101***	**284,101**	**102,326**	**386,427**
Over time	**4,387,385**	***865,562***	***162,815***	**1,028,377**	**-**	**5,415,762**
Total revenue from contracts with customers	**4,387,385**	***865,562***	***446,916***	**1,312,478**	**102,326**	**5,802,189**
Revenue from another source						
- rental income	**-**	***-***	***6,391***	**6,391**	**5,295**	**11,686**
Total revenue from external customers	**4,387,385**	***865,562***	***453,307***	**1,318,869**	**107,621**	**5,813,875**

Six months ended 30 June 2021 (Unaudited)

Segments	Property management services HK$'000	*Value-added services: Non-residents HK$'000*	*Value-added services: Residents HK$'000*	Value-added services: Sub-total HK$'000	Car parking space trading business HK$'000	Total HK$'000
At point in time	-	*-*	*226,997*	226,997	68,060	295,057
Over time	3,043,782	*797,316*	*156,029*	953,345	-	3,997,127
Total revenue from contracts with customers	3,043,782	*797,316*	*383,026*	1,180,342	68,060	4,292,184
Revenue from another source						
- rental income	-	*-*	*2,100*	2,100	1,349	3,449
Total revenue from external customers	3,043,782	*797,316*	*385,126*	1,182,442	69,409	4,295,633

Geographical market

All revenue were generated in the PRC (including Mainland China, Hong Kong and Macau).

6. PROFIT BEFORE TAX

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit before tax is arrived at after charging:		
Employee benefit expenses including directors' and chief executive's remuneration and share-based payment (note)	**3,053,515**	2,270,557
Sub-contracting costs	**1,118,308**	850,417

Note: During the six months ended 30 June 2022, share-based payment to certain directors, senior management and other employees amounting to HK$3,170,000 (2021: HK$3,963,000) were recognised in profit or loss, with a corresponding credit to equity.

7. INCOME TAX EXPENSES

An analysis of the Group's income tax expenses is as follows:

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current:		
Hong Kong	**7,870**	1,542
Macau	**82**	100
Mainland China	**166,911**	131,808
The PRC withholding income tax	**10,354**	17,227
	185,217	150,677
Deferred	**(5,047)**	(1,314)
Total	**180,170**	149,363

Notes:

(a) A summary of applicable income tax rates of the jurisdictions in which the Group operates during the period is as follows:

	Six months ended 30 June	
	2022	2021
	%	%
Hong Kong	**16.5**	16.5
Macau	**12**	12
Mainland China*	**25**	25

* In accordance with the relevant tax laws and regulations of the PRC, certain subsidiaries of the Group established in Mainland China are subject to preferential enterprise income tax rates.

(b) The PRC withholding tax is imposed on dividends distributed or expected to be distributed from a PRC subsidiary to the Company at the prevailing tax rate of 5% (2021: 5%).

8. DIVIDENDS

A dividend of HK$197,212,000 that relates to the year ended 31 December 2021 was paid in July 2022 (2021: HK$138,048,000).

On 31 August 2022, the board of directors has resolved to declare an interim dividend of HK4.0 cents per share (2021: HK3.0 cents), which is payable to shareholders whose names appear on the Company's register of members on 30 September 2022. This interim dividend, amounting to HK$131,474,000 (2021: HK$98,606,000), has not been recognised as a liability in the Interim Financial Statements. It will be recognised in equity in the year ending 31 December 2022.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the period attributable to shareholders of the Company of HK$521,656,000 (2021: HK$393,054,000), and the weighted average number of ordinary shares of 3,286,860,460 (2021: 3,286,860,460) in issue during the period.

No adjustment has been made to the basic earnings per share amount presented for each of the six months ended 30 June 2022 and 2021 for a dilution as the Group had no dilutive potential ordinary shares in issue during these periods.

10. INVENTORIES

	30 June 2022 (Unaudited) HK$'000	31 December 2021 (Audited) HK$'000
Car parking spaces, at cost	**984,462**	934,282
Consumables, at cost	**-**	1,013
	984,462	935,295

The car parking spaces are all located in Mainland China and are held for trading.

11. TRADE AND RETENTION RECEIVABLES

	30 June 2022 (Unaudited) HK$'000	31 December 2021 (Audited) HK$'000
Trade receivables	**2,587,634**	1,506,562
Retention receivables	**18,307**	18,329
Trade and retention receivables	**2,605,941**	1,524,891
Less: Impairment	**(152,033)**	(137,428)
	2,453,908	1,387,463

Note:

Trade receivables are non-interest bearing and arise from the provision of property management services from properties managed under lump sum basis, value-added services and car parking space trading business. Property management services income from properties managed under lump sum basis are received in accordance with the terms of the relevant property management services agreements and they are due for payment by the residents upon the issuance of demand note by the Group. Service income for the provision of repair and maintenance, automation and other equipment upgrade services are 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 notes. Car parking space trading income is received in accordance with the terms of the sales and purchase agreement.

The Group's credit terms of its trade receivables are negotiated with and entered into under normal commercial terms with tenants of the properties managed under lump sum basis and customers of value-added services and car parking space trading business. The Group does not hold any collateral or other credit enhancements over these balances.

An ageing analysis of the gross trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2022 (Unaudited) HK$'000	31 December 2021 (Audited) HK$'000
Within 1 month	**767,559**	452,399
1 to 3 months	**821,086**	350,666
3 to 12 months	**632,675**	419,642
1 to 2 years	**176,116**	113,209
Over 2 years	**190,198**	170,646
	2,587,634	1,506,562

12. BALANCES DUE FROM RELATED PARTIES

	30 June 2022 (Unaudited) HK$'000	31 December 2021 (Audited) HK$'000
Balance due from the immediate holding company		
Trade nature	**368**	408
Balances due from fellow subsidiaries		
Trade nature	**446,638**	338,744
Prepayment	**123,857**	77,774
	570,495	416,518
Balances due from other related companies (including ventures and associates of fellow subsidiaries)		
Trade nature	**137,959**	81,140
Non-trade nature	**88,162**	92,397
Prepayment	**17,980**	33,779
	244,101	207,316
Total balances due from related parties	**814,964**	624,242

An ageing analysis of the trade nature balances due from related parties as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2022 (Unaudited) HK$'000	31 December 2021 (Audited) HK$'000
Balance due from the immediate holding company		
Within 1 month	**146**	29
1 to 3 months	**196**	71
Over 3 months	**26**	308
	368	408

12. BALANCES DUE FROM RELATED PARTIES (CONTINUED)

	30 June 2022 (Unaudited) HK$'000	31 December 2021 (Audited) HK$'000
Balances due from fellow subsidiaries		
Within 1 month	**157,708**	118,773
1 to 3 months	**99,767**	64,064
3 to 12 months	**109,172**	116,881
1 to 2 years	**63,668**	22,487
Over 2 years	**16,323**	16,539
	446,638	338,744

	30 June 2022 (Unaudited) HK$'000	31 December 2021 (Audited) HK$'000
Balances due from other related companies		
Within 1 month	**67,975**	30,537
1 to 3 months	**20,473**	15,500
3 to 12 months	**42,376**	27,821
1 to 2 years	**6,013**	4,518
Over 2 years	**1,122**	2,764
	137,959	81,140

13. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2022 (Unaudited) HK$'000	31 December 2021 (Audited) HK$'000
Within 1 month	**355,434**	222,592
1 to 3 months	**143,891**	156,623
3 to 12 months	**316,415**	184,859
1 to 2 years	**164,973**	130,616
Over 2 years	**65,777**	81,796
	1,046,490	776,486

14. BALANCES DUE TO RELATED PARTIES

The following is a breakdown and ageing analysis of trade nature balances due to related parties, based on the invoice date, at the end of the reporting period:

	30 June 2022 (Unaudited) HK$'000	31 December 2021 (Audited) HK$'000
Balances due to the immediate holding company – trade nature		
Within 1 month	**-**	1,084
	-	1,084

14. BALANCES DUE TO RELATED PARTIES (CONTINUED)

	30 June 2022 (Unaudited) HK$'000	31 December 2021 (Audited) HK$'000
Balances due to fellow subsidiaries – trade nature		
Within 1 month	**150**	1,003
1 to 3 months	**217**	897
3 to 12 months	**3,288**	754
1 to 2 years	**1,670**	1,877
Over 2 years	**715**	550
	6,040	5,081
Receipts in advance	**3,903**	6,238
	9,943	11,319
Balances due to other related companies (including joint ventures and associates of fellow subsidiaries) – trade nature		
Within 1 month	**1,437**	715
1 to 3 months	**914**	874
3 to 12 months	**1,721**	152
1 to 2 years	**27**	2
Over 2 years	**223**	232
	4,322	1,975
Receipts in advance	**5,686**	10,559
	10,008	12,534

15. BANK BORROWINGS

	30 June 2022 (Unaudited) HK$'000	31 December 2021 (Audited) HK$'000
Bank borrowings - unsecured	**449,800**	-
The bank borrowings are repayable as follows:		
Within 1 year	**416,663**	-
Between 1 and 2 years	**1,410**	-
Between 2 and 5 years	**31,727**	-
	449,800	-
Less: Amounts classified as current liabilities	**(416,663)**	-
Amounts classified as non-current liabilities	**33,137**	-

As at 30 June 2022, the Group had bank borrowings denominated in Hong Kong dollars of approximately HK$380,000,000, which bore interest at the Hong Kong Interbank Offered Rates plus a specified margin. In addition, the Group also had bank borrowings denominated in Renminbi of approximately HK$69,800,000, which bore interest at the Loan Prime Rate plus/minus a specified rate. The weighted average effective interest rate was 1.64% per annum during the six months ended 30 June 2022.

16. SHARE CAPITAL

Issued and fully paid:

	Number of shares	Issued capital HK$'000
As at 1 January 2021 and 31 December 2021 (Audited), 1 January 2022 and 30 June 2022 (Unaudited)	**3,286,860,460**	**3,287**

17. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current period's presentation and disclosures.

INTERIM DIVIDEND

After taking into account 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 HK4.0 cents per share for the six months ended 30 June 2022 (for the six months ended 30 June 2021: an interim dividend of HK3.0 cents per share) representing a total amount of approximately HK$131,474,000. The interim dividend will be paid to the shareholders of the Company (the "Shareholders") on Friday, 14 October 2022 whose names appear on the Company's register of members (the "Register of Members") on Friday, 30 September 2022.

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	Monday, 26 September 2022
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 Tuesday, 27 September 2022
Closure of Register of Members	Wednesday, 28 September 2022 to Friday, 30 September 2022 (both days inclusive)
Record date	Friday, 30 September 2022

For purposes mentioned above, all properly completed transfer form(s) accompanied by the relevant share certificate(s) must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, 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 2022.

COMPLIANCE WITH 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 2022, 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 2022.

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 2022. 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 2022.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the Company's website (http://www.copl.com.hk) and the Stock Exchange's designated website (https://www.hkexnews.hk). The Company's interim report for the six months ended 30 June 2022 will be available on the same websites and will be dispatched to the Shareholders in due course.

APPRECIATION

I would like to express my heartfelt gratitude to the Board and all employees for their efforts and to our business partners and Shareholders for their long-term supports.

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

Hong Kong, 31 August 2022

As at the date of this announcement, the Board comprises nine Directors, there are four 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); two Non-executive Directors, namely Mr. Ma Fujun and Mr. Guo Lei; 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.