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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022 AND PROPOSED AMENDMENTS TO THE AMENDED AND RESTATED ARTICLES OF ASSOCIATION

FINANCIAL HIGHLIGHTS

1. For the year ended 31 December 2022, the gross floor area ("GFA") under our management increased by 23.2% or 60.3 million sq.m. to 320.3 million sq.m., in which, 55.7% of the new projects with a contract sum of HK$3,203.3 million were secured from independent third parties. Residential projects and non-residential projects accounted for 68.2% and 31.8% of the new GFA respectively, with corresponding contract sums amounting to HK$3,239.4 million and HK$1,961.5 million respectively. As at 31 December 2022, the portion of GFA under management from independent third parties and for non-residential projects increased to 32.8% (2021: 27.6%) and 24.5% (2021: 22.8%) respectively.

2. Revenue increased by 34.4% to HK$12,689.0 million, comparing to revenue of HK$9,442.0 million in the last year.

3. Gross profit increased by 23.1% against last year to HK$2,020.4 million (2021: HK$1,641.6 million). Gross profit margin slid relatively to 15.9% for the year (2021: 17.4%).

4. Profit attributable to shareholders of the Company increased by 29.4% against last year to HK$1,273.1 million (2021: HK$983.9 million). Basic and diluted earnings per share was HK38.73 cents (2021: HK29.93 cents), representing an increase of 29.4%. Average return on equity in 2022 was 38.5% (2021: 38.2%).

5. The Board recommended the payment of a final dividend of HK8.0 cents per share (2021: HK6.0 cents per share) for the year ended 31 December 2022.

The board of directors (the "Board") of China Overseas Property Holdings Limited (the "Company") is pleased to announce the annual consolidated results of the Company and its subsidiaries (collectively, the "Group" or "COPL") for the year ended 31 December 2022. The annual turnover of the Group increased by 34.4% to HK$12,689.0 million from HK$9,442.0 million of last year. Operating profit rose by 27.9% to HK$1,687.5 million (2021: HK$1,319.3 million). The profit attributable to shareholders of the Company increased by 29.4% to HK$1,273.1 million (2021: HK$983.9 million). Basic and diluted earnings per share was HK38.73 cents (2021: HK29.93 cents). Average return on equity was 38.5% (2021: 38.2%). After taking into account the dividend policy of the Group, the business results for the year and future business development plans, the Board recommended the declaration of a final dividend of HK8.0 cents (2021: HK6.0 cents) per share for the year 2022. Together with the interim dividend of HK4.0 cents (2021: HK3.0 cents) per share distributed in October 2022, total dividends for the year will amount to HK12.0 cents (2021: HK9.0 cents) per share. The proposed final dividend is subject to the approval by the shareholders of the Company at the annual general meeting to be held on 20 June 2023 (the "2023 AGM").

In 2022, against the backdrop of a complex and challenging environment, the world has been gradually recovering from the COVID-19 pandemic as, like other viruses that caused catastrophes to mankind in past centuries, the disease variants have been continuously mutating after three years of havoc-wreaking, and the vaccines and medicines for COVID-19 have finally been rolled out. Thanks to the highly effective coordination between pandemic prevention and control, coupled with the development in economy and society, as well as the precises implementation of policies and initiatives on stabilising the economy, China has managed to effectively respond to internal and external challenges with the nation's economy continued to thrive under pressure, lifting its total economic output to a new horizon. Currently, interest rates have been rising due to the tightening of monetary policy around the globe, which affects the world order through spillover from financial system. Domestic supply and demand have been severely impacted and the global economy were expected to be weakened. Despite China's foundation for economic recovery is still fragile, it is expected to achieve an overall improvement in economic performance by insisting on seeking progress in stability, thereby realising high-quality development.

During the year, facing with the fast-changing COVID-19 pandemic, as the neighborhood guardian to the people, COPL took the initiative in various cities including Hong Kong, Shenzhen, Shanghai, Jilin and Beijing, to bravely take responsibilities and fully cooperate with the anti-pandemic works of the municipal governments, proactively responding to the mobile cabin facilities management, city lockdown control and other emergencies. We have once again demonstrated the dedication and commitment of a central stated-owned enterprise through our endeavors to protecting the health and safety of our fellow citizens and residents. As pandemic control entering a new era of "Scientific Prevention and Control with Targeted Measures", COPL will continue to make contributions under such general guidance, achieving efficient coordination between pandemic prevention and control without sacrificing economic and social development.

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.

This year, we put forward a new brand proposition of "Good Seasons, Good Property, Good Community" (collectively, "Three-Good"). "Good Seasons" reflects our property management capability that we can, through quality products and services, provide customers with a pleasant living environment where they can live and work in contentment; "Good Property" reflects our customer service capability that we can respond efficiently, predict demands and establish deep and long-term relationships with our property owners, customers, employees, partners and the government; “Good Community” reflects a sense of ownership that allows property owners, the property enterprise and the communities to build a neighborhood governed and enjoyed by all under the spirit of “Everyone Owns and Takes Responsibilities”. The “Three-Good” manifests a visual representation of the beauty that the “Modernisation of China Overseas Property Management” can create, which is responsive to the customers, to whom we realise our promise on value, the industry, to whom we project our strategies outward, and the society, to whom we fulfill our responsibility as a corporate citizen.

With “Property Management Portfolio” as our cornerstone, we continued to cultivate the quality and efficiency of basic services in the residential, non-residential and city service under property management contracts, providing diversified community convenience services (including contactless meal pickups, door-to-door courier delivery, health consultation, haircuts, maintenance and cleaning, distribution of daily necessities, etc.) in order to enhance fertile soil of our value-added services. Integrating our business extensions into a “Ecology”, we innovated and developed in the fields of residential value-added services, non-residential value-added services and technology to increase the output value per unit area. All businesses complement and integrate with each other to create the business logic of “One Trunk with Multiple Branches, Synergy of Various Businesses” through deepening vertical integration, building a unique brand ecology for COPL. Meanwhile, we adhered to the “Modernisation of China Overseas Property Management” and set quadruple roles on serving a better living: firstly, as an explorer for city services to combine various property management porfolio which are managed separately into an integrated service capability; secondly, as a promotor who promotes the development of entire industry chain to actively integrate internal and external resources; thirdly, as a guardian who safeguards a better living to promote renovations of old community buildings and supporting facilities, improving urban micro-space and stimulating residents’ public service consumption; fourthly, as a developer of co-construction, co-governance and co-usage by building a community ecology with owners and a project fulfilment ecology with suppliers.

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 enterprise spirit of "To Forge Ahead with All One's Heart Every Day" 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. 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 long-term sustainable operation, we have always been committed to the enterprise spirit of "To Forge Ahead with All One's Heart Every Day" and the sincere attitude of "Serving with Heart Every Single Day", and we have been endeavoring along the road to the standardisation, refinement and differentiated customisation 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 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. In 2022, the Group had a cumulative presence in 144 cities, covering Hong Kong and Macau, and a current workforce of approximately 57,425 employees, with 452 pre-sales sites projects under management and 1,643 property management projects with service area of nearly 320.3 million square meters. We continued to diversify our property management portfolio, expand the coverage of non-residential areas, and further diversify our product portfolio consisting of commercial complexes, offices, shopping centers, hotels, industrial parks, logistic parks, aviation, high-speed rail, hospitals, schools, government properties, urban services, parks, ports, roads and bridges, bus terminuses and other public facilities. We secured new contracts of Chengdu China Overseas Jinjiang City (成都中海錦江城), Shenzhen Guanshan Court (深圳觀山苑), Guangzhou Development Center (廣州發展中心), Deshun Building in

Guangzhou Wanbo Commercial District (廣州萬博商務區德舜大廈), Dongguan Songshan Lake Production Scheduling Center and its subsidiary buildings (東莞松山湖生產調度中心及附屬樓), Suzhou Zilang Park (蘇州紫瑯公園), Shenzhen Xili Park (深圳西麗公園), Xi'an Happiness Forest Belt (西安幸福林帶), Peking Union Medical College Hospital (West) (北京協和醫院西單院區), Suzhou Nantong First People's Hospital in Suzhou (蘇州南通市第一人民醫院) and other projects, and tapped into the "Property City" project. In Hong Kong and Macau regions, we successively won the tenders for property management of Police Headquarters Building, Hong Kong Hua Hai Building under China General Administration of Customs, as well as extended our services to over 50% hospital projects under Hospital Authority and the headquarters building of Hospital Authority. Currently, our government management projects cover 12 bureaux and 21 executive departments. We remained 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 with the No.1 ranking in market share of property management in Hong Kong.

We continued to develop our leading product innovation abilities by capitalising on the technology of "Xingqi IoT Platform" (星啟物聯網中台) to establish a digital industry chain for the entire life cycle of buildings and to construct product solutions that connect "Architectural Space" and "Digital Space", with a view to achieving scalable, standardised and customised products. It has been put into use in several projects such as Hangzhou Outlets (杭州奥特萊斯), Southern Investment Headquarters (南方投資總部大廈), Jinan Rural Commercial Bank (濟南農商行) and other projects. We launched the establishment of benchmark projects and completed acceptance of the first batch of 12 benchmark projects in 10 cities, integrating the concept of innovation leading, outstanding quality, co-construction and co-use, sustainable development into the entire process of project operation with high-standard positioning and high-quality operation. We continued to promote full life cycle 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 which 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 as "2022 China Top 100 Property Management Companies", "2022 China TOP 10 Property Management Companies in terms of Service Scale", "2022 China TOP 10 Property Management Companies in terms of Operating Performance", "2022 China Top 100 Property Service Satisfaction Leading Company" and "2022 Outstanding Company in ESG Development of China Property Service". Meanwhile, with outstanding performance in environmental, social and governance, we were selected in "Central Enterprises ESG Governance Pioneer 50 Index" and were granted "The Best ESG Award" of the China Outstanding Investor Relations in 2022. In the future, COPL will continue to uphold and practice the concept of sustainable development, create an important symbol as an excellent enterprise, and actively fulfill our responsibilities as a central enterprise. The Group was also 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) focused on comprehensively promoting the research and breakthrough of key technologies. Its research center has passed the highest worldwide certificate; the "Research of IoT Platform Technology for Buildings" has reached the international advanced level; and the "IoT Model Rule Platform for Buildings" has been selected as a showcase project by the Ministry of Industry and Information Technology of the PRC. Adhering to the strategy of "Platform + Ecology", Xinghai Wulian further strengthened its coordination and focused on its main business to build a series of software and hardware products based on the Xingqi IoT Platform technology, including "Xingqi Terminal Computers" (星啟端腦) and "Xingqi Cloud Screens" (星啟雲屏). With the platform technology as the core, which helps to realise the efficient deployment of intelligent equipment inside the buildings, it is able to improve the efficiency of building operation and maintenance as well as management effectiveness. By joining hands with major technology leaders, with the help of their underlying technical capabilities together with Xinghai Wulian's industry solution capabilities, Xinghai Wulian and the technology leaders created joint products together, further integrated various technical resources, formed industry-leading smart spaces solutions and constructing smart park eco-systems with an array of variety. We focused on comprehensive industry promotion of headquarter parks, commercial and office complexes, manufacturing parks, residential properties, hotels, education, elderly care and cultural tourism. By leveraging the leading digital operation capabilities and intelligent execution capabilities, Xinghai Wulian takes the lead in the technology sector. At the same time, our "Mepork Engineering" (美博工程) provided various value-added engineering services to corporate clients and property owners in accordance with the timeline of buildings, which mainly included 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.

As a platinum member of the Building Owners and Managers Association International, an international accreditation organisation, "Hainawanshang" (海納萬商), a non-residential asset operation service brand under the Group, continued to cultivate its position in the business type of non-residential premises including office buildings, commercial complexes, hotels, industrial parks, logistics parks, government and public construction, colleges and universities and hospitals, with the new development engine powered by its asset operation covering the entire life-cycle and the whole business chain. Meanwhile, under the backdrop of China's vigorous advocate for constructing a "humanistic and livable environment for people", the Group has offered community value-added services under the brand of "UN+" (優你互聯), actively explored the servicing domains of community value-added services, and established a system closely around three areas (community area operations, property value-added services and community living services), to fulfill the daily needs of customers and their families from all scenarios throughout the life-cycle. Our community value-added services will remain focus and target on striving to deepen and establish COPL's community living service platform. In respect of the property value-added services, the rental and sales business has expanded its business scale and project store network in a timely manner through various modes such as direct sales and joint ventures, and strived to become an important channel for the distribution of new build for property developers, providing one-stop professional asset management services for property owners. For our home renovation business, we have strengthened the decoration operation and fully tapped into the market of old community renovation, which drove the demand for decoration consumption in existing projects, that complement each other with our new built service. In respect of community living services, we have developed a live streaming channel named "COPL Community Neighborhood Market" exclusively for our property owners, which offers quality products at affordable prices that well received by customers. The residential elderly care service "Wellness Enjoyment" (樂享頤養) was established in Dongguang as a special showroom to demonstrate the unlimited possibilities for residential elderly care service. "UN+" will continue to deepen its foothold in the existing market, explore the potentials of our services, and meet our customers' ever-increasing demand for a wonderful living condition with a view to developing special service products based on brands, market and differentiation and creating a picture of exquisite and colorful life.

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 capabilities of our project teams, including "Able to manage", "Proficient in professionalism", "Skilful to operate businesses" and "Keen 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 cost 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" 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. Flexible embedding of the precise employment reform model is adopted to decompose job positions with clear duties to create a new efficiency improvement environment that providing employees with workload-based rewards through suitable job matching under differentiated and quantifiable service menu design, 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.

On 9 October 2022, the General Office of the Ministry of Housing and Urban-Rural Development issued "Pilot Work on Comprehensive Community Construction" (《關於開展完整社區建設試點工作》), which focuses on improving community service facilities, creating a livable living environment, promoting intelligent services, and enhancing community governance mechanisms, so as to improve the living environment with all efforts to meet the residents' needs, which is conducive to further development of community living services. 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 to comprehensively move forward to a new journey of "Modernisation of China Overseas Property Management". We pursue balanced, sustainable, healthy, and high-quality development and regard it as "Sole 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 all over Hong Kong and Macau. Our management portfolio includes both residential properties and non-residential properties, such as commercial complexes, office buildings, shopping malls, hotels, industrial parks, logistics 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.

During the year, 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. Therefore, the GFA under our management increased by 60.3 million sq.m. or 23.2% to 320.3 million sq.m. from 260.0 million sq.m. at the last year, in which, 55.7% of the new projects with a contract sum of HK$3,203.3 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 year ended 31 December 2022:

	New orders secured during the year		
	GFA under management		Contract sums
	million sq.m.	%	HK$ million
Source of projects:			
China State Construction and China Overseas Group (Note)	**26.7**	**44.3%**	**1,997.6**
Independent third parties	**33.6**	**55.7%**	**3,203.3**
Total	**60.3**	**100.0%**	**5,200.9**

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 68.2% and 31.8% respectively, with corresponding contract sums amounting to HK$3,239.4 million and HK$1,961.5 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 year ended 31 December 2022:

	New orders secured during the year		
	GFA under management		Contract sums
	million sq.m.	%	HK$ million
Project types:			
Residential projects	**41.1**	**68.2%**	**3,239.4**
Non-residential projects	**19.2**	**31.8%**	**1,961.5**
— *Commercial and office buildings*	***4.6***	***7.6%***	***671.2***
— *Public and other properties*	***14.6***	***24.2%***	***1,290.3***
Total	**60.3**	**100.0%**	**5,200.9**

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 complex and challenging global environment and the impact from pneumonia epidemic. During the year ended 31 December 2022, total revenue increased by 34.4% to HK$12,689.0 million (2021: HK$9,442.0 million), which mainly arisen from (i) the advance in GFA under our management dominated by lump-sum basis contracts; (ii) additional revenue brought from the management of community isolation facilities to support anti-epidemic work in Hong Kong; and (iii) business growth on value-added services to both non-residents and residents. The above upsides have deducted the impact of the average exchange rate depreciation of Renminbi in the past twelve months.

The following table sets out a breakdown of the Group's revenue for the year:

	For the year ended 31 December					
	2022		**2021**		**Change**	
	Revenue		**Revenue**			
	Proportion	**HK$'000**	**Proportion**	**HK$'000**	**HK$'000**	**%**
Project management services:						
— Lump sum basis	**72.1%**	**9,149,715**	**66.8%**	**6,306,857**	**2,842,858**	**45.1%**
— Commission basis	**2.4%**	**298,815**	**3.2%**	**304,001**	**(5,186)**	**(1.7)%**
	74.5%	**9,448,530**	**70.0%**	**6,610,858**	**2,837,672**	**42.9%**
Value-added services:						
— Non-residents	**16.6%**	**2,111,284**	**18.9%**	**1,789,403**	**321,881**	**18.0%**
— Residents	**6.9%**	**880,088**	**8.6%**	**811,020**	**69,068**	**8.5%**
	23.5%	**2,991,372**	**27.5%**	**2,600,423**	**390,949**	**15.0%**
Car parking space trading business	**2.0%**	**249,066**	**2.5%**	**230,754**	**18,312**	**7.9%**
Total	**100.0%**	**12,688,968**	**100.0%**	**9,442,035**	**3,246,933**	**34.4%**

On the other hand, direct operating expenses raised slightly faster than our revenue growth at 36.8% to HK$10,668.6 million for the year (2021: HK$7,800.4 million), which mainly reflected (i) organic growth on property management services with higher proportion of lump-sum basis contracts and value-added services; (ii) the management costs on Hong Kong community isolation facilities; and (iii) additional costs incurred on prevention and control measures against the COVID-19 pandemic of approximately HK$71.9 million (2021: HK$10.0 million).

Accordingly, gross profit margin slid relatively to 15.9% for the year (2021: 17.4%). Nonetheless, with the increasing business scales, the gross profit still increased by 23.1% to HK$2,020.4 million for the year (2021: HK$1,641.6 million).

Other income and gains, net was HK$186.3 million for the year (2021: HK$131.8 million), mainly represented by unconditional government grants, interest income and net exchange gain. The first two income in total, increased by approximately HK$31.7 million, benefiting from more tax incentives and other financial subsidies, as well as arising from a higher level of cash balances comparing with last year together with effective treasury management. The increase in net exchange gain of HK$20.7 million for the year was mainly attributable to the settlement gain on Renminbi remittance to Hong Kong.

For the year ended 31 December 2022, a slight corresponding fair value loss of self-owned investment properties was recorded amounting to HK$3.1 million (2021: fair value loss of HK$1.9 million).

After deducting selling and administrative expenses of HK$465.6 million (2021: HK$428.7 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$50.5 million (2021: HK$23.5 million), operating profit increased by 27.9% to HK$1,687.5 million (2021: HK$1,319.3 million) for the year. The increase in selling and administrative expenses was mainly arisen from 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 managed on a commission basis are the compound effects of (i) continuing expansion of operating scale but at lower impairment rate on trade and retention receivables of 6.6% (2021: 9.0%) for the year due to stringent controls on the age of debts; and (ii) increase in net impairment on commission-based projects of HK$12.1 million that were vulnerable to uncertain market conditions (2021: net reversal of impairment of HK$6.3 million).

Income tax expenses increased by 20.1% to HK$397.7 million for the year (2021: HK$331.1 million), mainly due to increase in profit before tax charged at different applicable regional tax rates. Among that, withholding income tax provision of HK$21.6 million (2021: HK$16.9 million) in respect of dividends distributed/expected to be distributed from a PRC subsidiary was recognised during the year.

Overall, profit attributable to shareholders of the Company for the year ended 31 December 2022 increased by 29.4% to HK$1,273.1 million (2021: HK$983.9 million).

SEGMENT INFORMATION

PROPERTY MANAGEMENT SERVICES

The continuous improvement of service quality and customer satisfaction helped us solidifying our strong brand recognition as a renowned property management service provider for mid- to high-end properties in our core stream business. At the same time, through possessing a diversified and one-stop business capability and providing one-stop shop property management solutions to properties under development, we were able to gain early access to those properties and maintain proximate business relationships with them. In 2022, 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, by leveraging on the Group's brand equity and size advantage. GFA under management increased to 320.3 million sq.m. that was 23.2% more comparing with the last year (2021: 260.0 million sq.m.). The portion of GFA under management from independent third parties at year end increased to 32.8% (2021: 27.6%).

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

	As at 31 Dec 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	**215.1**	**67.2%**	**188.4**	**72.4%**
Independent third parties	**105.2**	**32.8%**	**71.6**	**27.6%**
Total	**320.3**	**100.0%**	**260.0**	**100.0%**

We promoted vertical and horizontal exploration of customer resources by consolidating the existing resources and actively seeking new ones to achieve new breakthroughs in the non-residential sector, which covers commercial complexes, office buildings, shopping malls, hotels, industrial parks, logistics parks, aviation, high-speed rail, hospitals, schools, government properties, city services, parks, ports, roads and bridges, bus terminus and other public facilities. At 31 December 2022, the GFA under management from non-residential projects was 24.5% (2021: 22.8%).

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

	As at 31 Dec 2022		**As at 31 Dec 2021**	
	GFA under management		**GFA under management**	
	million sq.m.	**%**	**million sq.m.**	**%**
Project type:				
Residential projects	**241.8**	**75.5%**	**200.7**	**77.2%**
Non-residential projects	**78.5**	**24.5%**	**59.3**	**22.8%**
— *Commercial and office buildings*	***17.2***	***5.4%***	***12.6***	***4.9%***
— *Public and other properties*	***61.3***	***19.1%***	***46.7***	***17.9%***
Total	**320.3**	**100.0%**	**260.0**	**100.0%**

During the year ended 31 December 2022, revenue from property management services constituted 74.5% of total revenue (2021: 70.0%), and increased by 42.9% from last year to HK$9,448.5 million (2021: HK$6,610.9 million). The increase in revenue from property management services was mainly arisen from (i) the increase in GFA under our management from lump-sum basis contracts; and (ii) additional revenue arisen from Hong Kong community isolation facilities management, which were restrained by the impact of depreciation of Renminbi during the past twelve months.

For the year ended 31 December 2022, approximately 96.8% and 3.2% of the segment revenue were generated from regular property management contracts under lump sum basis and commission basis respectively (2021: 95.4% and 4.6% respectively).

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

	For the year ended 31 December					
	2022		2021		Change	
	Segment revenue		Segment revenue			
	HK$'000	%	HK$'000	%	HK$'000	%
Property management services:						
— Lump sum basis	**9,149,715**	**96.8%**	**6,306,857**	**95.4%**	**2,842,858**	**45.1%**
— Commission basis	**298,815**	**3.2%**	**304,001**	**4.6%**	**(5,186)**	**(1.7)%**
Total	**9,448,530**	**100.0%**	**6,610,858**	**100.0%**	**2,837,672**	**42.9%**

As at 31 December 2022, the ratio of GFA under management from lump sum basis and commission basis was 77.5% to 22.5% (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 year end:

	As at 31 Dec 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	**248.3**	**77.5%**	**188.4**	**72.4%**
Property management contracts under commission basis	**72.0**	**22.5%**	**71.6**	**27.6%**
Total	**320.3**	**100.0%**	**260.0**	**100.0%**

In 2022, the segment gross profit margin from regular property management contracts under lump sum basis and commission basis was 10.6% and 100.0% respectively (2021: 10.8% and 100.0% respectively). Overall, the weighted average segment gross profit margin decreased to 13.4% for the year (2021: 14.9%), mainly due to higher proportion of lump-sum basis contracts upon market expansion in property management sector, and the cost impact brought from COVID-19 pandemic prevention and control under the strict cost control measures.

With continuing increase in segment revenue, the gross profit of our property management services segment increased by 28.6% from last year to HK$1,264.8 million for the year ended 31 December 2022 (2021: HK$983.6 million).

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

	For the year ended 31 December				Change in gross profit	
	2022		2021			
	Gross profit	Gross profit margin	Gross profit	Gross profit margin		
	HK$'000	%	HK$'000	%	HK$'000	%
Property management services:						
— Lump sum basis	**965,972**	**10.6%**	**679,605**	**10.8%**	**286,367**	**42.1%**
— Commission basis	**298,815**	**100.0%**	**304,001**	**100.0%**	**(5,186)**	**(1.7)%**
Total	**1,264,787**	**13.4%**	**983,606**	**14.9%**	**281,181**	**28.6%**

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 29.0% to HK$1,138.0 million for the year (2021: HK$882.4 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 year ended 31 December 2022, revenue from the non-residents segment constituted 16.6% (2021: 18.9%) of total revenue, and increased by 18.0% year-on-year to HK$2,111.3 million (2021: HK$1,789.4 million). The increase in segment revenue was mainly arisen from (i) increase in business volumes on equipment and system installation, repair and maintenance services, vetting of building plans and garden landscape maintenance provided to business entities and owners around the building timeline through Mepork Engineering (美博工程); (ii) the expansion of Xinghai Wulian (興海物聯)'s intelligent building & construction business for the development of smart communities to meet projects' smart park experience; and (iii) the increase in inspection services and pre-delivery services (such as security, cleaning and repair and maintenance services for display units in pre-sales offices for developing properties) provided to property developers. However, the above favorable factors were partly offset by the reduced demand on consultancy services from property developers upon the downturn of real estate sector in the PRC.

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

	For the year ended 31 December		Change	
	2022	2021		
	Sub-segment revenue HK$'000	Sub-segment revenue HK$'000	HK$'000	%
Value-added services to non-residents:				
Engineering services	**935,770**	**643,011**	**292,759**	**45.5%**
Pre-delivery services	**892,313**	**873,252**	**19,061**	**2.2%**
Inspection services	**229,176**	**167,580**	**61,596**	**36.8%**
Consulting services	**54,025**	**105,560**	**(51,535)**	**(48.8)%**
Total	**2,111,284**	**1,789,403**	**321,881**	**18.0%**

In respect of the profitability, the gross profit margin of the value-added services to non-residents sub-segment for the year decreased to 16.4% (2021: 17.9%) mainly due to (i) the establishment of sub-brands and expansion in workforce to actively explore external expanding markets; and (ii) the higher increase in cost on inspection services. Overall, driven by increasing revenue, the sub-segment gross profit remains increased by 8.1% to HK$346.7 million (2021: HK$320.8 million).

The sub-segment profit from value-added services to non-residents, after having allowed for lower sub-segment overhead, increased by 24.9% to HK$245.5 million against last year (2021: HK$196.5 million). The reduction of sub-segment overhead was mainly due to flexible re-assignment of certain back-office sales staff to front-line projects to beef-up overall productivity during the launching of sub-brand businesses.

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, one-stop shop asset management services to the property owners 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, 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 year ended 31 December 2022, revenue from the residents sub-segment constituted 6.9% (2021: 8.6%) of total revenue, and increased by 8.5% to HK$880.1 million (2021: HK$811.0 million), mainly arisen from (i) more demand on advertisements and common area rental assistance under community asset management in line with the increasing GFA under our management, which were partly offset by the impact of lower occupancy rates; and (ii) the expansion of retails and group purchases as well as commercial support services under living service operations and commercial service operations.

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

	For the year ended 31 December			
	2022	2021	Change	
	Sub-segment revenue HK$'000	Sub-segment revenue HK$'000	HK$'000	%
Value-added services to residents:				
Community asset management services	**476,667**	**439,949**	**36,718**	**8.3%**
Living service operations and commercial service operations	**403,421**	**371,071**	**32,350**	**8.7%**
Total	**880,088**	**811,020**	**69,068**	**8.5%**

The gross profit margin of value-added services to residents sub-segment increased to 38.4% (2021: 33.3%), mainly as a result of the change in sales mix and the integration of certain value-added services staff to property management projects. Therefore, the sub-segment gross profit of value-added services to residents increased by 25.1% to HK$338.3 million (2021: HK$270.4 million).

After having allowed for sub-segment overhead, the sub-segment profit from value-added services to residents increased by 24.5% to HK$321.1 million against last year (2021: HK$257.9 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 year ended 31 December 2022, revenue from the car parking spaces trading business segment raised by 7.9% to HK$249.1 million from last year (2021: HK$230.8 million). Total number of car parking spaces sold was 2,392 (2021: 2,067), with segment profit increased to HK$69.1 million in 2022 (2021: HK$64.9 million).

The following table sets out a breakdown of Group's segment revenue and number of carparks sold from car parking spaces trading business for the year:

	For the year ended 31 December		Change	
	2022	2021		
	HK$'000	HK$'000	HK$'000	%
Segment revenue from car parking spaces trading business	**249,066**	**230,754**	**18,312**	**7.9%**

	For the year ended 31 December	
	2022	2021
	Unit	Unit
Number of car parking spaces sold	**2,392**	**2,067**

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 sufficient cash balances. As at 31 December 2022, net working capital amounted to HK$3,170.5 million (as at 31 December 2021: HK$2,516.9 million).

Bank balances and cash increased by 9.5% to HK$4,691.1 million from last year end (as at 31 December 2021: HK$4,283.4 million), in which, 96.8% were denominated in Renminbi and 3.2% were denominated in Hong Kong Dollar/Macau Pataca.

At 31 December 2022, the Group had short-term unsecured bank borrowings denominated in Renminbi amounted to HK$68.2 million. During the year, the borrowing costs were charged at floating rates with weighted average interest rate of 2.72% per annum.

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$231.1 million for the year ended 31 December 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$37.2 million).

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

As announced on 9 December 2022, China Overseas Property Management Guangzhou Company Limited (中海物業管理廣州有限公司), a wholly-owned subsidiary of the Company, as the purchaser entered into an equity transfer agreement (the “Equity Transfer Agreement”) with Guangzhou Lihe Real Estate Development Company Limited (廣州利合房地產開發有限公司), an non-wholly-owned subsidiary of China Overseas Land & Investment Limited (中國海外發展有限公司) (“COLI”), the fellow subsidiary of the Company, as the vendor whereas the purchaser agreed to acquire the entire equity interest in the Guangzhou Lihe Property Management Company Limited (廣州利合物業管理有限公司) from the vendor at the consideration of approximately RMB76.1 million, which has been duly completed in December 2022.

Save as disclosed above, the Group had no material acquisitions, disposals, significant investments and future plans of material investment during the year ended 31 December 2022.

PRINCIPAL RISK MANAGEMENT STRATEGIES

1. **<u>OPERATING EFFICIENCY</u>**

   Our profit margins and results of operations may be materially affected by changes in our reasonable operating costs and the monitoring on implementation of group strategies. Automation and standardisation are key elements amongst our strategies to increase operating efficiency and improve service quality. We have implemented and will continue the implementation of automation measures in our business processes and emphasis on standardisation in our operations. For example, we have employed automation measures such as implementing a real-time quality control system, remote video surveillance system, smart guest access system and carpark management system to achieve operating efficiency and to enhance our overall competitiveness in the property management sector.

2. CUSTOMERS AND SUPPLIERS RELATIONSHIP MANAGEMENT

Our customers include owners and residents in mid- to high-end residential communities, commercial properties, government properties and industrial parks, and business enterprises like property developers and other property management companies.

Customers are one of our key stakeholders. In order to continuously foster and maintain our customers' high satisfaction, our quality control department mainly focused on, among others, (i) the solidification of our strong brand recognition as a property management service provider for mid- to high-end properties; (ii) the establishment and maintenance of our internal quality standards and community safety management systems; (iii) the central management of customer complaints and customer satisfaction surveys and analysis. In addition, we provided structured and comprehensive trainings to our frontline staff, so as to ensure that they delivered attentive customer services with adequate skills and knowledge.

Our suppliers primarily include suppliers of our raw materials and sub-contractors who provide cleaning and garden landscape maintenance services to the properties we manage.

In order to ensure cost effectiveness and standardisation quality customer services to promote customers' satisfaction, our business strategies includes objectives to maintain close business relationships with quality vendors and sub-contractors so as to achieve consistency and reliability in service quality, while controlling costs through bulk purchases or economies of scale. Our competitiveness depends on our ability to differentiate our Group from our competitors through quality services and reliability.

3. MONITORING OF 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.

COMPLIANCE WITH RELEVANT LAWS AND REGULATION

We have complied with the relevant laws and regulations in relation to our business in all material respects and there were no material breaches or violations of the laws or regulations applicable to our Group that would have a material adverse effect on our business or financial condition taken as a whole.

SUBSTAINABILITY DEVELOPMENT POLICY AND PERFORMANCE

Year 2022, is the last year of the three-year sustainable development roadmap and the first year of the stakeholder communication plan, COPL has achieved the following results:

- In the three-year sustainable development roadmap, COPL strengthened the construction of a sustainable development framework to supervise sustainable development issues. It identified five priority United Nations Sustainable Development Goals (UNSDGs) and linked them to the UNSDGs identified in daily operations. At the same time, COPL carried out the work of the Task Force on Climate-related Financial Disclosures (TCFD), including formulating climate change policies, disclosing TCFD response plans, and strengthening the identification of climate risks and opportunities;
- As the first year of implementing the stakeholder communication plan, 2022 witnessed the organisation of an in-depth interview with the chief executive officer and one of the key members of the sustainable development working group, the operation department. During the interview, the parties confirmed continuous conviction in energy consumption reduction and efficiency improvement. Going forward, the stakeholder communication plan will also be extended to cover stakeholder groups such as tenants and customers; and

- Going forward, we will continue to strengthen the coordination and management of environmental protection measures applicable at each operating site. The management work includes planning targets, compliance, risks, pollution prevention and control, energy conservation and emission reduction and cleaner production, green innovation, education and training, statistics monitoring, emergency and information disclosure and reporting.

For more information on our sustainability performance, please refer to the "Sustainable Development" page on the Company's website.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 31 December 2022, the capital commitments of the Group were HK$7.7 million, which mainly related to capital investment in a joint venture and acquisition of system and software. In additions, the Group provided counter-indemnities to a fellow subsidiary and banks amounting to approximately HK$310.5 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, 29 June 2022 and 9 December 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 RMB50.0 million (equivalent to approximately HK$56.8 million), RMB30.0 million (equivalent to approximately HK$34.1 million) and RMB20.0 million (equivalent to approximately HK$22.7 million) respectively.

Except as disclosed above, we had no other material capital commitments and outstanding contingent liabilities as at 31 December 2022.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Group had no significant events occurred after the year ended 31 December 2022, which have material impact on the performance and the value of the Group.

EMPLOYEES

As at 31 December 2022, the Group had approximately 57,425 employees (as at 31 December 2021: 52,220).

The pay levels of these employees are commensurate with their responsibilities, performance and the prevailing market condition. 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 year ended 31 December 2022 was approximately HK$6,314.3 million (2021: HK$4,625.0 million), of which, HK$5,953.4 million (2021: HK$4,314.2 million) and HK$360.9 million (2021: HK$310.8 million) was recognised in direct operating expenses and selling and administrative expenses respectively.

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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2022

	Notes	**2022** **HK$'000**	2021 HK$'000
Revenue	*5*	**12,688,968**	9,442,035
Direct operating expenses		**(10,668,584)**	(7,800,427)
Gross profit		**2,020,384**	1,641,608
Other income and gains, net		**186,282**	131,840
Fair value loss of self-owned investment properties, net		**(3,067)**	(1,902)
Selling and administrative expenses		**(465,594)**	(428,681)
Impairment of financial assets, net		**(50,538)**	(23,542)
Operating profit		**1,687,467**	1,319,323
Finance costs		**(14,001)**	(3,235)
Share of profit of a joint venture		**4,691**	1,455
Share of profit of an associate		**185**	191
Profit before tax	*6*	**1,678,342**	1,317,734
Income tax expenses	*7*	**(397,663)**	(331,087)
Profit for the year		**1,280,679**	986,647
Attributable to:			
Shareholders of the Company		**1,273,146**	983,872
Non-controlling interests		**7,533**	2,775
		1,280,679	986,647
		HK Cents	HK Cents
Earnings per share attributable to shareholders of the Company			
Basic and diluted	*9*	**38.73**	29.93

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022	2021
	HK$'000	HK$'000
Profit for the year	**1,280,679**	986,647
Other comprehensive (loss)/income for the year, net of income tax		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of subsidiaries of the Company	**(262,252)**	97,603
Total comprehensive income for the year	**1,018,427**	1,084,250
Attributable to:		
Shareholders of the Company	**1,015,027**	1,079,813
Non-controlling interests	**3,400**	4,437
	1,018,427	1,084,250

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	**2022** **HK$'000**	2021 HK$'000
Non-current assets			
Property, plant and equipment		**114,044**	111,409
Investment properties		**209,159**	167,069
Right-of-use assets		**83,120**	80,840
Intangible assets		**114,824**	59,444
Investment in a joint venture		**9,561**	5,399
Investment in an associate		**329**	144
Due from a related company	*12*	**-**	92,397
Prepayments		**16,368**	26,260
Deferred tax assets		**46,647**	43,450
Total non-current assets		**594,052**	586,412
Current assets			
Inventories	*10*	**970,808**	935,295
Trade and retention receivables	*11*	**2,138,997**	1,387,463
Prepayments, deposits and other receivables		**964,948**	595,347
Due from the immediate holding company	*12*	**2,170**	408
Due from fellow subsidiaries	*12*	**559,524**	416,518
Due from other related companies	*12*	**199,776**	114,919
Cash and bank balances		**4,691,120**	4,283,374
Total current assets		**9,527,343**	7,733,324
Current liabilities			
Trade payables	*13*	**1,516,951**	776,486
Other payables and accruals		**1,287,132**	1,103,163
Temporary receipts from properties managed		**1,471,419**	1,543,226
Receipts in advance and other deposits		**1,627,512**	1,500,803
Lease liabilities		**53,678**	41,245
Due to the immediate holding company	*14*	**-**	1,084
Due to fellow subsidiaries	*14*	**40,684**	11,319
Due to other related companies	*14*	**42,887**	12,534
Income tax payables		**248,356**	226,612
Bank borrowings	*15*	**68,182**	-
Total current liabilities		**6,356,801**	5,216,472
Net current assets		**3,170,542**	2,516,852
Total assets less current liabilities		**3,764,594**	3,103,264

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2022

	Note	**2022** **HK$'000**	2021 HK$'000
Non-current liabilities			
Lease liabilities		**84,689**	32,839
Deferred tax liabilities		**16,922**	17,925
Total non-current liabilities		**101,611**	50,764
Net assets		**3,662,983**	3,052,500
Equity			
Equity attributable to shareholders of the Company			
Issued capital	*16*	**3,287**	3,287
Reserves		**3,608,063**	2,996,751
		3,611,350	3,000,038
Non-controlling interests		**51,633**	52,462
Total equity		**3,662,983**	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 the 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) ("CSCEC"), 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 year, the Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the provision of property management services; value-added services to non-residents and residents; and the trading of car parking spaces.

The financial statements which have been prepared for the year ended 31 December 2022 were approved for issue by the Board on 23 March 2023.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollar ("HK$"), which is the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

2. BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company. Adjustments are made to bring in to line any dissimilar accounting policies that may exist. Other than those subsidiaries acquired under business combinations under common control which are consolidated from the date when combining entities first come under the control of the controlling shareholder of the Company or from the earliest date presented in these financial statements, whichever is the latter, the results of other subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Save as described in note 3 “Changes in accounting policies and disclosures”, the accounting policies used in preparing the consolidated financial statements are consistent with those of the annual financial statements for the year ended 31 December 2021.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements:

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments 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 accompany HKFRS 16, and HKAS 41

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The Group has not applied the following 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*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2,4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[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]

1 Effective for annual periods beginning on or after 1 January 2023.

2 Effective for annual periods beginning on or after 1 January 2024.

3 No mandatory effective date yet determined but available for adoption.

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion.

The Group has already commenced a preliminary assessment of the relevant impact of these revised standards, 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 consistent with the classification in prior years. In the opinion of the directors of the Company, value-added services segment was further divided into two sub-segments, namely value-added services to non-residents and value-added services to residents for presentation in order to have a more comprehensive disclosure for financial statement users:

(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 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 of the 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.

During the year ended 31 December 2022, the geographical segment information was redefined for better reflection of the latest development of the Group's operations in the PRC, which was divided into eight regions as: Hua South Region, Hua East Region, Hua North Region, Hua Central Region, Northeast Region, Northwest Region, Southwest Region and Hong Kong and Macau. The geographical segment information for the year ended 31 December 2021 was restated accordingly to conform to the current year's presentation.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2022

		Value-added services				
	Property management services HK$'000	***Non-residents HK$'000***	***Residents HK$'000***	**Sub-total HK$'000**	**Car parking spaces trading business HK$'000**	**Total HK$'000**
Reportable segment revenue						
Revenue from external customers (note 5)	**9,448,530**	***2,111,284***	***880,088***	**2,991,372**	**249,066**	**12,688,968**
Inter-segment revenue	**84,353**	***371,080***	***143,147***	**514,227**	**-**	**598,580**
	9,532,883	***2,482,364***	***1,023,235***	**3,505,599**	**249,066**	**13,287,548**
Reconciliation:						
Elimination of inter-segment revenue						**(598,580)**
Reported total revenue						**12,688,968**
Reportable segment results	**1,138,036**	***245,481***	***321,062***	**566,543**	**69,095**	**1,773,674**
Reconciliation:						
Corporate expenses, net						**(95,332)**
Profit before tax						**1,678,342**

		Value-added services					
	Property management services HK$'000	***Non-residents HK$'000***	***Residents HK$'000***	**Sub-total HK$'000**	**Car parking spaces trading business HK$'000**	**Corporate and other unallocated HK$'000**	**Total HK$'000**
Other segment information							
Interest income	**73,892**	***153***	***254***	**407**	**-**	**14**	**74,313**
Loss on disposal of items of property, plant and equipment	**1,523**	**-**	**-**	**-**	**-**	**-**	**1,523**
Loss/(gain) on early termination of lease contracts, net	**93**	**-**	***(1,946)***	**(1,946)**	**-**	**-**	**(1,853)**
Impairment of financial assets, net	**50,538**	**-**	**-**	**-**	**-**	**-**	**50,538**
Depreciation and amortisation	**72,896**	***4,501***	***4,238***	**8,739**	**-**	**3,626**	**85,261**
Fair value loss of self-owned investment properties, net	**-**	**-**	***3,067***	**3,067**	**-**	**-**	**3,067**
Share of profit of a joint venture	**4,691**	**-**	**-**	**-**	**-**	**-**	**4,691**
Share of profit of an associate	**185**	**-**	**-**	**-**	**-**	**-**	**185**

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2021

	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 spaces trading business HK$'000	Total HK$'000
Reportable segment revenue						
Revenue from external customers (note 5)	6,610,858	*1,789,403*	*811,020*	2,600,423	230,754	9,442,035
Inter-segment revenue	81,179	*228,078*	*60,362*	288,440	-	369,619
	6,692,037	*2,017,481*	*871,382*	2,888,863	230,754	9,811,654
Reconciliation:						
Elimination of inter-segment revenue						(369,619)
Reported total revenue						9,442,035
Reportable segment results	882,410	*196,537*	*257,887*	454,424	64,927	1,401,761
Reconciliation:						
Corporate expenses, net						(84,027)
Profit before tax						1,317,734

	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 spaces trading business HK$'000	Corporate and other unallocated HK$'000	Total HK$'000
Other segment information							
Interest income	68,104	*199*	*651*	850	-	15	68,969
Loss on disposal of items of property, plant and equipment	644	-	-	-	-	-	644
(Gain)/loss on early termination of lease contracts, net	(655)	-	*153*	153	-	-	(502)
Impairment of financial assets, net	23,542	-	-	-	-	-	23,542
Depreciation and amortisation	56,257	*3,453*	*2,635*	6,088	-	4,260	66,605
Fair value loss of self-owned investment properties, net	-	-	*1,902*	1,902	-	-	1,902
Share of profit of a joint venture	1,455	-	-	-	-	-	1,455
Share of profit of an associate	191	-	-	-	-	-	191

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) Revenue from external customers

	2022	2021
	HK$'000	HK$'000
		(Restated)
Mainland China:		
Hua South Region	**2,977,912**	1,777,042
Hua East Region	**1,846,796**	1,634,374
Hua North Region	**2,213,891**	2,014,646
Hua Central Region	**623,261**	451,386
Northeast Region	**742,875**	605,115
Northwest Region	**621,832**	538,284
Southwest Region	**1,182,870**	1,176,590
	10,209,437	8,197,437
Hong Kong and Macau	**2,479,531**	1,244,598
	12,688,968	9,442,035

The revenue information above is based on locations of customers.

(b) Non-current assets

	2022	2021
	HK$'000	HK$'000
		(Restated)
Mainland China:		
Hua South Region	**248,274**	257,862
Hua East Region	**97,450**	80,643
Hua North Region	**50,302**	19,114
Hua Central Region	**10,397**	5,136
Northeast Region	**6,943**	6,672
Northwest Region	**10,908**	8,998
Southwest Region	**77,602**	43,651
	501,876	422,076
Hong Kong and Macau	**35,639**	22,946
	537,515	445,022

The non-current assets information above is based on the locations of the assets and excludes investments in a joint venture and an associate, balance due from a related company and deferred tax assets.

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 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 which are set out in note 4 “Operating segment information”.

Timing of revenue recognition

Year ended 31 December 2022

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	**-**	***-***	***544,833***	**544,833**	**240,337**	**785,170**
Over time	**9,448,530**	***2,111,284***	***322,244***	**2,433,528**	**-**	**11,882,058**
Total revenue from contracts with customers	**9,448,530**	***2,111,284***	***867,077***	**2,978,361**	**240,337**	**12,667,228**
Revenue from another source - rental income	**-**	***-***	***13,011***	**13,011**	**8,729**	**21,740**
Total revenue from external customers	**9,448,530**	***2,111,284***	***880,088***	**2,991,372**	**249,066**	**12,688,968**

Year ended 31 December 2021

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	-	*-*	*527,371*	527,371	227,899	755,270
Over time	6,610,858	*1,789,403*	*279,948*	2,069,351	-	8,680,209
Total revenue from contracts with customers	6,610,858	*1,789,403*	*807,319*	2,596,722	227,899	9,435,479
Revenue from another source - rental income	-	*-*	*3,701*	3,701	2,855	6,556
Total revenue from external customers	6,610,858	*1,789,403*	*811,020*	2,600,423	230,754	9,442,035

Geographical market

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

6. PROFIT BEFORE TAX

	2022 **HK$'000**	2021 HK$'000
Profit before tax is arrived at after charging:		
Employee benefit expenses including directors' and chief executive's remuneration and share-based payments (note)	**6,314,324**	4,624,997
Sub-contracting costs	**2,822,854**	1,769,366

Note: During the year ended 31 December 2022, share-based payments to certain directors, senior management and other employees amounting to HK$6,300,000 (2021: HK$8,048,000) were recognised in profit or loss, with a corresponding credit to equity.

7. INCOME TAX EXPENSES

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

	2022 **HK$'000**	2021 HK$'000
Current:		
Hong Kong	**15,377**	3,221
Macau	**251**	311
Mainland China	**366,433**	315,455
The PRC withholding income tax	**21,570**	16,949
	403,631	335,936
Deferred	**(5,968)**	(4,849)
Total	**397,663**	331,087

Notes:

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

	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

The dividends paid in 2022 and 2021 were HK$328,686,000 and HK$236,654,000 respectively. A final dividend of HK8.0 cents per share in respect of the year ended 31 December 2022, amounting to a total dividend of HK$262,949,000, is to be proposed at the annual general meeting on 20 June 2023. These financial statements do not reflect this dividend payable.

	Dividends declared/ proposed	**Dividends paid and recorded in the financial statements**	
		2022	2021
	HK$'000	**HK$'000**	HK$'000
2020:			
Final dividend of HK4.2 cents per ordinary share	138,048		138,048
2021:			
Interim dividend of HK3.0 cents per ordinary share	98,606		98,606
Final dividend of HK6.0 cents per ordinary share	197,212	**197,212**	
	295,818		
2022:			
Interim dividend of HK4.0 cents per ordinary share	131,474	**131,474**	
Final dividend of HK8.0 cents per ordinary share	262,949		
Total	394,423	**328,686**	236,654

9. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the year attributable to shareholders of the Company of HK$1,273,146,000 (2021: HK$983,872,000), and the weighted average number of ordinary shares of 3,286,860,460 (2021: 3,286,860,460) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for each of the years ended 31 December 2022 and 2021 for a dilution as the Group had no dilutive potential ordinary shares in issue during these years.

10. INVENTORIES

	2022	2021
	HK$'000	HK$'000
Car parking spaces	**967,327**	934,282
Others	**3,481**	1,013
	970,808	935,295

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

11. TRADE AND RENTENTION RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables	**2,272,373**	1,506,562
Retention receivables	**18,259**	18,329
Trade and retention receivables	**2,290,632**	1,524,891
Less: Impairment	**(151,635)**	(137,428)
	2,138,997	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 spaces 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 notes by the Group. Services income for the 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 notes. Car parking spaces trading income is received in accordance with the terms of the sales and purchases 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, customers of value-added services and car parking spaces 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:

	2022 HK$'000	2021 HK$'000
Within 1 month	**828,119**	452,399
1 to 3 months	**527,153**	350,666
3 to 12 months	**590,320**	419,642
1 to 2 years	**165,353**	113,209
Over 2 years	**161,428**	170,646
	2,272,373	1,506,562

12. BALANCES DUE FROM THE IMMEDIATE HOLDING COMPANY, FELLOW SUBSIDIARIES AND OTHER RELATED COMPANIES

	2022	2021
	HK$'000	HK$'000
Balance due from the immediate holding company		
Trade nature	**2,170**	408
Balances due from fellow subsidiaries		
Trade nature	**486,491**	338,744
Prepayments	**73,033**	77,774
	559,524	416,518
Balances due from other related companies (including joint ventures and associates of fellow subsidiaries)		
Trade nature	**114,312**	81,140
Non-trade nature	**85,257**	92,397
Prepayments	**207**	33,779
	199,776	207,316
Total balances due from related parties	**761,470**	624,242

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

	2022	2021
	HK$'000	HK$'000
Balance due from the immediate holding company		
Within 1 month	**177**	29
1 to 3 months	**777**	71
Over 3 months	**1,216**	308
	2,170	408
Balances due from fellow subsidiaries		
Within 1 month	**206,325**	118,773
1 to 3 months	**81,549**	64,064
3 to 12 months	**113,039**	116,881
1 to 2 years	**70,398**	22,487
Over 2 years	**15,180**	16,539
	486,491	338,744
Balances due from other related companies		
Within 1 month	**57,008**	30,537
1 to 3 months	**16,438**	15,500
3 to 12 months	**30,567**	27,821
1 to 2 years	**7,519**	4,518
Over 2 years	**2,780**	2,764
	114,312	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:

	2022 HK$'000	2021 HK$'000
Within 1 month	**594,018**	222,592
1 to 3 months	**273,890**	156,623
3 to 12 months	**413,763**	184,859
1 to 2 years	**136,124**	130,616
Over 2 years	**99,156**	81,796
	1,516,951	776,486

14. BALANCES DUE TO THE IMMEDIATE HOLDING COMPANY, FELLOW SUBSIDIARIES AND OTHER RELATED COMPANIES

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

	2022 HK$'000	2021 HK$'000
Balances due to the immediate holding company		
– trade nature		
Within 1 month	**-**	1,084

	2022 HK$'000	2021 HK$'000
Balances due to fellow subsidiaries		
– trade nature		
Within 1 month	**4,531**	1,003
1 to 3 months	**614**	897
3 to 12 months	**27,429**	754
1 to 2 years	**669**	1,877
Over 2 years	**1,974**	550
	35,217	5,081
– receipts in advance	**5,467**	6,238
	40,684	11,319

	2022 HK$'000	2021 HK$'000
Balances due to other related companies (including joint ventures and associates of fellow subsidiaries)		
– trade nature		
Within 1 month	**369**	715
1 to 3 months	**7,800**	874
3 to 12 months	**23,914**	152
1 to 2 years	**576**	2
Over 2 years	**216**	232
	32,875	1,975
– receipts in advance	**10,012**	10,559
	42,887	12,534

15. BANK BORROWINGS

	2022	2021
	HK$'000	HK$'000
At 1 January	**-**	-
Drawdown of bank borrowings	**674,563**	80,000
Repayment of bank borrowings	**(604,715)**	(80,000)
Exchange realignment	**(1,666)**	-
At 31 December	**68,182**	-

As at 31 December 2022, the Group had unsecured short-term bank borrowings denominated in RMB of RMB60,000,000 (equivalent to approximately HK$68,182,000), which bear floating interest rates at the Loan Prime Rate of the PRC minus specific rates. The weighted average effective interest rate was 2.72% per annum during the year ended 31 December 2022.

16. ISSUED CAPITAL

	2022	2021
	HK$'000	HK$'000
Issued and fully paid:		
3,286,860,460 ordinary shares of HK$0.001 each	**3,287**	3,287

17. COMPARATIVE AMOUNTS

The presentation of the geographical segment information was redefined during the year as further details in note 4 above. Accordingly, the comparative geographical segment information for the year ended 31 December 2021 has been restated to conform to the current year's presentation and disclosures.

PROPOSED FINAL DIVIDEND

After taking into account the dividend policy of the Group, business results for the year and future business development plans, the Board has recommended the declaration of a final dividend of HK8.0 cents per share for the year ended 31 December 2022 (for the year ended 31 December 2021: a final dividend of HK6.0 cents per share) representing a total amount of approximately HK$262,949,000, subject to the approval of shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting to be held on Tuesday, 20 June 2023 (the "2023 AGM"). The proposed final dividend will be paid to the Shareholders on Friday, 14 July 2023 whose names appear on the Company's register of members (the "Register of Members") on Thursday, 29 June 2023.

ANNUAL GENERAL MEETING

The 2023 AGM will be held on Tuesday, 20 June 2023 at 11 a.m. The notice of the 2023 AGM, which constitutes part of a circular to Shareholders, will be sent together with the 2022 annual report in due course.

CLOSURE OF REGISTERS OF MEMBERS

For the purposes of determining the eligibility of the Shareholders to attend and vote at the 2023 AGM, and the eligible Shareholders' entitlement to the proposed final dividend, the Register of Members will be closed as appropriate as set out below:

(i) For determining the Shareholders' eligibility to attend and vote at the 2023 AGM:

Latest time to lodge transfer documents for registration with the Company's branch share registrar and transfer office in Hong Kong	At 4:30 p.m. on Wednesday, 14 June 2023
Closure of the Register of Members	Thursday, 15 June 2023 to Tuesday, 20 June 2023 (both days inclusive)
Record Date	Tuesday, 20 June 2023

(ii) Subject to the passing of the final dividend proposal agenda at the 2023 AGM, for determining the eligible Shareholders' entitlement to the proposed final dividend:

Ex-dividend date	Friday, 23 June 2023
Latest time to lodge transfer documents for registration with the Company's branch share registrar and transfer office in Hong Kong	At 4:30 p.m. on Monday, 26 June 2023
Closure of the Register of Members	Tuesday, 27 June 2023 to Thursday, 29 June 2023 (both days inclusive)
Record Date	Thursday, 29 June 2023

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.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The audit committee of the Company (the "Audit Committee") assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process, and performing other duties and responsibilities as may be assigned by the Board from time to time. The members of the Audit Committee are all independent non-executive Directors, namely Mr. Yung, Wing Ki Samuel, Mr. So, Gregory Kam Leung and Mr. Lim, Wan Fung Bernard Vincent. Mr. Yung, Wing Ki Samuel is the chairman of the Audit Committee.

The Audit Committee has discussed and reviewed with management the annual results and consolidated accounts of the Group for the year ended 31 December 2022.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

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 year ended 31 December 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 year ended 31 December 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 year ended 31 December 2022. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year ended 31 December 2022.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual 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 annual report for the year ended 31 December 2022 will be available on the same websites and will be dispatched to the Shareholders in due course.

PROPOSED AMENDMENTS TO THE AMENDED AND RESTATED ARTICLES OF ASSOCIATION

The Board proposes to make certain amendments to the existing amended and restated articles of association of the Company (the "Amended and Restated Articles") for the purpose of (i) reflecting and aligning with the Core Shareholder Protection Standards set out in the amended Appendix 3 to the Listing Rules which took effect on 1 January 2022; and (ii) incorporate certain house-keeping amendments.

The proposed amendments to the Amended and Restated Articles are subject to the approval of the Shareholders by way of special resolution at the 2023 AGM of the Company to be convened.

A circular containing, inter alia, further details concerning the proposed amendments to the Amended and Restated Articles and a notice convening the 2023 AGM 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 support.

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

Hong Kong, 23 March 2023

As at the date of this announcement, the Board comprises nine Directors, there are four Executive Directors, namely Mr. Zhang Guiqing (Chairman), Mr. Xiao Junqiang (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.