中海物業
CHINA OVERSEAS PROPERTY

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

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

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

1. During the six months ended 30 June 2023, the gross floor area ("GFA") under our management increased by 43.0 million sq.m. or 13.4% to 363.3 million sq.m. from 320.3 million sq.m. at the last year end, in which, 74.5% of the new jobs with a contract sum of HK$1,781.7 million were secured from independent third parties. Residential projects and non-residential projects accounted for 44.8% and 55.2% of the new orders respectively, with corresponding contract sums amounting to HK$1,537.7 million and HK$1,428.9 million respectively. As at 30 June 2023, the portion of GFA under management from independent third parties and for non-residential projects increased to 37.8% and 28.2% respectively (At 31 December 2022: 32.8% and 24.5% respectively).

2. Revenue increased by 23.2% to HK$7,163.0 million, comparing to HK$5,813.9 million in the last corresponding period. Gross profit increased by 30.8% against last period to HK$1,147.6 million (2022: HK$877.4 million).

3. Profit attributable to shareholders of the Company for the six months ended 30 June 2023 increased by 39.2% to HK$726.0 million against the last corresponding period (2022: HK$521.7 million). Basic and diluted earnings per share was HK22.09 cents (2022: HK15.87 cents), representing an increase of 39.2%. Average return on equity was 38.5% (2022: 33.8%).

4. The Board declared the payment of an interim dividend of HK5.5 cents per share (2022: HK4.0 cents per share) for the six months ended 30 June 2023.

The board of directors (the "Board") of China Overseas Property Holdings Limited (the "Company" or "COPL") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2023. The six-month turnover of the Group amounted to HK$7,163.0 million, representing an increase of 23.2% compared to the turnover of HK$5,813.9 million for the corresponding period last year. Operating profit for the period rose by 39.4% to HK$984.9 million compared to the corresponding period last year (2022: HK$706.7 million). The profit attributable to shareholders of the Company increased by 39.2% to HK$726.0 million (2022: HK$521.7 million). Basic and diluted earnings per share was HK22.09 cents (2022: HK15.87 cents). Average return on equity was 38.5% (2022: 33.8%). After taking into account the Group's dividend policy, interim business results and future business development plans, the Board declared an interim dividend of HK5.5 cents (2022: HK4.0 cents) per share for the six months ended 30 June 2023.

In the first half of 2023, opposing trade barriers and geopolitical tensions have dealt a severe blow to the order of the global supply chain, resulting in soaring commodity prices and worsening inflation. In order to curb inflation, the US Federal Reserve System has been raising interest rates since 2022, and it has raised interest rates 5% in total to 5.25% with an aggregate of 10 interest rate hikes until the end of June 2023. Prolonged high interest rates have affected the global financial order and impacted services and commodity prices, leading to an imbalance between supply and demand and weakening demand expectations. Nevertheless, as our country normalised from COVID-19 pandemic, it put great efforts to promote high-quality development and better coordinated domestic and international situations by forging ahead and insisting on seeking progress amidst stability, which effectively facilitated a gradual recovery in market demand, a continuous increase in production and supply, an overall stability in employment and commodity prices, and an overall economic upturn.

2023 is a critical year inherits the past and leads to the future within the Group's "14th Five-Year strategic plan". COPL has clearly adopted the "1155" pathway to actualise its medium- and long-term strategic objectives: by steadfastly revitalizing 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 high-quality development and regard it as “One Core”, and we 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 organization. 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 “The China Overseas Proprietary Methodology in the Modernisation of Property Management” (“COPMPM”) strategic objectives, and sets quadruple roles on serving a better living: firstly, as an explorer for city services, we combine various property management portfolios that are managed separately into an integrated service capability; secondly, as a promotor for the development of the entire industry chain, we actively integrate internal and external resources; thirdly, as a guardian who safeguards a better living, we promote renovations of old community buildings and supporting facilities, improve urban micro-space and stimulate residents’ public service consumption; fourthly, as a developer of co-construction, co-governance and co-usage, we build a community ecology with owners and a project fulfilment ecology with suppliers. We will vigorously develop the integrated operation of urban space and strive to become not only the manager of urban buildings, but also the operator of urban basic services and a dedicated participant in upgrading urban services with a view to promoting the unity of the three dynamics: the grassroots governance of the government, the management of owners' rights and interests, and the commercial behavior of enterprises.

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 neighbourhood 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 COPMPM 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 fulfil 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, printing, supermarkets, outdoor movies, competition live streaming, etc.) in order to shorten the distance to the residents, show the humane care and services of the property, so as to increase customer loyalty and 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 unique COPL business logic of "One Trunk with Multiple Branches, Synergy of Various Businesses" through deepening vertical integration.

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 37 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 "Progress Whole-Heartedly Each 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 "Progress Whole-Heartedly Each 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 the first half of 2023, the Group had a cumulative presence in 154 cities, covering Hong Kong and Macau, and a current workforce of approximately 51,630 employees, with 1,818 property management projects with service area of nearly 363.3 million square meters ("sq.m") and 471 pre-sales sites projects under management. 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 Kunming China Overseas International Centre (昆明中海國際中心), Chengdu Minsheng Bank Chengdu Headquarter Building (成都民生銀行成都總部大樓), Xi'an Longi Green Energy Ordos Industrial Park (西安隆基綠能鄂爾多斯產業園), Zhongshan S.F. Express South China Industrial Park (中山順豐華南產業園), Shenyang Heping Universal City (瀋陽和平環宇城), Guangdong Dragonsea Zhuhai Base (廣東海龍珠海基地), Hebei Xiongan Jinhu Future City (河北雄安金湖未來城), Guangzhou Jinbi Yushui Villa (廣州金碧禦水山莊), Taiyuan China Overseas Metropolis Times Phase Two (太原中海寰宇時代二期), Chengdu Shudao (成都蜀道), Shenzhen Tanglangshan Park (深圳塘朗山公園), Shenzhen Yuanke Park (深圳園科公園) and other projects. In Hong Kong and Macau regions, we successively won the tenders for property management of Hong Kong Housing Authority Headquarter Office Building, Building of the Office of the Government Chief Information Officer of HKSAR and Macao Grand Prix Museum, enhanced cooperation with the Hong Kong Leisure and Cultural Services Department 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 23 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 (杭州奧特萊斯), Southern Investment Headquarters (南方投資總部大廈), Jinan Rural Commercial Bank (濟南農商行) and other projects. We launched the establishment of benchmark projects and completed acceptance of a total of 33 benchmark projects in 28 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 "2023 China Top 100 Property Management Companies", "2023 China Top 10 Property Management Companies in terms of Service Scale", "2023 China Top 20 Listed Property Management Companies", "2023 China Top 10 Property Management Companies in terms of Operating Performance", "2023 China

Top 100 Property Service Satisfaction Leading Companies", "2023 China Top 10 Listed Property Services Companies for Market Expansion Capability", "2023 China Top 10 Leading Enterprises of Property Management Listed Companies for High-Quality Development" and "2023 No. 1 China Outstanding Listed Property Services Companies with Investment Value". Meanwhile, the Group was included as a constituent in Morgan Stanley Capital International Index (MSCI) China Index and was continuously 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.

With our outstanding performance in environmental, social and governance, we were short-listed in "2023 Exceptional ESG Development of China Property Services Companies" and "2023 Top 10 Exceptional ESG Development of China Property Services Companies". COPL continues to uphold the concept of sustainable development by launching a dual-carbon work plan to make progress towards the four quantitative environmental objectives of energy, waste, water and carbon emissions, including but not limited to the gradual expansion of waste work sites, the energy-saving conversion of basement lighting and the optimisation of charging facility layout planning, so as to create an important symbol as an excellent enterprise, and to actively fulfil our responsibilities as a central enterprise.

COPL's "Xinghai Wulian"(興海物聯) empowered high-quality development with technology, used digitisation to promote industry-leading modernisation changes, and continuously focused on comprehensively promoting the research and breakthrough of key technologies in smart parks. Its research center has passed the highest worldwide certificate; the "Research of IoT Platform Technology for Buildings" has reached the international advanced level; its self-developed projects stood out in the national competition "State-owned Enterprises Digital Scenario Innovation Competition", winning the second and third prizes. The Group further strengthened the co-ordination of scientific and technological capabilities and empowered the property management sector through the transformation of scientific and technological achievements to facilitate the Group's digital transformation and upgrading of its operations and management. Adhering to the strategy of "Platform + Ecology", Xinghai Wulian built 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 base, we strengthened the innovative exploration and practice of digital solutions for the property management industry and realised the efficient deployment of intelligent equipment inside the buildings, by which we were able to improve the efficiency of building operation and maintenance as well as management effectiveness. With Xinghai Wulian's industry solution capabilities together with the underlying technical capabilities of major technology leaders, 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 continued our regional market deployment, created scenario-based benchmark project cases, explored multiple development directions on smart city construction, digitalisation, dual-carbon and green areas, in order to explore frontier fields, to consolidate and improve our core competitiveness and to implement the strategy of leading scientific and technological capabilities. At the same time, through the "One Line, Five Chains" business plan of "Haibo Engineering" (海博工程), we focused on the whole life cycle of buildings, including the real estate development chain, the intelligent building ecosystem chain, the energy management chain, the property engineering chain and the procurement and supply chain. We strived to provide various value-added engineering services to our corporate clients and property owners, including real estate development consultancy, intelligent building operation and maintenance, facility and equipment maintenance, landscape maintenance, community renewal and transformation, energy management, and procurement and supply, etc. We will adhere to the four implementation principles of strategic operation, market orientation, internal collaboration, and city cultivation to 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, etc., build up multi-dimensional capabilities to enhance mature basic services, integrated management of large-scale projects, co-ordination of community resources and intelligent construction, and pay close attention to the diversified needs of attribute customers, 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), and are committed to becoming the most customer-savvy community value-added service operator by integrating resources and empowering our business through COPL's community living services platform. For our 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, internal joint ventures and external associates, and strived to become an important channel for the distribution of new homes for property developers, providing one-stop professional asset management services for property owners by gaining market share through two major business modes, namely agency sales and channel distribution. For our home renovation business, we have built our own brand of new home decoration and old home renovation services, and launched high-value hit products. In the field of new home decoration, by focusing on our own brand of home decoration business and home appliances, we have broadened the choice of customers' standard of home purchase and renovation, and in half a million units of old housing projects which have been occupied for more than a decade, we have promoted and stimulated consumers' demand for re-decoration and partial renovation. For community life services, we were deeply involved with the community and focused on the development of community retailing business to consolidate "the last thirty metres" of the service capacity through e-commerce platforms, community markets, and community group purchases. For our product innovation, we targeted the hundred-billion-dollar market of soy sauce-type liquor and created wine and beverage products to explore new product growth points. With the establishment of the Haihui Youxuan Purchasing Platform (海惠優選集采平台) and the integration of supply chain resources, we have gained access to all categories of goods warehouses, and have already launched more than ten thousands kinds of goods, meeting all the needs of the entire market. In addition, we actively explored a new mode of "Property + Home" elderly care, integrating the resources of high-quality merchants and building a 15-minute elderly care circle to provide unlimited possibilities for residential elderly care. “UN+” will continue to create its own branded, marketable and differentiated hit products through the subdivision of community value-added services and diversified innovations, and dig deeper into the potential of innovative business development to maximise value-added services, so as to meet our customers’ ever-increasing demand for a wonderful living condition and create a picture of exquisite and colorful life.

We push ahead with the idea of strengthening enterprises through deploying talents, follow the talent management concept of “Gathering Hard-workers and Inspiring Talents”, integrate personal pursuits into the long-term development of the enterprise, build a first-class enterprise with first-class talents, constantly respect the value demands of employees, and continuously improve the talent system. Firstly, we explore the COPL “Partnership System” management model to create a “1+N” agile team with “Project General Manager” as the core, realising a team of “Professional Property Managers” to support multiple projects, and realising an all-round “Operating Partnership” in “finance, market development, value-added, quality”, etc. In the process of execution and implementation, through a series of measures, such as full operational empowerment, licensing and certification for work position, the project group has practically acts as a frontline basic unit that can “fight individually”, support rapid growth, stimulate team vitality and improve management efficiency. Under the intensive management of the “Professional Property Manager” team, back-office management costs are reasonably controlled, the proportion of basic service costs invested in projects is guaranteed, risk sharing and benefit-sharing are realised, and employees are fully mobilised to stimulate project organisation and self-motivation, thus creating more profit value to achieve the goal of a win-win situation in terms of personal income and corporate revenue generation. The “Partnership System” management model advocates that when encountering new problems and phenomena in practice, we should take the initiative to step out of our 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 management team who are professionally qualified, proactive to undertake responsibilities and determined to seek the realisation of higher self-value in the future. Secondly, we promote a new model of professional fundamental business reform and optimise the staffing of professional positions, so as to realise 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 provides employees with workload-based rewards through suitable job matching under differentiated and quantifiable service function table design, effectively mitigating the pressure on gross profit margins due to rising costs. Thirdly, COPL adheres to the tradition of "Craftsmanship in China Overseas", takes "craftsman creation, cultivation and congregation" as the thread, and carries out the "Target Achievement Action" thoroughly to establish the "China Overseas Craftsmanship System" and "3 · 512" cultivation targets, set up a systematic cultivation mechanism for frontline grass-roots staff, pay attention to and improve the professional quality of grass-roots staff, cultivate and reserve diversified talents, encourage and stimulate innovative research and development, spread and carry forward the spirit of craftsmanship, and release and showcase the value of positions. Through the "Craftsmanship System" talent plan which includes craftsmanship planning, craftsmanship action, craftsmanship inheritance, the three dimensions of the cultivation mode, we promote expertise and set up benchmarks and examples, so that each position will be provided on a professional basis, each ordinary position will shine with focused attention, each innovation idea will be greeted with appropriate respect, and each member of the grass-roots staff will have a stage for self-expression, which serves as an important talent support for COPMPM, providing a large number of craftsman talents for the Company's "14th Five-Year" strategic plan, so as to guide and gather frontline employees to contribute greater wisdom and strength for the enterprise's high-quality, sustainable development, promote the modernisation of the enterprise by the modernisation of talent, and forge ahead with the idea of strengthening enterprises through deploying talents based on the "Craftsmanship System".

On 13 July 2023, the Office of the Ministry of Commerce and other departments issued the "Three-Year Action Plan for Comprehensively Promoting the Construction of 15-Minute Convenient Living Circles in Cities (2023-2025)" (全面推進城市一刻鐘便民生活圈建設三年行動計劃（2023-2025）), which supports the extension of property companies to the livelihood sector and the expansion of "property + living services", and comprehensively promotes the construction of various types of quarter-hour convenient living circles in cities with the necessary conditions across the country, which will be 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 perfect market competition to comprehensively push forward COPMPM in terms of the modernised development on the ecosystem cooperation, service system, IT application, brand building, and human resources team and basic management.

REVENUE AND OPERATING RESULTS

The Group is one of the leading property management companies in the PRC, with operations covering Hong Kong and Macau. Our management portfolio includes both residential properties and non-residential properties, such as commercial complexes, office buildings, shopping malls, 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.

By leveraging on the Group's brand equity and size advantage, we pro-actively commenced market expansion to enlarge operating scale, partly via equity investment, and by way of securing more projects from independent third parties through enriching the market components. As at 30 June 2023, the GFA under our management increased by 43.0 million sq.m. or 13.4% to 363.3 million sq.m. from 320.3 million sq.m. at the last year end, in which, 74.5% of the new projects with a contract sum of HK$1,781.7 million was secured from independent third parties.

The following table sets forth a breakdown of the new orders secured by the Group by source of projects during the six months ended 30 June 2023:

	New orders secured during the period		
	GFA under management		Contract sums
	million sq.m.	%	HK$ million
Source of projects:			
China State Construction and China Overseas Group (Note)	**10.9**	**25.5%**	**1,184.9**
Independent third parties	**32.1**	**74.5%**	**1,781.7**
Total	**43.0**	**100.0%**	**2,966.6**

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 44.8% and 55.2% respectively, with corresponding contract sums amounting to HK$1,537.7 million and HK$1,428.9 million respectively. These continuously strengthened our revenue base and improved our market competitive position.

The following table sets forth a breakdown of the new orders secured by the Group by project types during the six months ended 30 June 2023:

	New orders secured during the period		
	GFA under management		Contract sums
	million sq.m.	%	HK$ million
Project types:			
Residential projects	**19.3**	**44.8%**	**1,537.7**
Non-residential projects	**23.7**	**55.2%**	**1,428.9**
— *Commercial and office buildings*	***4.3***	***9.9%***	***521.9***
— *Public and other properties*	***19.4***	***45.3%***	***907.0***
Total	**43.0**	**100.0%**	**2,966.6**

2023 is a year inherits the past and leads to the future within the Group's "14th Five-Year strategic plan". We insisted on seeking progress while maintaining stability, and promoting high-quality development. During the six months ended 30 June 2023, total revenue increased by 23.2% to HK$7,163.0 million comparing with the corresponding period last year (2022: HK$5,813.9 million), which mainly arisen from (i) the increase in GFA under our management dominated by lump-sum basis contracts; and (ii) business growth on value-added services to both non-residents and residents. Excluding the translation effect of average depreciation of Renminbi ("RMB") against Hong Kong dollar during the past twelve months, the revenue denominated in RMB increased by 30.7% to RMB6,274.8 million (2022: RMB4,802.3 million).

The following table sets forth a breakdown of the Group's revenue for the first half of 2023:

	For the six months ended 30 June					
	2023		2022		Change	
	Revenue		Revenue			
	Proportion	HK$'000	Proportion	HK$'000	HK$'000	%
Project management services:						
— Lump sum basis	**70.1%**	**5,017,823**	**72.8%**	**4,235,150**	**782,673**	**18.5%**
— Commission basis	**2.0%**	**145,334**	**2.6%**	**152,235**	**(6,901)**	**-4.5%**
	72.1%	**5,163,157**	**75.4%**	**4,387,385**	**775,772**	**17.7%**
Value-added services:						
— Non-residents	**16.8%**	**1,205,471**	**14.9%**	**865,562**	**339,909**	**39.3%**
— Residents	**9.9%**	**711,357**	**7.8%**	**453,307**	**258,050**	**56.9%**
	26.7%	**1,916,828**	**22.7%**	**1,318,869**	**597,959**	**45.3%**
Car parking space trading business	**1.2%**	**83,041**	**1.9%**	**107,621**	**(24,580)**	**-22.8%**
Total	**100.0%**	**7,163,026**	**100.0%**	**5,813,875**	**1,349,151**	**23.2%**

On the other hand, direct operating expenses raised lower than our revenue growth at only 21.9% to HK$6,015.4 million for the period (2022: HK$4,936.5 million), which was mainly due to (i) the human resources structure was streamlined while increasing subcontracting efforts to improve production capacity and cost efficiency; and (ii) the absence of additional costs incurred on prevention and control measures against the COVID-19 pandemic of HK$44.2 million in last period.

Accordingly, gross profit margin rebounded to 16.0% for the period (2022: 15.1%), and coupled with increasing business scale, gross profit increased further by 30.8% to HK$1,147.6 million for the period (2022: HK$877.4 million).

Other income and gains, net was HK$84.2 million for the period (2022: HK$82.2 million), mainly represented by unconditional government grants, interest income and net exchange gain. The first two income in total, increased by approximately HK$8.0 million, arising from a higher level of cash balances comparing with last period together with effective treasury management, as well as benefiting from more tax incentives and other financial subsidies. The decrease in net exchange gain of HK$6.7 million for the period was mainly attributable to the lower settlement gain on Renminbi remittance to Hong Kong in the first half of current year.

Fair value loss on investment properties for the period was minimal at HK$1.5 million (2022: fair value gain of HK$0.2 million).

After deducting selling and administrative expenses of HK$204.9 million (2022: HK$221.9 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$40.6 million for the period (2022: HK$31.0 million), operating profit increased by 39.4% to HK$984.9 million (2022: HK$706.7 million). The decrease in selling and administrative expenses was mainly due to reduction on manpower driven by streamline on human resources structure. The increase in net impairment of trade and retention receivables and payments on behalf of property owners for properties was mainly due to continuing expansion of operating scale but maintained at low impairment rate on trade and retention receivables of 6.0% (At 30 June 2022: 5.8%) for the period upon stringent controls on the age of debts.

Income tax expenses increased by 41.7% to HK$255.2 million for the period (2022: HK$180.2 million), mainly due to increase in profit before tax charged at different applicable regional tax rates. Among that, withholding income tax provision of HK$23.3 million (2022: HK$10.4 million) in respect of dividends distributed/expected to be distributed from a PRC subsidiary was recognised during the period.

Overall, profit attributable to shareholders of the Company for the six months ended 30 June 2023 increased by 39.2% to HK$726.0 million against the last corresponding period (2022: HK$521.7 million).

SEGMENT INFORMATION

PROPERTY MANAGEMENT SERVICES

At 30 June 2023, total GFA under management increased to 363.3 million sq.m. that was 13.4% more comparing with the end of last year (At 31 December 2022: 320.3 million sq.m.), in which, the portion of GFA under management from independent third parties and from non-residential projects increased to 37.8% and 28.2% respectively (At 31 December 2022: 32.8% and 24.5% respectively).

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

	As at 30 June 2023		**As at 31 Dec 2022**	
	GFA under management		**GFA under management**	
	million sq.m.	**%**	**million sq.m.**	**%**
Source of projects:				
China State Construction and China Overseas Group	**226.0**	**62.2%**	**215.1**	**67.2%**
Independent third parties	**137.3**	**37.8%**	**105.2**	**32.8%**
Total	**363.3**	**100.0%**	**320.3**	**100.0%**

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

	As at 30 June 2023		As at 31 Dec 2022	
	GFA under management		**GFA under management**	
	million sq.m.	**%**	**million sq.m.**	**%**
Project types:				
Residential projects	**261.1**	**71.8%**	**241.8**	**75.5%**
Non-residential projects	**102.2**	**28.2%**	**78.5**	**24.5%**
— *Commercial and office buildings*	*21.5*	*5.9%*	*17.2*	*5.4%*
— *Public and other properties*	*80.7*	*22.3%*	*61.3*	*19.1%*
Total	**363.3**	**100.0%**	**320.3**	**100.0%**

Revenue from property management services constituted 72.1% of total revenue for the six months ended 30 June 2023 (2022: 75.4%), and increased by 17.7% from last corresponding period to HK$5,163.2 million (2022: HK$4,387.4 million), which was mainly arisen from the increase in GFA under our management from lump-sum basis contracts, which was partly offset by the translation effect of average depreciation of Renminbi against Hong Kong dollar during the past twelve months.

During the period, approximately 97.2% and 2.8% of the segment revenue were generated from regular property management contracts under lump sum basis and commission basis respectively (2022: 96.5% and 3.5% respectively).

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

	For the six months ended 30 June				Change	
	2023		2022			
	Segment revenue		Segment revenue			
	HK$'000	%	HK$'000	%	HK$'000	%
Property management services:						
— Lump sum basis	**5,017,823**	**97.2%**	**4,235,150**	**96.5%**	**782,673**	**18.5%**
— Commission basis	**145,334**	**2.8%**	**152,235**	**3.5%**	**(6,901)**	**-4.5%**
Total	**5,163,157**	**100.0%**	**4,387,385**	**100.0%**	**775,772**	**17.7%**

As at 30 June 2023, the ratio of GFA under management from lump sum basis and commission basis was 80.7% to 19.3% (At 31 December 2022: 77.5% to 22.5%).

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

	As at 30 June 2023		As at 31 Dec 2022	
	GFA under management		GFA under management	
	million sq.m.	%	million sq.m.	%
Contract bases:				
Property management contracts under lump sum basis	**293.0**	**80.7%**	**248.3**	**77.5%**
Property management contracts under commission basis	**70.3**	**19.3%**	**72.0**	**22.5%**
Total	**363.3**	**100.0%**	**320.3**	**100.0%**

During the period, the segment gross profit margin from regular property management contracts under lump sum basis and commission basis was 12.2% and 100.0% respectively (2022: 10.0% and 100.0% respectively). Overall, the weighted average segment gross profit margin increased to 14.7% for the period (2022: 13.1%). Among that, the increase in gross profit margin under lump sum basis was mainly arisen from (i) streamline of human resources structure and increasing subcontracting efforts to improve production capacity and cost efficiency; and (ii) the absence of additional costs incurred on prevention and control measures against the COVID-19 pandemic in last period.

Accordingly, with continuing increase in segment revenue, the gross profit of our property management services segment increased by 31.6% to HK$758.5 million from last corresponding period for the six months ended 30 June 2023 (2022: HK$576.5 million).

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

	For the six months ended 30 June				Change in gross profit	
	2023		2022			
	Gross profit	Gross profit margin	Gross profit	Gross profit margin		
	HK$'000	%	HK$'000	%	HK$'000	%
Property management services:						
— Lump sum basis	**613,146**	**12.2%**	**424,297**	**10.0%**	**188,849**	**44.5%**
— Commission basis	**145,334**	**100.0%**	**152,235**	**100.0%**	**(6,901)**	**-4.5%**
Total	**758,480**	**14.7%**	**576,532**	**13.1%**	**181,948**	**31.6%**

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 37.5% to HK$670.3 million for the period (2022: HK$487.4 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 six months ended 30 June 2023, revenue from the non-residents sub-segment constituted 16.8% (2022: 14.9%) of total revenue, and increased by 39.3% to HK$1,205.5 million (2022: HK$865.6 million). The increase in segment revenue was mainly arisen from the significant increase in business volumes on equipment installation, repair and maintenance and landscaping services provided to business entities and owners around the building timeline through Haibo Engineering (海博工程); and partially from catching up with the progress on pre-delivery services (such as security, cleaning and repair and maintenance services for display units in pre-sales offices for developing properties), inspection services and consultancy services rendered to property developers with the normalisation in the aftermath of COVID-19 epidemic.

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

	For the six months ended 30 June		Change	
	2023	2022		
	Sub-segment revenue HK$'000	Sub-segment revenue HK$'000	HK$'000	%
Value-added services to non-residents:				
Engineering services	**672,027**	**448,246**	**223,781**	**49.9%**
- Technology services	*295,397*	*274,563*	*20,834*	*7.6%*
- Other engineering services	*376,630*	*173,683*	*202,947*	*116.8%*
Pre-delivery services	**385,097**	**303,457**	**81,640**	**26.9%**
Inspection services	**119,917**	**94,965**	**24,952**	**26.3%**
Consulting services	**28,430**	**18,894**	**9,536**	**50.5%**
Total	**1,205,471**	**865,562**	**339,909**	**39.3%**

In respect of the profitability, the gross profit margin of the value-added services to non-residents sub-segment for the period was 13.5% (2022: 15.4%), among that the profit increase generated from engineering services was largely offset by the reduction in profit arising from vetting of building plans services. Overall, in line with the increase in business volume, the sub-segment gross profit increased by 22.0% to HK$163.1 million (2022: HK$133.7 million).

After having allowed for lower sub-segment overhead for the period, the sub-segment profit from value-added services to non-residents, increased by 37.4% to HK$122.2 million against last period (2022: HK$88.9 million). The reduction in overhead was mainly attributable to a more lean selling and administrative workforce driven by the streamline of human resources structure.

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 six months ended 30 June 2023, revenue from the residents sub-segment constituted 9.9% (2022: 7.8%) of total revenue, and increased by 56.9% to HK$711.4 million (2022: HK$453.3 million), mainly arisen from (i) the increase of consumption demand on home improvement, retails and home services, as well as the expansion of commercial support services to business users under living service operations and commercial service operations; and (ii) the increase in provision of various type of community asset management services (including agency for real estate transactions, rental assistance, advertisements and common area rental assistance) in line with the increasing GFA under our management.

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

	For the six months ended 30 June		Change	
	2023	2022		
	Sub-segment revenue HK$'000	Sub-segment revenue HK$'000	HK$'000	%
Value-added services to residents:				
Community asset management services	**329,203**	**244,556**	**84,647**	**34.6%**
Living service operations and commercial service operations	**382,154**	**208,751**	**173,403**	**83.1%**
Total	**711,357**	**453,307**	**258,050**	**56.9%**

The gross profit margin of value-added services to residents sub-segment was 29.3% (2022: 30.3%). Accordingly, driven by increasing revenue, the sub-segment gross profit of value-added services to residents increased by 52.2% to HK$208.8 million (2022: HK$137.2 million).

After having allowed for sub-segment overhead, the sub-segment profit from value-added services to residents increased by 52.0% to HK$201.5 million against last period (2022: HK$132.6 million).

CAR PARKING SPACES TRADING BUSINESS

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

During the six months ended 30 June 2023, segment revenue from the car parking spaces trading business decreased by 22.8% to HK$83.0 million (2022: HK$107.6 million) from last period. During the period, a lower amount of carparks, that is, 898 were sold (2022: 955). Also, due to a lower average transacted price, the segment profit decreased to HK$16.5 million (2022: HK$29.1 million).

LIQUIDITY, FINANCIAL RESOURCES AND DEBT STRUCTURE

The Group adopts prudent financial policies, with effective financial and cash management under centralised supervision, and maintains appropriate leverage with adequate cash balances. As at 30 June 2023, net working capital amounted to HK$3,466.0 million (At 31 December 2022: HK$3,170.5 million).

Bank balances and cash decreased by 9.1% to HK$4,265.4 million from last year end (At 31 December 2022: HK$4,691.1 million), in which, 95.8% were denominated in Renminbi and 4.2% were denominated in Hong Kong Dollar/ Macau Pataca.

At 30 June 2023, the Group had short-term unsecured bank borrowings denominated in Renminbi amounted to HK$51.6 million. During the six months ended 30 June 2023, the borrowing costs were charged at floating rates with weighted average interest rate of 3.25% per annum.

FOREIGN EXCHANGE EXPOSURE

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

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

CAPITAL EXPENDITURES

The capital expenditures, which mainly represent additions to 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$91.3 million for the six months ended 30 June 2023.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2023, the capital commitments of the Group were HK$23.6 million, which mainly related to capital investment in a joint venture and acquisition of software and system. In additions, the Group provided counter-indemnities to a fellow subsidiary and banks amounting to approximately HK$304.2 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, 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$54.9 million), RMB30.0 million (equivalent to approximately HK$33.0 million) and RMB20.0 million (equivalent to approximately HK$22.0 million) respectively.

Except as disclosed above, we had no other material capital commitments and outstanding contingent liabilities as at 30 June 2023.

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

The Group had no material acquisitions, disposals, significant investments and future plans of material investment during the six months ended 30 June 2023.

EMPLOYEES

As at 30 June 2023, the Group had approximately 51,630 employees (At 31 December 2022: 57,425). The pay levels of these employees are commensurate with their responsibilities, performance and the prevailing market conditions. The remuneration packages included basic salaries, discretionary bonus and provident fund contributions/retirement pension scheme. Certain selected key personnel of the Group were also entitled to participate in a share incentive scheme of an intermediate holding company of the Group. The total staff costs incurred for the six months ended 30 June 2023 was approximately HK$3,029.1 million (2022: HK$3,053.5 million).

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2023 and the comparative figures for the corresponding period in 2022 are as follows:

		Six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Revenue	*5*	**7,163,026**	5,813,875
Direct operating expenses		**(6,015,439)**	(4,936,474)
Gross profit		**1,147,587**	877,401
Other income and gains, net		**84,215**	82,174
Fair value (loss)/gain of investment properties, net		**(1,461)**	155
Selling and administrative expenses		**(204,863)**	(221,946)
Impairment of financial assets, net		**(40,552)**	(31,042)
Operating profit		**984,926**	706,742
Finance costs		**(3,562)**	(3,914)
Share of profit of a joint venture		**4,442**	2,444
Share of profit of an associate		**96**	82
Profit before tax	*6*	**985,902**	705,354
Income tax expenses	*7*	**(255,238)**	(180,170)
Profit for the period		**730,664**	525,184
Attributable to:			
Shareholders of the Company		**725,983**	521,656
Non-controlling interests		**4,681**	3,528
		730,664	525,184
		HK Cents	HK Cents
Earnings per share attributable to shareholders of the Company	*9*		
Basic and diluted		**22.09**	15.87

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit for the period	**730,664**	525,184
Other comprehensive loss for the period, net of income tax		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of subsidiaries of the Company	**(141,601)**	(151,422)
Total comprehensive income for the period	**589,063**	373,762
Attributable to:		
Shareholders of the Company	**586,333**	372,742
Non-controlling interests	**2,730**	1,020
	589,063	373,762

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2023 (Unaudited) HK$'000	31 December 2022 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**116,359**	114,044
Investment properties		**200,418**	209,159
Right-of-use assets		**64,423**	83,120
Intangible assets		**160,322**	114,824
Investment in a joint venture		**13,522**	9,561
Investment in an associate		**425**	329
Prepayments		**16,212**	16,368
Deferred tax assets		**48,489**	46,647
Total non-current assets		**620,170**	594,052
Current assets			
Inventories	*10*	**895,611**	970,808
Trade and retention receivables	*11*	**2,776,180**	2,138,997
Prepayments, deposits and other receivables		**913,097**	964,948
Due from the immediate holding company	*12*	**2,326**	2,170
Due from fellow subsidiaries	*12*	**655,249**	559,524
Due from other related companies	*12*	**197,329**	199,776
Cash and bank balances		**4,265,447**	4,691,120
Total current assets		**9,705,239**	9,527,343
Current liabilities			
Trade payables	*13*	**1,571,150**	1,516,951
Other payables and accruals		**1,330,430**	1,287,132
Temporary receipts from properties managed		**1,237,265**	1,471,419
Receipts in advance and other deposits		**1,621,765**	1,627,512
Due to fellow subsidiaries	*14*	**22,261**	40,684
Due to other related companies	*14*	**52,537**	42,887
Income tax payables		**317,625**	248,356
Bank borrowings	*15*	**51,648**	68,182
Lease liabilities		**34,524**	53,678
Total current liabilities		**6,239,205**	6,356,801
Net current assets		**3,466,034**	3,170,542
Total assets less current liabilities		**4,086,204**	3,764,594

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	**30 June 2023 (Unaudited) HK$'000**	31 December 2022 (Audited) HK$'000
Non-current liabilities			
Lease liabilities		**80,560**	84,689
Deferred tax liabilities		**12,339**	16,922
Total non-current liabilities		**92,899**	101,611
Net assets		**3,993,305**	3,662,983
Equity			
Equity attributable to shareholders of the Company			
Issued capital	*16*	**3,287**	3,287
Reserves		**3,933,657**	3,608,063
		3,936,944	3,611,350
Non-controlling interests		**56,361**	51,633
Total equity		**3,993,305**	3,662,983

1. GENERAL INFORMATION

China Overseas Property Holdings Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands and shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Suite 703, 7/F., Three Pacific Place, 1 Queen's Road East, Hong Kong.

The immediate holding company of the Company is China Overseas Holdings Limited, a company incorporated in Hong Kong and its ultimate holding company is China State Construction Engineering Corporation (中國建築集團有限公司), which is a state-owned enterprise established in the People's Republic of China (the "PRC") and is under the control of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

During the six months ended 30 June 2023, the Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the provision of property management services and value-added services to non-residents and residents; and the trading of car parking spaces.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2023 (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Interim Financial Statements do not include all of the information required for annual financial statements and thereby they should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022.

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

The Interim Financial Statements are unaudited, but have been reviewed by the Audit Committee of the Company. The Interim Financial Statements were approved for issue on 21 August 2023.

2. PRINCIPAL ACCOUNTING POLICIES

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

Save as described in note 3 "Changes in Accounting Policies and Disclosures", the accounting policies used in preparing the Interim Financial Statements are consistent with those of the annual consolidated financial statements for the year ended 31 December 2022.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform - Pillar Two Model Rules*

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

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

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[1,3,4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[1,3]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[1,5]

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

2 No mandatory effective date yet determined but available for adoption

3 As a consequence of the amendments to HKAS 1 *Non-current Liabilities with Convenants* issued by the HKICPA in 2022, the effective date of the amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* was deferred and entities are required to apply both amendments for annual periods beginning on or after 1 January 2024. In addition, consequential amendments were made to HKFRS Practice Statement 2 *Making Materiality Judgements*

4 As a consequence of the amendments to HKAS 1 issued in August 2020 and December 2022, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment of Demand Clause* was revised to align the corresponding wordings with no change in conclusion

5 The amendments have been issued by the IASB and the equivalent amendments are expected to be issued shortly by the HKICPA

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

4. OPERATING SEGMENT INFORMATION

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

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

(b) the value-added services segment included:

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

(ii) the value-added services to residents sub-segment engages in the provision of community asset management services (such as rental assistance, agency and custody for real estate transactions, common area rental assistance and rental of self-owned properties), living service operations (to meet the various needs of residents of the properties) and commercial service operations (to meet the needs of business users).

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

Basis of segment information

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

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

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

Six months ended 30 June 2023 (Unaudited)

		Value-added services				
	Property management services	***Non-residents***	***Residents***	**Sub-total**	**Car parking spaces trading business**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	**HK$'000**	**HK$'000**	**HK$'000**
Reportable segment revenue						
Revenue from external customers (note 5)	**5,163,157**	***1,205,471***	***711,357***	**1,916,828**	**83,041**	**7,163,026**
Inter-segment revenue	**51,326**	***301,493***	***100,798***	**402,291**	**-**	**453,617**
	5,214,483	***1,506,964***	***812,155***	**2,319,119**	**83,041**	**7,616,643**
Reconciliation:						
Elimination of inter-segment revenue						**(453,617)**
Reported total revenue						**7,163,026**
Reportable segment results	**670,251**	***122,168***	***201,495***	**323,663**	**16,530**	**1,010,444**
Reconciliation:						
Corporate expenses, net						**(24,542)**
Profit before tax						**985,902**

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

Six months ended 30 June 2022 (Unaudited)

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

5. REVENUE

Disaggregated revenue information

Type of goods or services

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

5. REVENUE (CONTINUED)

Disaggregated revenue information (Continued)

Timing of revenue recognition

Six months ended 30 June 2023 (Unaudited)

Segments	Property management services HK$'000	Value-added services: Non-residents HK$'000	Value-added services: Residents HK$'000	Value-added services: Sub-total HK$'000	Car parking space trading business HK$'000	Total HK$'000
At point in time	-	-	502,081	502,081	79,396	581,477
Over time	5,163,157	1,205,471	199,693	1,405,164	-	6,568,321
Total revenue from contracts with customers	5,163,157	1,205,471	701,774	1,907,245	79,396	7,149,798
Revenue from another source - rental income	-	-	9,583	9,583	3,645	13,228
Total revenue from external customers	5,163,157	1,205,471	711,357	1,916,828	83,041	7,163,026

Six months ended 30 June 2022 (Unaudited)

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

Geographical market

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

6. PROFIT BEFORE TAX

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit before tax is arrived at after charging:		
Employee benefit expenses including directors' and chief executive's remuneration and share-based payment (note)	**3,029,078**	3,053,515
Sub-contracting costs	**1,863,067**	1,118,308

Note: During the six months ended 30 June 2023, share-based payment to certain directors, senior management and other employees amounting to HK$2,210,000 (2022: HK$3,170,000) were recognised in profit or loss, with a corresponding credit to equity.

7. INCOME TAX EXPENSES

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current:		
Hong Kong	**10,474**	7,870
Macau	**114**	82
Mainland China	**228,994**	166,911
The PRC withholding income tax	**23,273**	10,354
	262,855	185,217
Deferred	**(7,617)**	(5,047)
Total	**255,238**	180,170

Notes:

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

	Six months ended 30 June	
	2023	2022
	%	%
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% (2022: 5%).

8. DIVIDENDS

A dividend of HK$262,949,000 that relates to the year ended 31 December 2022 was paid in July 2023 (2022: HK$197,212,000).

On 21 August 2023, the board of directors has resolved to declare an interim dividend of HK5.5 cents per share (2022: HK4.0 cents), which is payable to shareholders whose names appear on the Company's register of members on 20 September 2023. This interim dividend, amounting to HK$180,777,000 (2022: HK$131,474,000), has not been recognised as a liability in the Interim Financial Statements. It will be recognised in equity in the year ending 31 December 2023.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the period attributable to shareholders of the Company of HK$725,983,000 (2022: HK$521,656,000), and the weighted average number of ordinary shares of 3,286,860,460 (2022: 3,286,860,460) in issue during the period.

No adjustment has been made to the basic earnings per share amount presented for each of the six months ended 30 June 2023 and 2022 for a dilution as the Group had no dilutive potential ordinary shares in issue during these periods.

10. INVENTORIES

	30 June 2023 (Unaudited) HK$'000	31 December 2022 (Audited) HK$'000
Car parking spaces	**891,721**	967,327
Others	**3,890**	3,481
	895,611	970,808

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

11. TRADE AND RETENTION RECEIVABLES

	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Trade receivables	**2,932,948**	2,272,373
Retention receivables	**20,219**	18,259
Trade and retention receivables	**2,953,167**	2,290,632
Less: Impairment	**(176,987)**	(151,635)
	2,776,180	2,138,997

Note:

Trade receivables are non-interest bearing and arise from the provision of property management services from properties managed under lump sum basis, value-added services and car parking space trading business. Property management services income from properties managed under lump sum basis are received in accordance with the terms of the relevant property management services agreements and they are due for payment by the residents upon the issuance of demand note by the Group. Service income for the provision of repair and maintenance, automation and other equipment upgrade services are received in accordance with the terms of the relevant contract agreements, normally within 60 days from the issuance of payment requests. Other value-added services income is due for payment upon the issuance of demand notes. Car parking space trading income is received in accordance with the terms of the sales and purchase agreement.

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

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

	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Within 1 month	**910,029**	828,119
1 to 3 months	**693,600**	527,153
3 to 12 months	**886,361**	590,320
1 to 2 years	**246,986**	165,353
Over 2 years	**195,972**	161,428
	2,932,948	2,272,373

12. BALANCES DUE FROM RELATED PARTIES

	30 June 2023 (Unaudited) HK$'000	31 December 2022 (Audited) HK$'000
Balance due from the immediate holding company		
Trade nature	**2,326**	2,170
Balances due from fellow subsidiaries		
Trade nature	**593,949**	486,491
Prepayments	**61,300**	73,033
	655,249	559,524
Balances due from other related companies (including joint ventures and associates of fellow subsidiaries)		
Trade nature	**114,399**	114,312
Non-trade nature	**82,446**	85,257
Prepayments	**484**	207
	197,329	199,776
Total balances due from related parties	**854,904**	761,470

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

	30 June 2023 (Unaudited) HK$'000	31 December 2022 (Audited) HK$'000
Balance due from the immediate holding company		
Within 1 month	**32**	177
1 to 3 months	**357**	777
Over 3 months	**1,937**	1,216
	2,326	2,170

12. BALANCES DUE FROM RELATED PARTIES (CONTINUED)

	30 June 2023 (Unaudited) HK$'000	31 December 2022 (Audited) HK$'000
Balances due from fellow subsidiaries		
Within 1 month	**187,624**	206,325
1 to 3 months	**145,213**	81,549
3 to 12 months	**134,668**	113,039
1 to 2 years	**72,732**	70,398
Over 2 years	**53,712**	15,180
	593,949	486,491

	30 June 2023 (Unaudited) HK$'000	31 December 2022 (Audited) HK$'000
Balances due from other related companies		
Within 1 month	**34,128**	57,008
1 to 3 months	**22,799**	16,438
3 to 12 months	**28,632**	30,567
1 to 2 years	**28,840**	7,519
Over 2 years	**-**	2,780
	114,399	114,312

13. TRADE PAYABLES

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

	30 June 2023 (Unaudited) HK$'000	31 December 2022 (Audited) HK$'000
Within 1 month	**631,302**	594,018
1 to 3 months	**343,925**	273,890
3 to 12 months	**484,826**	413,763
1 to 2 years	**91,970**	136,124
Over 2 years	**19,127**	99,156
	1,571,150	1,516,951

14. BALANCES DUE TO RELATED PARTIES

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

	30 June 2023 (Unaudited) HK$'000	31 December 2022 (Audited) HK$'000
Balances due to fellow subsidiaries – trade nature		
Within 1 month	**10,817**	4,531
1 to 3 months	**872**	614
3 to 12 months	**2,838**	27,429
1 to 2 years	**1,716**	669
Over 2 years	**805**	1,974
	17,048	35,217
Receipts in advance	**5,213**	5,467
	22,261	40,684
Balances due to other related companies (including joint ventures and associates of fellow subsidiaries) – trade nature		
Within 1 month	**7,388**	369
1 to 3 months	**3,953**	7,800
3 to 12 months	**32,100**	23,914
1 to 2 years	**349**	576
Over 2 years	**186**	216
	43,976	32,875
Receipts in advance	**8,561**	10,012
	52,537	42,887
Total balances due to related parties	**74,798**	83,571

15. BANK BORROWINGS

	30 June 2023 (Unaudited) HK$'000	31 December 2022 (Audited) HK$'000
Bank borrowings - unsecured	**51,648**	68,182

As at 30 June 2023, the Group had unsecured short-term bank borrowing denominated in RMB of RMB47,000,000 (equivalent to approximately HK$51,648,000), which bear floating interest rates at the Loan Prime Rate minus specific rates. The weighted average effective interest rate was 3.25% per annum during the six months ended 30 June 2023.

16. SHARE CAPITAL

Issued and fully paid:

	Number of shares	**Issued capital HK$'000**
As at 1 January 2022 and 31 December 2022 (Audited), 1 January 2023 and 30 June 2023 (Unaudited)	**3,286,860,460**	**3,287**

INTERIM DIVIDEND

After taking into account the dividend policy of the Group, business results for the period and future business development plans, the Board declared the payment of an interim dividend of HK5.5 cents per share for the six months ended 30 June 2023 (for the six months ended 30 June 2022: an interim dividend of HK4.0 cents per share) representing a total amount of approximately HK$180,777,000. The interim dividend will be paid to the shareholders of the Company (the "Shareholders") on Friday, 6 October 2023 whose names appear on the Company's register of members (the "Register of Members") on Wednesday, 20 September 2023.

CLOSURE OF REGISTER OF MEMBERS

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

Ex-dividend date	Thursday, 14 September 2023
Latest time to lodge transfer documents for registration with the Company's Hong Kong branch share registrar and transfer office	At 4:30 p.m. on Friday, 15 September 2023
Closure of Register of Members	Monday, 18 September 2023 to Wednesday, 20 September 2023 (both days inclusive)
Record date	Wednesday, 20 September 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 Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than the aforementioned latest time.

REVIEW OF ACCOUNTS BY AUDIT COMMITTEE

The audit committee of the Company has reviewed with the management of the Company the accounting policies and practices adopted by the Group and discussed, among other things, internal control, risk management and financial reporting matters including a review of the unaudited interim results of the Group for the six months ended 30 June 2023.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

During the six months ended 30 June 2023, the Company has adopted and complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the required standard regarding securities transactions set out therein throughout the six months ended 30 June 2023.

Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

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

The Company had not redeemed any of its shares during the six months ended 30 June 2023. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 30 June 2023.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the Company's website (http://www.copl.com.hk) and the Stock Exchange's designated website (https://www.hkexnews.hk). The Company's interim report for the six months ended 30 June 2023 will be available on the same websites and will be dispatched to the Shareholders in due course.

APPRECIATION

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

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

Hong Kong, 21 August 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.