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 2023

FINANCIAL HIGHLIGHTS

The presentation currency of the Group's financial statements was changed from Hong Kong Dollars to Renminbi since the announcement of 2023's annual results.

1. For the year ended 31 December 2023, the gross floor area ("GFA") under the Group's management increased by 25.4% or 81.2 million sq.m. to 401.5 million sq.m., in which, 70.6% of the new projects with a contract sum of RMB4,002.2 million were secured from independent third parties. Residential projects and non-residential projects accounted for 47.8% and 52.2% of the new GFA respectively, with corresponding contract sums amounting to RMB4,023.1 million and RMB2,998.6 million respectively. As at 31 December 2023, the portion of GFA under management from independent third parties and for non-residential projects increased to 40.5% and 30.1% respectively (At 31 December 2022: 32.8% and 24.5% respectively).

2. Revenue increased by 19.7% to RMB13,051.3 million, comparing to revenue of RMB10,899.8 million* in the last year.

3. Gross profit increased by 19.3% against last year to RMB2,069.8 million (2022: RMB1,735.5 million*). Gross profit margin remained stable at 15.9% for the year (2022: 15.9%).

4. Profit attributable to shareholders of the Company increased by 22.8% against last year to RMB1,342.5 million (2022: RMB1,093.6 million*). Basic and diluted earnings per share was RMB40.84 cents (equivalent to approximately HK45.68 cents) (2022: RMB33.27 cents* (equivalent to approximately HK38.73 cents)), representing an increase of 22.8%. Average return on equity in 2023 was 36.8% (2022: 39.0%*).

5. The Board recommended the payment of a final dividend of HK8.5 cents per share for the year ended 31 December 2023 (2022: HK8.0 cents per share).

** Restated upon adopting Renminbi as the presentation currency of the Group's financial statements*

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 2023. While the Group's business is mainly conducted in the Mainland China, in order to more accurately reflect the Group's operating condition by reducing the translation effects arising from fluctuations of Renminbi exchange rate on the Group's financial performances denominated in Hong Kong Dollars, the Board decided to change the presentation currency of the Group's financial statements from Hong Kong Dollars to Renminbi since the announcement of 2023's annual results. The comparative figures were restated accordingly. The annual turnover of the Group increased by 19.7% to RMB13,051.3 million from RMB10,899.8 million (restated) of last year. Operating profit rose by 24.4% to RMB1,803.4 million (2022: RMB1,449.5 million (restated)). The profit attributable to shareholders of the Company increased by 22.8% to RMB1,342.5 million (2022: RMB1,093.6 million (restated)). Basic and diluted earnings per share was RMB40.84 cents (equivalent to approximately HK45.68 cents) (2022: RMB33.27 cents (restated) (equivalent to approximately HK38.73 cents)). Average return on equity was 36.8% (2022: 39.0% (restated)). 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 HK8.5 cents (2022: HK8.0 cents) per share for the year 2023. Together with the interim dividend of HK5.5 cents (2022: HK4.0 cents) per share distributed in October 2023, total dividends for the year will amount to HK14.0 cents (2022: HK12.0 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 12 June 2024 (the "2024 AGM").

In 2023, intensified global geopolitical conflict and continuous imposition of opposing trade barriers have dealt a severe blow to the order of the global supply chain. In response to high inflation, the US Federal Reserve stuck with a prolonged rate hike cycle, where it raised interest rates for eleven times since 2022 by a total of five and a quarter percent to 5.50% at the end of 2023. The prolonged high interest rate policy has affected the financial order, and the soaring prices of services and commodities have led to weakened demand, and thus the global economy has entered into a stage of sluggish growth. Meanwhile, coupled with various internal and external factors, the dynamic between China's real estate supply and demand has also undergone significant changes. The industry is currently in a period of profound adjustment. Accordingly, the rapid growth of the property management industry in recent years was no longer sustained as well due to their interdependence. Nevertheless, leveraged on their resource endowment, brand advantages, scale effects and long-term accumulated operating strengths, the position of outstanding leading property management enterprises will be further consolidated. Even after experiencing industry reshuffles and market elimination, under the market rules of survival of the fittest, the industry concentration will gradually increase. These leaders will be at the forefront of the industry in terms of scale and performance. We believe that as China's economy rebounds with positive outlook, supply and demand will steadily improve, and transformation and upgrading will be actively promoted. The overall employment and commodity prices will be stable, and people's livelihood will be strongly and effectively safeguarded. High-quality development will be solidly advanced, and the contribution from leading property management enterprises to the industry will continue to increase.

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 "To Forge Ahead with All One's Heart Everyday" to attain well-rounded improvement in capabilities, the core value of "Customer-Oriented, Quality Assurance 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.

This is a critical year that inherits the past and leads to the future within the Group's “14th Five-Year strategic plan”, in which we are determined to promote “The China Overseas Proprietary Methodology in the Modernisation of Property Management” (“COPMPM”) to consolidate the foundation of high-quality development and market orientation, and sets quadruple roles on serving a better living as our core. 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. And, 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. Entering into a new phase of industry development, the coverage of service targets of property management enterprises have been extended from small communities or neighbourhoods (being the basic units of urban construction) to large cities of countless basic units. We will vigorously develop the integrated operation of urban space, and co-existence with the logic of urban system. We will 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.

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 “COPMPM” strategic objectives. We put forward our brand proposition of “Good Seasons, Good Property, Good Community” (collectively, “Three-Good”). “Good Seasons” reflects our property management capability in 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 in 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” depicts a visionary prospect of “COPMPM” 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, and continuously improve the quality of project performance in order to enhance customer satisfaction (for example, providing comprehensive elevator maintenance services with well-known manufacturer brands, launching new energy product of Haibo Smart Motorcycle Charging Sockets (海博智能電單車充電插座), etc.). Meanwhile, we provide diversified community convenience services (including Haihui Community Canteens (海惠社區食堂), customised family banquets, door-to-door courier delivery, health consultation, haircuts, maintenance and cleaning, printing, supermarkets, pet care, outdoor movies, competition live streaming, etc.) to shorten the distance to the residents and 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 “Ecology” as our business extensions, 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, so as to achieve value preservation and increment of our project buildings under management.

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 Everyday” and the sincere attitude of “Serving Whole-Heartedly Every Single Day”. We have been endeavoring along the road to the standardisation, refinement and differentiated customisation of property management services. Our confidence in achieving sustainable and steady growth in the long run mainly stems from the accelerated urbanisation in China, which has driven the property management industry to a new phase of development and ensured industrial growth and stability. On the road to continuous development, with the gradual recognition of the value of the Group's quality services in the market, our market expansion and service product development capabilities have been enhanced significantly. In 2023, the Group had a cumulative presence in 164 cities, covering Hong Kong and Macau, and a current workforce of approximately 43,012 employees, with 1,999 property management projects with a service area of nearly 401.5 million square meters and 500 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 Chengdu Panda Reserve (成都大熊貓基地), LONGi Green Energy Multi-Land Industrial Park (隆基綠能多地產業園), Zhuhai Guangdong Hailong Zhuhai Base (珠海廣東海龍珠海基地), Chengdu Minsheng Bank Chengdu Headquarters Building (成都民生銀行成都總部大樓), Hebei State Energy Group Huanghua Port (河北國能集團黃驊港碼頭), Hebei Xiong'an Jinhu Future City (河北雄安金湖未來城), Chongqing Hikvision Base (重慶海康威視基地園), Shenyang Beiling Park (瀋陽北陵公園), Taiyuan China Overseas Universal Time Phase Two (太原中海寰宇時代二期), The Central Hospital of Wuhan (武漢市中心醫院), Shenyang Fourth People's Hospital (瀋陽第四人民醫院), Shenzhen Tanglangshan Country Park (深圳塘朗山公園), Shenzhen Yuanke Park (深圳園科公園), Shenzhen Honghu Park (深圳洪湖公園) 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, Hong Kong Multi-welfare Services Complex in Kwu Tung North, Macao Grand Prix Museum and other projects. We enhance our cooperation with the Hong Kong Development Bureau and the Hong Kong Leisure and Cultural Services Department and extended our property management services to over 60% of the hospital projects under the clusters of the 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 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 follow the objective of "One Benchmark in Each City with Diversified Benchmarking" and continue to develop high-quality benchmark projects to maintain our customer satisfaction at industry-leading levels. We improve our property service levels from communities to cities, demonstrating COPL's leading management model, excellent product and service capabilities, continuous innovation and urban competitiveness. COPL's benchmarking projects have covered 41 cities across the country, with a total of 53 projects inspected and evaluated over the past three years, involving five major sectors. We integrate the concepts of innovation leading, outstanding quality, co-construction and co-use, green and low-carbon and sustainable development into the entire process of project operation. These benchmarking projects serve as the model carrier for the comprehensive implementation of COPL's project management model and business reform, which will actively deepen the impact of benchmarking projects in the local property industry through integration with standardised construction, giving full play to the role of innovation, leadership and demonstration. Meanwhile, we continue to promote and extend 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.. These mark 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 have been highly acclaimed by all sectors of society. In 2023, we received the accolade of "2023 No.1 China Leading Enterprise of Listed Property Management Companies for High-Quality Development" for the first time and have been awarded "No.1 China Property Services Companies in terms of Brand Influence" for six consecutive years. We were also named as "2023 China Top 100 Property Services Companies", "2023 China Top 10 Listed Property Services Companies in terms of Comprehensive Strength", "2023 China Top 10 Property Services Companies in terms of Comprehensive Strength", "2023 China Top 20 Listed Property Management Companies", "2023 China Residential Property Services Leading Company" and "2023 China Outstanding Listed Property Services Companies with Investment Value". Meanwhile, the Group was also included as a constituent in Morgan Stanley Capital International Index (MSCI) China Index and continued to be admitted in the Hong Kong Stock Connect list under the Shanghai-Hong Kong Stock Connect, as well as Hang Seng Property Service and Management Index, receiving high recognition from the capital market.

With our outstanding performance in environment, society and governance, we were awarded the "2023 Quality China Real Estate Enterprise Award · Property Management ESG Award" and the "2023 China Outstanding Property Services Companies in terms of ESG Development". COPL continued to uphold the concept of sustainable development by launching a dual-carbon work plan and make progress towards the quantitative environmental targets in the four areas of energy, waste, water and carbon emissions, including but not limited to the gradual expansion of urban waste work sites, the energy-saving conversion of basement lighting and the optimisation of charging facility layout planning. In addition, the Shenzhen Museum of Contemporary Art and Urban Planning (深圳市當代藝術與城市規劃館), one of our projects under management, has been accredited as a "Three-Star Green Property Management Project", creating 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 Related Technologies for Buildings" has reached international advanced level. To further strengthen the co-ordination of scientific and technological capabilities and achieve the constructive goal of "Modernisation of Scientific and

Technological Application", we adopted the technology of our self-developed "Xingqi IoT Platform" (星啟物聯網中台) as the base for the Group's scientific and innovative resource pool and digital construction, thereby empowering the Group with technology to promote the upgrades of its digital transformation and its operating management. We strengthened the innovative exploration and practice of digital solutions for the property management industry and actively built an intelligent platform for health and elderly care by implementing the new model of "Intelligence + Property + Elderly Care". 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 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 industrial 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 strategical implementation, 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 non-residential sector including office buildings, commercial complexes, hotels, industrial parks, logistics parks, government and public construction, colleges and universities and hospitals, etc., and to 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.

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 community value-added services system that closely revolves around three major areas (community area operations, property value-added services and community living services) to provide diversified value-added services such as housing rental and sales, home decoration, quality commodities, tourism and leisure, and home services, etc., 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. We provide 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 appliance products, we have broadened the choice of customers’ standard of home purchase and renovation, and have stimulated customers’ 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 one mile” 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. For our cultural and tourism business, with the aim of diversification, personalisation and pursuing quality, we created the “UN+ Travel” (優你旅行) branded services and built a platform of high-quality, preferential and comprehensive tourism services. Our home delivery business takes in-home service as the entry point, and is committed to creating a community living service circle by leveraging the advantages of high viscosity and high demand to drive customers' trust and satisfy customers' living service needs. In addition, we actively explored a new model 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 in-home elderly care. “UN+” will continue to introduce the "One City One Product" product ecological chain according to local conditions through the subdivision of community value-added services and diversified innovations, utilising the strengths of local resources to introduce high-quality collaborating merchants with local characteristics, and deepening the demand for product personalisation and customisation. Through cross-border cooperation, we have combined good platforms, good products and good services, explored the development potential of value-added services and realised the diversification of 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 “To Assemble the Enterprising Ones and Motivate the Promising Ones”, 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. We have implemented the "Project Partnership System" (項目合夥人制) , and enhanced the four major capabilities of our project teams, including the "Ability to manage", "Proficient of professionalism", "Skilful to operate businesses" and "Keen to generate increments", so that the project group can practically act 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 realisation of higher self-value in the future. Secondly, we promote a new model of professional fundamental business reform and optimise the staff deployment of professional positions, with the engineering station reform realising resource sharing and planned batch operations to achieve continuous optimisation of labour costs and gradual improvement of labour efficiency. Security personnel flexibly embedded the precise employment reform model 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. During the year, the "Subcontracting of Cleaning Work 3.0" (清潔分包 3.0) was officially launched to streamline the subcontracting work and procedures for better empowerment on the frontline. 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. We 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 idea of blazing creativity will be greeted with appropriate respect, and each member of the grass-roots staff will have a stage for self-expression. This 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 14 September 2023, the departments of the State Council issued a notice on the Action Plan for Urban Standardisation (《城市標準化行動方案》通知) to implement and accelerate the establishment of a standardised system that promotes high-quality urban development. This will provide strong support for urban scientific, refined and intelligent governance, to improve urban resilience and sustainable development level, and to accelerate the modernisation of urban governance system and capabilities. Looking ahead, we will endeavor along the road with the attitude of "Leading the Trend" amidst the fierce market-oriented competition to promote the transformation of traditional properties into modernised services. We will realise the "COPMPM" through the path of "Technological Innovation and Cross-Sector Cooperation", will present the value of modernised professionalism through the "Benchmark Projects as well as Value Preservation and Enhancement", and will demonstrate the performance of modernised management through the "Talent Team and Corporate Culture", so as to comprehensively promote the modernised development of ecological chain cooperation, service system, IT application, brand building, talent team and basic management.

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. The Group's 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.

While the Group's business is mainly conducted in the Mainland China, in order to more accurately reflect the Group's operating condition by reducing the translation effects arising from fluctuations of Renminbi exchange rate on the Group's financial performances denominated in Hong Kong Dollars, the presentation currency of the Group's financial statements was changed from Hong Kong Dollars to Renminbi since the announcement of 2023's annual results. The comparative figures were restated accordingly.

By leveraging on the Group's brand equity and size advantage, we pro-actively commenced market expansion to enlarge operating scale by way of securing more projects from independent third parties through enriching the market components. During the year, the GFA under our management increased by 81.2 million sq.m. or 25.4% to 401.5 million sq.m. from 320.3 million sq.m. at the last year, in which, 70.6% of the new projects with a contract sum of RMB4,002.2 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 2023:

	New orders secured during the year		
	GFA under management		Contract sums
	million sq.m.	%	RMB million
Source of projects:			
China State Construction and China Overseas Group (Note)	**23.9**	**29.4%**	**3,019.5**
Independent third parties	**57.3**	**70.6%**	**4,002.2**
Total	**81.2**	**100.0%**	**7,021.7**

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, in order to implement and focus on our strategic positioning as an integrated urban space operator. During the year, the proportion of new GFA contributed from residential projects and non-residential projects was 47.8% and 52.2% respectively, with corresponding contract sums amounting to RMB4,023.1 million and RMB2,998.6 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 2023:

	New orders secured during the year		
	GFA under management		Contract sums
	million sq.m.	%	RMB million
Project types:			
Residential projects	**38.8**	**47.8%**	**4,023.1**
Non-residential projects	**42.4**	**52.2%**	**2,998.6**
— *Commercial and office buildings*	***3.8***	***4.7%***	***1,032.9***
— *Public and other properties*	***38.6***	***47.5%***	***1,965.7***
Total	**81.2**	**100.0%**	**7,021.7**

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 under a backdrop of complex and challenging global environment with stagnant economic growth. During the year ended 31 December 2023, total revenue increased by 19.7% to RMB13,051.3 million (2022: RMB10,899.8 million (restated)), which mainly arisen from (i) the increase in GFA from our lump-sum basis contracts under management; and (ii) business growth on value-added services to both non-residents and residents.

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

	For the year ended 31 December					
	2023		2022		Change	
	Revenue		Revenue			
	Proportion	RMB'000	Proportion	RMB'000	RMB'000	%
				(Restated)		
Project management services:						
— Lump sum basis	**70.3%**	**9,177,231**	**72.1%**	**7,859,605**	**1,317,626**	**16.8%**
— Commission basis	**1.8%**	**237,676**	**2.4%**	**256,682**	**(19,006)**	**(7.4)%**
	72.1%	**9,414,907**	**74.5%**	**8,116,287**	**1,298,620**	**16.0%**
Value-added services:						
— Non-residents	**16.5%**	**2,144,658**	**16.6%**	**1,813,593**	**331,065**	**18.3%**
— Residents	**9.9%**	**1,291,810**	**6.9%**	**755,996**	**535,814**	**70.9%**
	26.4%	**3,436,468**	**23.5%**	**2,569,589**	**866,879**	**33.7%**
Car parking space trading business	**1.5%**	**199,875**	**2.0%**	**213,948**	**(14,073)**	**(6.6)%**
Total	**100.0%**	**13,051,250**	**100.0%**	**10,899,824**	**2,151,426**	**19.7%**

On the other hand, direct operating expenses raised in line with our revenue growth on property management services and value-added services at 19.8% to RMB10,981.4 million for the year (2022: RMB9,164.3 million (restated)). There were no additional costs incurred on prevention and control measures against the COVID-19 pandemic during the year (2022: RMB61.8 million (restated)).

Accordingly, gross profit margin remained stable at 15.9% for the year (2022: 15.9%).

Coupled with increasing business scales, gross profit increased by 19.3% to RMB2,069.8 million for the year (2022: RMB1,735.5 million (restated)).

Other income and gains, net was RMB169.7 million for the year (2022: RMB160.0 million (restated)), mainly representing interest income of RMB81.8 million from effective treasury management; and tax incentives and government grants of RMB65.9 million.

During the year ended 31 December 2023, fair value loss on self-owned investment properties was RMB6.6 million (2022: fair value loss of RMB2.6 million (restated)).

After deducting selling and administrative expenses of RMB386.9 million (2022: RMB399.9 million (restated)) and net impairment of trade and retention receivables, and payments on behalf of property owners for properties managed on a commission basis of RMB42.5 million (2022: RMB43.4 million (restated)), operating profit increased by 24.4% to RMB1,803.4 million (2022: RMB1,449.5 million (restated)) for the year. Selling and administrative expenses decreased slightly by 3.3% with increasing business volumes, mainly due to proper manpower control driven by streamline on human resources structure. The net impairment of trade and retention receivables and payments on behalf of property owners for properties managed on a commission basis was relatively at par against last year, which included (i) a provision of RMB65.2 million (2022: RMB33.0 million (restated)) on trade and retention receivables with continuing expansion of operating scale but maintaining at impairment rate of 6.5% (2022: 6.6%) for the year due to stringent controls on the age of debts; and (ii) net reversal of impairment on commission-based projects of RMB22.7 million upon recovering advances on certain projects (2022: net impairment of RMB10.4 million (restated)).

Income tax expenses increased by 32.3% to RMB451.9 million for the year (2022: RMB341.6 million (restated)), mainly due to increase in profit before tax charged at different applicable regional tax rates. Among that, withholding income tax provision of RMB29.4 million (2022: RMB18.5 million (restated)) 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 2023 increased by 22.8% to RMB1,342.5 million (2022: RMB1,093.6 million (restated)).

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 full range 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 2023, we pro-actively commenced market expansion to enlarge operating scale, 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 401.5 million sq.m. that was 25.4% more comparing with the last year (2022: 320.3 million sq.m.). The portion of GFA under management from independent third parties at year end increased to 40.5% (2022: 32.8%).

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 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	**239.0**	**59.5%**	**215.1**	**67.2%**
Independent third parties	**162.5**	**40.5%**	**105.2**	**32.8%**
Total	**401.5**	**100.0%**	**320.3**	**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, moving forward to implement on our strategic positioning as an integrated urban space operator. At 31 December 2023, the GFA under management from non-residential projects was 30.1% (2022: 24.5%).

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 2023		**As at 31 Dec 2022**	
	GFA under management		**GFA under management**	
	million sq.m.	**%**	**million sq.m.**	**%**
Project type:				
Residential projects	**280.6**	**69.9%**	**241.8**	**75.5%**
Non-residential projects	**120.9**	**30.1%**	**78.5**	**24.5%**
— *Commercial and office buildings*	*21.0*	*5.2%*	*17.2*	*5.4%*
— *Public and other properties*	*99.9*	*24.9%*	*61.3*	*19.1%*
Total	**401.5**	**100.0%**	**320.3**	**100.0%**

During the year ended 31 December 2023, revenue from property management services constituted 72.1% of total revenue (2022: 74.5%), and increased by 16.0% from last year to RMB9,414.9 million (2022: RMB8,116.3 million (restated)). Among that, revenue from the core property management services increased by 25.7%, which is line with the increase in GFA under our management. However, the increase were restrained by fewer additional management revenue after the decommissioning of Hong Kong community isolation facilities early in the year.

For the year ended 31 December 2023, approximately 97.5% and 2.5% of the segment revenue were generated from regular property management contracts under lump sum basis and commission basis respectively (2022: 96.8% and 3.2% 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					
	2023		2022		Change	
	Segment revenue		Segment revenue			
	RMB'000	%	RMB'000	%	RMB'000	%
			(Restated)			
Property management services:						
— Lump sum basis	**9,177,231**	**97.5%**	**7,859,605**	**96.8%**	**1,317,626**	**16.8%**
— Commission basis	**237,676**	**2.5%**	**256,682**	**3.2%**	**(19,006)**	**(7.4)%**
Total	**9,414,907**	**100.0%**	**8,116,287**	**100.0%**	**1,298,620**	**16.0%**

As at 31 December 2023, the ratio of GFA under management from lump sum basis and commission basis was 83.3% to 16.7% (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 year end:

	As at 31 Dec 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	**334.5**	**83.3%**	**248.3**	**77.5%**
Property management contracts under commission basis	**67.0**	**16.7%**	**72.0**	**22.5%**
Total	**401.5**	**100.0%**	**320.3**	**100.0%**

In 2023, the segment gross profit margin from regular property management contracts under lump sum basis and commission basis was 12.7% and 100.0% respectively (2022: 10.6% and 100.0% respectively). Overall, the weighted average segment gross profit margin increased to 15.0% for the year (2022: 13.4%). The increase in gross profit margin under lump sum basis contracts 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 year.

With continuing increase in segment revenue, the gross profit of our property management services segment increased by 29.6% from last year to RMB1,407.8 million for the year ended 31 December 2023 (2022: RMB1,086.5 million (restated)).

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					
	2023		2022		Change in gross profit	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin		
	RMB'000	%	RMB'000	%	RMB'000	%
			(Restated)			
Property management services:						
— Lump sum basis	**1,170,078**	**12.7%**	**829,770**	**10.6%**	**340,308**	**41.0%**
— Commission basis	**237,676**	**100.0%**	**256,682**	**100.0%**	**(19,006)**	**(7.4)%**
Total	**1,407,754**	**15.0%**	**1,086,452**	**13.4%**	**321,302**	**29.6%**

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 35.0% to RMB1,320.2 million for the year (2022: RMB977.6 million (restated)).

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 2023, revenue from the non-residents segment constituted 16.5% (2022: 16.6%) of total revenue, and increased by 18.3% year-on-year to RMB2,144.7 million (2022: RMB1,813.6 million (restated)). The increase in segment revenue was mainly arisen from (i) significant increase in business volumes on equipment and system installation, repair and maintenance and special engineering provided to business entities and owners around the building timeline through Haibo Engineering (海博工程); and (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. However, the above favorable factors were partly offset by the reduced demand on pre-delivery services (such as security, cleaning and repair and maintenance services for display units in pre-sales offices for developing properties), vetting of building plans and consultancy services from property developers in the period of profound adjustment 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	
	2023	2022		
	Sub-segment revenue RMB'000	Sub-segment revenue RMB'000 (Restated)	RMB'000	%
Value-added services to non-residents:				
Engineering services	**1,192,127**	**803,827**	**388,300**	**48.3%**
Pre-delivery services	**697,688**	**766,497**	**(68,809)**	**(9.0)%**
Inspection services	**214,284**	**196,862**	**17,422**	**8.8%**
Consulting services	**40,559**	**46,407**	**(5,848)**	**(12.6)%**
Total	**2,144,658**	**1,813,593**	**331,065**	**18.3%**

In respect of the profitability, the gross profit margin of the value-added services to non-residents sub-segment for the year decreased to 13.1% (2022: 16.4%), reflecting the erosion of profit margin due to the change in sales mix. Accordingly, the sub-segment gross profit decreased by 5.8% to RMB280.4 million (2022: RMB297.8 million (restated)).

The sub-segment profit from value-added services to non-residents, after having allowed for sub-segment overhead, decreased by 13.5% to RMB182.3 million against last year (2022: RMB210.9 million (restated)).

VALUE-ADDED SERVICES TO RESIDENTS

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) home 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 2023, revenue from the residents sub-segment constituted 9.9% (2022: 6.9%) of total revenue, and increased significantly by 70.9% to RMB1,291.8 million (2022: RMB756.0 million (restated)), mainly arisen from (i) the increase of consumption demand on home improvement, retails, community group purchases and home services, as well as the expansion of commercial support services to business users under home 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 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			
	2023	**2022**	**Change**	
	Sub-segment revenue RMB'000	**Sub-segment revenue RMB'000**	**RMB'000**	**%**
		(Restated)		
Value-added services to residents:				
Community asset management services	**561,218**	**409,457**	**151,761**	**37.1%**
Home living service operations and commercial service operations	**730,592**	**346,539**	**384,053**	**110.8%**
Total	**1,291,810**	**755,996**	**535,814**	**70.9%**

The gross profit margin of value-added services to residents sub-segment, however, reduced to 26.1% (2022: 38.4%), due to the combined effects of (i) significant business volumes increase for retail, community group purchases and home decoration services command relatively lower profit margin; and (ii) incurring additional costs upon diversifying sales channels and upgrades on our community value-added services system. Overall, driven by the increasing revenue, the sub-segment gross profit of value-added services to residents increased by 16.1% to RMB337.3 million (2022: RMB290.6 million (restated)).

After having allowed for sub-segment overhead, the sub-segment profit from value-added services to residents increased by 10.1% to RMB303.6 million against last year (2022: RMB275.8 million (restated)).

CAR PARKING SPACE 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 2023, segment revenue from the car parking space trading business moderately decreased by 6.6% to RMB199.9 million from last year (2022: RMB213.9 million (restated)). In 2023, a higher amount of carparks, that is, 3,109 were sold (2022: 2,392). However, due to a lower average transacted price, the segment profit decreased to RMB43.1 million (2022: RMB59.4 million (restated)).

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 2023, net working capital amounted to RMB3,565.6 million (as at 31 December 2022: RMB2,790.1 million (restated)).

Bank balances and cash increased by 24.3% to RMB5,130.7 million from last year end (as at 31 December 2022: RMB4,128.2 million (restated)), in which, 89.1% were denominated in Renminbi and 10.9% were denominated in Hong Kong Dollar/Macau Pataca.

At 31 December 2023, the Group had short-term unsecured bank borrowings denominated in Renminbi amounted to RMB56.4 million. During the year, the borrowing costs were charged at floating rates with weighted average interest rate of 3.2% per annum.

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 RMB164.9 million for the year ended 31 December 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 year ended 31 December 2023.

PRINCIPAL RISK MANAGEMENT STRATEGIES

1. **OPERATING EFFICIENCY**

   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 security, cleaning, repair and maintenance 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 recorded its revenue, receivables and payables and expenditures etc. in Renminbi for its main property management business in the PRC, the management considers that a natural hedge mechanism existed. The Board decided to change the presentation currency from Hong Kong Dollars to Renminbi for the preparation of consolidated financial statements since the announcement of 2023's annual results, to reduce the translation effects arising from Renminbi exchange rate fluctuation on the financial performances denominated in Hong Kong Dollars, so as to more accurately reflect the operations of the Group. However, fluctuations of exchange rates may still impact our net assets value and financial results presented in Renminbi due to currency translation on Hong Kong and Macau business upon consolidation. If Hong Kong Dollar appreciates/depreciates against Renminbi, we would record a(n) decrease/increase in our net assets value and financial results presented in Renminbi. 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 Renminbi exchange rate fluctuation.

The Group would closely monitor the volatility of 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

In the year of 2023, COPL has achieved the following results:

- Collaborating with a subsidiary of China Overseas Grand Oceans Group Limited, COPL conducted a carbon verification after analysing data and supporting documents collected from over 1,000 projects, and compiled its first carbon verification report. In the report, we analysed the carbon emissions of COPL in last financial year from the perspectives of boundary definition, activities, carbon emissions analysis, information of energy saving and emission reduction, etc., and puts forward suggestions for future work of carbon verification, energy saving and emission reduction;
- COPL launched a focus group comprising various functional departments. In the discussion, it was confirmed that COPL will continue to reduce energy consumption and improve efficiency. Based on industry trends and focus group discussions, COPL then updated its existing matrix of key issues, and decided to give more weight to issues such as climate change, information security and privacy protection, and intellectual property protection;
- The Group reviewed the ESG information of previous years as well as the domestic and international sustainability trends, in particular, new progress in ESG disclosure requirements of the Ministry of Finance, the State-owned Assets Supervision and Administration Commission of the State Council as well as the Hong Kong Stock Exchange, assessed the validity and completeness of its internal sustainability-related information and incorporated corresponding requirements where appropriate; 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 "Sustainability" page on the Company’s website.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 31 December 2023, the capital commitments of the Group were RMB26.6 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 RMB293.8 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, the Company provided corporate guarantees to the said companies up to an aggregate amount of RMB50.0 million, RMB30.0 million and RMB20.0 million respectively.

Except as disclosed above, we had no other material capital commitments and outstanding contingent liabilities as at 31 December 2023.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Group had no significant events occurred after the year ended 31 December 2023, which have material impact on the performance and the value of the Group.

EMPLOYEES

As at 31 December 2023, the Group had approximately 43,012 employees (as at 31 December 2022: 57,425).

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 2023 was approximately RMB4,923.9 million (2022: RMB5,424.0 million (restated)), of which, RMB4,639.3 million (2022: RMB5,114.0 million (restated)) and RMB284.6 million (2022: RMB310.0 million (restated)) 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 2023

	Notes	**2023** **RMB'000**	2022 RMB'000 (Restated)
Revenue	*5*	**13,051,250**	10,899,824
Direct operating expenses		**(10,981,430)**	(9,164,314)
Gross profit		**2,069,820**	1,735,510
Other income and gains, net		**169,698**	160,016
Fair value loss of self-owned investment properties, net		**(6,640)**	(2,635)
Selling and administrative expenses		**(386,916)**	(399,945)
Impairment of financial assets, net		**(42,535)**	(43,412)
Operating profit		**1,803,427**	1,449,534
Finance costs		**(6,519)**	(12,027)
Share of profit of a joint venture		**6,281**	4,030
Share of profit of an associate		**188**	159
Profit before tax	*6*	**1,803,377**	1,441,696
Income tax expenses	*7*	**(451,873)**	(341,593)
Profit for the year		**1,351,504**	1,100,103
Attributable to:			
Shareholders of the Company		**1,342,503**	1,093,633
Non-controlling interests		**9,001**	6,470
		1,351,504	1,100,103
		RMB Cents	RMB Cents
Earnings per share attributable to shareholders of the Company			
Basic and diluted	*9*	**40.84**	33.27

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 **RMB'000**	2022 RMB'000 (Restated)
Profit for the year	**1,351,504**	1,100,103
Other comprehensive income/(loss)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of subsidiaries of the Company	**10,768**	12,778
Exchange differences on translation of an associate of the Company	**23**	16
	10,791	12,794
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company's financial statements	**(1,504)**	(15,051)
Other comprehensive income/(loss) for the year, net of income tax	**9,287**	(2,257)
Total comprehensive income for the year	**1,360,791**	1,097,846
Attributable to:		
Shareholders of the Company	**1,351,790**	1,091,376
Non-controlling interests	**9,001**	6,470
	1,360,791	1,097,846

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	**31 December 2023 RMB'000**	31 December 2022 RMB'000 (Restated)	1 January 2022 RMB'000 (Restated)
Non-current assets				
Property, plant and equipment		**112,812**	100,358	90,464
Investment properties		**174,420**	184,060	135,660
Right-of-use assets		**57,335**	73,146	65,642
Intangible assets		**184,516**	101,045	48,269
Investment in a joint venture		**14,695**	8,414	4,384
Investment in an associate		**149**	290	117
Due from a related company	*12*	**75,026**	-	75,026
Prepayments		**16,260**	14,404	21,324
Deferred tax assets		**44,745**	41,049	35,281
Total non-current assets		**679,958**	522,766	476,167
Current assets				
Inventories	*10*	**735,645**	854,311	759,460
Trade receivables, retention receivables and other contract assets	*11*	**2,481,456**	1,882,318	1,126,620
Prepayments, deposits and other receivables		**1,002,172**	849,154	483,422
Due from the immediate holding company	*12*	**1,941**	1,910	331
Due from fellow subsidiaries	*12*	**486,202**	492,381	338,212
Due from other related companies	*12*	**92,789**	175,803	93,314
Cash and bank balances		**5,130,660**	4,128,185	3,478,100
Total current assets		**9,930,865**	8,384,062	6,279,459
Current liabilities				
Trade payables	*13*	**1,993,794**	1,334,917	630,507
Other payables and accruals		**959,071**	1,132,676	895,768
Temporary receipts from properties managed		**1,282,986**	1,294,849	1,253,100
Receipts in advance and other deposits		**1,700,060**	1,432,211	1,218,652
Due to the immediate holding company	*14*	**-**	-	880
Due to fellow subsidiaries	*14*	**17,807**	35,802	9,191
Due to other related companies	*14*	**31,360**	37,741	10,178
Income tax payables		**281,723**	218,553	184,009
Bank borrowings	*15*	**56,359**	60,000	-
Lease liabilities		**42,081**	47,236	33,491
Total current liabilities		**6,365,241**	5,593,985	4,235,776
Net current assets		**3,565,624**	2,790,077	2,043,683
Total assets less current liabilities		**4,245,582**	3,312,843	2,519,850

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2023

	Note	**31 December 2023 RMB'000**	31 December 2022 RMB'000 (Restated)	1 January 2022 RMB'000 (Restated)
Non-current liabilities				
Lease liabilities		**55,192**	74,526	26,665
Deferred tax liabilities		**13,373**	14,892	14,555
Total non-current liabilities		**68,565**	89,418	41,220
Net assets		**4,177,017**	3,223,425	2,478,630
Equity				
Equity attributable to shareholders of the Company				
Issued capital	*16*	**2,679**	2,679	2,679
Reserves		**4,118,686**	3,175,309	2,433,351
		4,121,365	3,177,988	2,436,030
Non-controlling interests		**55,652**	45,437	42,600
Total equity		**4,177,017**	3,223,425	2,478,630

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 ("COHL"), 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 2023 were approved for issue by the Board on 26 March 2024.

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"), 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. The functional currency of the Company is Hong Kong dollars ("HK$") and the functional currencies of other group entities are mainly Renminbi ("RMB"). The presentation currency of the consolidated financial statements in the prior financial periods was HK$ and was changed to RMB in the current year, and all values are rounded to the nearest thousand except when otherwise indicated.

<u>Change of presentation currency</u>

After taking into account that the Group's business activities are mainly conducted in the PRC and that most of the Group's transactions are denominated and settled in RMB, the Company has decided to change the presentation currency of the consolidated financial statements of the Group from HK$ in prior financial periods to RMB in the current year. The change in the presentation currency of the consolidated financial statements of the Group could reduce the translation impact arising from fluctuations of RMB/HK$ exchange rate on the Group's financial performance presented in HK$, which is not due to the operations and beyond the control of the Group, thus enabling the shareholders of the Company to have a more clearer picture of the Group's financial performance and financial position.

2. BASIS OF PREPARATION (CONTINUED)

Change of presentation currency (Continued)

The effects of the change in the presentation currency have been accounted for retrospectively with comparative figures restated in accordance with HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The comparative amounts in the consolidated financial statements of the Group are presented as if RMB had always been the presentation currency of the consolidated financial statements of the Group. The Group has also presented the consolidated statement of financial position as at 1 January 2022 without related notes.

The following methodology was adopted to restate the comparative figures including those in the notes to financial statements, which were originally reported in HK$:

(i) income and expenditure denominated in non-RMB currencies were translated at the average rates of exchange prevailing at the dates of transactions;

(ii) assets and liabilities currencies denominated in non-RMB were translated at the rates of exchange at the end of the reporting periods;

(iii) issued capital and other reserves denominated in non-RMB were translated at the applicable historical rates of exchange prevailing on the date of each transaction; and

(iv) all resulting exchange differences were recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2023. 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).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has 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.

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.

2. BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (continued)

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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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 the change in the presentation currency of the consolidated financial statements of the Group during the year and 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 2022.

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 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 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	*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*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[1,4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[1,4]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[1]
Amendments to HKAS 21	*Lack of Exchangeability*[2]

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

2 Effective for annual periods beginning on or after 1 January 2025

3 No mandatory effective date yet determined but available for adoption

4 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 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 which 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), home 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 space 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 and staff costs 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

Year ended 31 December 2023

	Property management services RMB'000	Value-added services: *Non-residents* *RMB'000*	Value-added services: *Residents* *RMB'000*	Value-added services: Sub-total RMB'000	Car parking space trading business RMB'000	Total RMB'000
Reportable segment revenue						
Revenue from external customers (note 5)	**9,414,907**	***2,144,658***	***1,291,810***	**3,436,468**	**199,875**	**13,051,250**
Inter-segment revenue	**143,550**	***751,415***	***199,352***	**950,767**	**-**	**1,094,317**
	9,558,457	***2,896,073***	***1,491,162***	**4,387,235**	**199,875**	**14,145,567**
Reconciliation:						
Elimination of inter-segment revenue						**(1,094,317)**
Reported total revenue						**13,051,250**
Reportable segment results	**1,320,173**	***182,296***	***303,569***	**485,865**	**43,086**	**1,849,124**
Reconciliation:						
Corporate expenses, net						**(45,747)**
Profit before tax						**1,803,377**

	Property management services RMB'000	Value-added services: *Non-residents* *RMB'000*	Value-added services: *Residents* *RMB'000*	Value-added services: Sub-total RMB'000	Car parking space trading business RMB'000	Corporate and other unallocated RMB'000	Total RMB'000
Other segment information							
Interest income	**78,376**	***416***	***317***	**733**	**-**	**2,665**	**81,774**
Loss on disposal of items of property, plant and equipment	**559**	***-***	***-***	**-**	**-**	**-**	**559**
(Gain)/loss on early termination of lease contracts, net	**(255)**	***5***	***1,743***	**1,748**	**-**	**-**	**1,493**
Impairment of financial assets, net	**42,535**	***-***	***-***	**-**	**-**	**-**	**42,535**
Depreciation and amortisation	**70,951**	***6,389***	***2,541***	**8,930**	**-**	**2,859**	**82,740**
Fair value loss of self-owned investment properties, net	**-**	***-***	***6,640***	**6,640**	**-**	**-**	**6,640**
Share of profit of a joint venture	**6,281**	***-***	***-***	**-**	**-**	**-**	**6,281**
Share of profit of an associate	**188**	***-***	***-***	**-**	**-**	**-**	**188**

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

Year ended 31 December 2022 (Restated)

	Property management services RMB'000 (Restated)	Value-added services: *Non-residents RMB'000 (Restated)*	Value-added services: *Residents RMB'000 (Restated)*	Value-added services: Sub-total RMB'000 (Restated)	Car parking space trading business RMB'000 (Restated)	Total RMB'000 (Restated)
Reportable segment revenue						
Revenue from external customers (note 5)	8,116,287	*1,813,593*	*755,996*	2,569,589	213,948	10,899,824
Inter-segment revenue	72,459	*318,758*	*122,963*	441,721	-	514,180
	8,188,746	*2,132,351*	*878,959*	3,011,310	213,948	11,414,004
Reconciliation:						
Elimination of inter-segment revenue						(514,180)
Reported total revenue						10,899,824
Reportable segment results	977,573	*210,868*	*275,792*	486,660	59,353	1,523,586
Reconciliation:						
Corporate expenses, net						(81,890)
Profit before tax						1,441,696

	Property management services RMB'000 (Restated)	Value-added services: *Non-residents RMB'000 (Restated)*	Value-added services: *Residents RMB'000 (Restated)*	Value-added services: Sub-total RMB'000 (Restated)	Car parking space trading business RMB'000 (Restated)	Corporate and other unallocated RMB'000 (Restated)	Total RMB'000 (Restated)
Other segment information							
Interest income	63,473	*132*	*218*	350	-	12	63,835
Loss on disposal of items of property, plant and equipment	1,308	-	-	-	-	-	1,308
Loss/(gain) on early termination of lease contracts, net	80	-	*(1,672)*	(1,672)	-	-	(1,592)
Impairment of financial assets, net	43,412	-	-	-	-	-	43,412
Depreciation and amortisation	62,618	*3,866*	*3,640*	7,506	-	3,115	73,239
Fair value loss of self-owned investment properties, net	-	-	*2,635*	2,635	-	-	2,635
Share of profit of a joint venture	4,030	-	-	-	-	-	4,030
Share of profit of an associate	159	-	-	-	-	-	159

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) Revenue from external customers

	2023 RMB'000	2022 RMB'000 (Restated)
Mainland China:		
Hua South Region	**3,602,021**	2,558,028
Hua East Region	**1,901,256**	1,586,398
Hua North Region	**2,177,244**	1,901,732
Hua Central Region	**660,503**	535,381
Northeast Region	**866,752**	638,129
Northwest Region	**619,788**	534,154
Southwest Region	**1,400,400**	1,016,085
	11,227,964	8,769,907
Hong Kong and Macau	**1,823,286**	2,129,917
Total	**13,051,250**	10,899,824

The revenue information above is based on locations of customers.

(b) Non-current assets

	2023 RMB'000	2022 RMB'000 (Restated)
Mainland China:		
Hua South Region	**308,558**	218,481
Hua East Region	**67,261**	85,756
Hua North Region	**45,137**	44,266
Hua Central Region	**11,386**	9,149
Northeast Region	**6,470**	6,110
Northwest Region	**9,396**	9,599
Southwest Region	**64,501**	68,290
	512,709	441,651
Hong Kong and Macau	**32,634**	31,362
Total	**545,343**	473,013

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 space trading business), and the details of the revenue from these reportable operating segments are set out in note 4.

Timing of revenue recognition

Year ended 31 December 2023

		Value-added services				
Segments	**Property management services RMB'000**	***Non-residents RMB'000***	***Residents RMB'000***	**Sub-total RMB'000**	**Car parking space trading business RMB'000**	**Total RMB'000**
Goods or services transferred at a point in time	**-**	***-***	***913,869***	**913,869**	**192,670**	**1,106,539**
Services transferred over time	**9,414,907**	***2,144,658***	***363,226***	**2,507,884**	**-**	**11,922,791**
Total revenue from contracts with customers	**9,414,907**	***2,144,658***	***1,277,095***	**3,421,753**	**192,670**	**13,029,330**
Revenue from another source - rental income	**-**	***-***	***14,715***	**14,715**	**7,205**	**21,920**
Total revenue from external customers	**9,414,907**	***2,144,658***	***1,291,810***	**3,436,468**	**199,875**	**13,051,250**

Year ended 31 December 2022 (Restated)

		Value-added services				
Segments	Property management services RMB'000 (Restated)	*Non-residents RMB'000 (Restated)*	*Residents RMB'000 (Restated)*	Sub-total RMB'000 (Restated)	Car parking space trading business RMB'000 (Restated)	Total RMB'000 (Restated)
Goods or services transferred at a point in time	-	*-*	*468,012*	468,012	206,450	674,462
Services transferred over time	8,116,287	*1,813,593*	*276,808*	2,090,401	-	10,206,688
Total revenue from contracts with customers	8,116,287	*1,813,593*	*744,820*	2,558,413	206,450	10,881,150
Revenue from another source - rental income	-	*-*	*11,176*	11,176	7,498	18,674
Total revenue from external customers	8,116,287	*1,813,593*	*755,996*	2,569,589	213,948	10,899,824

Geographical market

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

6. PROFIT BEFORE TAX

	2023	2022
	RMB'000	RMB'000
		(Restated)
Profit before tax is arrived at after charging:		
Employee benefit expenses including directors' and chief executive's remuneration and share-based payments (note)	**4,923,934**	5,424,004
Sub-contracting costs	**3,879,166**	2,424,831

Note: During the year ended 31 December 2023, share-based payments to certain directors, senior management and other employees amounting to RMB610,000 (2022: RMB5,411,000 (restated)) 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:

	2023	2022
	RMB'000	RMB'000
		(Restated)
Current:		
Hong Kong	**10,338**	13,209
Macau	**276**	216
Mainland China	**416,981**	314,766
The PRC withholding income tax	**29,395**	18,529
	456,990	346,720
Deferred	**(5,117)**	(5,127)
Total	**451,873**	341,593

Notes:

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

	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 enjoy 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

The dividends paid in 2023 and 2022 were approximately RMB407,854,000 and RMB282,370,000 (restated), respectively. A final dividend of HK8.5 cents per share, amounting to a total dividend of approximately RMB256,907,000, in respect of the year ended 31 December 2023 is proposed which is subject to the approval of the Company's shareholders at the forthcoming annual general meeting on 12 June 2024. These financial statements do not reflect this dividend payable.

	Dividends declared/ proposed RMB'000	**Dividends paid and recorded in the financial statements**	
		2023 RMB'000	2022 RMB'000 (Restated)
2021:			
Interim dividend of HK3.0 cents per ordinary share	81,449		
Final dividend of HK6.0 cents per ordinary share	167,403		167,403
	248,852		
2022:			
Interim dividend of HK4.0 cents per ordinary share	114,967		114,967
Final dividend of HK8.0 cents per ordinary share	240,427	**240,427**	
	355,394		
2023:			
Interim dividend of HK5.5 cents per ordinary share	167,427	**167,427**	
Final dividend of HK8.5 cents per ordinary share	256,907		
Total	424,334	**407,854**	282,370

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 RMB1,342,503,000 (2022: RMB1,093,633,000 (restated)), and the weighted average number of ordinary shares of 3,286,860,460 (2022: 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 2023 and 2022 for a dilution as the Group had no dilutive potential ordinary shares in issue during these years.

10. INVENTORIES

	2023 RMB'000	2022 RMB'000 (Restated)
Car parking spaces	**731,821**	851,248
Others	**3,824**	3,063
	735,645	854,311

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

11. TRADE RECEIVABLES, RENTENTION RECEIVABLES AND OTHER CONTRACT ASSETS

	2023 RMB'000	2022 RMB'000 (Restated)
Trade receivables	**2,620,531**	1,999,688
Retention receivables and other contract assets	**31,147**	16,068
Trade receivables, retention receivables and other contract assets	**2,651,678**	2,015,756
Less: Impairment	**(170,222)**	(133,438)
	2,481,456	1,882,318

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 service income from properties managed under lump sum basis are received in accordance with the terms of the relevant property management service agreements and they are due for payment by the residents upon the issuance of demand notes by the Group. Service income for the provision of repair and maintenance, automation and other equipment upgrade services 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 service 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 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 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:

	2023 RMB'000	2022 RMB'000 (Restated)
Within 1 month	**922,937**	728,745
1 to 3 months	**489,820**	463,894
3 to 12 months	**721,614**	519,482
1 to 2 years	**271,767**	145,511
Over 2 years	**214,393**	142,056
	2,620,531	1,999,688

12. BALANCES DUE FROM RELATED PARTIES

	2023 RMB'000	2022 RMB'000 (Restated)
Balance due from the immediate holding company		
Trade nature	**1,941**	1,910
Balances due from fellow subsidiaries		
Trade nature	**458,139**	428,112
Prepayments	**28,063**	64,269
	486,202	492,381
Balances due from other related companies (including joint ventures and associates of fellow subsidiaries)		
Portion classified as current assets:		
Trade nature	**90,682**	100,595
Non-trade nature	**-**	75,026
Prepayments	**2,107**	182
	92,789	175,803
Portion classified as non-current assets:		
Non-trade nature	**75,026**	-
Total balances due from related parties	**655,958**	670,094

The 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:

	2023 RMB'000	2022 RMB'000 (Restated)
Balance due from the immediate holding company		
Within 1 month	**797**	156
1 to 3 months	**116**	684
Over 3 months	**1,028**	1,070
	1,941	1,910
Balances due from fellow subsidiaries		
Within 1 month	**131,573**	181,566
1 to 3 months	**98,086**	71,763
3 to 12 months	**138,955**	99,474
1 to 2 years	**65,185**	61,950
Over 2 years	**24,340**	13,359
	458,139	428,112
Balances due from other related companies		
Within 1 month	**37,544**	50,167
1 to 3 months	**13,550**	14,465
3 to 12 months	**19,938**	26,899
1 to 2 years	**14,416**	6,617
Over 2 years	**5,234**	2,447
	90,682	100,595

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:

	2023 RMB'000	2022 RMB'000 (Restated)
Within 1 month	**851,047**	522,736
1 to 3 months	**525,320**	241,023
3 to 12 months	**475,081**	364,111
1 to 2 years	**112,567**	119,789
Over 2 years	**29,779**	87,258
	1,993,794	1,334,917

14. BALANCES DUE TO RELATED PARTIES

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

	2023 RMB'000	2022 RMB'000 (Restated)
Balances due to fellow subsidiaries		
– trade nature		
Within 1 month	**6,669**	3,987
1 to 3 months	**1,414**	540
3 to 12 months	**2,322**	24,138
1 to 2 years	**715**	589
Over 2 years	**1,189**	1,737
	12,309	30,991
– receipts in advance	**5,498**	4,811
	17,807	35,802
Balances due to other related companies (including joint ventures and associates of fellow subsidiaries)		
– trade nature		
Within 1 month	**4,267**	325
1 to 3 months	**2,415**	6,864
3 to 12 months	**12,908**	21,044
1 to 2 years	**770**	507
Over 2 years	**56**	190
	20,416	28,930
– receipts in advance	**10,944**	8,811
	31,360	37,741
Total balances due to related parties	**49,167**	73,543

15. BANK BORROWINGS

	2023 RMB'000	2022 RMB'000 (Restated)
At 1 January	**60,000**	-
Drawdown of bank borrowings	**56,359**	579,450
Repayment of bank borrowings	**(60,000)**	(519,450)
At 31 December	**56,359**	60,000

As at 31 December 2023, the Group had unsecured short-term bank borrowings denominated in RMB of RMB56,359,000, which bear floating interest rates at the PRC Loan Prime Rate minus specific rates. The weighted average effective interest rate was 3.24% per annum during the year ended 31 December 2023.

16. ISSUED CAPITAL

	2023 RMB'000	2022 RMB'000 (Restated)
Issued and fully paid:		
3,286,860,460 ordinary shares of HK$0.001 each	**2,679**	2,679

17. COMPARATIVE AMOUNTS

The comparative amounts in prior financial years were restated as a result of the change in presentation currency of the Group's financial statements from HK$ to RMB, as further detailed in note 2.

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 HK8.5 cents per share for the year ended 31 December 2023 (for the year ended 31 December 2022: a final dividend of HK8.0 cents per share), subject to the approval of shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting to be held on Wednesday, 12 June 2024 (the "2024 AGM"). The proposed final dividend will be paid to the Shareholders on Monday, 15 July 2024 whose names appear on the Company's register of members (the "Register of Members") on Friday, 28 June 2024.

ANNUAL GENERAL MEETING

The 2024 AGM will be held on Wednesday, 12 June 2024 at 11 a.m. The notice of the 2024 AGM, which constitutes part of a circular to Shareholders, will be published together with the 2023 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 2024 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 2024 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 Tuesday, 4 June 2024
Closure of the Register of Members	Wednesday, 5 June 2024 to Wednesday, 12 June 2024 (both days inclusive)
Record Date	Wednesday, 12 June 2024

(ii) Subject to the passing of the final dividend proposal agenda at the 2024 AGM, for determining the eligible Shareholders' entitlement to the proposed final dividend:

Ex-dividend date	Monday, 24 June 2024
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 Tuesday, 25 June 2024
Closure of the Register of Members	Wednesday, 26 June 2024 to Friday, 28 June 2024 (both days inclusive)
Record Date	Friday, 28 June 2024

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.

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 2023.

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 2023 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 2023, the Company has adopted and complied with all the code provisions of the Corporate Governance Code as set out in Appendix C1 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 C3 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 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 year ended 31 December 2023. 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 2023.

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 2023 will be available on the same websites and will be dispatched to the Shareholders (upon requested) 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, 26 March 2024

As at the date of this announcement, the Board comprises nine Directors, of which four are 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 are 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.