中海物業集團有限公司
CHINA OVERSEAS PROPERTY HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2669

WE MANAGE HAPPINESS

2023 ANNUAL REPORT

好時節
好物業
好社區


CITY
MALL

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CORPORATE INFORMATION

(As at 26 March 2024, date of this Annual Report)

Board of Directors

Executive Directors

Zhang Guiqing *(Chairman)*
Xiao Junqiang *(Chief Executive Officer)*
Pang Jinying *(Vice President)*
Kam Yuk Fai *(Chief Financial Officer)*

Non-executive Directors

Ma Fujun
Guo Lei

Independent Non-executive Directors

Yung, Wing Ki Samuel
So, Gregory Kam Leung
Lim, Wan Fung Bernard Vincent

Committees

Audit Committee

Yung, Wing Ki Samuel *(Chairman)*
So, Gregory Kam Leung
Lim, Wan Fung Bernard Vincent

Nomination Committee

Zhang Guiqing *(Chairman)*
Yung, Wing Ki Samuel
So, Gregory Kam Leung
Lim, Wan Fung Bernard Vincent

Remuneration Committee

So, Gregory Kam Leung *(Chairman)*
Zhang Guiqing
Yung, Wing Ki Samuel
Lim, Wan Fung Bernard Vincent

Sustainability Steering Committee

Lim, Wan Fung Bernard Vincent *(Chairman)*
Zhang Guiqing
Xiao Junqiang
Yung, Wing Ki Samuel
So, Gregory Kam Leung

Authorized Representatives

Zhang Guiqing
Xiao Junqiang
Pang Jinying *(alternate to Zhang Guiqing)*
Kam Yuk Fai *(alternate to Xiao Junqiang)*

Company Secretary

Wong Yee Wah

Independent Auditor

Ernst & Young
Certified Public Accountants and Registered PIE Auditor

Registered Office

Cricket Square, Hutchins Drive,
PO Box 2681, Grand Cayman KY1-1111,
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Suite 703, 7/F, Three Pacific Place,
1 Queen's Road East,
Hong Kong
Telephone : (852) 2988 0600
Facsimile : (852) 2988 0606

Branch Office in Hong Kong

19th Floor, China Overseas Building,
No.139 Hennessy Road and
No.138 Lockhart Road, Wanchai,
Hong Kong
Telephone : (852) 2823 7088
Facsimile : (852) 3102 0683

Corporate Information (Continued)

(As at 26 March 2024, date of this Annual Report)

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive,
PO Box 2681, Grand Cayman KY1-1111,
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
17/F, Far East Finance Centre,
16 Harcourt Road, Hong Kong

Legal Advisors

As to Hong Kong laws

Woo Kwan Lee & Lo

As to Cayman Islands laws

Conyers Dill & Pearman

Principal Bankers

(In Alphabetical Order)
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd., Hong Kong Branch
China Construction Bank Corporation
China Merchants Bank Co., Ltd.
The Hongkong and Shanghai Banking Corporation Limited

Investor and Public Relations

Corporate Communications Department

Telephone	:	(852) 2988 0600
Facsimile	:	(852) 2988 0606
Email	:	copl.ir@cohl.com

Stock Code

The Stock Exchange of Hong Kong*	2669
Bloomberg	2669:HK
Reuters	2669.HK

* *Currently one of the eligible securities for Southbound Trading under the Shenzhen — Hong Kong Stock Connect*

Company Website

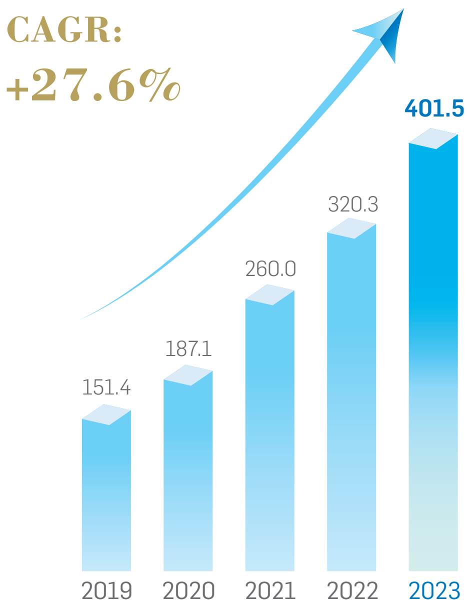
www.copl.com.hk

Financial Calendar 2024

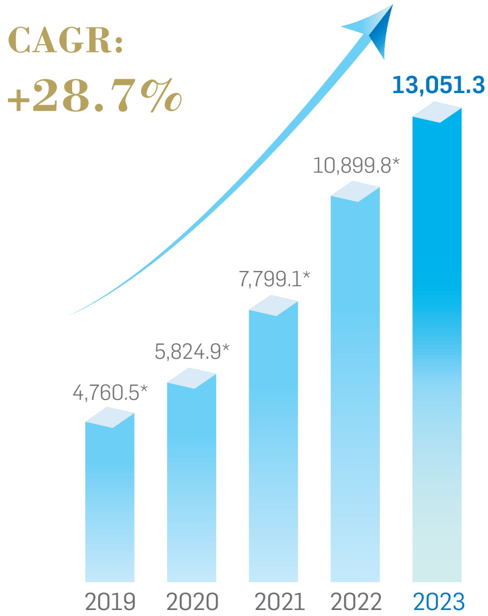
Annual Results Announcement	26 March
Closure of Register of Members (Annual General Meeting)	5 June to 12 June (both days inclusive)
Annual General Meeting Voting and Attending Eligibility Record Date	12 June
Annual General Meeting	12 June
Final Dividend Ex-dividend Date	24 June
Closure of Register of Members (Final Dividend)	26 June to 28 June (both days inclusive)
Final Dividend Entitlement Record Date	28 June
Final Dividend Payment Date	15 July

BUSINESS AND FINANCIAL HIGHLIGHTS

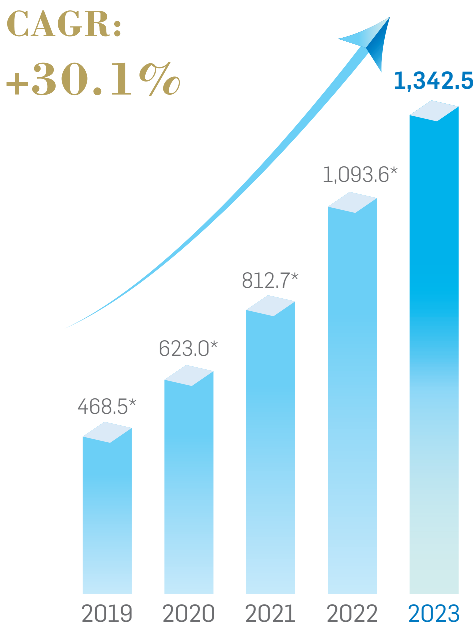
Gross Floor Area under Management as at Year Ended (Million sq.m.)



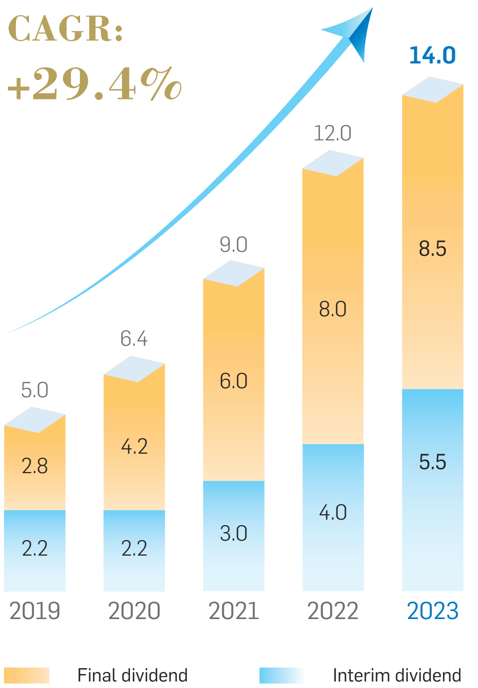
Revenue (RMB Million)



Profit Attributable to Shareholders of the Company (RMB Million)



Dividends (HK Cents)



CAGR: Compound Annual Growth Rate

* Comparative figures in prior financial years were restated upon adoption of RMB for presentation purpose.

Business and Financial Highlights (Continued)

	Formula	2023	2022	Change
Operating Scale:				
Gross floor area under management as at year ended (million sq.m.)		**401.5**	320.3	+25.4%
Employee headcount		**43,012**	57,425	–25.1%
Revenue (RMB million)*		**13,051.3**	10,899.8	+19.7%
Profitability & Rates of Return:				
Gross profit (RMB million)*		**2,069.8**	1,735.5	+19.3%
Profit attributable to shareholders of the Company (RMB million)*		**1,342.5**	1,093.6	+22.8%
Net Profit Margin	Profit for the year÷Revenue	**10.4%**	10.1%	+0.3 ppt
Earnings per share (RMB cents)* (equivalent to HK cents)		**40.84** **(45.68)**	33.27 (38.73)	+22.8%
Dividends per share (HK cents)		**14.0**	12.0	+16.7%
Payout ratio	Dividends per share (HK cents) ÷ Earnings per share (HK cents)	**30.6%**	31.0%	–0.4 ppt
Average return on equity*	Profit attributable to shareholders of the Company÷Average capital and reserves attributable to shareholders of the Company	**36.8%**	39.0%	–2.2 ppt
Liquidity:				
Current ratio	Total current assets÷Total current liabilities	**1.6**	1.5	+0.1
Debt-to-assets ratio	Total liabilities÷Total assets	**60.6%**	63.8%	–3.2 ppt

* 2022's comparative figures were restated upon adoption of RMB for presentation purpose.

HIGHLIGHTS OF THE GROUP IN 2023

JAN

COPL convened its 2023 Work Conference

The 2023 Work Conference of COPL was convened in Shenzhen on 11 January. The conference was attended by Mr. Yan Jianguo, the Chairman of COHL, who has put forward three earnest wishes for COPL, namely, to set QUALITY development goals, to strengthen the foundation for STABLE development, and to inject NEW momentum for development. In a work report titled "***Being Bold and Resolute for Our Times: Together We Excel in the Test of New Property Management with Outstanding Answers***", Mr. Zhang Guiqing stated explicitly that we shall seize the market opportunity of integrated service operation in urban space, and adhere to "The China Overseas Proprietary Methodology in the Modernisation of Property Management" through management of municipal buildings, operation of urban infrastructure services, and intense participation in urban upgrading services to facilitate the unity of the three dynamics: primary-level governance from authorities, management of property owners' rights, and corporate business practices.

Mr. Zhang Guiqing attended and spoke at the Guangdong Provincial High-quality Development Conference

The first working day after the Spring Festival, the Guangdong Provincial High-quality Development Conference was solemnly convened by the Provincial Party Committee and Provincial Government in Guangzhou, where Mr. Huang Kunming, the Provincial Secretary, and Mr. Wang Weizhong, the Deputy Provincial Secretary and the Provincial Governor, attended the conference and each delivered a speech. Mr. Zhang Guiqing, the Chairman of the Board of COPL, was invited to deliver a keynote speech on behalf of the property industry on the topic of "***Building the Greatest Common Denominator for a Better Life***".

The engineering company won the year's first tender for Liuzhou International Convention and Exhibition Center

Won the tender for the equipment and facilities repair and maintenance service for Liuzhou International Convention and Exhibition Center and Cultural Plaza to provide services for the projects, including equipment and facilities maintenance and inspection, spare parts management, curtain wall cleaning, road greening and cleaning services.

JAN *(continued)*

Won the tender for the Building of the Office of the Government Chief Information Officer and the Building of the Observatory of HKSAR

Won the management contracts for the Building of the Office of the Government Chief Information Officer and the Building of the Observatory of HKSAR. The scope of services includes site management, security services, cleaning services and horticultural maintenance services. The Hong Kong Observatory is located in the core business district of Tsim Sha Tsui, Kowloon and comprises a headquarter building, King's Park Meteorological Station and offices in Miramar Tower, all of which are managed by COPL.

Two teams from COPL's Xinghai Wulian won awards in the "Professional Competition on Digital Scenario Innovation for State-owned Enterprises" organized by the Bureau of Scientific and Technological Innovation of the State-owned Assets Supervision and Administration Commission of the State Council

Xinghai Wulian participated in the first "Professional Competition on Digital Scenario Innovation for State-owned Enterprises" organized by the Bureau of Scientific and Technological Innovation of the State-owned Assets Supervision and Administration Commission of the State Council. A total of 3,277 scenarios were selected for the competition. After multiple rounds of selection, two teams from Xinghai Wulian, COPL, stood out among more than 2,000 teams and got through to the fierce competition at the national final. In the end, Xinghai Wulian's self-developed projects titled "***Intelligent Management System for Property Asset Visualization Throughout the Lifecycle Based on Knowledge Graph***" and "***Digital Transformation and Construction Solutions for Enterprise Parks***" won the Second Prize and the Third Prize of the competition respectively.

Won the tender for Shenyang Beiling Park

Shenyang Beiling Park is the largest park in Shenyang City, Liaoning Province, covering an area of 4.5 million sq.m., and is a World Heritage Site and one of the second batch of national key cultural relics protection units. China Overseas Property provides cleaning, green maintenance, customer service, etiquette, ticketing and other services for Shenyang Beiling Park. The annual contract sum reaches over RMB10 million.

Highlights of the Group in 2023 (Continued)

FEB

China Overseas Property Management Limited was certificated [Intelligent (Level 4)] in the IOMM Standard for Financial Digital Maturity

The IOMM standard was launched by the China Academy of Information and Communications Technology ("CAICT"), and the highest rating issued by the CAICT is currently Intelligent (Level 4). This certification signifies that the Company has reached an advanced level in the field of financial digitization in China.

MAR

COPL convened its 2023 Annual Management Seminar in Shenzhen

COPL convened its 2023 Annual Management Seminar in Shenzhen under the theme of "***Unite Our Efforts on New Property Management to Keep up with the Time***", with the presence of Mr. Zhang Guiqing, the Chairman of the Board of COPL, and Mr. Xiao Junqiang, the Chief Executive Officer.

MAR *(continued)*

Won the tender for the Honghu — Cuizhu — People's Park, Shenzhen

The services provided by COPL for Honghu — Cuizhu — People's Park, Shenzhen include sanitation and cleaning, greening and maintenance, facility maintenance and repair, production safety, pest control and other property management services.

Won the tender for the operation and management service contract of Macao Grand Prix Museum

COPL provides ticketing, guided tours, interpretation, training, exhibit maintenance, event planning and other operation and management services for the museum.

Collaborated with Saybag District Government of Urumqi to create a new service model for the City Property Butler project

Saybag District Government of Urumqi collaborated with COPL to hold the launching ceremony of the "City Property Butler" project in Saybag District, in which both parties made comprehensive deployment and work arrangements for the project to bring it to fruition with full speed. Mr. Zhang Changlin, the Chairman of the Political Consultative Conference of Saybag District attended the meeting.

Highlights of the Group in 2023 (Continued)

APR

Won the tender for Chengdu Huawei Base

COPL has once again won a tender for a Huawei project. The Chengdu Huawei Base, covering an area of approximately 400,000 sq.m., is one of Huawei's key research and development centres in Southwest China, focusing on the communications sector, including research and development of wireless networks, cloud computing and big data. China Overseas Property provides IFM integrated management services for Chengdu Huawei Base, including engineering maintenance, facilities and equipment maintenance, customer service, etc. The annual contract sum reaches over RMB10 million.

COPL Group held the 2023 Spring Hiking Activity named "Conquer the Mountain" at Tanglangshan Country Park in Shenzhen

The Union of the COPL Group Shenzhen Headquarters organized the 2023 Spring Hiking Activity named "Conquer the Mountain" at Tanglangshan Country Park in Shenzhen. Mr. Yan Jianguo, the Chairman of COHL, Mr. Zhang Guiqing, the Chairman of the Board of COPL, and Mr. Xiao Junqiang, the Chief Executive Officer, joined the event alongside nearly 90 people, including the senior management team of the COPL Group and the staff of the Shenzhen headquarters.

APR *(continued)*

Won the tender for the contract of Hong Kong Housing Authority Headquarter Office Building

The Hong Kong Housing Authority is a statutory body under the HKSAR Government responsible for the formulation of policies on public housing, including the planning, construction, management and maintenance of various types of public housing (including rental housing, interim housing and transit centers). COPL provides property management services for its headquarter office building.

Mr. Zhang Guiqing conducted research and investigation on pairing assistances in Changting County, Longyan City, Fujian Province

Mr. Zhang Guiqing, the Chairman of the Board of COPL, conducted research and investigation on pairing assistances in Changting County, Longyan City, Fujian Province, and had a discussion and exchange with Ms. Lv Li, the Deputy Secretary and Governor of Changting County, where they signed a letter of intent on strategic cooperation in the areas of city operation, cadres' training, cultural tourism, and the marketing of agricultural products.

MAY

Won the tender for the industrial parks of LONGi Green Energy in multiple regions

Won the tender for the industrial parks of LONGi Green Energy in multiple regions, where we are responsible for the security, cleaning, engineering, conference services and other specialized property services for the four bases of the LONGi headquarters, its Xi'an Leye Company, Xi'an Hydrogen Company and Xi'an Slicing Factory.

Highlights of the Group in 2023 (Continued)

JUN

Mr. Zhang Guiqing was invited to participate in the "2023 China Industrial Transfer and Development Matchmaking Activities (Henan)"

The 2023 China Industrial Transfer and Development Matchmaking Activities (Henan) was co-organized by the Ministry of Industry and Information Technology, the Chinese Academy of Engineering and the People's Government of Henan Province. With the theme of "Openness, Cooperation, Development and Win-Win", the event aimed to build key industrial chain clusters and a modernized industrial system. During the activities, a visit was paid to Mr. He Xiong, the Mayor of Zhengzhou City, and Mr. Deng Yingwen, the Governor of Zhongyuan District, to discuss market cooperation and promote regional development.

JUL

Won the tender for the property project of Hikvision's regional headquarters base in the upper reaches of the Yangtze River

Hikvision's regional headquarters base in the upper reaches of the Yangtze River, with a total construction area of 396,000 sq.m., is a comprehensive regional centre of Hikvision integrating product research and development, customized production, sales service and operation and maintenance guarantee, and COPL provides the project with full property services, including order maintenance, cleaning, greening maintenance, engineering maintenance, facilities and equipment maintenance, dormitory management, etc.

JUL *(continued)*

COPL successfully fulfilled its reception service for the press center of the 2023 "One Belt, One Road" Beautiful Countryside International Forum

The 2023 "One Belt, One Road" Beautiful Countryside International Forum was held in Kang County, Longnan City, Gansu Province. The forum was attended by well-known experts, scholars and other guests at home and abroad, including sixteen countries' ambassadors to China, representatives of nine international organizations, and youth delegates from five Central Asian countries. The Yan River Bay Yunhai Hotel managed by COPL in Kang County provided reception service for the press center of the event, ensuing the successful reception of 81 reporters from Chinese and foreign media.

COPL won its first tender for an elderly care facility project in HKSAR

COPL won the property management services contract for the Multi-welfare Services Complex in Kwu Tung North to provide security, cleansing, engineering and other services. This is COPL's first property management services contract for a complex in Hong Kong that focuses primarily on elderly care facility.

Convened the 2023 Analysis Conference for Economic Activities

The conference explicitly put forward the medium- and long-term strategic goal of promoting "The China Overseas Proprietary Methodology in the Modernisation of Property Management", analyzed ten strategic connotations in depth from the perspectives of investors, partners, owners and internal management, and suggested six sub-components of modernization, namely the modernization of eco-chain cooperation, service system, technology application, branding, human resources team, and basic management.

Highlights of the Group in 2023 (Continued)

AUG

Won the tender for a ZTE's Chang'an Campus Phase I and III property projects in Xi'an

COPL has once again won a tener for a ZTE's project. ZTE's Chang'an Campus Phase I and III property projects in Xi'an covers an area of approximately 190,000 sq.m.. The park houses ZTE's world's largest wireless product R&D centre and terminal R&D centre, as well as the largest intelligent terminal production base in Northwest China. COPL provides full property services for the park, including security, cleaning, customer service, engineering, and greening, etc. The annual contract sum reaches over RMB10 million..

COPL was awarded the NO.1 China Property Management Company by Brand Influence for the sixth time

The "2023 China Real Estate Brand Conference" was jointly held by China Real Estate News Agency (中國房地產報社), China Real Estate Web (中國房地產網) and Zhongfang Think Tank (中房智庫) in Beijing. COPL was awarded first place among the "2023 China Property Management Companies by Brand Influence" and the titles of "2023 Reputable Company among China Property Brands" and "Quality Life Operator".

COPL organized the 15th "Young Owner Experiential Camp"

Since COPL organized the first "Young Owner Experiential Camp" event in 2009, it has long become a staple for millions of households, covering a total of 144 cities with over tens of thousands of colorful interactive activities organised. The 2023 COPL Young Owner Experiential Camp provided children with a "feast of popular science" in a wide range of formats and rich content. Through on-site experiential education, teenagers were able to feel the magic and charm of technology, which inspired them to make their own technological innovations and strengthened their overall characters in terms of thinking and practical abilities.

AUG *(continued)*

The services of COPL ensured the success of the 2023 Chengdu University Summer Games

During the 2023 Chengdu University Summer Games, a total of more than 600 staff from the commercial projects under COPL's management, including Tianfu Art Park and Wide and Narrow Alley, spared no effort to ensure smooth urban services.

Ms. Shan Guangxiu conducted research and investigation on the targeted alleviation efforts of COPL in three Gansu counties

Ms. Shan Guangxiu, the Deputy Secretary of the Party Leadership Group and a Director of CSCEC, led a team to Zhuoni County, Kang County and Kangle County in Gansu Province to research and investigate the targeted alleviation efforts of COPL, during which the team inspected the stores of China Overseas Youjia, observed the operation and management of the Yan River Bay Hotel and Xingyuan Native Products Company, and watched the live broadcasting event of "One County, One Product Campaign in Kang County" produced by COPL.

SEP

COPL was awarded third place among the 2023 China Top 100 Property Management Service Companies

The "2023 China Property Service Ability Top 100 Summit and Brand Value Summit" was held in Shanghai, where COPL was awarded third place among the 2023 China Top 100 Property Management Service Companies, where Peking Union Medical College Hospital and the urban service project for Saybag District, Xinjiang were both selected as benchmarking projects in terms of service ability.

"Research and Application Demonstration of 5G Innovative Technology for Intelligent Community" ("5G Intelligent Community Project"), a project undertaken by COPL, won the "Hongyi Award" from the "Association of Central Enterprises for 5G Innovation"

The Association Project Winners of 2022 were announced in Suzhou, where Mr. Xiao Junqiang, the Chief Executive Officer of COPL, attended the ceremony and received the award on stage. The "5G Intelligent Community Project" was jointly developed by China Mobile and CSC. It was dedicated to solving the key technical problems in the integration and application of 5G in the field of intelligent community and the new generation of information technology such as AICDE. This award is a tremendous recognition for COPL's efforts to build a benchmarking project for the demonstration of an intelligent community, which was an intense showcase of the results of COPL's work in spearheading the synergistic accelerated development of 5G and intelligent community industries.

OCT

"The China Overseas Proprietary Methodology in the Modernisation of Property Management" highlighted in the 2023 China International Property Management Industry Expo held in Shenzhen

Mr. Zhang Guiqing, the Chairman of the Board of COPL, delivered a keynote speech entitled "A New Stage for New Goals and New Development" at the main forum, where he called for "taking 'Serving a Better Living' and 'Good Seasons, Good Property, Good Community' as the core of modernisation; taking high-quality development and market orientation as the underpinning of modernisation; and taking technological innovation and cross-sectoral collaboration as the path to modernisation, in order to promote the transformation of traditional property services into modernised properties", which renewed and energised the COPL brand since its invigoration last year.

Highlights of the Group in 2023 (Continued)

NOV

Won the tender for the Fourth People's Hospital of Shenyang

The Fourth People's Hospital of Shenyang, founded in 1953, is a Grade 3A Non-profit General Hospital integrating medical treatment, teaching, scientific research, preventive health care and rehabilitation services. The Fourth People's Hospital of Shenyang has outsourced property services such as cleaning, security, payment collection, maintenance, optical and spectacles, logistics and elevator operation to COPL, which covers a service area of over 140,000 sq.m..

Won the tender for the service contract of the largest social housing development in Macau

COPL successfully won the tender for the management service contract of Edifício Lok Kuan, Seac Pai Van, the largest social housing development in Macau. Located in the Seac Pai Van public housing complex in Coloane, Macau, Edifício Lok Kuan occupies an area of approximately over 20,000 sq.m. and consists of six 26–27-storey blocks, providing more than 4,000 social housing flats in total. It is by far the largest rental public housing area in Macau.

The first "China Overseas Neighbourhood Festival" of China Overseas successfully concluded

In Shantou, an autumn thanksgiving dinner kicked off the start of the first "China Overseas Neighbourhood Festival" of COGO. The "China Overseas Neighbourhood Festival" attracted more than 90,000 families in China Overseas from 162 communities in 33 cities, and featured events such as property owners' parties, garden parties, family feasts and food festivals. In November, the "China Overseas Neighbourhood Festival" was drawn to a close by a mega event for property owners held by Hefei Company of China Overseas. The event serves as an ongoing effort to promote neighbourliness and provide property owners in quest of a better life with more contentment.

DEC

Won the tender for Huanghua Port Terminal project of Guoneng Group in Hebei

During the year, COPL ventured into port terminal, a new business type, providing logistic services for Guoneng Huanghua Port Terminal. Besides fundamental services such as security, cleaning, engineering and greening, COPL also provides special services such as conference services, chauffeur services, laboratory services, lake and wetland management services, and artificial tide gauging services. The new and all-around service offering reflects the leading service capability of COPL.

Held the first Five-star Butler Badge Awarding Ceremony

COPL's first Five-star Butler Badge Awarding Ceremony was held in Jinan, with more than 5,000 butlers from all over the country participating in the ceremony via video streaming.

HONOURS AND AWARDS OF THE GROUP IN 2023

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NAME OF AWARDS

1 2023 China Leading Listed Property Management Companies — Top 10 by High-quality Development

2 2023 China NO.1 Property Management Company by Brand Influence

3 2023 Top 100 Chinese Property Service Enterprises

4 2023 Property Service Enterprises with Outstanding ESG Development in China

5 2023 Best Employer in China's Property Management Industry

6 2023 China Top 10 Listed Property Management Companies by Comprehensive Strength

7 2023 China Excellent Listed Property Management Company by Investment Value

8 2023 China Top 100 Property Management Service Companies

9 2023 China Top 10 Property Management Companies by Comprehensive Strength

10 2023 China Leading Residential Property Service Company

Honours and Awards of the Group in 2023 (Continued)

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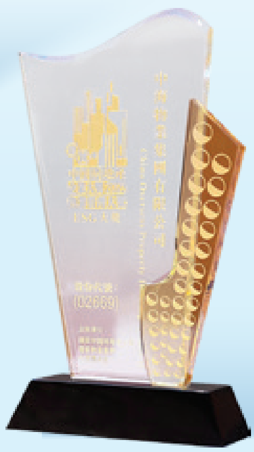
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11 2023 China Top 20 Listed Companies of Property Management Service

12 2023 China Leading Property Management Company with Low-carbon Operation

13 Quality China Real Estate • Quality Property Management ESG Award 2023

14 The HKIRA 9th Investor Relations Awards

15 GBA Outstanding Corporate Brand Awards-Excellent Property Management Service

MEMBERSHIP

1 Vice President of China Property Management Institute

2 Chief Supervisor Unit in Guangdong Property Management Industry Institute

3 Executive Vice President of Shenzhen General Chamber of Commerce

4 Vice President of Shenzhen City-Industry Integration Promotion Association

5 Vice President of Shenzhen Green and Intelligent Building Association

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

I am 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

Mr. Zhang Guiqing
Chairman and Executive Director

CHAIRMAN'S STATEMENT

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.

Chairman's Statement (Continued)

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.

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

Zhang Guiqing
Chairman and Executive Director

Hong Kong, 26 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Revenue and Operating Results

The Group is one of the leading property management companies in the People's Republic of China ("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.

Provides property management services to large-scale commercial complexes Jinhu Future City, Xiongan

Provides facility management services for the Islands Healthcare Complex in Macau

Business Review (Continued)

Revenue and Operating Results (Continued)

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).

Professional frontline team provides high quality services

Commercial brand "Hainawanshang" (海納萬商) is a platinum member of Building Owners and Managers Association (BOMA), an international accreditation organization

Business Review (Continued)

Revenue and Operating Results (Continued)

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

Business Review (Continued)

Revenue and Operating Results (Continued)

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.

An artificial intelligent robot assists with customers' reception

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 (Restated)	RMB'000	%
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%).

Business Review (Continued)

Revenue and Operating Results (Continued)

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 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 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 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%).

Through general control based on the back-end management platform, we secure all-around three-dimensional security protection

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%

Segment Information (Continued)

Property Management Services (Continued)

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%).

COPL won the tender for the largest wet market project in Macau to help safeguard local residents' livelihood

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.

Segment Information (Continued)

Property Management Services (Continued)

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			
	Segment revenue		Segment revenue		Change	
	RMB'000	%	RMB'000 (Restated)	%	RMB'000	%
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%

Segment Information (Continued)

Property Management Services (Continued)

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.

COPL successfully fulfilled its operation and management task of the Penny's Bay Isolation Facility

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			
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin	**Change in gross profit**	
	RMB'000	**%**	RMB'000 (Restated)	%	**RMB'000**	**%**
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%**

Clearing snow from vehicles to ensure safe and smooth travel for property owners

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).

Segment Information (Continued)

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.

Intelligent access control to save manpower

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			
	2023	2022	**Change**	
	Sub-segment revenue	Sub-segment revenue		
	RMB'000	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%**

Segment Information (Continued)

Value-Added Services To Non-Residents (Continued)

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)).

Maintenance engineering services

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.

Youke Daojia offers air conditioner cleaning and repair services for customers

Property leasing and sales businesses keep developing

Segment Information (Continued)

Value-Added Services To Residents (continued)

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		
	Sub-segment revenue	Sub-segment revenue	**Change**	
	RMB'000	RMB'000 (Restated)	**RMB'000**	**%**
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%**

Zhonghai Meiju offers showcase homes for customers

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)).

Segment Information (Continued)

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.

Happy Families Feast

Community fun fair

Principal Risk Management Strategies (Continued)

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.

Sustainability 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;

Clothes recycling bins promote environmental protection

Sustainability Development Policy and Performance (Continued)

- 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;

Recycling rainwater to improve water use efficiency


Utilizing natural light to save basement lighting costs

- 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.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

China Overseas Property Holdings Limited (the "Company", together with its subsidiaries, the "Group") acknowledges the important roles of its board of directors in providing effective leadership and direction to the Group's business, and ensuring transparency and accountability of the Group's operations.

The board (the "Board") of directors (the "Directors") of the Company recognises that good corporate governance leads to the success of the Group and enhances its shareholders' value. As such, the Board is committed to maintain high standard of business ethics, healthy corporate culture and good corporate governance at all times by establishing and implementing corporate governance policies and practices appropriate to the conduct and growth of the Group's business.

The Company has applied the principles set out in the Corporate Governance Code (the "CG Code") as contained 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").

During the year ended 31 December 2023, the Company has complied with all the code provisions of the CG Code.

Corporate Strategy, Business Model and Culture

With the corporate vision of "To be an Outstanding Global Service Provider in Asset Management" and the corporate mission of "We Manage Happiness", the Group adheres to the performance pledge of "Property Assets to be Entrusted" while leading a new journey with "The China Overseas Proprietary Methodology in the Modernisation of Property Management" ("COPMPM") strategic objectives 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, the Group 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, the Group actively integrate internal and external resources. Thirdly, as a guardian who safeguards a better living, the Group 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, the Group build a community ecology with owners and a project fulfilment ecology with suppliers.

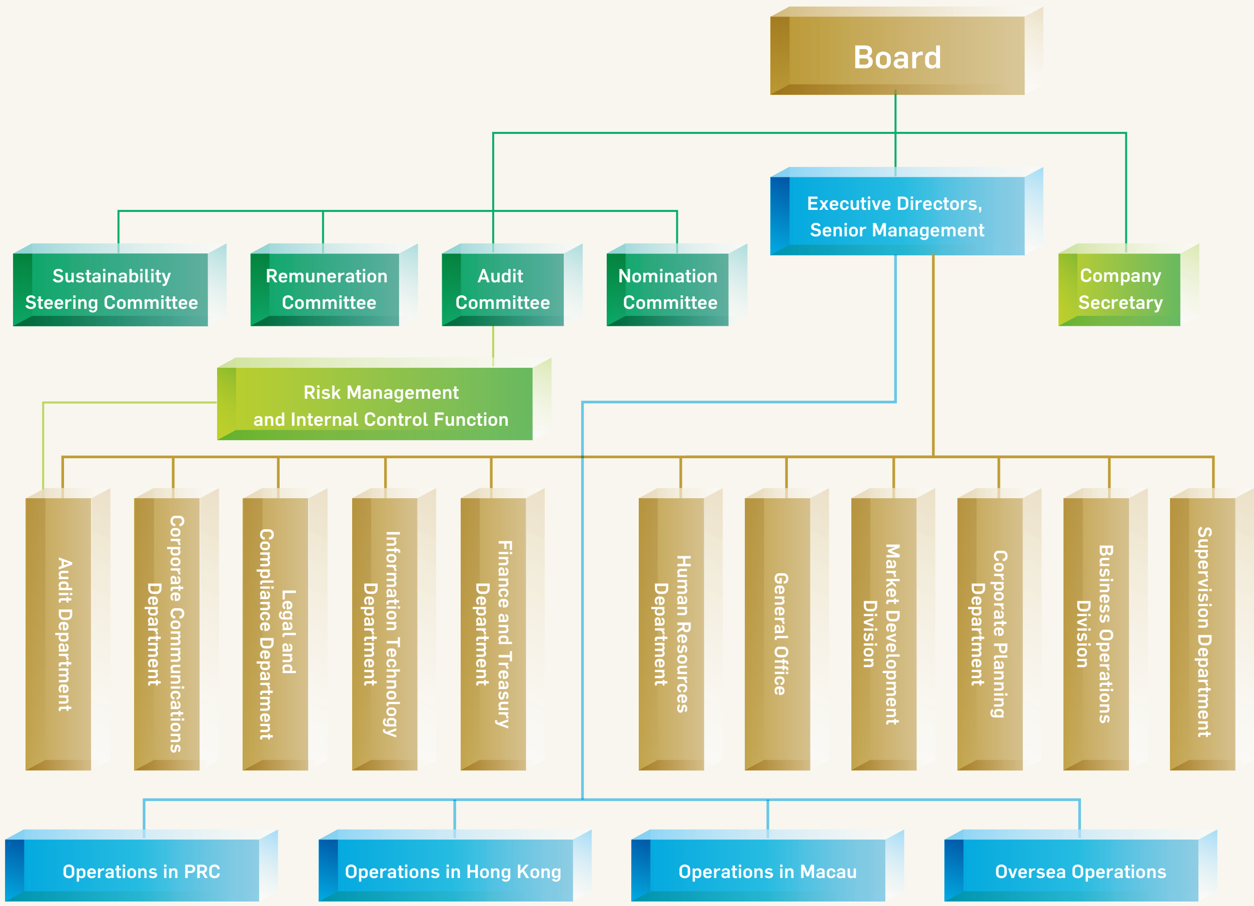
The Group put forward our brand proposition of "Good Seasons, Good Property, Good Community" (collectively, "Three-Good"). "Good Seasons" reflects our property management capability in that the Group can, through quality products and services, provide customers with a pleasant living environment where they can live and work in contentment; "Good Property" reflects our customer service capability in that the Group 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 the Group realise our promise on value, the industry, to whom the Group project our strategies outward, and the society, to whom the Group fulfil our responsibility as a corporate citizen.

Corporate Strategy, Business Model and Culture (Continued)

Details of the Group's strategy, business and financial review are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this Annual Report.

Corporate Governance Structure

The Board has established a clear governance structure, it, with the support of the four Board committees, namely Audit Committee, Nomination Committee, Remuneration Committee and Sustainability Steering Committee, performs the key governance functions within the Group.



Board

Board's Role and Delegation

The primary role of the Board is to maximize long-term shareholders value. It assumes the responsibility for providing effective and responsible leadership and control of the Group, and directing and supervising the Group's affairs in pursuit of the Group's strategic objectives. To enhance efficiency, the Board has delegated the Chief Executive Officer the day-to-day leadership and the management of the Group.

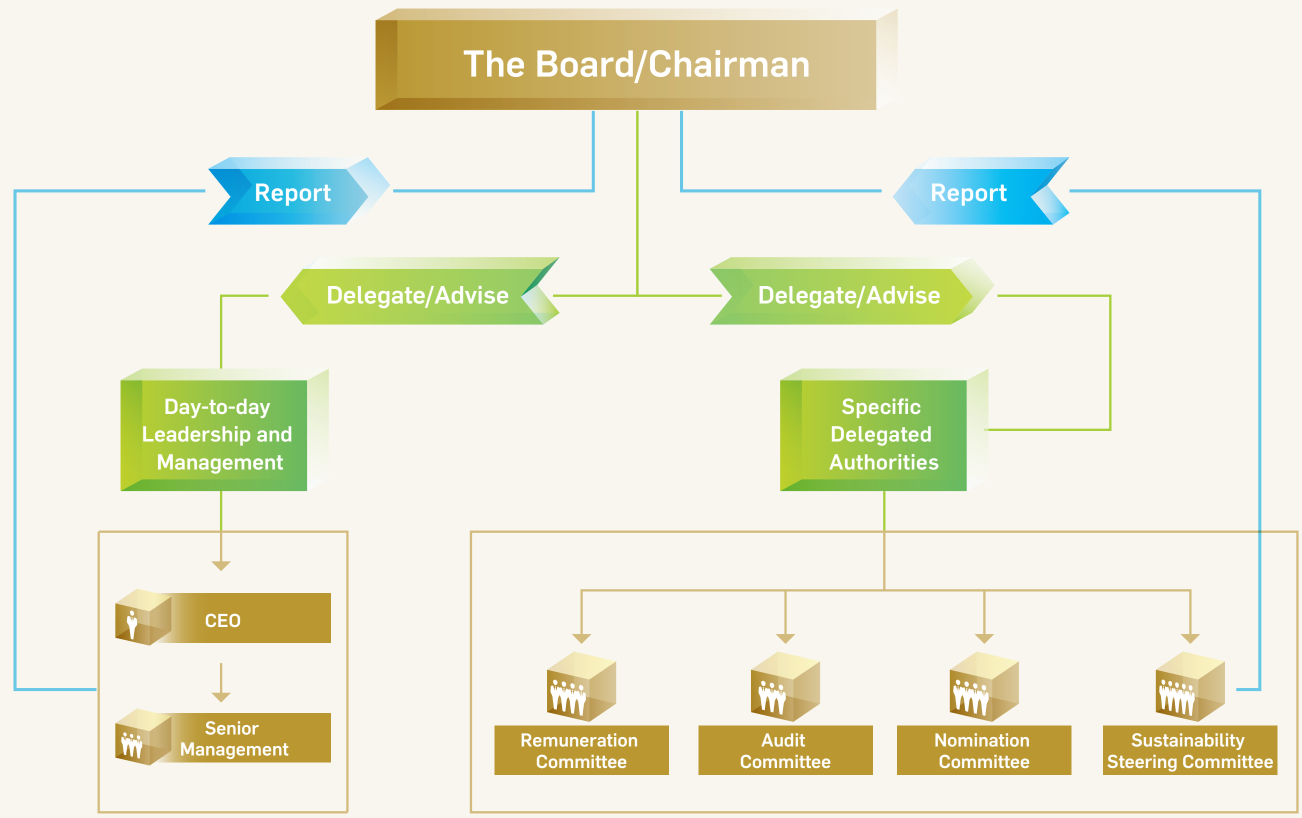
Under the supervision of the Chief Executive Officer, the senior management of the Group is responsible for the management and administrative functions and the day-to-day operations of the Group. The Board has given clear directions to senior management as to the matters that must be approved by the Board before decisions are made on behalf of the Company. The types of decisions to be delegated by the Board to management include implementation of the strategy and direction determined by the Board, operation of the Group's businesses and compliance with applicable laws and regulations.

Board (Continued)

Board's Role and Delegation (Continued)

To assist the Board in execution of its duties and to facilitate effective management, certain functions of the Board have been delegated by the Board to various board committees, which review and make recommendations to the Board on specific authorised areas.

The Board has reserved for its decision on all major matters of the Company, including the approval and monitoring of all corporate governance and policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), appointment of directors, financial information, and other significant financial and operational matters.



Board (Continued)

Board Composition

As at 31 December 2023, the Board comprises a total of nine Directors, being four Executive Directors, two Non-executive Directors and three Independent Non-executive Directors. The number of Independent Non-executive Directors represents one-third of the Board with one of them possessing appropriate accounting and related financial management expertise as required by Rules 3.10 and 3.10A of the Listing Rules.

The composition of the Board during the year ended 31 December 2023 and up to the date of this Annual Report is as follows:

Executive Directors:

Mr. Zhang Guiqing	*(Chairman)*
Mr. Xiao Junqiang	*(Chief Executive Officer, appointed on 20 February 2023)*
Dr. Yang Ou	*(Chief Executive Officer, resigned on 20 February 2023)*
Mr. Pang Jinying	*(Vice President)*
Mr. Kam Yuk Fai	*(Chief Financial Officer)*

Non-executive Directors:

Mr. Ma Fujun
Mr. Guo Lei

Independent Non-executive Directors:

Mr. Yung, Wing Ki Samuel
Mr. So, Gregory Kam Leung
Mr. Lim, Wan Fung Bernard Vincent

The Directors' biographical information are set out at the section headed "Directors and Senior Management" of this Annual Report and on the website of the Company (www.copl.com.hk). The Company has also maintained an updated list of directors and their role and function on the websites of the Company and the Stock Exchange (www.hkexnews.hk).

Directors have disclosed their number and nature of offices held in public companies or organizations and other significant commitment in their biographical information. They are also reminded to notify the Company of any change of the information in a timely manner. The Board reported the changes in its annual report and interim report. Directors have also provided an indication of the time involved for the significant offices they held to the Company annually.

There is no relationship (including financial, business, family or other material/relevant relationship(s)) among members of the Board.

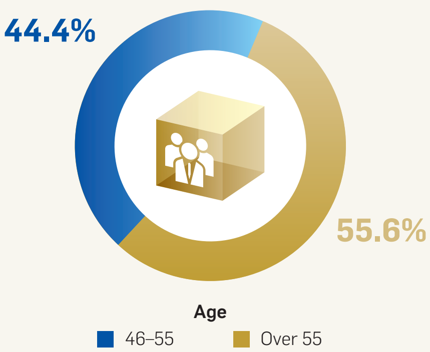
Board (Continued)

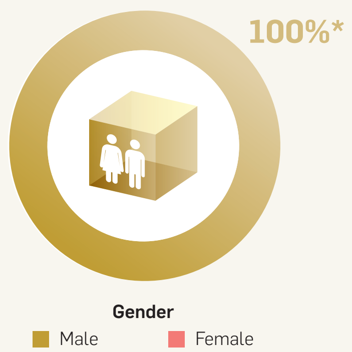
Board Diversity

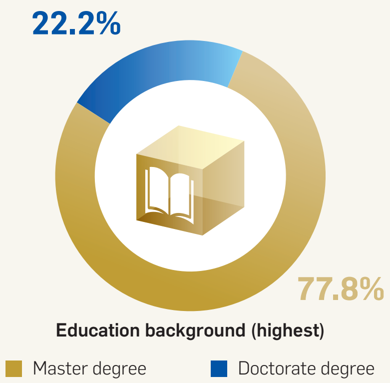
The Board has maintained the necessary balance of skills and experiences appropriate for the business and objectives of the Group and for the exercise of independent judgement. The Independent Non-executive Directors bring different business and financial expertise, experiences and independent judgement to the Board and they are invited to serve on the Board committees of the Company. Through participation in Board meetings, taking the lead in managing issues involving potential conflicts of interests and/or serving on Board committees, the Independent Non-executive Directors have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders of the Company (the "Shareholders").

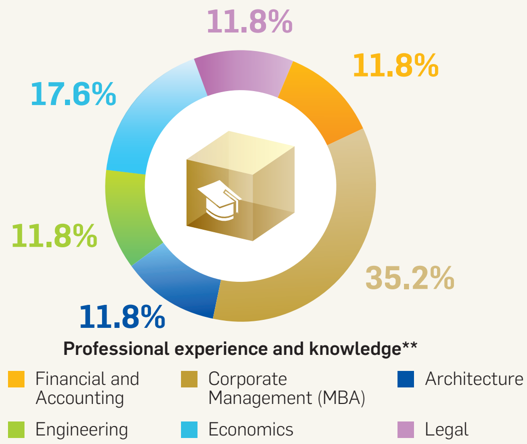
The Company also recognises and embraces the benefits of having a diverse Board to enhance its effectiveness as well as improve the quality of its performance. The Board has adopted the board diversity policy effective since October 2015 (the "Board Diversity Policy"), a copy of which is available on the Company's website. Under the Board Diversity Policy, all Board members' appointments will be based on merit and selection of candidates will be based on a range of diversity factors, including but not limited to education background, professional experience and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness and will make recommendations to the Board of any amendment, where necessary.

As at 31 December 2023, the Board's composition under diversified perspectives are set out below:









* Plan to appoint at least one female director by no later than 31 December 2024.

** *Certain Directors have more than one professional experience and knowledge.*

Board (Continued)

Board Diversity (Continued)

The Board has a wide range of ages, ranging from 46 to 66 years old. The Directors have a balanced mix of professional experience and knowledge, including corporation management, architecture and engineering, financial and accounting, as well as legal aspects. All Directors held a Master degree or above. Among nine Directors on the Board, three of them are Independent Non-executive Directors, thereby promoting critical review and giving independent advice in the decision-making process.

During the year, the Nomination Committee reviewed the implementation and effectiveness of the Board Diversity Policy. Based on the current composition of the Board and current needs of the Company, the Nomination Committee considered the Board Diversity Policy remains effective and appropriate for the Company. However, the Board also recognizes the particular importance of gender diversity and aims to maintain an appropriate balance of diversity at the Board level and plans to appoint at least one female director by no later than 31 December 2024.

As at 31 December 2023, the Company hired a total of 43,012 staff, of which 26,274 were male and 16,738 were female. The gender ratio in the workforce (including senior management) was approximately 61 males to 39 females. In order to cope with the growth and needs of the Company without focusing on one single gender, staff recruiting shall be based on the equal-opportunity principle. The Company shall provide suitable on-job training to mid to senior level to ensure a pipeline of female senior management and potential successors to the Board in the near future.

Board Independence

The Company recognizes that Board independence is key to good corporate governance. Effective mechanism is in place and regularly reviewed to ensure independent view and input are available to the Board. All Directors are encouraged to express freely their independent views during the Board/Board Committees meetings. External independent professional advice is available as and when required by individual Directors. Board members also have full and timely access to advice from the Company Secretary. The Chairman meets with the Independent Non-executive Directors annually without the presence of other Directors.

A sufficient number of Independent Non-executive Directors representing one-third of the Board has been maintained. All Independent Non-executive Directors are financially independent from the Group bringing independent and diversified experience, competencies, skills and judgment to the Group's strategy and policies through their informed contributions. Annual written confirmation of independence by the Independence Non-executive Directors pursuant to Rule 3.13 of the Listing Rules is required. The Nomination Committee will assess the independence, qualification and time commitment of a candidate who is nominated to be a new director before appointment and also continued independence of existing independent non-executive directors annually.

For the year ended 31 December 2023, all Independent Non-executive Directors attended the board meetings, committees meetings and general meetings as scheduled to provide independent views and input in different aspect as well as develop a balance understanding of the views of Shareholders. Details of the attendance records of the Independent Non-executive Directors for 2023 are provided in the section headed "Attendance at Board Meetings, Committee Meetings and Shareholders' Meetings" of this Corporate Governance Report. Therefore, the Board is of the view that the mechanism to ensure independent views and input are available to the Board for the year ended 31 December 2023 is effective and adequately implemented.

Board (Continued)

Chairman and Chief Executive Officer

The Company supports the division of responsibility between the Chairman and the Chief Executive Officer in order to ensure a balance of power and authority and preserve a balanced judgement of views.

Mr. Zhang Guiqing, as the Chairman of the Company and the Executive Director, is responsible for leading the Board, giving weighty strategic advice of development of the Group and ensuring the Company in formulating regulatory plans in corporate governance. He is also responsible for ensuring that before any meeting is held, all Directors receive accurate, clear, complete and reliable information in a timely manner and the Directors are properly briefed on issues arising at the meetings. Apart from the above, he is responsible for promoting a culture of openness and debate and encourage directors with different views to voice their concerns in order to ensure that the Board works effectively as well as to ensure appropriate steps were taken to provide effective communication with Shareholders and those views of Shareholders were communicated to the Board as a whole.

Dr. Yang Ou, the former Chief Executive Officer and Mr. Xiao Junqiang, the existing Chief Executive Officer of the Company and the Executive Director, is responsible for leading the senior management of the Company, advising strategic directions, setting business goals, supervising the daily management as well as the business operations and development of the Group.

The Chairman works in close collaboration with the Chief Executive Officer. The Chief Executive Officer would consult with the Chairman for advice, while the Chief Executive Officer would report the work progress and performance to the Chairman.

Non-executive Directors and Independent Non-executive Directors

Non-executive Directors, including, Independent Non-executive Directors, as equal members of the Board, have given the Board and any committees on which they serve the benefit of their skills, expertise, backgrounds and qualifications. The Independent Non-executive Directors have made a positive contribution and independence judgement to the development of the Company's strategy and policies, performance as well as the risk management.

Confirmation of Independence

The Company confirmed that it has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and still considered all Independent Non-executive Directors are independent.

As at 31 December 2023 and the date of this Annual Report, none of the Independent Non-executive Directors has served more than 9 years in the Company.

Board (Continued)

Appointment, Re-election and Removal of Directors

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's amended and restated articles of association (the "Articles of Association") and the nomination policy (the "Nomination Policy"). According to the Nomination Policy, the Nomination Committee shall, when appropriate, identify and evaluate candidates from the labour market and within the Group with reference to the criteria and qualifications set out in the Nomination Policy, then make recommendations for the Board's and/or Shareholders' consideration and approval.

All Directors have entered into either a services contract (for Executive Directors) or a letter of appointment (for Non-executive Directors and Independent Non-executive Directors) with the Company to specific their duties and responsibilities. Executive Directors are appointed on a full-time basis and without specific term while Non-executive Directors and Independent Non-executive Directors are appointed on a term of three years. All Directors are subject to retirement from office by rotation and re-election at annual general meetings in accordance with the provisions of the Articles of Association. The procedures for appointment, election and removal of Directors is posted on the website of the Company.

During the year, Mr. Xiao Junqiang ("Mr. Xiao") has been appointed as the Chief Executive Officer of the Company and the Executive Director. Woo Kwan Lee & Lo provided legal advice to Mr. Xiao in relation to his declaration and undertaking with regard to director. Mr. Xiao has confirmed he understood his obligations as director of a listed issuer. He has been retired and re-elected during the annual general meeting held on 20 June 2023 in accordance with articles 83(3) of the Articles of Association.

Pursuant to the articles 84(1) & 84(2) of the Articles of Association, one-third of the directors for the time being shall retire from office by rotation at an annual general meeting. As such, Mr. Pang Jinying, Mr. Ma Fujun and Mr. So, Gregory Kam Leung will retire by rotation at the 2024 annual general meeting ("2024 AGM"). All of them, being eligible, will offer themselves for re-election at the 2024 AGM.

Model Code for Securities Transactions by Directors and Relevant Employees

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix C3 to the Listing Rules as the 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 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.

Directors' and Officers' Liabilities Insurance

The Company has arranged appropriate insurance coverage in respect of legal actions against the Directors and senior management arising out of corporate activities of the Company. The insurance will be reviewed and renewed annually.

Board (Continued)

Directors Trainings

Every newly appointed Director receives a comprehensive, formal and tailored induction to ensure he/she has a proper understanding of the Company's operations and business as well as his/her duties and responsibilities as a director under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies. The Company Secretary also provides the updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirement to the Board from time to time.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has also arranged for Directors to attend training, which emphasis on the roles, functions and duties of a listed company director. Directors can also join any training, forum or seminar at cost of the Company. All Directors are required to provide a training records to the Company, which are maintained by the Company Secretary.

The Company has received from the Directors below a record of the type(s) of training they received for the year ended 31 December 2023:

Directors	Types of training (See Remarks)
Mr. Zhang Guiqing	A, B
Mr. Xiao Junqiang	A, B
Mr. Pang Jinying	A, B
Mr. Kam Yuk Fai	A, B
Mr. Ma Fujun	A, B
Mr. Guo Lei	A, B
Mr. Yung, Wing Ki Samuel	A, B
Mr. So, Gregory Kam Leung	A, B
Mr. Lim, Wan Fung Bernard Vincent	A, B

Remarks:

A: Attending seminars or trainings that are relevant to the Directors' professional knowledge and skills and in performing their duties and responsibilities as Directors.

B: Reading materials that are relevant to the Directors' professional knowledge and skills and in performing their duties and responsibilities as Directors.

Board (Continued)

Board Meetings

During the year, the Board held four regular meetings to review and approve, inter alias, the financial and operational results of the Group, reports of external auditor as well as reports of internal audit department. Three additional board meetings were held to consider and approve ad hoc matters and transactions.

At least 14 days formal notice is given before each regular Board meeting and reasonable notice is given before the ad hoc board meetings. Agenda accompanying Board papers and related materials, which are in a form and quality sufficient to enable the Board to make informed decisions, are sent to all Directors at least 3 days before each regular board meeting. Directors are given the opportunity to comment on the draft Board meeting agenda to include items that they would like to discuss.

All Directors have timely access to all relevant information of the Company as well as the advice and services of the Company Secretary and senior staff, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any Director may seek independent professional advice in appropriate circumstances at the Company's expenses upon reasonable request made to the Board. If the subject under discussion at a Board meeting involves conflict of interests of substantial Shareholders or Directors and the Board considers that the conflict of interests is material, the matter would be dealt with by a meeting (including physical and/or virtual) rather than a written resolution. The Board will ensure that there are sufficient independent directors participating in discussing about and voting on the relevant resolution.

The Company Secretary is responsible for taking minutes of Board meetings and committee meetings. Directors are given an opportunity to comment on the draft minutes which are sent to Directors within a reasonable time frame. Such minutes are prepared with details of the decisions reached, any concerns raised and dissenting views expressed by directors. All minutes are opened for inspection by any Director.

Details of the attendance records of each Board member for 2023 are provided in the section headed "Attendance at Board Meetings, Committee Meetings and Shareholders' Meetings" of this Corporate Governance Report.

Board Committees and Corporate Governance Functions

As part of good corporate governance, the Board has set up four Board committees, namely Remuneration Committee, Audit Committee, Nomination Committee and Sustainability Steering Committee for overseeing particular aspects of the Company's affairs. Each committee has its own specific delegated authorities and operates within defined written terms of reference.

Remuneration Committee

The Remuneration Committee comprises a total of four members, being the Chairman of the Board and three Independent Non-executive Directors, namely, Mr. Zhang Guiqing, Mr. Yung, Wing Ki Samuel, Mr. So, Gregory Kam Leung and Mr. Lim, Wan Fung Bernard Vincent. The chairman of the Committee is Mr. So, Gregory Kam Leung.

Board Committees and Corporate Governance Functions (Continued)

Remuneration Committee (Continued)

The main duties and responsibilities of the Remuneration Committee including, but not limited to:

- make recommendations to the Board on the Group's remuneration policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- either to determine, with delegated responsibility, or make recommendations to the Board on the remuneration packages of individual Executive Director and senior management, including without limitation, basic salaries, benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of his/her office or appointment; and
- make recommendations to the Board on the remuneration of non-executive directors.

The terms of reference of the Remuneration Committee is available on the websites of the Company and the Stock Exchange.

For the year ended 31 December 2023, the Remuneration Committee has held two meetings during which it has performed the following major works:

- reviewed the proposed remuneration packages (including bonus and benefits) of all Directors and senior management and recommended the proposal to the Board for approval;
- reviewed and discussed the director remuneration policy and recommended the Board for amendment and adoption; and
- reviewed the proposed directors' remuneration of the newly appointed Chief Executive Officer and Executive Director and recommended the proposal to the Board for approval.

The Remuneration Committee has been provided sufficient resources to perform its duties. Chairman of the Remuneration Committee has reported back to the Board on its decisions and recommendations after each meeting.

Details of the attendance record of each Remuneration Committee member for 2023 are provided in the section headed "Attendance at Board Meetings, Committee Meetings and Shareholders' Meetings" of this Corporate Governance Report.

Pursuant to the Company's Director Remuneration Policy, the remuneration packages of the executive directors of the Company shall comprise fixed and variable components linking to the Group's operating results, individual performance and comparable market statistics. Non-executive directors (including independent non-executive directors) of the Company shall receive fixed remuneration/fee to be set at an appropriate level to attract and retain first-class non-executive talent by reference to the relevant time commitment required and the size and complexity of the Group and benchmarked against a peer group.

Board Committees and Corporate Governance Functions (Continued)

Remuneration Committee (Continued)

Details of the remuneration of each Director for the year ended 31 December 2023 are disclosed in note 9 to the financial statements contained in this Annual Report.

The remuneration of the senior management of the Company is determined with reference to the remuneration policy of the Group and based on individual skills, knowledge, experience, performance and contribution, the overall performance of the Group, the prevailing economic environment and the market trend. The remuneration of the senior management of the Company by band for the year ended 31 December 2023 is set out below:

Remuneration Bands (RMB)	Number of Persons
2,000,001–3,000,000	1
3,000,001–4,000,000	2

Audit Committee

The Audit Committee comprises a total of three Independent Non-executive Directors of the Company, namely, Mr. Yung, Wing Ki Samuel, Mr. So, Gregory Kam Leung and Mr. Lim, Wan Fung Bernard Vincent. The chairman of the Committee is Mr. Yung, Wing Ki Samuel, who is possessing the appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The main duties and responsibilities of the Audit Committee including, but not limited to:

— make recommendations to the Board on the appointment, re-appointment and removal of the external auditor;

— review the financial information and reports of the Group;

— oversee the Group's financial reporting system, risk management and internal control systems;

— review the interim and final results of the Group prior to submission to the Board for approval; and

— review financial reporting and internal control matters and to this end has unrestricted access to both the Company's external and internal auditors.

The terms of reference of the Audit Committee is available on the websites of the Company and the Stock Exchange.

Board Committees and Corporate Governance Functions (Continued)

Audit Committee (Continued)

For the year ended 31 December 2023, the Audit Committee has held four meetings during which the Audit Committee has performed the following major works:

— reviewed, discussed and recommended to the Board for approval of the Group's consolidated financial statements, results announcements, Chairman's statement and business review for the year ended 31 December 2022 and for the six months ended 30 June 2023 and the quarterly financial information for the periods ended 31 March 2023 and 30 September 2023;

— reviewed and approved the audit plan for the year ended 31 December 2023;

— reviewed the annual compliance status of the Deeds of Non-competition between the Group and China State Construction Engineering Corporation ("CSCEC") and China State Construction Engineering Corporation Limited ("CSCECL");

— reviewed and discussed the internal audit report and risk management reports of internal audit department and legal and compliance department respectively, the progress and the effectiveness of the risk management and internal control systems and the internal audit implemented by the Group;

— reviewed the continuing connected transactions and related matters of the Group for the year ended 31 December 2022;

— reviewed and approved the proposed fee of external auditor in respect of audit services and non-audit services for the year ended 31 December 2023; and

— reviewed and discussed the proposed change of presentation currency for consolidated financial statements of the Group.

Each of CSCEC and CSCECL has provided with the Company a confirmation on compliance pursuant to their undertakings under the Deeds of Non-competition. The Audit Committee has reviewed the confirmations and noted that for the year ended 31 December 2023, each of CSCEC and CSCECL has complied with the Deeds of Non-competition.

The Audit Committee has been provided sufficient resources to perform its duties. Chairman of the Audit Committee has reported back to the Board on its decisions and recommendations after each meeting.

Details of the attendance record of each Audit Committee member for 2023 are provided in the section headed "Attendance at Board Meetings, Committee Meetings and Shareholders' Meetings" of this Corporate Governance Report.

Board Committees and Corporate Governance Functions (Continued)

Nomination Committee

The Nomination Committee comprises a total of four members, being the Chairman of the Board and three Independent Non-executive Directors, namely, Mr. Zhang Guiqing, Mr. Yung, Wing Ki Samuel, Mr. So, Gregory Kam Leung and Mr. Lim, Wan Fung Bernard Vincent. The chairman of the Committee is Mr. Zhang Guiqing.

The main duties and responsibilities of the Nomination Committee including, but not limited to:

— review the structure, size and diversity (including the education background, skills, knowledge and professional and industry experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

— identify qualified and suitable individuals to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

— assess the independence of Independent Non-executive Directors;

— make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer of the Company; and

— review the Board Diversity Policy to ensure its continued effectiveness and make recommendation to the Board of any amendment of the policy where necessary.

The terms of reference of the Nomination Committee is available on the websites of the Company and the Stock Exchange.

For the year ended 31 December 2023, the Nomination Committee has held two meetings during which the Nomination Committee has performed the following major works:

— reviewed the structure, size and composition (including the skills, knowledges and experiences) of the Board;

— recommended to the Board on re-election of retiring Directors;

— assessed the independence of the Independent Non-executive Directors; and

— recommended to the Board on the appointment of Mr. Xiao Junqiang as Chief Executive Officer and Executive Director.

Board Committees and Corporate Governance Functions (Continued)

Nomination Committee (Continued)

The Nomination Committee has been provided sufficient resources to perform its duties. Chairman of the Nomination Committee has reported back to the Board on its decisions and recommendations after each meeting.

Details of the attendance record of each Nomination Committee member for 2023 are provided in the section headed "Attendance at Board Meetings, Committee Meetings and Shareholders' Meetings" of this Corporate Governance Report.

Sustainability Steering Committee

The Sustainability Steering Committee comprises a total of five members, being the Chairman of the Board, Chief Executive Officer and three Independent Non-executive Directors, namely, Mr. Zhang Guiqing, Mr. Xiao Junqiang, Mr. Yung, Wing Ki Samuel, Mr. So, Gregory Kam Leung and Mr. Lim, Wan Fung Bernard Vincent. The chairman of the Committee is Mr. Lim, Wan Fung Bernard Vincent.

The main duties and responsibilities of the Sustainability Steering Committee including, but not limited to, assist the Board in providing direction on the sustainability priorities and goals and to assess, review and recommend to the Board for approval the public documents related to sustainability matters.

For the year ended 31 December 2023, the Sustainability Steering Committee has held two meetings during which the Sustainability Steering Committee has reviewed, discussed and recommended to the Board for approval of the Group's 2022 sustainability report and the related policy. The Sustainability Steering Committee has been provided sufficient resources to perform its duties. Chairman of the Sustainability Steering Committee has reported back to the Board on its decisions and recommendations after each meeting.

Details of the attendance record of each Sustainability Steering Committee member for 2023 are provided in the section headed "Attendance at Board Meetings, Committee Meetings and Shareholders' Meetings" of this Corporate Governance Report.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties including:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual applicable to employees and directors; and

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

During the year, the Board reviewed the Company's compliance with the CG Code and the applicable statutory and regulatory requirements and disclosures in this Corporate Governance Report.

Attendance at Board Meetings, Committee Meetings and Shareholders' Meetings

Details of Directors' attendance at the Board Meetings, Meetings of Board committees and Shareholders' Meetings held in 2023 are set out in the table below:

Directors	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	Sustainability Steering Committee Meetings	General Meetings
Executive Directors:						
Mr. Zhang Guiqing	7/7	N/A	2/2	2/2	2/2	2/2
Mr. Xiao Junqiang	6/6	N/A	N/A	N/A	2/2	2/2
Mr. Pang Jinying	7/7	N/A	N/A	N/A	N/A	2/2
Mr. Kam Yuk Fai	7/7	N/A	N/A	N/A	N/A	2/2
Non-executive Directors:						
Mr. Ma Fujun	6/7	N/A	N/A	N/A	N/A	2/2
Mr. Guo Lei	7/7	N/A	N/A	N/A	N/A	2/2
Independent Non-executive Directors:						
Mr. Yung, Wing Ki Samuel	7/7	4/4	2/2	2/2	2/2	2/2
Mr. So, Gregory Kam Leung	7/7	4/4	2/2	2/2	2/2	2/2
Mr. Lim, Wan Fung Bernard Vincent	7/7	4/4	2/2	2/2	2/2	2/2

Notes:

1. The attendance figure represents actual attendance / the number of meetings the relevant Director is entitled to attend.

2. Mr. Xiao Junqiang has been appointed as Chief Executive Officer and Executive Director on 20 February 2023.

In addition, during the year ended 31 December 2023, Mr. Zhang Guiqing, the Chairman of the Board, has held a meeting with the Independent Non-executive Directors without the presence of Executive Directors.

Moreover, the Audit Committee also met with the external auditor annually in the absence of management to discuss matters relating to any issue arising from audit and any other matters the external auditor may wish to raise.

Directors' Responsibilities for Financial Reporting in respect of the Consolidated Financial Statements

Directors acknowledged their responsibilities for preparing the consolidated financial statements of the Company for the year ended 31 December 2023.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual report and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

To assist the Board to make informed decisions, the Board is provided a monthly management report, which contain the up-to-date operating performance and financial information of the Company. Meanwhile, the Board can access information from senior management independently.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Risk Management and Internal Control

The Board acknowledged its responsibility for (a) evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives; (b) ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems (such risks include but are not limited to those related to environmental, social and governance issues); and (c) overseeing management in design, implementation and monitoring of the risk management and internal control systems and management of the Company shall provide a confirmation to the Board on the effectiveness of these systems.

Managing Risks to Achieve Goals of Sustainable Growth

Sustainable business growth relies on the Group's full awareness of various risks faced by the Group when making wise decisions. The Group's risk management framework has been enhanced on an ongoing basis to ensure a sound and comprehensive management of risks at different stages.

Risk Management Responsibilities

The Group adopts a systematic approach to risk management, constructs a risk management structure with division of responsibility and reporting procedures clearly defined, in order that risks be identified and their impacts on business be minimised and to ensure the requirements of relevant code provisions relating to risk management as amended by the Stock Exchange are complied with. In particular, in recognizing the effective integration of risk management with internal control, the Group acknowledges the following responsibilities:

— the Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategies objectives, ensuring that the Company the establish and maintains appropriate and effective risk management and internal control systems. The Board, through the Audit Committee, oversees management in the design, implementation and monitoring of the risk management and internal control systems.

— the Audit Committee is responsible for overseeing the finance, risk management and internal control of the Company as well as monitoring the implementation of the relevant code provisions relating to risk management as amended, and reviewing from time to time the changes in the nature and extent of the Company's significant risks and the Company's ability to respond to changes in its business and external environment.

— the management is responsible for the design, implementation and monitoring of the risk management and internal control systems, continuously monitors the scope and quality of the risk and internal control system, and evaluates the effectiveness of the risk management and internal control systems which are subsequently reported to the Board.

— The Legal and Compliance Department is responsible for coordinating and organizing each business units to identify and evaluate the risk factors of the Company's development goals, and timely updating and improving internal monitoring systems or actions to prevent or respond to related risks.

— the Audit Department is responsible for the independent assessment of the risk management and internal control systems through internal audit.

Risk Management and Internal Control Systems Operation

In order to establish a sound risk prevention and control system and strictly control operational risks, the Group established a comprehensive risk prevention and control system in accordance with the characteristics of the industry and its own development needs in 2023, and carried out risk management and control in an all-round manner, including risk assessment, risk identification, risk warning, risk monitoring and risk mitigation, so as to ensure the safe and sound operation of the Group.

In respect of building the leadership mechanism for risk prevention and control, the management has merged the former compliance management committee and the risk control working group into the risk and compliance management committee, which is responsible for promoting the improvement of the systems and processes of risk and compliance management; researching and deciding on major issues of risk and compliance management or putting forward opinions and recommendations; organising, coordinating, guiding and supervising the commencement of risk and compliance management work; and fostering and constructing the culture of compliance management and the culture of risk management. The risk and compliance management committee integrates personnel from the former compliance management committee and the risk control working group and is headed by the Chairman of the Board, with the Chief Executive Officer and the Chief Legal Advisor (Chief Compliance Officer) serving as the deputy directors. Other members of the senior management team, heads of various headquarters departments, and heads of various platform companies and professional subsidiaries serve as members. They deliberate and coordinate major risk management issues, coordinate the development of the risk system, and establish a risk management mechanism that operates in a coordinated manner with effective communication to ensure the smooth operation of the risk management system from the source.

According to the newly promulgated "Risk Management Regulations of China Overseas Property Holdings Limited", the Company has clarified the whole process of risk management, the division of work and responsibilities of each entity, and reshaped the three lines of defence for risk management. It establishes a risk management organisational structure composed of the relevant leading organisations, the management, the risk and compliance management committee, the Chief Legal Advisor (Chief Compliance Officer), various departments at headquarters, units at all levels, and project teams at each level, establishing three lines of defence for risk prevention and control.

The "first line of defence" consists of business and functional departments and units at all levels, which are responsible for risk management in their own functional areas or units, and in accordance with the principle of "where there is management, there must be risk management", the responsibility for risk management should be clearly defined to be consistent with the scope of business management and authority. Risks must be fully considered in business decision-making, the responsibilities of management positions at all levels in respect of significant risks must be clear and specific, and relevant preventive and control measures must be implemented at all levels to create a risk prevention and control atmosphere in which "businesses are managed, risks prevented, and responsibilities shouldered".

Risk Management and Internal Control Systems Operation (Continued)

The "second line of defence" consists of the office of the risk and compliance management committee, i.e. the Legal and Compliance Department, and dedicated legal advisers (risk managers) of each unit. As the executive body implementing the decisions of the risk and compliance management committee, it organises and carries out tasks such as constructing risk systems, risk assessments, and risk warnings under the leadership of the Chief Legal Advisor (Chief Compliance Officer). When major risk event occurred, the "second line of defence" is responsible for coordinating and organising timely measures to respond appropriately and report to the risk and compliance management committee immediately, implementing the instructions of the risk management committee in accordance with its resolution, assisting relevant business and functional departments in risk disposal, and optimising and enhancing the effectiveness of compliance and risk management. In addition, in order to improve the risk identification capability, a risk reporting mechanism has been established, and a major risk event reporting process has been set up. After the occurrence of a major risk event, the unit or department in which the event occurs will report such event to the unit at its own level and to the Legal and Compliance Department according to a predefined process, and the Legal and Compliance Department will conduct professional research and judgement and then report it to the relevant leadership for deliberation, and then collaborate with the management departments under the relevant business to carry out risk management, so that the risk will be reported early and disposed of as soon as possible, and vertical hierarchical management and horizontal synergistic disposal of risks will be realised.

The "third line of defence" consists of the monitoring and auditing departments. Its duty is to supervise the management measures and effects of the first and second lines of defence, assuming responsibilities for supervision, urging rectification and holding accountable for losses.

Each of the three lines of defence performs their duties and responsibilities, enhancing information sharing and communication cooperation, strengthening process supervision and inspection, forming a linkage mechanism for risk management, business, internal control, internal audit, discipline inspection and supervision, etc., exerting combined efforts, holding people accountable, and adhering to the bottom line of risk.

The Group has assigned full-time risk managers in the Legal and Compliance Department, platform companies, city companies and professional subsidiaries to take the lead in organising the risk management work of their respective units, while part-time risk managers are assigned to assist department heads in carrying out risk management work. In order to improve the control capability of risk management personnel, the Legal and Compliance Department has explored the establishment of a regular risk training mechanism, convened quarterly risk meetings and organised regular risk knowledge training for professional and part-time risk management personnel. During the year, Legal and Compliance Department organised four specialised training sessions for full-time and part-time risk management personnel of each unit to enhance risk management capabilities and strengthen the organisational safeguards for risk management.

Risk Management and Internal Control Systems Operation (Continued)

Summary of Key Risk Management Tasks

1. Enhancement of risk identification and response capabilities

The Legal and Compliance Department systematically reviewed the relevant requirements of laws, regulations and company systems, compiled the "Compliance Risk Database (2023 Edition)", and identified a total of 475 compliance requirements and risk points across various businesses. Cumulatively, each unit of the Group organised and carried out a total of 228 risk inspections, and conducted timely analyses and researches in respect of high-risk, frequent-occurring or key risk events, and issued 66 risk advisory letters and warning letter, including "Letter on Criminal Liability Risk Warning for Personal Information Protection", "Letter on Copyright Infringement Risk Warning for WeChat Official Accounts," and the "Legal Advisory Letter on Post-Disaster Insurance Preservation for Property Projects After Heavy Rainstorms." The Group has also organised and carried out special work on criminal compliance, forming a criminal risk list and comprehensively safeguarding against criminal risks through the screening of criminal risks to comprehensively enhance the Group's ability to identify business risks as well as its risk prevention and control abilities.

In order to improve risk identification capabilities, the Group has established a risk reporting mechanism and set up a reporting process for major risk events. Upon the occurrence of a major risk event, the unit or department in which the event occurs will report the event to the unit at its own level and to the Legal and Compliance Department according to a predetermined process, and the Legal and Compliance Department will conduct professional research and judgement and then report it to the relevant leadership for deliberation, and then coordinates with the relevant business department responsible for risk management to implement risk disposal, so that the risk will be reported early and disposed of as soon as possible, thus achieving vertical hierarchical management of risks and horizontal synergistic disposal.

In 2023, the Legal and Compliance Department organised two risk management inspections, inspecting the rectification measures and implementation of significant risks that occurred, enhancing the risk prevention capability of each unit, cultivating risk prevention and control awareness and preventing significant business risks. During the year, the Legal and Compliance Department handled 261 cases of various types of risk events, forming a risk prevention and control mechanism for the entire process of early warning, midterm response, and subsequent disposal to ensure controllable risks and scientific decision-making. Meanwhile, taking insurance coordination management as a starting point, it promoted the deep integration of insurance management and risk management. We have organised and conducted risk type verification for the master insurance policy to ensure adequate and comprehensive coverage, explored innovative insurance services, and explored the work of community insurance, so as to strengthen the ability of risk mitigation.

Risk Management and Internal Control Systems Operation (Continued)

Summary of Key Risk Management Tasks (Continued)

2. Enhancement of risk management culture construction

The management organises quarterly risk management meetings to promote the risk management system and risk management process, and invites relevant units to share their experience in risk management. The Group also organised seminars on risk management measures from the perspective of "case-based management", and conducted risk management training through actual cases to improve the level of risk management. In 2023, the Group organised a total of 190 risk management training sessions across all units of the Group, covering personnel from both management and junior staff, with a view to comprehensively enhancing the awareness of risk prevention and control and risk avoidance among all employees.

The management organised and launched the "Seahawk" risk management demonstration project certification activity to stimulate the enthusiasm of frontline risk management, set up risk management models, summarise and promote the successful experience of risk management, and comprehensively enhance project risk management levels.

Identification of and Response to Key Risks

1. Systematic review of the Group's various risks

In order to enhance its risk prevention and control capabilities, the Group, from its own practical perspective and adhering to the business-based principle, systematically reviewed the key control points of various businesses and processes, and determined the compliance risk points in conjunction with the laws, regulations and policy documents that must be complied with by the various businesses. It categorised and consolidated the various types of risk points in a similar manner, and formed a risk list. The risk list was composed of three parts, namely, risk events, risk definition and risk assessment score, of which 5 first-level risks (including strategic risk, financial risk, market risk, operational risk and legal risk), 39 second-level risks and 88 third-level risks were used as the basis to organise the risk assessment work.

2. Organisation of risk assessment

In order to establish a sound risk prevention and control system for the Company, strengthen risk identification, risk monitoring, risk warning and risk response capabilities, enhance the refinement level of risk management, formulate risk prevention and resolution plans, strengthen risk avoidance capabilities and reduce the Company's operational risks, the management has organised and launched a comprehensive risk assessment. In order to enhance the scientificity, authority and accuracy of the risk assessment, the senior management team, professional supervisors, heads of various departments at the headquarters, and principals in charge of platform companies and professional subsidiaries assessed various risk events in terms of the likelihood of occurrence and the significance of the impact in accordance with the "2023 Risk Inventory" and the scoring criteria for risk assessment passed by the Board. After statistical analysis, the rankings of the risks were obtained. The top three risks were as follows:

a. Fire safety risk (refers to the potential risk of a fire accident in a property management project due to failure to install fire safety equipment in accordance with state regulations, weather conditions or other reasons);

Risk Management and Internal Control Systems Operation (Continued)

Identification of and Response to Key Risks (Continued)

2. Organisation of risk assessment (Continued)

b. Economic environment risk (refers to the uncertainty of changes and fluctuations in macroeconomic conditions, which makes it difficult for enterprises to achieve their development objectives according to the established plans and programmes);

c. Policy change risk (refers to changes in national macro policies, such as financial policies, industrial policies, regional development policies, etc., which may have a greater impact on industry prospect and corporate development, resulting in companies not being able to gain greater initiative in development, and the impact on production and operation).

After summarising the results of the risk assessment, the Group has no high-risk events. Of the 88 risk events, 23, or 26.14%, are medium-risk events and 65, or 73.86%, are low-risk events. All medium-risk events have been effectively prevented and controlled, and the overall risk is controllable.

Prevention of and Response to Key Risks

1. Fire safety risk

The Company issued the "Second Quarter Safety Management Notice" to organize and deploy inspections on fire safety risks, and launched gas inspection and rectification activities in self-managed employee canteens, dormitories and catering outlets, comprehensively reviewing and updating the "Safety Production Management Measures". Based on the lessons learned from the Changfeng Hospital fire accident, the "Fire Safety Guidelines" were formulated to effectively prevent and control safety risks during operations. We carried out collective procurement of fire protection training institutions and launched centralized training activities to improve professional capabilities in fire protection management. In our daily work, we vigorously publicize fire safety knowledge through activities such as Safety Production Month, Fire Prevention Month, and Safety Trumpet, etc. We regularly organize fire emergency drills for our frontline staff to enhance their fire safety skills. We actively promote the centralized procurement of fire protection facilities to effectively reduce the cost of fire protection rectification and increase the efficiency of fire protection maintenance; we promote the construction of intelligent fire protection, build a national "intelligent fire protection" platform, conduct centralized monitoring and management of project fire protection facilities, and gradually realize "intelligent, standardized, and intensive fire protection facilities." We carried out comprehensive safety inspections on the facilities and equipment related to the electric bicycle charging sites of the Group's projects under management across the country, and inspected electric bicycle charging sites in 13 platform companies and Haina Wanshang in a total of 61 cities.

Risk Management and Internal Control Systems Operation (Continued)

Prevention of and Response to Key Risks (Continued)

2. Economic environment risk

Facing the external market environment of fiscal constraints in various places, slow socio-economic recovery, uncertainty in the recovery of the real estate industry, and polarization in the property industry, The Group reviewed its own development, reorganized the Group's strategic management system, and made mid-term revisions to the "14th Five-Year Plan" strategic plan. A comprehensive analysis of the modernization of the property management style of China Overseas was made from three aspects: strategic logic, business logic and management logic. Nine modernization construction requirements are proposed for six sub-items: modernization of cooperation with the ecological chain, modernization of service systems, modernization of science and technology application, modernization of brand building, modernization of human resources teams, and modernization of basic management. By optimizing strategic goals, optimizing management and control models, promoting digital transformation and upgrading, and building talent teams, we will make joint efforts in all aspects and fields to enhance the Group's ability to respond to economic and environmental risks and promote the Group's modernization of the property management style of China Overseas.

3. Policy change risk

In 2023, the state introduced a number of policies relating to the real estate and property industry, which had a positive impact on the development of the real estate and property industry and helped stabilize the market, promote development and enhance quality. In order to seize this opportunity, the Group has carried out the following work: in response to relevant policies such as promoting urban renewal and renovation of old communities, the Group has made it clear that urban services are an important direction for future property services, and has focused on its positioning as a comprehensive operator of urban space. Focus on positioning, we will study and understand the core functional requirements of urban operators, and proactively integrate into the government's operation and management mechanism. From a professional perspective, we accelerate the development of our own business capabilities, rely on market-oriented management and technological innovation, and continue to provide high-quality and efficient services to the society.

The Group will continue to improve the risk management system, strengthen risk identification and risk early warning, improve risk prevention and control capabilities and prevention and control levels, strengthen risk resolution and risk avoidance capabilities, and avoid major risk events and systemic risks in order to lay a solid security guarantee for the modernization the property management style of China Overseas.

Risk Management and Internal Control Systems Operation (Continued)

Internal Control

The Audit Department strictly fulfilled its duties as the third line of defense and, taking into account the Group's management practices, conducted a comprehensive review and evaluation of the Group's internal controls by coordinating the implementation of internal control self-evaluation in conjunction with internal control audits on the basis of the 183 key points of internal control tests.

In terms of self-evaluation of internal control, the Audit Department carries out internal control self-evaluation work in a manner of "unified planning, hierarchical implementation, evaluation to promote reform, and review integration". The scope of participation in the internal control self-evaluation includes all functional departments of the headquarters, 13 platform companies, 27 city companies and 5 directly affiliated units (including overseas Hong Kong and Macao companies), achieving 100% full coverage of self-evaluation entities.

The heads of units at all levels, as the main body responsible for internal control self-evaluation, comprehensively review the defects and deficiencies in the Company's management system and management process. The 2023 internal control evaluation content covers 12 major categories of main processes, including "three important and one large" decision-making, market acceptance, investment management and control, financial revenue and expenditure, bidding and procurement, fund management, overseas business and other important areas. During the evaluation process, methods such as interviews, survey questions, walk-through tests, sampling tests, and project site visits are used to extensively collect evidence on whether the design and operation of the Group's internal controls are effective, and analyze and identify internal control deficiencies. A total of 47,763 samples were selected for testing in this self-evaluation, including: 482 samples were tested by headquarters departments at the company level, and 523 samples were tested by Hong Kong and Macao companies for overseas business sectors. The sample size for internal control spot checks covers all business processes to ensure the reliability of the conclusions of this internal control evaluation.

In terms of internal control audit, in 2023, the Audit Department focused on its main business and continue to carry out (1+N) audits around key areas, achieving "full coverage" in audit modes and types to eliminate blind spots and dead ends in supervision. In particular: 9 economic responsibility and internal control audits, 5 investment project and special audits, and 1 branch audit were carried out, for a total of 15 items. The audit covered a total of 651 projects in 23 regions, with an area under management of 164 million square meters and total assets of RMB3.314 billion. 1,888 contracts and 8,293 vouchers were randomly checked, and 473 interviews were conducted. Independent supervision and evaluation of the Group's funds, assets and resources under management and the implementation of internal controls at all levels are comprehensive, regularized and dynamic.

Annual Confirmation

During the year, a risk management and internal control report was submitted by the Legal and Compliance Department and Audit Department to the Audit Committee for review at least semi-annually. The Board, through the Audit Committee, has reviewed reports concerning risk management and internal control systems and also conducted annual review on the effectiveness of the risk management and internal control systems of the Group and unanimously considered that the risk management and internal control systems and unanimously considered that the risk management and internal control systems and procedures of the Company for the financial year ended 31 December 2023 were adequate and effective. The Company will continue to strengthen the soundness and effectiveness of its risk management framework and implementation to meet the best practice within the industry. The aforementioned risk management and internal control systems aim to provide reasonable assurance, rather than eliminating the risk of failing to achieve business objectives. Therefore, such systems can only provide reasonable but not absolute assurance of not having any material misrepresentation or losses.

Apart from the aforementioned, the Board has adopted the following policies to enhance the effectiveness of the risk management and internal control systems of the Group:

1. Information Disclosure Policy

The policy is aim to set out the practices and procedures to regulate the dissemination of inside information within the Group. This Policy can be viewed at the Company's website.

2. Whistleblowing Policy

The policy enables all employees of the Group and other stakeholders who have business dealings with the Group (including but not limited to customers/property owners/tenants, contractors, suppliers, creditors and debtors, etc.) to report to the Company, in confidence and in an anonymous manner, any suspected impropriety misconduct, misbehaviour, malpractice or irregularity within the Group. In accordance with this policy, the number, nature and outcome of reports received and investigated by the Company shall be reported to the Audit Committee on a semi-annual basis. In addition, any complaints that may have a material consequence for the Company must be promptly reported to the Audit Committee.

3. Anti-Fraud and Anti-Bribery Policy

The policy is to promote the Company's culture of integrity and honesty, encourage employees to maintain good conduct, and at the same time strengthen the Group's overall ability to detect and prevent fraud and bribery.

The Board confirms that the Company's risk management and internal control system has adequate resources and professional and experienced staff for the accounting, internal audit and financial reporting functions, as well as the Company's environmental, social and governance performance and reporting, and the training programs and relevant budgets received by the staff are sufficient.

Company Secretary

The Company Secretary of the Company is a full time employee of the Company and is appointed by the Board. The Company Secretary reports to the Boards and is responsible for advising the Board on governance matter. The Company Secretary has taken not less than 15 hours of relevant professional training for the year ended 31 December 2023 and comply with the Rule 3.29 of the Listing Rules.

External Auditor and Auditor's Remuneration

The statement of the external auditor of the Company about its reporting responsibilities on the Company's consolidated financial statements for the year ended 31 December 2023 is set out in the section headed "Independent Auditor's Report" of this Annual Report.

The fees paid/payable to Ernst & Young, the Company's external auditor, in respect of audit services and non-audit services (represented professional services rendered in connection with the Group's sustainability consultancy, due diligence, preliminary results announcement and continuing connected transactions) for the year ended 31 December 2023 are analyzed below:

Type of services provided by the external auditor	Fees paid/payable RMB'000
Audit services	
— audit fee in respect of annual audit	3,423
Non-audit services	853
TOTAL:	4,276

Communications with Shareholders and Investors

The Group recognizes the importance of transparent and timely disclosure of corporate information, which enables shareholders and investors to make the best investment decision. The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies.

1. Shareholders' Communication Policy

The Company has adopted a shareholders communication policy (the "Shareholders Communication Policy") with an aim of promoting and maintaining an on-going dialogue with shareholders and the investment community, procedures for shareholders sending enquiries and concerns to the Board and other policies concerning communication with shareholders and investors have been established in the policy. The policy can be viewed at the Company's website.

2. The Company's Website

The Company maintains a website at www.copl.com.hk provides comprehensive and most updated information on the Group's businesses and projects, key corporate governance policies, announcements, financial reports, circulars and corporation information such as composition of the Board, Board committees and their respective terms of reference, biographical information of Directors and the senior management.

3. General Meetings

General meetings serve as a communication platform where the Board can maintain an open dialogue with shareholders and investors. The Company encouraged shareholders to participate in general meetings or to appointed proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Questioning by the shareholders at general meetings is encouraged and welcomed, which ensure shareholders' views are communicated to the Board.

During the year, the Chairman of the Board and the chairman of the respective Audit, Remuneration and Nomination Committees, other Board members and representatives of the external auditor attended the general meetings to respond to questions from shareholders.

4. Enquiries

Shareholders and investors may send written enquiries or requests to the Company, for the attention of Investor Relations Manager, as follows:

Tel : (852) 2988 0600
Fax : (852) 2988 0606
Email : copl.ir@cohl.com

Based on the above, the Board is of the view that the Shareholders Communication Policy for the year ended 31 December 2023 is effective and adequately implemented.

Dividend Policy

The Board has approved and adopted a dividend policy on 1 January 2019 (the "Dividend Policy"). Pursuant to the Dividend Policy, the Company may declare and pay its shareholders approximately 30% of profit of any financial year of the Company attributable to the owners of the Company as dividends, subject to the following rules:

— Whether the Company can pay dividends depends on, among other things, the operation results, cash flow and financial positions, operation and fund requirements, and dividends received from the Company's subsidiaries, while dividends from subsidiaries depend on whether those subsidiaries can pay dividends. Whether the Company can pay dividends is also subject to the laws of Cayman Islands and the regulations of the Articles of Association; and

— The Dividend Policy reflects the Board's current view about the financial and cash flow positions of the Company, but it will be reviewed from time to time and it is by no means any guarantee, statement nor indication that the Company must or will declare and pay dividends in such a manner. The decision of declaring and paying any dividend is at the discretion of the Board, subject to the applicable laws and regulations and the Articles of Association. In addition, declaration and payment of final dividends by the Company are subject to the final approval of the shareholders on the general meeting.

Shareholders' Rights

To safeguard shareholders' interests and rights, separate resolutions will be proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. The Company's shareholders may convene extraordinary general meetings or put forward proposals at shareholders' meetings as follows:

1. Convening of Extraordinary General Meeting on Requisition by Shareholders

The Board may whenever it thinks fit call extraordinary general meeting. Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may convene a physical meeting at only one location, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

2. Procedures for Putting Forward Proposals at General Meetings by Shareholders

There are no provisions allowing shareholders to move new resolutions at general meetings under the Companies Acts of Cayman Islands or the Articles of Association. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

Shareholders' Rights (Continued)

3. Procedures for Directing Shareholders' Enquiries to the Board

The Company has established various and a wide range of communication channels with shareholders. These include general meetings, annual reports and interim reports, notices, announcements and circulars. In addition, the Company updates its website from time to time to keep the shareholders updated of the Company's recent development. Shareholders may at any time send their enquiries and concerns to the Board in writing, the contact details of which are contained on the Company's website.

For the avoidance of doubt, shareholder(s) must provide his/her/their full name(s), contact details and identifications, in the originally signed written requisition, notice or statement (as the case may be), in order to give effect thereto. Information of shareholder(s) may be disclosed as required by law.

Shareholders may refer to the Articles of Association for further details of the rights of shareholders.

All resolutions put forward at shareholders' meetings shall be voted by poll pursuant to the Listing Rules. The poll voting results will be posted on the websites of the Company and the Stock Exchange after each shareholders' meeting.

Constitutional Documents

To reflect the changes brought about by the amendments to the Appendix A1 to the Listing Rules which took effect on 1 January 2022, on 20 June 2023, Shareholders have passed a special resolution during the annual general meeting to amend the previous articles of association of the Company and to adopt the new articles of association in substitution for and to the exclusion of the previous articles of association of the Company. An up-to-date version of the Articles of Association is available on the websites of the Company and the Stock Exchange.

DIRECTORS AND SENIOR MANAGEMENT

(As at 26 March 2024, date of this Annual Report)

Executive Directors

Mr. Zhang Guiqing

Chairman and Executive Director

Aged 51, has been appointed as the Chairman of the Board, Executive Director, Authorized Representative, chairman of the nomination committee and a member of the remuneration committee of the Company on 11 February 2020 as well as member of the sustainability steering committee on 27 October 2020. He is also a director of a subsidiary of the Company. Mr. Zhang holds a Bachelor degree from Shenyang Jianzhu University and a Master degree from Harbin Institute of Technology. He joined a subsidiary of China Overseas Holdings Limited ("COHL", the controlling shareholder of the Company) as engineer in 1995 and since then, he worked in various business units within COHL and China Overseas Land & Investment Ltd. ("COLI", the fellow subsidiary of the Company, Stock Code: 688, listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")), such as, development management department, marketing and planning department, general manager of Suzhou, Shenzhen and Northern District regional companies. Mr. Zhang has also been appointed as a director of COHL with effect from 5 March 2020. He was the executive director and chief executive officer, authorized representative and a member of remuneration committee of China Overseas Grand Oceans Group Ltd. ("COGO", an associate of the Company, Stock Code: 81, listed on the Main Board of the Stock Exchange) for the period from December 2014 to February 2020. Mr. Zhang has over 28 years' experience in property development and corporate management.

Mr. Xiao Junqiang

Chief Executive Officer and Executive Director

Aged 46, has been appointed as Chief Executive Officer, Executive Director, Authorized Representative and a member of the sustainability steering committee of the Company on 20 February 2023. He is also a director of certain subsidiaries of the Company. Mr. Xiao holds an Agriculture major from Hunan University of Arts and Science, an Administration Management major from Sun Yat-sen University and an Executive Master degree in Business Administration from University of Liège. He also obtained a senior economist. Mr. Xiao joined the group company of COLI in November 2000 and since then, he served different positions in COLI group and the Company, including the general manager of 北京中海物業管理有限公司, the general manager of human resources department, the assistant president and the vice president. Mr. Xiao has approximately 23 years' experience in operation of property management.

Mr. Pang Jinying

Executive Director and Vice President

Aged 56, has been appointed as Executive Director and Vice President of the Company on 22 August 2018. He is also a director of certain subsidiaries of the Company. Mr. Pang holds a Bachelor degree in Economics from the Economics and Management School of Wuhan University and a Master degree in Business Administration (MBA) from the School of Business of Renmin University of China as well as qualification in senior accountant. In 1989, he joined Seventh Engineering Division of China State Construction Engineering Corporation ("CSCEC", the ultimate holding company of the Company). Subsequently, he joined COHL in September 2004 and served various positions in the subsidiaries of COHL. Mr. Pang also served as the assistant general manager of Finance and Treasury Department of China State Construction International Holdings Limited ("CSC", the fellow subsidiary of the Company, Stock Code: 3311, listed on the Main Board of the Stock Exchange). He had respectively, served as the assistant general manager, deputy general manager and general manager of Finance and Treasury Department of COHL since 2007. Mr. Pang had also served as the director of Anhui Guoyuan Trust Co., Ltd. Mr. Pang has over 34 years' experience in financial management in the fields of construction contracting and real estate investment.

Directors and Senior Management (Continued)

(As at 26 March 2024, date of this Annual Report)

Mr. Kam Yuk Fai

MBA, FCCA, CPA, Executive Director and Chief Financial Officer

Aged 60, has been appointed as Executive Director of the Company since June 2015 and has been appointed as the Chief Financial Officer of the Company on 13 December 2017, responsible for the financial management of the Group. He is also a director of certain subsidiaries of the Company. Mr. Kam graduated from The Hong Kong Polytechnic (now The Hong Kong Polytechnic University) with a Professional Diploma in Accountancy, and also held a Master degree in Business Administration from University of Strathclyde in Britain. He is a qualified accountant, a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group, Mr. Kam had held various senior finance positions, and from 1997 to 2010 he served in a company listed on the Main Board of the Stock Exchange and his last held position was the group financial controller. Mr. Kam had held positions in COGO from March 2010 to June 2015 and his last held position in COGO was the general manager of Finance & Treasury Department (HK). Mr. Kam has over 36 years' experience in the fields of accounting, auditing and finance.

Non-executive Directors

Mr. Ma Fujun

Non-executive Director

Aged 49, has been appointed as Non-executive Director of the Company on 23 August 2021. Mr. Ma holds a Bachelor degree from Lanzhou University, a Master degree in Law from Peking University and a Doctorate degree in Law from Southwestern University of Finance and Economics. He also obtained qualification in Senior Economist from the evaluation committee of professional titles of CSCEC. Mr. Ma joined 中建二局第一建築工程有限公司 as a general office staff in 1998. He worked in various business units within 中國建築第二工程局有限公司, such as, general office, human resources department and served as general manager of property services company. Since then, Mr. Ma served as assistant general manager of the general office of the Board of CSCEC and assistant general manager, deputy general manager of human resources department of CSCEC from March 2010. He has also served as assistant general manager of COHL from September 2017 and has been appointment as director and deputy general manager of COHL since February 2020. Mr. Ma has over 25 years' experience in human resources administration and management in construction industry.

Mr. Guo Lei

Non-executive Director

Aged 52, has been appointed as Non-executive Director of the Company on 23 August 2021. Mr. Guo holds a Bachelor degree in Engineering from Shenyang Architecture and Civil Engineering Institute (now known as Shenyang Jianzhu University), a Master degree in Management from Harbin University of Architecture and Engineering (now known as Harbin Institute of Technology) and a Doctorate degree in Management from Harbin Institute of Technology. He also obtained qualification in Professor-level Senior Engineer from CSCEC. Mr. Guo joined a subsidiary of COLI in July 2003 and since then, he worked in investment planning department of 北京中海地產有限公司 and 北京中海廣場置業有限公司. From December 2007 to February 2018, he served as assistant general manager of 天津中海興業房地產開發有限公司, assistant general manager of Northern China regional companies of 中海地產集團有限公司 ("COPG"), general manager of 中海宏洋地產(銀川)有限公司, general manager of Shenyang companies of COPG, director of COPG and general manager of investment management department of COPG. From February 2018 to October 2020, he served as general manager of 中海發展雄安有限公司, general manager of Shijiazhuang companies and deputy general manager of Northern China regional companies. From October 2020 to February 2023, he served as assistant president of COLI, chairman of 鶴山天山金屬材料製品有限公司 as well as deputy chairman of supply chain company. Mr. Guo is currently serving as vice president of COLI and chairman of 中建宏達建築有限公司. He has about 30 years' experience in engineering, contract and corporate management in real estate industry.

Independent Non-executive Directors

Mr. Yung, Wing Ki Samuel

SBS, MH, JP, Independent Non-executive Director

Aged 65, has been appointed as Independent Non-executive Director of the Company on 9 October 2015. Mr. Yung also serves as the chairman of audit committee and a member of remuneration committee, nomination committee and sustainability steering committee of the Company. He is responsible for giving independent strategic advice and guidance on the business and operations of the Group. Mr. Yung is currently an executive district director and honorable advisor of AIA International Limited as well as an independent non-executive director, a member of audit committee, remuneration committee and nomination committee of Man Yue Technology Holdings Limited (Stock Code: 894, listed on the Main Board of the Stock Exchange). He is also presently a member of the National Committee of the Chinese People's Political Consultative Conference, the vice chairman of the Committee for Economic Affair of the National Committee of the Chinese People's Political Consultative Conference, the founding president of Hong Kong Professionals and Senior Executives Association and the chairman of the Hong Kong Examinations and Assessment Authority. Mr. Yung was elected the "Ten Outstanding Young Persons Award" in 1994. He was awarded the Medal of Honor in 2001, appointed as a Justice of the Peace in 2007 and awarded the Silver Bauhinia Star in 2011 by the Government of the Hong Kong Special Administrative Region ("HKSAR") respectively. Mr. Yung was also a standing member of the Chinese People's Political Consultative Conference of Jilin (中國人民政治協商會議吉林省委員會常務委員), standing committee member of All-China Youth Federation, member of Commission on Strategic Development of Hong Kong, member of Central Policy Unit, the chairman of Betting and Lotteries Commission of Home Affairs Bureau, chairman of Hong Kong United Youth Association, chairman of Top Outstanding Young Persons Association, board member of General Agents and Managers Association International and chairman of its International Committee, president of The Life Underwriters Association of Hong Kong, chairman of General Agents and Managers Association of Hong Kong, an independent non-executive director and a member of the audit committee of China Overseas Insurance Limited (a wholly-owned subsidiary of CSC), a member cum chairperson of Finance Committee of the Board of Management of the Chinese Permanent Cemeteries, an honorable advisor of China South City Holdings Limited (Stock Code: 1668, listed on the Main Board of the Stock Exchange), a member of Court of the Hong Kong Metropolitan University, a member of Council of Hong Kong University of Science and Technology and the chairman of the Institutional Advancement and Outreach Committee (IAOC) of Hong Kong University of Science and Technology. Mr. Yung was awarded an Executive Master degree in Business Administration from the Hong Kong University of Science and Technology and has attained certain professional qualifications, including Certified Financial Planner, Registered Financial Consultant, Fellow Chartered Financial Practitioner, Chartered Life Practitioner, Certified Manager of Financial Advisor and Chartered Insurance Agency Manager. He has over 41 years' experience in the insurance sector.

Directors and Senior Management (Continued)

(As at 26 March 2024, date of this Annual Report)

Mr. So, Gregory Kam Leung

GBS, JP, Independent Non-executive Director

Aged 65, has been appointed as Independent Non-executive Director of the Company on 9 October 2018. Mr. So also serves as the chairman of remuneration committee and a member of audit committee, nomination committee and sustainability steering committee of the Company. He is responsible for giving independent strategic advice and guidance on the business and operations of the Group. Mr. So holds a Bachelor of Arts degree in Economics from Carleton University, Canada, a Bachelor degree in Law and a Master degree in Business Administration from University of Ottawa, Canada. Mr. So is a member of the Law Society of Alberta, Canada, the Law Society of Upper Canada, the Law Society (England and Wales) and the Hong Kong Law Society. He provided legal services in Canada from 1984 and continued his legal practice upon returning to Hong Kong in 1989. He has over 27 years of practice experience as a lawyer. Mr. So was appointed as the Undersecretary for Commerce and Economic Development of the third term Government of the HKSAR on 1 June 2008. He was then appointed as the Secretary for the Commerce and Economic Development on 28 June 2011. On 1 July 2012, Mr. So was again appointed as the Secretary for Commerce and Economic Development of the fourth term Government of the HKSAR until 30 June 2017. The Commerce and Economic Development Bureau is responsible for various policy matters including Hong Kong's external commercial relations, inward investment promotion, intellectual property protection, industry and business support, tourism, consumer protection, competition, information technology, telecommunications, broadcasting, development of innovation and technology (until November 2015), film-related issues, and creative industries. Mr. So is currently serving as a consultant in So, Lung and Associates, Solicitors, an independent non-executive director, a member of audit committee and strategic development committee of Orient Overseas (International) Limited (Stock Code: 316, listed on the Main Board of the Stock Exchange), an independent non-executive director, a member of audit and risk committee of Shui On Land Limited (Stock Code: 272, listed on the Main Board of the Stock Exchange) and an independent non-executive director and a member of audit committee of Investcorp Holdings B.S.C. Mr. So previously served as the Vice-chairman of the Democratic Alliance for the Betterment and Progress of Hong Kong, Board Member of Hong Kong Hospital Authority, Council Member of Lingnan University, Member of Commission on Strategic Development and member of the District Council of Wong Tai Sin District. He was also an independent non-executive director, a member of audit committee and the chairman of risk committee of Blue Insurance Limited, an advisor of Superland Group Holdings Limited (Stock Code: 368, listed on the Main Board of the Stock Exchange) and an independent non-executive director, the chairman of audit committee and a member of nomination committee of Shui On Xintiandi Limited.

Mr. Lim, Wan Fung Bernard Vincent

BBS, JP, PPHKIA, MHKIUD, Independent Non-executive Director

Aged 66, has been appointed as Independent Non-executive Director of the Company on 9 October 2015. Mr. Lim also serves as the chairman of sustainability steering committee and a member of audit committee, remuneration committee and nomination committee of the Company. He is responsible for giving independent strategic advice and guidance on the business and operations of the Group. Mr. Lim currently is a principal of AD+RG Architecture Design and Research Group Ltd., a committee member of the Chinese General Chamber of Commerce and an adviser to the Guangdong Registered Architects Association (廣東省註冊建築師協會). Mr. Lim holds a Bachelor degree of Arts in Architectural Studies (1st Hons) and a Bachelor degree in Architecture (Distinction) from The University of Hong Kong and a Master degree of Science in Urban Planning from The University of Hong Kong. He is a Registered Architect (Hong Kong), a member of The Hong Kong Institute of Architects (HKIA), Authorized Person (List of Architects) (Hong Kong), a member of Royal Institute of British Architects, Asia Pacific Economic Cooperation (APEC) Architect, PRC Class 1 Registered Architect Qualification (中華人民共和國一級註冊建築師) and a member of Shenzhen Registered Architects Association (深圳市註冊建築師協會). Mr. Lim was appointed as a Justice of the Peace in 2008, conferred Bronze Bauhinia Star in 2018 by the Government of the HKSAR, and elected as Election Committee member in 2021. He was a National Committee member of the 12th Chinese People's Political Consultative Conference of the PRC (中國人民政治協商會議第十二屆全國委員會委員), committee member of the 3rd Chinese People's Political Consultative Conference of Chongqing City (中國人民政治協商會議重慶市第三屆委員會委員), an Adjunct Professor of the School of Architecture of The Chinese University of Hong Kong, the chairman of Advisory Board of Nan Lian Garden of Home Affairs Bureau, a president of The Hong Kong Institute of Architects, a president of The Hong Kong Institute of Urban Design, a member of Town Planning Board, a member of Antiquities Advisory Board of Development Bureau, a member of the Energy Advisory Committee of Environment Bureau and a member of the Advisory Committee on Education Development Fund of Education Bureau.

Senior Management

Mr. Zhu Yijian

Vice President

Aged 57, has been appointed as Vice President of the Company on 22 August 2018 and is responsible for the matters of the legal and compliance management of the Group. Mr. Zhu holds a Bachelor degree in Management Engineering from Xi'an Institute of Metallurgy and Construction Engineering (now Xi'an University of Architecture & Technology) and a Master degree in Business Administration (MBA) from The Open University of Hong Kong (now Hong Kong Metropolitan University) as well as qualification in senior economist. In 1988, He joined Seventh Engineering Division of CSCEC and worked in the headquarter of CSCEC from 1989 to December 1994. Subsequently, he joined COHL in December 1994 and served various positions in COHL and its subsidiaries including the vice general manager and general manager of human resources department of COHL, the director and assistant general manager of COHL. Mr. Zhu was an assistant general manager and vice general manager of CSC, the executive director of COLI, the director and vice general manager of 中海投資管理有限公司 and the executive director, vice chairman and chief executive officer of China State Construction Development Holdings Limited (an associate of the Company, Stock Code: 830, listed on the Main Board of the Stock Exchange). Mr. Zhang has over 36 years' experience in corporate management and operation in property industry.

Directors and Senior Management (Continued)

(As at 26 March 2024, date of this Annual Report)

Mr. Wang Zhigang

Vice President

Aged 50, has been appointed as Vice President of the Company on 5 March 2019 and is responsible for the operation of the Group's property management business in Hong Kong and Macau and assist to manage the matters of corporate communications department of the Group. He is also a director of certain subsidiaries of the Company. Mr. Wang holds a Bachelor degree in Materials Science from Tongji University, two professional certificates in Construction Engineering Management and Real Estate Management in Tongji University and a Master degree in Construction and Civil Engineering from Huazhong University of Science and Technology. He is a qualified senior engineer, a Chartered Member of the Chartered Institute of Housing and a member of the Hong Kong Institute of Housing. He joined the COLI group in August 1996 and was employed in a subsidiary of COLI until August 2001. From September 2001 to February 2012, he served different positions in various subsidiaries of 中海物業管理有限公司 ("CO Property Management") such as assistant general manager and general manager. From October 2010 to August 2013, he was also the deputy general manager and then the general manager of 中海物業(商業物業)管理公司 ("CO Commercial Property Management"), a commercial properties branch of CO Property Management. He has been the deputy general manager of CO Property Management since August 2013 and the assistant vice president of the Group on August 2015 and responsible for commercial, quality control, engineering, information technology management, business operation and specialized company business. Mr. Wang has approximately 28 years' experience in property management in the PRC.

Mr. Li Zhenxi

Vice President

Aged 50, has been appointed as Vice President of the Company on 10 August 2022 and is responsible for the operation of the Group's property management business in the PRC. He is also a director of certain subsidiaries of the Company. Mr. Li holds a Bachelor degree in Industrial Automatic from Harbin University of Civil Engineering and Architecture and a Master degree in Project Management from Harbin Institute of Technology. He is a qualified senior engineer, a registered 1st grade constructor (civil engineering) and a certified property manager. Mr. Li joined COLI group in July 1996 and served different positions in various subsidiaries of COLI group including the director and assistant general manager of 中海廣場置業有限公司, the general manager of West China region of CO Property Management, general manager of Beijing branch office of CO Commercial Property Management, the chairman of 興海物聯科技有限公司 and the deputy general manager of Wanda Business Management Centre between March 2012 to October 2012. Mr. Li became the deputy general manager of CO Property Management in October 2014 and the assistant vice president of the Group on August 2015. He has approximately 28 years' experience in operation of property management.

REPORT OF DIRECTORS

The board (the "Board") of directors (the "Director(s)") of China Overseas Property Holdings Limited (the "Company") is pleased to present the annual report and the audited financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2023.

Principal Activities

The Company is an investment holding company. The Group is principally engaged in the provision of (i) property management services; (ii) value-added services; and (iii) car parking space trading business.

Segment Information

An analysis of the Group's revenue and contribution to results by principal activities and geographical area and operations for the year ended 31 December 2023 is set out in note 4 to the financial statements.

Business Review

The business review of the Group including the information below are set out in the Management Discussion and Analysis on pages 32 to 51 of this Annual Report:

(a) A fair review of the Group's business;

(b) A description of the principal risk management strategies of the Group;

(c) An analysis using financial key performance indicators;

(d) A discussion on:

  (i) The Group's environmental policies and performance; and

  (ii) The Group's compliance with the relevant laws and regulations that have a significant impact on the Group; and

(e) An account of the Group's key relationships with its employees, customers and suppliers that have a significant impact on the Group and on which the Group's success depends.

Results and Appropriations

The results of the Group for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss and consolidated statement of comprehensive income on pages 134 and 135 of this Annual Report respectively.

An interim dividend of HK5.5 cents per share was paid to shareholders of the Company (the "Shareholders") in October 2023 (2022: HK4.0 cents per share).

The Board 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) representing a total amount of approximately RMB256,907,000, subject to the approval of 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 Shareholders on Monday, 15 July 2024 whose names appear on the Company's register of members on Friday, 28 June 2024.

Closure of Register of Members

(a) Entitlement to attend and vote at the 2024 AGM

The register of members of the Company will be closed from Wednesday, 5 June 2024 to Wednesday, 12 June 2024 (both days inclusive) for the purpose of determining the right to attend and vote at the 2024 AGM. During that period, no transfer of shares will be registered. In order to be entitled to attend and vote at the 2024 AGM, all share transfer document(s) accompanied with corresponding share certificate(s) must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 4 June 2024.

(b) Entitlement to the proposed final dividend

The register of members of the Company will also be closed from Wednesday, 26 June 2024 to Friday, 28 June 2024 (both days inclusive) for the purpose of determining the Shareholders' entitlement to the proposed final dividend which is subject to the Shareholders' approval at the 2024 AGM. During that period, no transfer of shares will be registered. In order to be qualified for entitlement to the final dividend, all share transfer document(s) accompanied with the corresponding share certificate(s) must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 25 June 2024.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in note 34 and note 44 to the financial statements.

Distributable Reserves

Distributable reserves of the Company at 31 December 2023 were approximately RMB409.3 million (2022: approximately RMB290.4 million (restated)).

Financial Summary

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on pages 235 to 237 of this Annual Report.

Charitable Donations

Charitable donations made by the Group during the year amounted to approximately RMB217,000.

Major Suppliers and Customers

During the year, the Group purchased less than 30% of its goods and services from its five largest suppliers and sold less than 30% of its goods and services to its five largest customers.

Shares Issued

Terms meaning and details of the shares issued for the year ended 31 December 2023 are set out in note 32 to the financial statements.

Purchase, Sale or Redemption of the Listed Securities of the Company

The Company had not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the year.

Equity-linked Agreement

As at 31 December 2023, the Company has not entered into any equity-linked agreement.

Directors

The Directors of the Company during the year and up to the date of this Annual Report are:

Chairman and Executive Director

Mr. Zhang Guiqing

Executive Directors

Mr. Xiao Junqiang *(Chief Executive Officer, appointed on 20 February 2023)*
Dr. Yang Ou *(Chief Executive Officer, resigned on 20 February 2023)*
Mr. Pang Jinying *(Vice President)*
Mr. Kam Yuk Fai *(Chief Financial Officer)*

Non-executive Directors

Mr. Ma Fujun
Mr. Guo Lei

Independent Non-executive Directors

Mr. Yung, Wing Ki Samuel
Mr. So, Gregory Kam Leung
Mr. Lim, Wan Fung Bernard Vincent

In accordance with articles 84(1) and 84(2) of the Company's amended and restated articles of association (the "Articles of Association"), Mr. Pang Jinying, Mr. Ma Fujun and Mr. So, Gregory Kam Leung shall retire by rotation at the 2024 AGM. Mr. Pang Jinying, Mr. Ma Fujun and Mr. So, Gregory Kam Leung, are being eligible, will offer themselves for re-election at the 2024 AGM.

Confirmation of Independence on Independent Non-executive Directors

The Company confirms that it has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and still considers that all Independent Non-executive Directors are independent.

Directors' Service Contracts

No Director proposed for re-election at the 2024 AGM has entered into a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation (other than statutory compensation).

Directors' Material Interest in Transactions, Arrangements and Contracts that are Significant in Relation to the Group's Business

There was no transaction, arrangement and contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director of the Company or an entity connected with any Director has a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Contracts of Significance with Controlling Shareholder

Save as disclosed under the section headed "Connected Transactions and Continuing Connected Transactions", there was no contract of significance entered into between the Company, or any of its subsidiaries, and a controlling shareholder of the Company, or any of its subsidiaries, during the year.

Directors' Interest in Competing Business

All Directors (excluding Independence Non-executive Directors) have confirmed that they did not have any interests in business which competed or was likely to compete, either directly or indirectly, with the business of the Group during the year as required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

Remuneration of Directors and Senior Management

Information regarding Directors' remuneration and senior management's remuneration are set out in notes 9 and 39(d) to the financial statements and the section headed "Remuneration Committee" on pages 64 to 66 of the Corporate Governance Report.

Permitted Indemnity Provision

The Articles of Association provides that, amongst others, the Directors and other officers of the Company being acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any said persons. Such provision and the Directors and Officers Liability Insurance Policy maintained by the Company which provides insurance coverage for liabilities of the Directors and officers of the Company and its subsidiaries were in force during the year ended 31 December 2023 and remained in force as of the date of this Annual Report. The insurance coverage will be reviewed on an annual basis.

Biographical Details of Directors and Senior Management

The biographical details of Directors and senior management are set out in the section headed "Directors and Senior Management" on pages 85 to 90 of this Annual Report.

Changes of Directors' Information

Pursuant to rule 13.51B(1) of the Listing Rules, the changes to information required to be disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) (except information disclosed in the 2023 interim report of the Company) are set out below:

Director	Detail of Change
Yung, Wing Ki Samuel	Resigned as (1) a member of Council of Hong Kong University of Science and Technology; and (2) the chairman of the Institutional Advancement and Outreach Committee (IAOC) of Hong Kong University of Science and Technology with effect from 31 July 2023.

Directors' and Chief Executive's Interests in the Securities of the Company and its Associated Corporations

As at 31 December 2023, the interests and short positions of the Directors and chief executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (i) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

Long Positions in Shares and Underlying Shares of the Associated Corporations

Name of Director	Name of Associated Corporation	Nature of Interest	Number of Ordinary Shares/ Underlying Shares Held	Approximate Percentage of Shares in Issue
Zhang Guiqing	China State Construction Engineering Corporation Limited ("CSCECL")	Beneficial owner	380,000	0.001%[1]
	China Overseas Land & Investments Limited ("COLI")	Beneficial owner	20,000	0.0002%[2]
Xiao Junqiang	CSCECL	Beneficial owner	110,000	0.0003%[1]
Pang Jinying	CSCECL	Beneficial owner	218,000	0.001%[1]
Ma Fujun	CSCECL	Beneficial owner	380,000	0.001%[1]
Guo Lei	COLI	Beneficial owner	703,000[3]	0.006%[2]

Directors' and Chief Executive's Interests in the Securities of the Company and its Associated Corporations (Continued)

Long Positions in Shares and Underlying Shares of the Associated Corporations (Continued)

Notes:

1. The percentage represents the number of A shares interested divided by the number of total issued A shares of CSCECL as at 31 December 2023 (i.e. 41,919,514,444 shares).

2. The percentage represents the number of shares/underlying shares interested divided by the number of total issued shares of COLI as at 31 December 2023 (i.e. 10,944,883,535 shares).

3. Mr. Guo Lei ("Mr. Guo") has personal interests in 703,000 share options granted by COLI under its shares option scheme adopted on 29 June 2018, which entitled Mr. Guo to acquire (i) 333,000 COLI shares at an exercise price of HK$25.85 per share within an exercise period from 29 June 2020 to 28 June 2024 (both days inclusive); and (ii) 370,000 COLI shares at an exercise price of HK$18.724 per share within an exercise period from 24 November 2022 to 23 November 2026 (both days inclusive).

Save as disclosed above, as at 31 December 2023, none of the Directors and chief executive of the Company or their respective associates had held or deemed or taken to have held any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Arrangements to Acquire Shares or Debentures

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' Interests in the Securities of the Company

As at 31 December 2023, according to the register kept by the Company under Section 336 of the SFO and so far as was known to the Directors, persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Long Positions in Shares of the Company

Name of Shareholder	Capacity	Number of Ordinary Shares Held	Approximate Percentage of Shares in Issue
Silver Lot Development Limited ("Silver Lot")	Beneficial owner	169,712,309	5.16%[3]
China Overseas Holdings Limited ("COHL")	Beneficial owner	1,841,328,751	56.02%[3]
	Interest of controlled corporation	169,712,309[1]	5.16%[3]
CSCECL	Interest of controlled corporations	2,011,041,060[2]	61.18%[3]
China State Construction Engineering Corporation ("CSCEC")	Interest of controlled corporations	2,011,041,060[2]	61.18%[3]

Notes:

1. Silver Lot is a wholly-owned subsidiary of COHL and therefore, COHL is deemed to be interested in 169,712,309 shares of the Company in which Silver Lot is interested under the SFO.

2. COHL is a wholly-owned subsidiary of CSCECL, which in turn is a non-wholly owned subsidiary of CSCEC, and therefore, CSCECL and CSCEC are deemed to be interested in a total of 2,011,041,060 shares of the Company in which COHL is or is taken to be interested under the SFO.

3. The percentage represents the number of shares interested divided by the number of total issued shares of the Company as at 31 December 2023 (i.e. 3,286,860,460 shares).

Save as disclosed above, as at 31 December 2023, according to the register kept by the Company under Section 336 of the SFO and so far as was known to the Directors, there was no other person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Directors' Positions in Substantial Shareholders

As at the date of this Annual Report, save as disclosed below, none of the Directors or proposed Directors was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Name of Director	Name of company which had such discloseable interest or short position	Position within such company
Zhang Guiqing	COHL	Director
Ma Fujun	COHL	Director

Connected Transactions and Continuing Connected Transactions

Definitions

In this section, the following expressions have the following meanings unless the context requires otherwise:

"COGO"	China Overseas Grand Oceans Group Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 81)
"COGO Group"	COGO and its subsidiaries from time to time
"COGO Shantou"	中海宏洋地產汕頭投資有限公司 (China Overseas Grand Oceans Real Estate Shantou Investment Co., Ltd.*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of COGO
"COHL"	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability, and the controlling shareholder of the Company, COLI and CSC
"COHL Group"	COHL and its subsidiaries (excluding subsidiary(ies) or associated company(ies) listed on any stock exchange) from time to time
"COLI"	China Overseas Land & Investment Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 688)
"COLI Group"	COLI and its subsidiaries from time to time

Connected Transactions and Continuing Connected Transactions (Continued)

Definitions (Continued)

"Company"	China Overseas Property Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 2669)
"COPL Shantou"	汕頭中海物業服務有限公司 (Shantou China Overseas Property Services Co., Ltd.*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
"COPML"	中海物業管理有限公司 (China Overseas Property Management Limited*), a company incorporated in the PRC with limited liability and a direct wholly-owned subsidiary of the Company
"COPML Group"	COPML and its subsidiaries from time to time
"CSC"	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 3311)
"CSC Group"	CSC and its subsidiaries from time to time
"CSCDHL"	China State Construction Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 830)
"CSCEC"	China State Construction Engineering Corporation, a state-owned corporation organized and existing under the laws of the PRC, being the ultimate holding company of CSCECL, COHL, COLI, CSC and the Company
"CSCEC Group"	CSCEC and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange but including CSCECL Group and COHL Group) from time to time
"CSCECL"	China State Construction Engineering Corporation Limited, a company incorporated in the PRC with limited liability, whose shares are listed on the Shanghai Stock Exchange (stock code: 601668), a controlling shareholder of COHL, COLI, CSC and the Company
"CSCECL Group"	CSCECL and its subsidiaries (excluding subsidiary(ies) listed on any stock exchange but including COHL Group) from time to time
"Group"	the Company and its subsidiaries from time to time

Connected Transactions and Continuing Connected Transactions (Continued)

Definitions (Continued)

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Shareholders"	the Shareholders other than CSCEC and its associates
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	the Macao Special Administrative Region of the PRC
"Netfortune"	Netfortune Enterprise Limited, a company incorporated in the British Virgin Islands with limited liability, and a wholly-owned subsidiary of CSCDHL
"PRC"	the People's Republic of China, which for the purpose of this Annual Report excludes Hong Kong, Macau and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	the ordinary share(s) of HK$0.001 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of Share(s)
"Shenzhen Lingchao"	深圳領潮供應鏈管理有限公司 (Shenzhen Lingchao Supply Chain Management Co., Ltd.*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of COLI
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent.

* *For identification purpose only*

Details of connected transactions and continuing connected transactions not exempted under Chapter 14A of the Listing Rules as recorded during the year ended 31 December 2023 and up to the date of this Annual Report are disclosed below, with further disclosure under the subsection headed "Aggregation of Continuing Connected Transactions" as appropriate.

Connected Transactions and Continuing Connected Transactions (Continued)

1. Connected Transactions

1.1 Loan Agreement (with COGO)

On 26 September 2023, COPL Shantou (as lender) and COGO Shantou (as borrower) entered into a loan renewal agreement (the "Loan Renewal Agreement") whereby COPL Shantou agreed to renew a loan in the principal amount of approximately RMB75.0 million (equivalent to approximately HK$80.3 million) bearing interest of 4.75% per annum to COGO Shantou (the "Loan") and extend the repayment date of the Loan from 18 October 2023 to 18 October 2026. Taking into account uncertainties of the current economy and the future economy and the future cash need of the Group, renewal of the Loan (which was funded by internal resources of the Group) can continue to provide the Group with opportunities to earn additional interest income from surplus cash resources.

CSCEC is the ultimate holding company of COHL, which is the controlling shareholder of the Company. COHL also indirectly holds approximately 39.63% of the issued share capital of COGO as at the date of the Loan Renewal Agreement. Therefore, COGO Shantou, being a subsidiary of COGO, is a connected person of the Company, and the entering into of the Loan Renewal Agreement and the transactions contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest percentage ratio in respect of the Loan Renewal Agreement and the transactions contemplated thereunder exceed 0.1% but is less than 5%, the entering into of the Loan Renewal Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details of the Loan Renewal Agreement and the transactions contemplated thereunder have been disclosed in the Company's announcement dated 26 September 2023.

1.2 Sale and Purchase Agreement and its Termination (with CSCDHL)

On 11 October 2023, the Company (as purchaser), Netfortune (as vendor) and CSCDHL (as vendor's guarantor) entered into a sale and purchase agreement (the "Sale and Purchase Agreement") whereby Netfortune conditionally agreed to sell and the Company conditionally agreed to purchase the only issued share in Project Supervision Limited (the "Target Company") at a consideration not exceeding HK$950.0 million (subject to adjustment with reference to the net asset value of the Target Company and its subsidiaries (collectively, the "Target Group") and the profit guarantee compensation) (the "Proposed Acquisition"). The Target Group is principally engaged in the provision of consultancy services for communication engineering and construction supervision and construction in the PRC. The Proposed Acquisition can complement and integrate with the Group's development of whole-process property consultation and management services, thus strengthening the Group's principal business.

Connected Transactions and Continuing Connected Transactions (Continued)

1. Connected Transactions (Continued)

1.2 Sale and Purchase Agreement and its Termination (with CSCDHL) (Continued)

CSCEC is the ultimate holding company of each of the Company, CSC and CSCDHL. COHL is the controlling shareholder of each of the Company, CSC and CSCDHL. Therefore, Netfortune, being a non-wholly owned subsidiary of CSC and a wholly-owned subsidiary of CSCDHL, is a connected person of the Company, and the entering into of the Sale and Purchase Agreement and the Proposed Acquisition constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Proposed Acquisition is more than 0.1% but all are less than 5%, the Proposed Acquisition is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

On 29 December 2023, the Company, Netfortune and CSCDHL entered into a deed of termination (the "Termination Deed"), whereby the parties have mutually agreed to terminate the Sale and Purchase Agreement and the Proposed Acquisition (the "Termination"), and to release and discharge all parties from their respective rights, obligations and duties thereunder with effect from the date of the Termination Deed, and none of the parties shall have any claim against the others thereafter. No consideration has been paid or is payable by the Group under the Sale and Purchase Agreement following the Termination.

Details of the Sale and Purchase Agreement and the Termination Deed have been disclosed in the Company's announcements dated 11 October 2023 and 29 December 2023 respectively.

Connected Transactions and Continuing Connected Transactions (Continued)

2. Continuing Connected Transactions

2.1 Continuing Connected Transactions with CSCEC

Since CSCEC is the ultimate holding company of the Company, therefore, CSCEC is a connected person of the Company.

(i) Previous CSCEC Services Agreement and CSCEC Services Agreement

On 28 April 2020, the Company and CSCEC entered into a framework agreement (the "Previous CSCEC Services Agreement") whereby any member of the Group may provide the property management services and value-added services (including engineering, pre-delivery, move-in assistance, delivery inspection, engineering services, quality monitoring and consulting services, as well as gardening, interior fine finishing and vetting of building plans etc.) (the "Services") to the properties (including residential communities, commercial properties and other projects) in the PRC, Hong Kong, Macau and other locations (the "Properties") owned by CSCEC Group (the "CSCEC Services Transactions") for a term of three years commencing from 1 July 2020 and ending on 30 June 2023 (both days inclusive) subject to the caps as listed below:

For the period from 1 July 2020 to 31 December 2020 HK$	For the year ended 31 December 2021 HK$	For the year ended 31 December 2022 HK$	For the period from 1 January 2023 to 30 June 2023 HK$
82.0 million	221.4 million	308.4 million	168.2 million

As the Previous CSCEC Services Agreement was due to expired on 30 June 2023 and the Directors expect that the Group will continue to participate from time to time in competitive tenders to provide the Services to CSCEC Group in respect of the Properties owned by CSCEC Group, on 28 April 2023, the Company and CSCEC entered into the a new framework agreement (the "CSCEC Services Agreement") in respect of the CSCEC Services Transactions for a term of three years commencing from 1 July 2023 and ending on 30 June 2026 (both dates inclusive), subject to the caps as listed below:

For the period from 1 July 2023 to 31 December 2023 HK$	For the year ending 31 December 2024 HK$	For the year ending 31 December 2025 HK$	For the period from 1 January 2026 to 30 June 2026 HK$
176.0 million	418.0 million	598.0 million	445.0 million

Connected Transactions and Continuing Connected Transactions (Continued)

2. Continuing Connected Transactions (Continued)

2.1 Continuing Connected Transactions with CSCEC (Continued)

(i) Previous CSCEC Services Agreement and CSCEC Services Agreement (Continued)

As the applicable percentage ratios in respect of the aforesaid caps under (i) the Previous CSCEC Services Agreement and (ii) the CSCEC Services Agreement on their own exceed 5% on an annual basis, the CSCEC Services Transactions contemplated under (i) the Previous CSCEC Services Agreement and (ii) the CSCEC Services Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules respectively. The Previous CSCEC Services Agreement and the CSCEC Services Agreement are also subject to aggregation requirements under Rules 14A.81 and 14A.82(1) of the Listing Rules respectively.

Details of the Previous CSCEC Services Agreement have been disclosed in the Company's announcement dated 28 April 2020 and circular dated 2 June 2020 and details of the CSCEC Services Agreement have been disclosed in the Company's announcement dated 28 April 2023 and circular dated 30 May 2023.

For the year ended 31 December 2023, the amount paid to the Group by CSCEC Group for the provision of the Services under the Previous CSCEC Services Agreement and the CSCEC Services Agreement was as follows respectively:

(i) for the first half of 2023, approximately HK$92.2 million (equivalent to approximately RMB80.8 million), that is below the cap of HK$168.2 million under the Previous CSCEC Services Agreement for the period; and

(ii) for the latter half of 2023, approximately HK$95.0 million (equivalent to approximately RMB86.6 million), that is below the cap of HK$176.0 million under the CSCEC Services Agreement for the period.

Connected Transactions and Continuing Connected Transactions (Continued)

2. Continuing Connected Transactions (Continued)

2.1 Continuing Connected Transactions with CSCEC (Continued)

(ii) CSCEC Lease Framework Agreement

On 1 November 2022, the Company and CSCEC entered into a framework agreement (the "CSCEC Lease Framework Agreement") whereby any member of CSCEC Group may lease premises from any member of the Group (the "CSCEC Leasing Transactions") in accordance with the terms of the CSCEC Lease Framework Agreement, subject to the tenancy agreement recording other details terms and conditions in relation to each particular premises leased and shall be on normal commercial terms and terms no less favourable to the Group than those offered to independent third parties for a term of three years commencing from 1 November 2022 and ending on 31 October 2025 (both days inclusive) subject to the caps as listed below:

For the period from 1 November 2022 to 31 December 2022 HK$	For the year ended 31 December 2023 HK$	For the year ending 31 December 2024 HK$	For the period from 1 January 2025 to 31 October 2025 HK$
6.0 million	24.0 million	36.0 million	42.0 million

As the applicable percentage ratios in respect of the aforesaid caps under the CSCEC Lease Framework Agreement exceeds 0.1% but are less than 5% on an annual basis, the CSCEC Leasing Transactions contemplated under the CSCEC Lease Framework Agreement are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details of the CSCEC Lease Framework Agreement have been disclosed in the Company's announcement dated 1 November 2022.

For the year ended 31 December 2023, the amount paid/committed to the Group by CSCEC Group for the lease of premises was approximately HK$6.0 million (equivalent to approximately RMB5.4 million), that is below the cap of HK$24.0 million under the CSCEC Lease Framework Agreement for the year.

Connected Transactions and Continuing Connected Transactions (Continued)

2. Continuing Connected Transactions (Continued)

2.2 Continuing Connected Transactions with COLI Group

Since COLI is a non-wholly-owned subsidiary of COHL, the controlling shareholder of the Company, members of COLI Group and the associates of COLI and their respective subsidiaries were regarded as connected persons of the Group.

(i) Previous COLI Services Agreement and COLI Services Agreement

On 28 April 2020, the Company and COLI entered into a framework agreement (the "Previous COLI Services Agreement") whereby any member of the Group may provide the Services to any member of COLI Group, the associates of COLI and their subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange) in respect of the property development projects or the Properties owned or held by them (the "COLI Services Transactions") for a term of three years commencing from 1 July 2020 and ending on 30 June 2023 (both days inclusive) subject to the caps as listed below:

For the period from 1 July 2020 to 31 December 2020 HK$	For the year ended 31 December 2021 HK$	For the year ended 31 December 2022 HK$	For the period from 1 January 2023 to 30 June 2023 HK$
1,076.0 million	2,093.0 million	2,616.0 million	1,633.0 million

As the Previous COLI Services Agreement was due to expired on 30 June 2023 and the Directors expect that the Group will continue to participate from time to time in competitive tenders to provide the Services to COLI Group, the associates of COLI and their subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange) in respect of the property development projects or the Properties owned or held by them, on 28 April 2023, the Company and COLI entered into a new framework agreement (the "COLI Services Agreement") in respect of the COLI Services Transactions for a term of three years commencing from 1 July 2023 and ending on 30 June 2026 (both dates inclusive), subject to the caps as listed below:

For the period from 1 July 2023 to 31 December 2023 HK$	For the year ending 31 December 2024 HK$	For the year ending 31 December 2025 HK$	For the period from 1 January 2026 to 30 June 2026 HK$
1,229.0 million	3,078.0 million	4,005.0 million	2,719.0 million

Connected Transactions and Continuing Connected Transactions (Continued)

2. Continuing Connected Transactions (Continued)

2.2 Continuing Connected Transactions with COLI Group (Continued)

(i) Previous COLI Services Agreement and COLI Services Agreement (Continued)

As the applicable percentage ratios in respect of the aforesaid caps under (i) the Previous COLI Services Agreement and (ii) the COLI Services Agreement on their own exceed 5% on an annual basis, the COLI Services Transactions contemplated under (i) the Previous COLI Services Agreement and (ii) the COLI Services Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules respectively. The Previous COLI Services Agreement and the COLI Services Agreement are also subject to aggregation requirements under Rules 14A.81 and 14A.82(1) of the Listing Rules respectively.

Details of the Previous COLI Services Agreement have been disclosed in the Company's announcement dated 28 April 2020 and circular dated 2 June 2020 and details of the COLI Services Agreement have been disclosed in the Company's announcement dated 28 April 2023 and circular dated 30 May 2023.

For the year ended 31 December 2023, the amount paid to the Group by COLI Group, the associates of COLI and their respective subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange) for the provision of the Services under the Previous COLI Services Agreement and the COLI Services Agreement was as follows respectively:

(i) for the first half year of 2023, approximately HK$746.2 million (equivalent to approximately RMB653.6 million), that is below the cap of HK$1,633.0 million under the Previous COLI Services Agreement for the period; and

(ii) for the latter half of 2023, approximately HK$674.0 million (equivalent to approximately RMB616.0 million), that is below the cap of HK$1,229.0 million under the COLI Services Agreement for the period.

Connected Transactions and Continuing Connected Transactions (Continued)

2. Continuing Connected Transactions (Continued)

2.2 Continuing Connected Transactions with COLI Group (Continued)

(ii) Previous COLI Leasing Agreement and COLI Leasing Agreement

On 28 April 2020, the Company and COLI entered into a framework agreement (the "Previous COLI Leasing Agreement") whereby any member of the Group may lease premises from any member of COLI Group, the associates of COLI and their respective subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange) (the "COLI Leasing Transactions") in accordance with the terms of the Previous COLI Leasing Agreement, subject to the tenancy agreement recording other details terms and conditions in relation to each particular premises leased and shall be on normal commercial terms and terms no more favourable than those offered to independent third parties for a term of three years commencing from 1 July 2020 and ending on 30 June 2023 (both days inclusive) subject to the caps (being the maximum aggregate amounts payable by the Group to COLI Group, the associates of COLI and their respective subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange) as determined with reference to the maximum aggregate right-of-use asset recognized by the Group in relation to its lease arrangements with COLI Group, the associates of COLI and their respective subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange) for the relevant years/periods under the Previous COLI Leasing Agreement) as listed below:

For the period from 1 July 2020 to 31 December 2020 HK$	For the year ended 31 December 2021 HK$	For the year ended 31 December 2022 HK$	For the period from 1 January 2023 to 30 June 2023 HK$
6.0 million	41.0 million	30.0 million	29.0 million

Connected Transactions and Continuing Connected Transactions (Continued)

2. Continuing Connected Transactions (Continued)

2.2 Continuing Connected Transactions with COLI Group (Continued)

(ii) Previous COLI Leasing Agreement and COLI Leasing Agreement (Continued)

As the Previous COLI Leasing Agreement was due to expired on 30 June 2023 and the Directors expect that the Group will continue to lease premises from COLI Group, the associates of COLI and their subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange) from time to time, on 28 April 2023, the Company and COLI entered into the a new framework agreement (the "COLI Leasing Agreement") in respect to the COLI Leasing Transactions for a term of three years commencing from 1 July 2023 and ending on 30 June 2026 (both dates inclusive), subject to the caps as listed below.

On 27 December 2023, the Company and COLI entered into a supplemental agreement (the "Supplemental Agreement") to revise the annual caps of the COLI Leasing Agreement for the period from 1 January 2024 to 30 June 2026. The caps of the COLI Leasing Agreement and the COLI Leasing Agreement as amended by the Supplemental Agreement (the "Revised COLI Leasing Agreement") are listed below:

	For the period from 1 July 2023 to 31 December 2023 HK$	For the year ending 31 December 2024 HK$	For the year ending 31 December 2025 HK$	For the period from 1 January 2026 to 30 June 2026 HK$
Original	26.0 million	33.0 million	41.0 million	26.0 million
Revised	N/A	65.0 million	45.0 million	30.0 million

As the applicable percentage ratios in respect of the aforesaid caps under (i) the Previous COLI Leasing Agreement, (ii) the COLI Leasing Agreement and (iii) the Revised COLI Leasing Agreement on its own exceed 0.1% but are less than 5% on an annual basis, the COLI Leasing Transactions contemplated under (i) the Previous COLI Leasing Agreement, (ii) the COLI Leasing Agreement and (iii) the Revised COLI Leasing Agreement are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules respectively. The Previous COLI Leasing Agreement, the COLI Leasing Agreement and the Revised COLI Leasing Agreement are also subject to aggregation requirements under Rules 14A.81 and 14A.82(1) of the Listing Rules respectively.

Connected Transactions and Continuing Connected Transactions (Continued)

2. Continuing Connected Transactions (Continued)

2.2 Continuing Connected Transactions with COLI Group (Continued)

(ii) Previous COLI Leasing Agreement and COLI Leasing Agreement (Continued)

Details of the Previous COLI Leasing Agreement, the COLI Leasing Agreement and the Revised COLI Leasing Agreement have been disclosed in the Company's announcement dated 28 April 2020, 28 April 2023 and 27 December 2023 respectively.

For the year ended 31 December 2023, the amount paid/committed to COLI Group, the associates of COLI and their respective subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange) by the Group for the lease of premises under the Previous COLI Leasing Agreement and the COLI Leasing Agreement was as follows respectively:

(i) for the first half of 2023, approximately HK$2.0 million (equivalent to approximately RMB1.8 million), that is below the cap of HK$29.0 million under the Previous COLI Leasing Agreement for the period; and

(ii) for the latter half of 2023, approximately HK$1.2 million (equivalent to approximately RMB1.1 million), that is below the cap of HK$26.0 million under the COLI Leasing Agreement for the period.

(iii) Previous COLI Property Management Utilities Charges Agreement and COLI Property Management Utilities Charges Agreement

On 28 April 2020, the Company and COLI entered into a framework agreement (the "Previous COLI Property Management Utilities Charges Agreement") whereby COLI Group, the associates of COLI and their subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange) will centralise the payment of utilities charges for properties owned by them and managed by the Group as the property management company. The Group shall, on behalf of tenants in such properties, consolidate and make payment of utilities charges incurred in individual units of the tenants to the landlords, and the landlords shall in turn, make payment of utilities charges incurred in the overall properties to the individual third party utilities service providers (the "COLI Utilities Charges Transactions") for a terms of three years commencing from 1 July 2020 and ending on 30 June 2023 (both days inclusive), subject to the caps as listed below:

For the period from 1 July 2020 to 31 December 2020 HK$	For the year ended 31 December 2021 HK$	For the year ended 31 December 2022 HK$	For the period from 1 January 2023 to 30 June 2023 HK$
67.0 million	135.0 million	147.0 million	80.0 million

Connected Transactions and Continuing Connected Transactions (Continued)

2. Continuing Connected Transactions (Continued)

2.2 Continuing Connected Transactions with COLI Group (Continued)

(iii) Previous COLI Property Management Utilities Charges Agreement and COLI Property Management Utilities Charges Agreement (Continued)

As the Previous COLI Property Management Utilities Charges Agreement was due to expired on 30 June 2023 and the Directors expect that the Group will continue to consolidate and make payment of utilities charges (incurred in individual units of properties owned by COLI Group, the associates of COLI and their subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange) and managed by the Group) to the landlords on behalf of the tenants of such units from time to time, on 28 April 2023, the Company and COLI entered into a new framework agreement (the "COLI Property Management Utilities Charges Agreement") in respect of the COLI Utilities Charges Transactions for a term of three years commencing from 1 July 2023 and ending on 30 June 2026 (both dates inclusive), subject to the caps as listed below:

For the period from 1 July 2023 to 31 December 2023 HK$	For the year ending 31 December 2024 HK$	For the year ending 31 December 2025 HK$	For the period from 1 January 2026 to 30 June 2026 HK$
98.0 million	194.0 million	200.0 million	121.0 million

As the applicable percentage ratios in respect of the aforesaid caps under (i) the Previous COLI Property Management Utilities Charges Agreement and (ii) the COLI Property Management Utilities Charges Agreement exceeds 0.1% but are less than 5% on an annual basis, the COLI Utilities Charges Transactions contemplated under (i) the Previous COLI Property Management Utilities Charges Agreement and (ii) the COLI Property Management Utilities Charges Agreement are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules respectively.

Details of the Previous COLI Property Management Utilities Charges Agreement and the COLI Property Management Utilities Charges Agreement have been disclosed in the Company's announcement dated 28 April 2020 and 28 April 2023 respectively.

For the year ended 31 December 2023, the amount paid to COLI Group, the associates of COLI and their subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange) by the Group in respect of the utilities charge under the Previous COLI Property Management Utilities Charges Agreement and the COLI Property Management Utilities Charges Agreement was as follows respectively:

(i) for the first half of 2023, approximately HK$61.5 million (equivalent to approximately RMB53.9 million), that is below the cap of HK$80.0 million under the Previous COLI Property Management Utilities Charges Agreement for the period; and

(ii) for the latter half of 2023, approximately HK$88.3 million (equivalent to approximately RMB80.0 million), that is below the cap of HK$98.0 million under the COLI Property Management Utilities Charges Agreement for the period.

Connected Transactions and Continuing Connected Transactions (Continued)

2. Continuing Connected Transactions (Continued)

2.2 Continuing Connected Transactions with COLI Group (Continued)

(iv) COLI Car Parking Spaces Agreement

On 5 September 2022, the Company and COLI entered into a framework agreement (the "COLI Car Parking Spaces Agreement") whereby the Group might from time to time enter into transactions with COLI Group, the associates of COLI and their subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange) for the acquisition of rights-of-use of car parking spaces (including the right to occupy, assign or rent out, until the land use right(s) of the relevant project(s) at which the car parking spaces are located expire) by the Group as its inventory (the "COLI Car Parking Spaces Transactions"), such car parking spaces being car parking spaces of developments or properties built, developed or owned by COLI Group, the associates of COLI and their subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange) and managed by the Group as property manager for a term of three years commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive), subject to the caps as listed below:

For the year ended 31 December 2023 HK$	For the year ending 31 December 2024 HK$	For the year ending 31 December 2025 HK$
600.0 million	600.0 million	600.0 million

As the applicable percentage ratios in respect of the aforesaid caps under the COLI Car Parking Spaces Agreement on their own exceed 5% on an annual basis, the COLI Car Parking Spaces Transactions contemplated under the COLI Car Parking Spaces Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The COLI Car Parking Spaces Agreement is also subject to aggregation requirements under Rules 14A.81 and 14A.82(1) of the Listing Rules.

Details of the COLI Car Parking Spaces Agreement have been disclosed in the Company's announcement dated 5 September 2022 and circular dated 10 November 2022.

For the year ended 31 December 2023, the total amount paid/committed to COLI Group, the associates of COLI and their subsidiaries (excluding their respective associate(s) and subsidiaries listed on any stock exchange) by the Group for the acquisition of the rights-of-use of the car parking spaces was approximately HK$6.7 million (equivalent to approximately RMB6.0 million), that is below the cap of HK$600.0 million for the year.

Connected Transactions and Continuing Connected Transactions (Continued)

2. Continuing Connected Transactions (Continued)

2.2 Continuing Connected Transactions with COLI Group (Continued)

(v) Material Procurement and Supply Chain Management Services Agreement

On 29 June 2022, COPML and Shenzhen Lingchao entered into a framework agreement (the "Material Procurement and Supply Chain Management Services Agreement") whereby Shenzhen Lingchao agreed to provide the material procurement and supply chain management services (including making available the e-commerce system, be established and operated by itself, for COPML Group to source and purchase goods and materials necessary for the property projects it is currently servicing, liaising and coordinating with the relevant suppliers and procuring that necessary goods and materials be produced, delivered to COPML Group, maintained and repaired if damaged) to COPML Group from time to time (the "Material Procurement and Supply Chain Management Services Transactions") for a term of three years commencing from 1 July 2022 and ending on 30 June 2025 (both days inclusive), subject to the caps as listed below:

For the period from 1 July 2022 to 31 December 2022 HK$	For the year ended 31 December 2023 HK$	For the year ending 31 December 2024 HK$	For the period from 1 January 2025 to 30 June 2025 HK$
12.5 million	25.0 million	25.0 million	12.5 million

As the applicable percentage ratios in respect of the aforesaid caps under the Material Procurement and Supply Chain Management Services Agreement exceeds 0.1% but are less than 5% on an annual basis, the Material Procurement and Supply Chain Management Services Transactions contemplated under the Material Procurement and Supply Chain Management Services Agreement are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details of the Material Procurement and Supply Chain Management Services Agreement have been disclosed in the Company's announcement dated 29 June 2022.

For the year ended 31 December 2023, the amount paid/committed to Shenzhen Lingchao by COPML Group in respect of the goods and materials procured was approximately HK$1.4 million (equivalent to approximately RMB1.2 million), that is below the cap of HK$25.0 million under the Material Procurement and Supply Chain Management Services Agreement for the year.

Connected Transactions and Continuing Connected Transactions (Continued)

2. Continuing Connected Transactions (Continued)

2.2 Continuing Connected Transactions with COLI Group (Continued)

(vi) Decoration Supplies Sales Agency Framework Agreement

On 29 June 2022, COPML and Shenzhen Lingchao entered into a framework agreement (the "Decoration Supplies Sales Agency Framework Agreement") whereby Shenzhen Lingchao (as supply chain management services provider to PRC property developers and supplier of decoration product sets for different development projects in the PRC) agreed to appoint member(s) of COPML Group as its sales agent(s) from time to time to provide the sales agency services for the sale of the specific decoration product sets to individual purchasers of properties in the PRC development projects of PRC property developers for the purpose of fine decoration and furnishing (the "Sales Agency Services Transactions") for a term of three years commencing from 1 July 2022 and ending on 30 June 2025 (both dates inclusive) subject to the caps as listed below:

For the period from 1 July 2022 to 31 December 2022 HK$	For the year ended 31 December 2023 HK$	For the year ending 31 December 2024 HK$	For the period from 1 January 2025 to 30 June 2025 HK$
55.0 million	86.0 million	94.0 million	55.0 million

As the applicable percentage ratios in respect of the aforesaid caps under the Decoration Supplies Sales Agency Framework Agreement exceeds 0.1% but are less than 5% on an annual basis, the Sales Agency Services Transactions contemplated under the Material Procurement and Supply Chain Management Services Agreement are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details of the Decoration Supplies Sales Agency Framework Agreement have been disclosed in the Company's announcement dated 29 June 2022.

For the year ended 31 December 2023, the amount paid/committed to COPML Group by Shenzhen Lingchao for the provision of the sales agency services was approximately HK$0.6 million (equivalent to approximately RMB0.6 million), that is below the cap of HK$86.0 million under the Decoration Supplies Sales Agency Framework Agreement for the year.

Connected Transactions and Continuing Connected Transactions (Continued)

2. Continuing Connected Transactions (Continued)

2.3 Continuing Connected Transactions with CSC Group

Since CSC is a non-wholly-owned subsidiary of COHL, the controlling shareholder of the Company, members of CSC Group and the associates of CSC and their respective subsidiaries were regarded as connected persons of the Group.

(i) Previous CSC Services Agreement and CSC Services Agreement

On 28 April 2020, the Company and CSC entered into a framework agreement (the "Previous CSC Services Agreement") whereby any member of the Group may provide the Services to CSC Group, the associates of CSC and their respective subsidiaries (if any) in respect of the Properties owned by them and their work site(s) in the PRC, Hong Kong and Macau (the "CSC Services Transactions") for a term of three years commencing from 1 July 2020 and ending on 30 June 2023 (both days inclusive) subject to the caps as listed below:

For the period from 1 July 2020 to 31 December 2020 HK$	For the year ended 31 December 2021 HK$	For the year ended 31 December 2022 HK$	For the period from 1 January 2023 to 30 June 2023 HK$
118.0 million	255.0 million	356.0 million	224.0 million

As the Previous CSC Services Agreement was due to expired on 30 June 2023 and the Directors expect that the Group will continue to participate from time to time in competitive tenders to provide the Services to CSC Group, the associates of CSC and their respective subsidiaries (if any) in respect of the Properties owned by them and their work site(s) in the PRC, Hong Kong and Macau, on 28 April 2023, the Company and CSC entered into the a new framework agreement (the "CSC Services Agreement") in respect of the CSC Services Transactions for a term of three years commencing from 1 July 2023 and ending on 30 June 2026 (both dates inclusive), subject to the caps as listed below:

For the period from 1 July 2023 to 31 December 2023 HK$	For the year ending 31 December 2024 HK$	For the year ending 31 December 2025 HK$	For the period from 1 January 2026 to 30 June 2026 HK$
133.0 million	308.0 million	493.0 million	299.0 million

Connected Transactions and Continuing Connected Transactions (Continued)

2. Continuing Connected Transactions (Continued)

2.3 Continuing Connected Transactions with CSC Group (Continued)

(i) Previous CSC Services Agreement and CSC Services Agreement (Continued)

As the applicable percentage ratios in respect of the aforesaid caps under (i) the Previous CSC Services Agreement and (ii) the CSC Services Agreement on their own exceed 5% on an annual basis, the CSC Services Transactions contemplated under (i) the Previous CSC Services Agreement and (ii) the CSC Services Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules respectively. The Previous CSC Services Agreement and the CSC Services Agreement are also subject to aggregation requirements under Rules 14A.81 and 14A.82(1) of the Listing Rules respectively.

Details of the Previous CSC Services Agreement have been disclosed in the Company's announcement dated 28 April 2020 and circular dated 2 June 2020 and details of the CSC Services Agreement have been disclosed in the Company's announcement dated 28 April 2023 and circular dated 30 May 2023.

For the year ended 31 December 2023, the amount paid to the Group by CSC Group, the associates of CSC and their respective subsidiaries (if any) for the provision of the Services under the Previous CSC Services Agreement and the CSC Services Agreement was as follows respectively:

(i) for the first half of 2023, approximately HK$56.1 million (equivalent to approximately RMB49.2 million), that is below the cap of HK$224.0 million under the Previous CSC Services Agreement for the period; and

(ii) for the latter half of 2023, approximately HK$82.7 million (equivalent to approximately RMB75.0 million), that is below the cap of HK$133.0 million under the CSC Services Agreement for the period.

Connected Transactions and Continuing Connected Transactions (Continued)

2. Continuing Connected Transactions (Continued)

2.3 Continuing Connected Transactions with CSC Group (Continued)

(ii) Previous CSC Leasing Agreement and CSC Leasing Agreement

On 28 April 2020, the Company and CSC entered into a framework agreement (the "Previous CSC Leasing Agreement") whereby any member of the Group may lease premises from CSC Group, the associates of CSC and their subsidiaries (if any) (the "CSC Leasing Transactions") in accordance with the terms of the Previous CSC Leasing Agreement, subject to the tenancy agreement recording other details terms and conditions in relation to each particular premises leased and shall be on normal commercial terms and terms no more favourable than those offered to independent third parties for a term of three years commencing from 1 July 2020 and ending on 30 June 2023 (both days inclusive), subject to the caps (being the maximum aggregate amounts payable by the Group to CSC Group, the associates of CSC and their subsidiaries (if any) as determined with reference to the maximum aggregate right-of-use asset recognized by the Group in relation to its lease arrangement with CSC Group, the associates of CSC and their subsidiaries (if any) for the relevant years/periods under the Previous CSC Leasing Agreement) as listed below:

For the period from 1 July 2020 to 31 December 2020 HK$	For the year ended 31 December 2021 HK$	For the year ended 31 December 2022 HK$	For the period from 1 January 2023 to 30 June 2023 HK$
18.0 million	11.0 million	12.0 million	11.0 million

As the Previous COLI Leasing Agreement was due to expired on 30 June 2023 and the Directors expect that the Group will continue to lease premises from CSC Group, the associates of CSC and their subsidiaries (if any) from time to time, on 28 April 2023, the Company and CSC entered into the a new framework agreement (the "CSC Leasing Agreement") in respect to the CSC Leasing Transactions for a term of three years commencing from 1 July 2023 and ending on 30 June 2026 (both dates inclusive), subject to the caps as listed below:

For the period from 1 July 2023 to 31 December 2023 HK$	For the year ending 31 December 2024 HK$	For the year ending 31 December 2025 HK$	For the period from 1 January 2026 to 30 June 2026 HK$
21.0 million	22.0 million	27.0 million	20.0 million

Connected Transactions and Continuing Connected Transactions (Continued)

2. Continuing Connected Transactions (Continued)

2.3 Continuing Connected Transactions with CSC Group (Continued)

(ii) Previous CSC Leasing Agreement and CSC Leasing Agreement (Continued)

As the applicable percentage ratios in respect of the aforesaid caps under (i) the Previous CSC Leasing Agreement and (ii) the CSC Leasing Agreement exceed 0.1% but are less than 5% on an annual basis, the CSC Leasing Transactions contemplated under (i) the Previous CSC Leasing Agreement and (ii) the CSC Leasing Agreement are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules respectively. The Previous CSC Leasing Agreement and the CSC Leasing Agreement are also subject to aggregation requirements under Rules 14A.81 and 14A.82(1) of the Listing Rules respectively.

Details of the Previous CSC Leasing Agreement and the CSC Leasing Agreement have been disclosed in the Company's announcement dated 28 April 2020 and 28 April 2023 respectively.

For the year ended 31 December 2023, the amount paid/committed to CSC Group, the associates of CSC and their subsidiaries (if any) by the Group for the lease of premises under the Previous CSC Leasing Agreement and the CSC Leasing Agreement was as follows respectively:

(i) for the first half of 2023, approximately HK$3.4 million (equivalent to approximately RMB3.0 million), that is below the cap of HK$11.0 million under the Previous CSC Leasing Agreement for the period; and

(ii) for the latter half of 2023, approximately HK$10.2 million (equivalent to approximately RMB9.2 million), that is below the cap of HK$21.0 million under the CSC Leasing Agreement for the period.

Connected Transactions and Continuing Connected Transactions (Continued)

2. Continuing Connected Transactions (Continued)

2.4 Continuing Connected Transactions with COGO Group

Since COGO is an associate of COLI and COLI is in turn a non-wholly-owned subsidiary of COHL, the controlling shareholder of the Company, hence, members of COGO Group were regarded as connected persons of the Group.

(i) Previous COGO Services Agreement and COGO Services Agreement

On 28 April 2020, the Company and COGO entered into a framework agreement (the "Previous COGO Services Agreement") whereby any member of the Group may provide the Services to COGO Group in respect of the property development projects or the Properties owned or held by COGO Group (the "COGO Services Transactions") for a term of three years commencing from 1 July 2020 and ending on 30 June 2023 (both days inclusive) subject to the caps as listed below:

For the period from 1 July 2020 to 31 December 2020 HK$	For the year ended 31 December 2021 HK$	For the year ended 31 December 2022 HK$	For the period from 1 January 2023 to 30 June 2023 HK$
166.0 million	321.0 million	386.0 million	224.0 million

As the Previous COGO Services Agreement was due to expired on 30 June 2023 and the Directors expect that the Group will continue to participate from time to time in competitive tenders to provide the Services to COGO Group in respect of the property development projects or the Properties owned or held by COGO Group, on 28 April 2023, the Company and COGO entered into the a new framework agreement (the "COGO Services Agreement") in respect of the COGO Services Transactions for a term of three years commencing from 1 July 2023 and ending on 30 June 2026 (both dates inclusive), subject to the caps as listed below:

For the period from 1 July 2023 to 31 December 2023 HK$	For the year ending 31 December 2024 HK$	For the year ending 31 December 2025 HK$	For the period from 1 January 2026 to 30 June 2026 HK$
230.0 million	460.0 million	470.0 million	250.0 million

Connected Transactions and Continuing Connected Transactions (Continued)

2. Continuing Connected Transactions (Continued)

2.4 Continuing Connected Transactions with COGO Group (Continued)

(i) Previous COGO Services Agreement and COGO Services Agreement (Continued)

As the applicable percentage ratios in respect of the aforesaid caps under (i) the Previous COGO Services Agreement and (ii) the COGO Services Agreement on their own exceed 5% on an annual basis, the COGO Services Transactions contemplated under (i) the Previous COGO Services Agreement and (ii) the COGO Services Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules respectively. The Previous COGO Services Agreement and the COGO Services Agreement are also subject to aggregation requirements under Rules 14A.81 and 14A.82(1) of the Listing Rules respectively.

Details of the Previous COGO Services Agreement have been disclosed in the Company's announcement dated 28 April 2020 and circular dated 2 June 2020 and details of the COGO Services Agreement have been disclosed in the Company's announcement dated 28 April 2023 and circular dated 30 May 2023.

For the year ended 31 December 2023, the amount paid to the Group by COGO Group for the provision of the Services under the Previous COGO Services Agreement and the COGO Services Agreement was as follows respectively:

(i) for the first half of 2023, approximately HK$161.8 million (equivalent to approximately RMB141.7 million), that is below the cap of HK$224.0 million under the Previous COGO Services Agreement for the period; and

(ii) for the latter half of 2023, approximately HK$159.2 million (equivalent to approximately RMB145.3 million), that is below the cap of HK$230.0 million under the COGO Services Agreement for the period.

Connected Transactions and Continuing Connected Transactions (Continued)

2. Continuing Connected Transactions (Continued)

2.4 Continuing Connected Transactions with COGO Group (Continued)

(ii) COGO Car Parking Spaces Agreement

On 5 September 2022, the Company and COGO entered into a framework agreement (the "COGO Car Parking Spaces Agreement") whereby the Group might from time to time enter into transactions with COGO Group for the acquisition of rights-of-use of car parking spaces (including the right to occupy, assign or rent out, until the land use right(s) of the relevant project(s) at which the car parking spaces are located expire) by the Group as its inventory (the "COGO Car Parkings Space Transactions"), such car parking spaces being car parking spaces of developments or properties built, developed or owned by COGO Group and managed by the Group as property manager for a term of three years commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive), subject to the caps as listed below:

For the year ended 31 December 2023 HK$	For the year ending 31 December 2024 HK$	For the year ending 31 December 2025 HK$
300.0 million	300.0 million	300.0 million

As the applicable percentage ratios in respect of the aforesaid caps under the COGO Car Parking Spaces Agreement on their own exceed 5% on an annual basis, the COGO Car Parking Spaces Transactions contemplated under the COGO Car Parking Spaces Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The COGO Car Parking Spaces Agreement is also subject to aggregation requirements under Rules 14A.81 and 14A.82(1) of the Listing Rules.

Details of the COGO Car Parking Spaces Agreement have been disclosed in the Company's announcement dated 5 September 2022 and circular dated 10 November 2022.

No transaction has been entered into by the Group and COGO Group for the year ended 31 December 2023.

Aggregation of Continuing Connected Transactions

1. Aggregation of leasing transactions

The Directors are of the view that:

(A) (i) the Previous COLI Leasing Agreement; and (ii) the Previous CSC Leasing Agreement (collectively, the "Previous Leasing Agreements"); and

(B) (i) the COLI Leasing Agreement; and (ii) the CSC Leasing Agreement (collectively, the "Leasing Agreements")

are entered into by the Group with parties who are connected with each others, and therefore each of the Previous Leasing Agreements and the Leasing Agreements should be aggregated under Rules 14A.81 and 14A.82(1) of the Listing Rules respectively. As the applicable percentage ratios in respect of the caps of each of the Previous Leasing Agreements and Leasing Agreements, in aggregate, exceed 0.1% but less than 5% on an annual basis, such continuing connected transactions are/have been subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For the first half of 2023, the transaction amounts under the Previous Leasing Agreements were, in aggregate, approximately HK$5.4 million (equivalent to approximately RMB4.7 million).

For the latter half of 2023, the transaction amounts under the Leasing Agreements were, in aggregate, approximately HK$11.4 million (equivalent to approximately RMB10.3 million).

2. Aggregation of property management and related transactions

The Directors are of the view that:

(A) (i) the Previous CSCEC Services Agreement; (ii) the Previous COLI Services Agreement; (iii) the Previous CSC Services Agreement; and (iv) the Previous COGO Services Agreement (collectively, the "Previous Services Agreements"); and

(B) (i) the CSCEC Services Agreement; (ii) the COLI Services Agreement; (iii) the CSC Services Agreement; and (iv) the COGO Services Agreement (collectively, the "Services Agreements")

are entered into by the Group with parties who are connected with each others, and therefore each of the Previous Services Agreements and the Services Agreements should be aggregated under Rules 14A.81 and 14A.82(1) of the Listing Rules respectively. As the applicable percentage ratios in respect of the caps of each of the Previous Services Agreements and the Services Agreements, in aggregate, exceed 5% on an annual basis, such continuing connected transactions are/have been subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Aggregation of Continuing Connected Transactions (Continued)

2. Aggregation of property management and related transactions (Continued)

In respect of the continuing connected transactions under the Previous Services Agreement and the Services Agreements, Independent Shareholders have duly approved the respective agreements and the transactions contemplated thereunder at the extraordinary general meeting held on 19 June 2020 and 20 June 2023 respectively.

For the first half of 2023, the transaction amounts under the Previous Services Agreements were, in aggregate, approximately HK$1,056.2 million (equivalent to approximately RMB925.3 million).

For the latter half of 2023, the transaction amounts under the Services Agreements were, in aggregate, approximately HK$1,010.9 million (equivalent to approximately RMB922.8 million).

3. Aggregation of car parking spaces transactions

The Directors are of the view that (i) the COLI Car Parking Spaces Agreement; and (ii) the COGO Car Parking Spaces Agreement (collectively, the "Car Parking Spaces Agreements") are entered into by the Group with parties who are connected with each others, and therefore should be aggregated under Rules 14A.81 and 14A.82(1) of the Listing Rules respectively. As the applicable percentage ratios in respect of the caps of the aforesaid continuing connected transactions, in aggregate, exceed 5% on an annual basis, such continuing connected transactions are/have been subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the continuing connected transactions under the Car Parking Spaces Agreements, Independent Shareholders have duly approved the respective agreements and the transactions contemplated thereunder at the extraordinary general meeting held on 3 November 2022.

For the year ended 31 December 2023, the transaction amounts under the Car Parking Spaces Agreements were, in aggregate, approximately HK$6.7 million (equivalent to approximately RMB6.0 million).

Review and Approval

Pursuant to Rule 14A.55 of the Listing Rules, the above continuing connected transactions have been reviewed by the Independent Non-executive Directors of the Company, who confirmed that these continuing connected transactions were entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of the Shareholders as a whole.

Review and Approval (Continued)

In accordance with Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 100 to 125 of this Annual Report as below:

(1) nothing has come to his attention that causes him to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors.

(2) for transactions involving the provision of goods or services by the Group, nothing has come to his attention that causes him to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.

(3) nothing has come to his attention that causes him to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

(4) with respect to the aggregate amount of the continuing connected transactions, nothing has come to his attention that causes him to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

The continuing connected transactions disclosed in this section also constitute related party transactions under the Hong Kong Financial Reporting Standards. A summary of related party transactions (the "Transactions") made during the year was disclosed in the note 39 to the financial statements. The Transactions also constitute connected transaction or continuing connected transactions as defined in the Chapter 14A of the Listing Rules.

The Board confirms that the Company has complied with the requirements in Chapter 14A of the Listing Rules in relation to the aforesaid connected transactions or continuing connected transactions.

Remuneration Policy and Retirement Benefit Scheme

The remuneration policy for the employees of the Group is approved by the Remuneration Committee. The remuneration of employees is based on their merit, qualifications and competence.

The Board has approved and adopted a director remuneration policy (the "Director Remuneration Policy"). Pursuant to the Director Remuneration Policy, the remuneration packages of the executive Directors shall comprise fixed and variable components linking to the Group's operating results, individual performance and comparable market statistics. non-executive Directors (including independent non-executive Directors) shall receive fixed remuneration/fee to be set at an appropriate level to attract and retain first-class non-executive talent by reference to the relevant time commitment required and the size and complexity of the Group and benchmarked against a peer group.

The Group has joined a mandatory provident fund scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The employees of the Company's subsidiaries established in the PRC are members of a state-managed retirement scheme operated by the PRC government. No forfeited contribution under this scheme is available to reduce the contribution payable in future years.

Management Contracts

There is no contracts relating to the management and/or administration of the whole or any substantial part of the business of the Company was entered into or subsisted during the year.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Company has maintained the prescribed amount of public float during the year and up to the date of this Annual Report as required under the Listing Rules.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association and the laws of Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

Tax Relief and Exemption

The Board are not aware of any tax relief and exemption available to Shareholders by reason of their holding of the Company's securities.

Corporate Governance

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 52 to 84 of this Annual Report.

Environmental Policy and Performance

Details of the Company's environmental policy and performance are set out in the Company's Sustainability Report 2023, which is published on the Company's website and the Stock Exchange's website on the same publication date of this Annual Report.

Compliance with Relevant Laws and Regulation

As far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material aspects.

Auditor

Ernst & Young was appointed as the auditor of the Company during the past three years.

The consolidated financial statements for the year ended 31 December 2023 have been audited by Ernst & Young, who will retire and, being eligible, offer itself for re-appointment at the 2024 AGM.

A resolution will be proposed at the 2024 AGM to re-appoint Ernst & Young as auditor of the Company.

On behalf of the Board

Zhang Guiqing
Chairman and Executive Director

Hong Kong, 26 March 2024

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of China Overseas Property Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of China Overseas Property Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 134 to 234, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

EY 安永

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables, retention receivables and other contract assets and payments on behalf of property owners for properties managed on a commission basis	
At 31 December 2023, the Group had gross trade receivables, retention receivables and other contract assets of approximately RMB2,652 million, which mainly arose from the provision of property management services and value-added services, and gross payments on behalf of property owners for properties managed on a commission basis (the "Other Receivables") in a total amount of approximately RMB163 million. The carrying amount of these receivables and contract assets, net of impairment allowance, amounted to RMB2,578 million in aggregate as at 31 December 2023, which represented 24% of the Group's total assets as at that date. Significant management's judgements and estimates, such as the historical default rate, past repayment history, cash flow projections and forward-looking estimates, were involved in the impairment assessment of these receivables and contract assets. Related disclosures are included in notes 2.4, 3, 21(c) and 22(b) to the consolidated financial statements.	As part of our audit procedures, we (i) obtained and reviewed the impairment assessments of the trade receivables, retention receivables and other contract assets, as well as the Other Receivables prepared by management to understand the credit loss provisioning methodology adopted by the Group; and (ii) considered the adequacy of the disclosures in the consolidated financial statements in connection with the impairment of trade receivables, retention receivables and other contract assets, as well as the Other Receivables. With regard to the impairment assessment of trade receivables, retention receivables and other contract assets, we (i) reviewed the allowance for the expected credit losses estimated by management with reference to the history of debtors' settlement patterns and ageing analysis; (ii) tested, on a sample basis, the ageing of the trade receivables, retention receivables and other contract assets to outstanding billings issued and the settlement of the trade receivables, retention receivables and other contract assets to supporting documents of cash receipts, such as bank advice; (iii) checked the settlement status subsequent to the reporting period; and (iv) assessed the reasonableness of the forward-looking estimates, if any. With regard to the impairment assessment of the Other Receivables, we (i) tested, on a sample basis, the key drivers, such as the property management fee and subcontracting costs against property management contracts and contracts with subcontractors, applied in the cash flow forecasts of the relevant property management projects to which the Other Receivables related; (ii) reviewed the outcome of cash flow forecasts of those property management projects in the prior year in order to evaluate the effectiveness of management's previous estimation process; and (iii) evaluated the appropriateness of the discount rates applied in the cash flow forecasts by management.

EY 安永

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

EY 安永

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

EY 安永

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is CHENG Man.

Ernst & Young
Certified Public Accountants
Hong Kong

26 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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	6	**169,698**	160,016
Fair value loss of self-owned investment properties, net	15	**(6,640)**	(2,635)
Selling and administrative expenses		**(386,916)**	(399,945)
Impairment of financial assets and contract assets, net	8	**(42,535)**	(43,412)
OPERATING PROFIT		**1,803,427**	1,449,534
Finance costs	7	**(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	8	**1,803,377**	1,441,696
Income tax expenses	11	**(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
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted (RMB cents per share)	12	**40.84**	33.27

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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' financial statements	**10,768**	12,778
— Exchange differences on translation of an associate's financial statements	**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

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	14	**112,812**	100,358	90,464
Investment properties	15	**174,420**	184,060	135,660
Right-of-use assets	16(b)	**57,335**	73,146	65,642
Intangible assets	17	**184,516**	101,045	48,269
Investment in a joint venture	18	**14,695**	8,414	4,384
Investment in an associate	19	**149**	290	117
Due from a related company	23	**75,026**	—	75,026
Prepayments	22	**16,260**	14,404	21,324
Deferred tax assets	31	**44,745**	41,049	35,281
Total non-current assets		**679,958**	522,766	476,167
CURRENT ASSETS				
Inventories	20	**735,645**	854,311	759,460
Trade receivables, retention receivables and other contract assets	21	**2,481,456**	1,882,318	1,126,620
Prepayments, deposits and other receivables	22	**1,002,172**	849,154	483,422
Due from the immediate holding company	23	**1,941**	1,910	331
Due from fellow subsidiaries	23	**486,202**	492,381	338,212
Due from other related companies	23	**92,789**	175,803	93,314
Cash and bank balances	24	**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	25	**1,993,794**	1,334,917	630,507
Other payables and accruals	26	**959,071**	1,132,676	895,768
Temporary receipts from properties managed	27	**1,282,986**	1,294,849	1,253,100
Receipts in advance and other deposits	28	**1,700,060**	1,432,211	1,218,652
Due to the immediate holding company	29	**—**	—	880
Due to fellow subsidiaries	29	**17,807**	35,802	9,191
Due to other related companies	29	**31,360**	37,741	10,178
Income tax payables		**281,723**	218,553	184,009
Bank borrowings	30	**56,359**	60,000	—
Lease liabilities	16(b)	**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)

31 December 2023

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000 (Restated)	1 January 2022 RMB'000 (Restated)
NON-CURRENT LIABILITIES				
Lease liabilities	16(b)	**55,192**	74,526	26,665
Deferred tax liabilities	31	**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	32	**2,679**	2,679	2,679
Reserves	34	**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

Xiao Junqiang
Director

Pang Jinying
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to shareholders of the Company									
	Issued capital RMB'000 (note 32)	Property revaluation reserve RMB'000	Exchange fluctuation reserve RMB'000	PRC statutory reserve RMB'000 (note 34(b))	Special reserve RMB'000 (note 34(c))	Capital reserve RMB'000 (note 34(d))	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023 (restated)	2,679	41,080	(2,194)	299,758	(191,427)	20,533	3,007,559	3,177,988	45,437	3,223,425
Profit for the year	–	–	–	–	–	–	1,342,503	1,342,503	9,001	1,351,504
Other comprehensive income/(loss) for the year:										
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:										
Exchange differences on translation of subsidiaries' financial statements	–	–	10,768	–	–	–	–	10,768	–	10,768
Exchange differences on translation of an associate's financial statements	–	–	23	–	–	–	–	23	–	23
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)	–	–	–	–	(1,504)	–	(1,504)
Total comprehensive income for the year	–	–	9,287	–	–	–	1,342,503	1,351,790	9,001	1,360,791
Share-based payment borne by an intermediate holding company (note 33)	–	–	–	–	–	610	–	610	–	610
Transfer to PRC statutory reserve	–	–	–	67,977	–	–	(67,977)	–	–	–
Capital contributions from non-controlling equity holders of subsidiaries	–	–	–	–	–	–	–	–	3,920	3,920
Dividends paid to non-controlling equity holders of subsidiaries	–	–	–	–	–	–	–	–	(2,706)	(2,706)
Deregistration of a subsidiary	–	–	–	(1,169)	–	–	–	(1,169)	–	(1,169)
2022 final dividend (note 13)	–	–	–	–	–	–	(240,427)	(240,427)	–	(240,427)
2023 interim dividend (note 13)	–	–	–	–	–	–	(167,427)	(167,427)	–	(167,427)
At 31 December 2023	2,679	41,080*	7,093*	366,566*	(191,427)*	21,143*	3,874,231*	4,121,365	55,652	4,177,017

Consolidated Statement of Changes in Equity (Continued)

Year ended 31 December 2023

	Attributable to shareholders of the Company									
	Issued capital RMB'000 (Restated) (note 32)	Property revaluation reserve RMB'000 (Restated)	Exchange fluctuation reserve RMB'000 (Restated)	PRC statutory reserve RMB'000 (Restated) (note 34(b))	Special reserve RMB'000 (Restated) (note 34(c))	Capital reserve RMB'000 (Restated) (note 34(d))	Retained profits RMB'000 (Restated)	Total RMB'000 (Restated)	Non-controlling interests RMB'000 (Restated)	Total equity RMB'000 (Restated)
At 1 January 2022 (restated)	2,679	41,080	63	231,579	(118,968)	15,122	2,264,475	2,436,030	42,600	2,478,630
Profit for the year	–	–	–	–	–	–	1,093,633	1,093,633	6,470	1,100,103
Other comprehensive income/(loss) for the year:										
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:										
Exchange differences on translation of subsidiaries' financial statements	–	–	12,778	–	–	–	–	12,778	–	12,778
Exchange differences on translation of an associate's financial statements	–	–	16	–	–	–	–	16	–	16
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	–	–	(15,051)	–	–	–	–	(15,051)	–	(15,051)
Total comprehensive (loss)/income for the year	–	–	(2,257)	–	–	–	1,093,633	1,091,376	6,470	1,097,846
Share-based payment borne by an intermediate holding company (note 33)	–	–	–	–	–	5,411	–	5,411	–	5,411
Transfer to PRC statutory reserve	–	–	–	68,179	–	–	(68,179)	–	–	–
Acquisition of a subsidiary in connection with the Lihe Acquisition (note 35)	–	–	–	–	(72,459)	–	–	(72,459)	–	(72,459)
Capital contributions from non-controlling equity holders of subsidiaries	–	–	–	–	–	–	–	–	400	400
Deregistration of a subsidiary	–	–	–	–	–	–	–	–	(4,033)	(4,033)
2021 final dividend (note 13)	–	–	–	–	–	–	(167,403)	(167,403)	–	(167,403)
2022 interim dividend (note 13)	–	–	–	–	–	–	(114,967)	(114,967)	–	(114,967)
At 31 December 2022 (restated)	2,679	41,080*	(2,194)*	299,758*	(191,427)*	20,533*	3,007,559*	3,177,988	45,437	3,223,425

* These reserve accounts comprise the consolidated reserves of RMB4,118,686,000 (2022: RMB3,175,309,000 (restated)) in the consolidated statement of financial position as at 31 December 2023.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,803,377**	1,441,696
Adjustments for:			
Share of profit of a joint venture		**(6,281)**	(4,030)
Share of profit of an associate		**(188)**	(159)
Interest income	6	**(81,774)**	(63,835)
Finance costs	7	**6,519**	12,027
Impairment of financial assets and contract assets, net	8	**42,535**	43,412
Depreciation of property, plant and equipment	8	**36,804**	31,413
Depreciation of right-of-use assets	8	**35,507**	34,822
Amortisation of intangible assets	8	**10,429**	7,004
Share-based payments	33	**610**	5,411
Fair value loss of investment properties, net	15	**9,640**	4,167
Loss on disposal of items of property, plant and equipment, net	8	**559**	1,308
Loss/(gain) on early termination of lease contracts, net	6	**1,493**	(1,592)
Operating cash flows before working capital changes		**1,859,230**	1,511,644
Decrease/(increase) in inventories		**118,666**	(29,225)
Increase in trade receivables, retention receivables and other contract assets		**(657,547)**	(761,117)
Increase in prepayments, deposits and other receivables		**(140,422)**	(319,497)
Increase in amount due from the immediate holding company — trade nature		**(31)**	(1,514)
Decrease/(increase) in amounts due from fellow subsidiaries — trade nature and prepayments		**6,893**	(189,050)
Decrease/(increase) in amounts due from other related companies — trade nature and prepayments		**7,997**	(37,068)
Increase in trade payables		**652,861**	691,270
Increase in receipts in advance and other deposits		**267,849**	214,861
(Decrease)/increase in other payables and accruals		**(181,042)**	211,121
(Decrease)/increase in temporary receipts from properties managed on a commission basis		**(11,863)**	12,487
Decrease in amount due to the immediate holding company		**—**	(931)
(Decrease)/increase in amounts due to fellow subsidiaries		**(18,002)**	26,585
(Decrease)/increase in amounts due to other related companies		**(6,381)**	27,562
Cash generated from operations		**1,898,208**	1,357,128
Income taxes paid		**(381,506)**	(302,958)
PRC withholding tax paid		**(12,026)**	(9,099)
Net cash flows from operating activities		**1,504,676**	1,045,071

Consolidated Statement of Cash Flows (Continued)

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**93,350**	23,044
Purchase of items of property, plant and equipment		**(49,530)**	(42,458)
Addition of intangible assets		**(93,900)**	(59,756)
Placement of non-pledged time deposits with original maturity of over three months		**(1,178,910)**	(1,550,000)
Withdrawal of non-pledged time deposits with original maturity of over three months		**950,000**	640,000
Acquisition of a subsidiary	35	**–**	(45,530)
Proceeds from the disposal of items of property, plant and equipment		**–**	308
Net cash flows used in investing activities		**(278,990)**	(1,034,392)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease payments	36(b)	**(46,044)**	(30,837)
Interest portion of lease payments	36(b)	**(4,914)**	(4,747)
Other interest paid	36(b)	**(1,605)**	(7,280)
Drawdown of bank borrowings	36(b)	**56,359**	579,450
Repayment of bank borrowings	36(b)	**(60,000)**	(519,450)
Capital contribution from non-controlling equity holders of subsidiaries		**3,920**	400
Dividend paid to the previous equity holder of a subsidiary before the Lihe Acquisition (as defined in note 35)	35	**–**	(10,000)
Dividends paid to shareholders of the Company	13	**(407,854)**	(282,370)
Dividends paid to non-controlling equity holders of subsidiaries		**(2,706)**	(4,033)
Net cash flows used in financing activities		**(462,844)**	(278,867)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**762,842**	(268,188)
Cash and cash equivalents at beginning of year		**2,418,185**	2,678,100
Effect of foreign exchange rate changes, net		**10,723**	8,273
CASH AND CASH EQUIVALENTS AT END OF YEAR		**3,191,750**	2,418,185

Consolidated Statement of Cash Flows (Continued)

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances as stated in the consolidated statement of financial position	24	**5,130,660**	4,128,185
Less: Bank deposits with original maturity of over three months		**(1,938,910)**	(1,710,000)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**3,191,750**	2,418,185

NOTES TO FINANCIAL STATEMENTS

31 December 2023

1. CORPORATE AND GROUP 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.

Information about principal subsidiaries

Particulars of the Company's principal subsidiaries as at 31 December 2023 are as follows:

Company name	Place of incorporation/ registration and business	Registered/ issued and paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
China Overseas Property Services Limited	Hong Kong	HK$50,000,100	100	–	Real estate management and investment holding
中海物業管理有限公司*#	The PRC/Mainland China	RMB500,000,000	100	–	Real estate management and investment holding
Gold Court (Macau) Property Services Limited	Macau	MOP250,000	96	4	Real estate management.
長春中海物業管理有限公司#	The PRC/Mainland China	RMB50,000,000	–	100	Real estate management
成都中海物業管理有限公司#	The PRC/Mainland China	RMB50,000,000	–	100	Real estate management
湖南省中海海惠物業管理有限公司#	The PRC/Mainland China	RMB20,500,000	–	84	Real estate management
深圳市中海商業服務有限公司#	The PRC/Mainland China	RMB5,000,000	–	60	Real estate management
中海物業管理廣州有限公司#	The PRC/Mainland China	RMB50,000,000	–	100	Real estate management
China Overseas Building Management Limited	Hong Kong	HK$100	–	100	Real estate management

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about principal subsidiaries (Continued)

Company name	Place of incorporation/ registration and business	Registered/ issued and paid-up capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
北京中海物業管理有限公司#	The PRC/Mainland China	RMB50,000,000	–	100	Real estate management
北京中建物業管理有限公司#	The PRC/Mainland China	RMB25,000,000	–	100	Real estate management
重慶海投物業管理有限公司#	The PRC/Mainland China	RMB30,000,000	–	100	Real estate management
淄博中海物業管理有限公司#	The PRC/Mainland China	RMB1,000,000	–	100	Real estate management
中海宏洋物業管理有限公司#	The PRC/Mainland China	RMB50,000,000	–	100	Real estate management
廣州市光大花園物業管理有限公司#	The PRC/Mainland China	RMB3,000,000	–	100	Real estate management
呼和浩特市中海物業服務有限公司#	The PRC/Mainland China	RMB20,000,000	–	100	Real estate management
上海中海物業管理有限公司#	The PRC/Mainland China	RMB50,000,000	–	100	Real estate management
濟南中海物業管理有限公司#	The PRC/Mainland China	RMB20,000,000	–	100	Real estate management
德州華府物業管理有限公司#	The PRC/Mainland China	RMB500,000	–	100	Real estate management
中海(惠州)物業服務有限公司#	The PRC/Mainland China	RMB50,000,000	–	100	Real estate management
汕頭中海物業服務有限公司#	The PRC/Mainland China	RMB50,000,000	–	100	Real estate management
大連中海海惠物業服務有限公司#	The PRC/Mainland China	RMB8,000,000	–	100	Real estate management
廣東中海物業服務有限公司#	The PRC/Mainland China	RMB50,000,000	–	100	Real estate management
天津中海物業管理服務有限公司#	The PRC/Mainland China	RMB10,000,000	–	100	Real estate management
天津中海津信物業服務有限公司#	The PRC/Mainland China	RMB500,000	–	100	Real estate management
中海海惠物業服務有限公司#	The PRC/Mainland China	RMB50,000,000	–	100	Real estate management
深圳市中海美城智慧城市運營有限公司# (Formerly known as 深圳市百利行物業發展有限公司)	The PRC/Mainland China	RMB3,000,000	–	100	Real estate management

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about principal subsidiaries (Continued)

Company name	Place of incorporation/ registration and business	Registered/ issued and paid-up capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
湖北中海海惠物業管理有限公司#	The PRC/Mainland China	RMB3,500,000	–	100	Real estate management
鄭州中海僑城物業管理有限公司#	The PRC/Mainland China	RMB5,000,000	–	51	Real estate management
福建中海深藍物業管理有限公司#	The PRC/Mainland China	RMB10,000,000	–	100	Real estate management
西安中海物業管理有限公司#	The PRC/Mainland China	RMB20,000,000	–	100	Real estate management
寧波中海物業管理有限公司#	The PRC/Mainland China	RMB20,000,000	–	100	Real estate management
重慶中海海惠物業管理有限公司#	The PRC/Mainland China	RMB5,000,000	–	100	Real estate management
廣東中海星城際物業服務有限公司#	The PRC/Mainland China	RMB5,000,000	–	51	Real estate management
海納萬商物業管理有限公司#	The PRC/Mainland China	RMB50,000,000	–	100	Real estate management
四川軌道中海物業管理有限公司#	The PRC/Mainland China	RMB10,000,000	–	51	Real estate management
廣東優你互聯海以為酒店管理有限公司#	The PRC/Mainland China	RMB5,000,000	–	100	Real estate management
珠海航空綜合服務有限公司#	The PRC/Mainland China	RMB4,180,000	–	51	Real estate management
貴州播投中海物業服務有限公司#	The PRC/Mainland China	RMB5,000,000	–	51	Real estate management
海口海越物業管理有限公司#	The PRC/Mainland China	RMB5,000,000	–	60	Real estate management
六盤水城投中海物業管理有限公司#	The PRC/Mainland China	RMB1,800,000	–	51	Real estate management
遼寧中海麗都物業管理有限公司#	The PRC/Mainland China	RMB5,000,000	–	60	Real estate management
新疆中海物業管理有限公司#	The PRC/Mainland China	RMB3,000,000	–	100	Real estate management
溫州中海物業管理有限公司#	The PRC/Mainland China	RMB5,000,000	–	100	Real estate management
渭南中海親頤物業服務有限公司#	The PRC/Mainland China	RMB1,000,000	–	100	Real estate management
中海同心(貴州)物業管理有限公司#	The PRC/Mainland China	RMB3,000,000	–	55	Real estate management
畢節中海建投物業管理有限公司#	The PRC/Mainland China	RMB3,000,000	–	60	Real estate management

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about principal subsidiaries (Continued)

Company name	Place of incorporation/ registration and business	Registered/ issued and paid-up capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
天津中建物業服務有限公司#	The PRC/Mainland China	RMB3,000,000	–	51	Real estate management
中海海穗物業管理(廣州)有限公司#	The PRC/Mainland China	RMB2,000,000	–	100	Real estate management
南通中海陽光物業管理有限公司#	The PRC/Mainland China	RMB10,000,000	–	60	Real estate management
海南中海投物業管理有限公司#	The PRC/Mainland China	RMB5,000,000	–	60	Real estate management
佛山中海物業管理有限公司#	The PRC/Mainland China	RMB2,000,000	–	100	Real estate management
鹽城中海慧鹽物業管理有限公司#	The PRC/Mainland China	RMB10,000,000	–	51	Real estate management
江蘇中海物業服務有限公司#	The PRC/Mainland China	RMB20,000,000	–	100	Real estate management
China Overseas Mehon Environmental Services Limited	Hong Kong	HK$10,000,000	–	100	Provision of cleaning services
China Overseas Commercial Services Limited	Hong Kong	HK$100	–	100	Investment holding
China Overseas Security Services Limited	Hong Kong	HK$2	–	100	Provision of security services
Gold Court (Macau) Security Services Company Limited	Macau	MOP100,000	–	100	Provision of security services
四川中海園林工程有限公司#	The PRC/Mainland China	RMB20,000,000	–	100	Provision of engineering, repair and maintenance services
深圳市海博工程科技有限公司# (Formerly known as 廣東省美博工程服務有限公司)	The PRC/Mainland China	RMB100,000,000	–	100	Provision of engineering, repair and maintenance services
深圳市興海物聯科技有限公司#	The PRC/Mainland China	RMB220,000,000	–	100	Provision of engineering, repair and maintenance services
深圳市興海機電工程有限公司#	The PRC/Mainland China	RMB20,000,000	–	100	Provision of engineering, repair and maintenance services

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about principal subsidiaries (Continued)

Company name	Place of incorporation/ registration and business	Registered/ issued and paid-up capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
深圳市海博裝飾工程有限公司# (Formerly known as 深圳市優你家裝飾工程有限公司)	The PRC/Mainland China	RMB20,000,000	–	100	Provision of engineering, repair and maintenance services
Mepork Engineering Services Limited	Hong Kong	HK$100	–	100	Provision of engineering, repair and maintenance services
Mepork (Macau) Engineering Services Limited	Macau	MOP25,000	–	100	Provision of engineering, repair and maintenance services
Xinghai lot (Hong Kong) Technology Co., Limited	Hong Kong	HK$100	–	100	Provision of engineering, repair and maintenance services
China Overseas Property Management Trade Mark Limited	Hong Kong	HK$1	100	–	Holding of trademarks
青島潞海祥鑫商貿有限公司#	The PRC/Mainland China	RMB1,000,000	–	100	Provision of services through an online-to-offline ("O2O") platform
海略(河南)信息科技有限公司#	The PRC/Mainland China	RMB1,000,000	–	100	Provision of services through an O2O platform
深圳市優你家互聯網科技有限公司#	The PRC/Mainland China	RMB25,000,000	–	100	Provision of services through an O2O platform
杭州優你互聯科技有限公司#	The PRC/Mainland China	RMB2,000,000	–	100	Provision of services through an O2O platform
天津市海惠優選互聯網科技有限公司#	The PRC/Mainland China	RMB5,000,000	–	100	Provision of services through an O2O platform

Notes to Financial Statements (Continued)
31 December 2023

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about principal subsidiaries (Continued)

Company name	Place of incorporation/ registration and business	Registered/ issued and paid-up capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
重慶市優你家互聯網科技有限公司#	The PRC/Mainland China	RMB5,000,000	–	100	Provision of services through an O2O platform
武漢市優你家房地產經紀有限公司#	The PRC/Mainland China	RMB5,000,000	–	100	Provision of services through an O2O platform
北京市優你家房地產經紀有限公司#	The PRC/Mainland China	RMB5,000,000	–	100	Real estate agency
宿州中海物業有限公司#	The PRC/Mainland China	RMB10,000,000	–	51	Real estate management
重慶中海濱江物業管理有限公司#	The PRC/Mainland China	RMB3,000,000	–	51	Real estate management
廣州利合物業管理有限公司#	The PRC/Mainland China	RMB5,000,000	–	100	Real estate management
廣東臻知己酒業銷售有限公司#	The PRC/Mainland China	RMB5,000,000	–	100	Retails

* These companies are registered as wholly-foreign-owned enterprises under PRC law.

These companies are registered as limited liability companies under PRC law.

The above table lists the subsidiaries of the Company, which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES

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

2. ACCOUNTING POLICIES (Continued)

2.1 BASIS OF PREPARATION (Continued)

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

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

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

If the Group loses control over a subsidiary, it derecognises 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.

2. ACCOUNTING POLICIES (Continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Change of presentation currency

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 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 and financial position 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.

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 also presented the consolidated statement of financial position as at 1 January 2022 without related notes in these financial statements.

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 denominated in non-RMB currencies were translated at the rates of exchange at the end of the reporting periods;

(iii) issued capital and reserves denominated in non-RMB currencies 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.

2. ACCOUNTING POLICIES (Continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Adoption of revised HKFRSs

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 nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 *Income Taxes* so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The adoption of amendments to HKAS 12 did not have any material impact on the Group's financial statements.

2. ACCOUNTING POLICIES (Continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Adoption of revised HKFRSs (Continued)

(d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has not yet applied the temporary exception during the current year because the entities comprising the Group are operating in jurisdictions in which the Pillar Two tax law has not yet been enacted or substantively enacted. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that 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

2. ACCOUNTING POLICIES (Continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Further information about the above HKFRSs is described below:

(a) Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 *Consolidated Financial Statements* and in HKAS 28 *Investments in Associates and Joint Ventures* in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

(b) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 *Leases* (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

(c) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES (Continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(d) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

(e) Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures its investment properties at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

All assets for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Investments in a joint venture and an associate

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity in which the investor has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in a joint venture and an associate are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of a joint venture and an associate is included in the consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture or associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint venture or associate are eliminated to the extent of the Group's investments in the joint venture or associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of a joint venture or an associate is included as part of the Group's investments in a joint venture or an associate.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments in a joint venture and an associate (Continued)

If an investment in a joint venture becomes an investment in an associate or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of joint control over the joint venture or significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture or associate upon loss of joint control or significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in a joint venture or an associate is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a holding company of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a holding company, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a holding company of the Group.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Business combinations and goodwill

Business combinations under common control

Business combinations of entities under common control are accounted for using the principle of merger accounting in accordance with the Accounting Guideline 5 *Merger Accounting for Common Control Combinations* ("AG 5 (Revised)") issued by the HKICPA. Under the principle of merger accounting, the consolidated financial statements incorporate the financial statement items of the acquired entities of businesses in which the common control combination occurs from the date when the acquired entities or businesses first come under the control of the controlling party.

The net assets of the acquired entities or businesses are consolidated using the existing book values from the controlling party's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the common control combination. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the contribution of the controlling party's interest. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities are recorded (net of any reserves of the acquired entities) have been recognised directly in equity as part of the special reserve. Acquisition-related costs are expenses as incurred.

The consolidated profit or loss and the consolidated other comprehensive income include the results of each of the acquired entities or businesses from the earliest date presented or since the date when the acquired entities or businesses first come under common control, where this is a shorter period.

Other business combinations and goodwill

Other business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

Other business combinations and goodwill (Continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis, or otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of a non-financial asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of different categories of property, plant and equipment are as follows:

Buildings	20 years
Leasehold improvements	Over the shorter of the lease terms and 5 years
Machinery and equipment	3 to 10 years
Motor vehicles	5 years
Furniture, fixtures and office equipment	3 to 8 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the period of the retirement or disposal.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investment properties (Continued)

When a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as follows:

(a) any resulting decrease in the carrying amount of the property is recognised in profit or loss in the period the change in use takes place; or

(b) any resulting increase in the carrying amount is credited to profit or loss, to the extent that the increase reverses a previous impairment loss for that property, or restores the carrying amount of the property to an amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the property in prior periods; and any remaining part of the increase in the carrying amount is credited directly to equity in the property revaluation reserve. On subsequent disposal of the property, the relevant portion of the property revaluation reserve realised is transferred to retained profits as a movement in reserves.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on the straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on the straight-line basis over the following depreciation periods, which are the shorter of the lease terms and the estimated useful lives of the assets:

Leasehold land	20 years
Buildings	2 to 10 years

If ownership of the leased asset is transferred to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "Inventories". When a right-of-use asset meets the definition of an investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value in accordance with the Group's policy for "Investment properties".

The Group's right-of-use assets are separately presented on the face of the consolidated statement of financial position.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease or, where that rate cannot be readily determined, the Group uses its incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are separately presented on the face of the consolidated statement of financial position.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office premises and equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on the straight-line basis over the lease term.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Intangible assets

Computer software and systems

Computer software and systems acquired separately is measured on initial recognition at cost. The useful lives of the computer software and systems are assessed to be finite, which is subsequently amortised over the useful economic life of 3 to 10 years.

Self-developed computer software and systems are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding 10 years, commencing from the date when the products are put into commercial use.

Computer software and systems are assessed for impairment whenever there is an indication that the computer software and systems may be impaired. The amortisation period and the amortisation method for the computer software and systems are reviewed at least at each financial year end.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Financial assets

Initial recognition and measurement

Financial assets are all classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 *Revenue from Contracts with Customers* in accordance with the policies set out for "Revenue recognition" below.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Initial recognition and measurement (Continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets are purchases or sales that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Derecognition (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets and contract assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments and contract assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

(a) General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets and contract assets (Continued)

(a) General approach (Continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. In certain cases, the Group also considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables, retention receivables and other contract assets that result from transactions that are within the scope of HKFRS 15 and HKFRS 16, which apply the simplified approach as detailed below.

Stage 1	—	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12 month ECLs
Stage 2	—	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	—	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

(b) Simplified approach

For trade receivables, retention receivables and other contract assets that result from transactions that are within the scope of HKFRS 15 and HKFRS 16, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are all classified, at initial recognition, as financial liabilities at amortised cost, which are recognised initially at fair value and net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Inventories

Inventories, including car parking spaces and others, are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to disposal.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(a) *Property management services*

Revenue from the provision of property management services (both on a lump sum basis and on a commission basis) is recognised over the scheduled period on the straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

For property management service income of properties managed on a lump sum basis, where the Group acts as a principal and is primarily responsible for providing the property management services to the property owners, the Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of services. For property management service income of properties managed on a commission basis, the Group recognises the commission, which is calculated by a certain percentage of either (i) the total property management fee received/receivable from the property owners; or (ii) the total property management expenses incurred, as its revenue for arranging and monitoring the services provided by service suppliers to the property owners.

(b) *Value-added services*

Revenue from the provision of certain value-added services, including provision of engineering, vetting of building plans, facilities and equipment evaluation proposals, pre-delivery, delivery inspection, engineering service quality monitoring and consulting services, etc. is recognised over time, using either input or output method to measure progress towards complete satisfaction of the service, because (i) the customer simultaneously receives and consumes the benefits provided by the Group; or (ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. In respect of intelligent engineering and special engineering services, the input method is used to recognise revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the services. In respect of above-mentioned other value-added services, the output method is used to recognise revenue based on the value of the service performed to date, as agreed with the customer.

Revenue from the provision of other value-added services, including community asset management services, move-in assistance, home living service operations, commercial service operations, etc., is recognised at the point in time when control of services or goods have been transferred to customers.

(c) *Trading of car parking spaces*

Revenue from the trading of car parking spaces is recognised at the point in time when control of the asset is transferred to the customer.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from other sources

(a) *Rental income*

Rental income is recognised on the straight line basis over the lease terms.

(b) *Interest income*

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(c) *Dividend income*

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. They are reclassified to trade receivables when the right to the consideration becomes unconditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies under note 2.4 "Impairment of financial assets and contract assets".

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Share-based payments

Certain employees of the Group were granted incentive shares by an intermediate holding company in respect of their services to the Group. Such equity-settled share-based payment transactions do not involve repayment arrangements and accordingly, they are accounted for as a deemed capital contribution to the Group from the intermediate holding company. The amount to be expensed as share-based compensation expense in respect of these equity-settled share-based payment transactions is determined by reference to the fair value of the share awards granted, taking into account all non-vesting conditions associated with the grants. The total expense is recognised over the relevant vesting periods (or on the grant date if the share awards vest immediately), with a corresponding credit to the capital reserve under equity. For those share awards which are amortised over the vesting periods, the Group revises its estimates of the number of awarded incentive shares that are expected to ultimately vest based on the vesting conditions at the end of each reporting period. Any resulting adjustment to the cumulative fair value recognised in prior years is recognised in profit or loss in the current year, with a corresponding adjustment to the capital reserve.

Other employee benefits

Defined contribution schemes

The Group has joined a number of defined contribution pension schemes organised by certain provincial or municipal governments in Mainland China for certain of its employees, the assets of which are held separately from those of the Group. Contributions are made based on a percentage of the eligible employees' salaries and are charged to profit or loss as they become payable, in accordance with the rules of the pension schemes. The employer contributions vest fully once made.

For those employees that have not yet joined a pension scheme, the Group has accrued for the estimated future pension costs based on a percentage of their salaries. The related assets for the purpose of discharging such liabilities are not separately held from those of the Group.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefit scheme in Hong Kong (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currencies

These financial statements are presented in RMB, while the Company's functional currency is HK$. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company, certain subsidiaries and an associate established in Hong Kong, Macau and overseas are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interest. On disposal of a foreign operation, the cumulative amount in the reserve component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the Company and subsidiaries established in Hong Kong, Macau and overseas are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the Company and these subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The major judgements, key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have the most significant effect on the amounts recognised in the financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set out as below:

(a) Provision for ECLs on trade receivables, retention receivables and other contract assets

The Group uses a provision matrix to calculate ECLs for by applying ECL rates to different ageing groups of trade receivables, retention receivables and other contract assets. The ECL rate of each ageing group is determined by the Group based on the average of historical incurred credit loss experience on each ageing group in the past years (i.e. the historical observed default rates) and, where material, adjusted for forward-looking factors specific to the debtors and the economic environment. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates, if any are analysed.

The Group's historical credit loss experience and forecast of economic conditions may not be representative of a customer's actual default in the future and significant management estimates are required in the estimates. When the actual outcome of expectation in future is different from the original estimates, such differences will impact on the carrying amount of trade receivables, retention receivables and other contract assets and the amount of ECLs provided or reversed in the periods in which such estimates have been changed. The information about the ECLs on the Group's trade receivables, retention receivables and other contract assets is disclosed in note 21(c) to the financial statements.

(b) Provision for ECLs on payments on behalf of property owners for properties managed on a commission basis

Payments on behalf or property owners for properties managed on a commission basis represent advances made to or operating costs paid on behalf of property owners for properties managed on a commission basis. The ECL on these receivables is determined by the Group based on (i) the net present value of expected future cash flows of respective property management projects, which have included a number of estimations and inputs, such as estimated property management fee, estimated collection rates and estimated operating costs; (ii) past repayment history; and (iii) where material, adjusted for forward-looking factors specific to the respective property management projects and the economic environment.

The Group's estimation on expected future cash flows of the relevant property management projects and forecast of economic conditions may not be representative of the actual cash flows in the future and significant management estimates are required in the estimates. When the actual outcome of expectation in future is different from the original estimates, such differences will impact on the carrying amount of payments on behalf of property owners for properties managed on a commission basis and the amount of ECLs provided or reversed in the periods in which such estimates have been changed. The information about the ECLs on these receivables is disclosed in note 22(b) to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(c) Principal versus agent considerations in relation to property management services

The Group provides property management services either on a lump sum basis or commission basis as stipulated in the property management services contracts. The Group applies judgement in determining whether the Group is acting as a principal or an agent in relation to property management services in considering all relevant facts and circumstances, including the contractual terms of property management services contracts.

In relation to property management services on a lump sum basis, the Group acts as a principal and is primarily responsible for the provision of property management services to the property owners, where the Group recognises the property management fee received and receivable from property owners as its revenue and all related costs as its costs of services on a gross basis. In relation to property management services on a commission basis, the Group acts as an agent and considers that its performance obligations are only limited to arranging and monitoring the services provided by other services providers to the property owners, where the Group only recognises the commission income, which is calculated by a certain percentage of either (i) the total property management fee received/receivable from the property owners; or (ii) the total property management expenses incurred, as its revenue for arranging and monitoring the services provided by service suppliers to the property owners.

(d) Estimation of fair value of investment properties

The fair value of the Group's investment properties are assessed by management based on property valuations performed by independent professionally qualified valuers. The assumptions adopted in the property valuations are based on information of annual rental income and property market price per square metre, supported by (i) the terms of any existing leases and other contracts; and where possible, (ii) external evidence such as current market rents and recent prices for similar properties in the similar locations and conditions.

Further details of the fair values estimation of the investment properties, including the key assumptions used and valuation techniques adopted for the fair value measurement, as well as a sensitivity analysis, are set out in note 15(b) to the financial statements.

(e) Classification of car parking spaces between investment properties and inventories

The Group holds car parking spaces for trading, earning rentals and/or capital appreciation. Judgement is made by management on determining whether a car parking space is designated as an investment property or an inventory. The Group considers its intention of holding the properties at the acquisition stage of the related car parking spaces for financial statement classification of these car parking spaces.

Car parking spaces intended for sale are accounted for as inventories in current assets and subsequently measured at the lower of costs and net realisable values at the end of each reporting period, whereas car parking spaces intended to be held to earn rentals and/or for capital appreciation are accounted for as investment properties in non-current assets and subsequently measured at fair value at the end of each reporting period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(f) Determination of the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

(g) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(h) Useful lives and residual values of property, plant and equipment, right-of-use assets and intangible assets

Management determines the useful lives, residual values and related depreciation/amortisation charges for the Group's property, plant and equipment, right-of-use assets and intangible assets. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment, right-of-use assets and intangible assets with similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation/amortisation charge where useful lives or residual values are less than previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable/amortisable lives and hence depreciation/amortisation in future periods. Details of property, plant and equipment, right-of-use assets and intangible assets carried as assets in the consolidated statement of financial position are disclosed in notes 14, 16(b) and 17 to the financial statements, respectively.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(i) Determination of the net realisable values of car parking spaces

Inventories are stated as the lower of cost and net realisable value in accordance with the accounting policy as disclosed in note 2.4 to the financial statements. Management estimates the net realisable values of the Group's car parking spaces based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at the end of each reporting period by comparing the costs and recent prices for similar car parking spaces in the similar locations and conditions.

(j) Recognition of a deferred tax liability for withholding taxes

The Corporate Income Tax Law of the PRC states that the distribution of dividends by a foreign invested enterprise established in Mainland China to its foreign investors shall be subject to withholding corporate income tax at a rate of 5% or 10%. The Group carefully evaluates the necessity of dividend distribution of its PRC subsidiaries based on the management's judgement. Further details are given in note 31(b) to the financial statements.

(k) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised tax losses at the end of the reporting date and further details are set out in note 31(a) to the financial statements.

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 purpose, which in the opinion of the directors of the Company, would provide a more comprehensive disclosure for financial statement users. The reportable operating segments are described as follows:

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

4. OPERATING SEGMENT INFORMATION (Continued)

(b) the value-added services segment

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

(ii) the value-added services to residents sub-segment engages in the provision of community asset management services (such as rental assistance, agency and custody for real estate transactions, common area rental assistance and rental of self-owned properties), 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 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 and contract 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

Notes to Financial Statements (Continued)

31 December 2023

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 and contract 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 the locations of the 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.

4. OPERATING SEGMENT INFORMATION (Continued)

Information about a major customer

During the year ended 31 December 2023, the Group earned revenue of RMB1,270,195,000 (2022: RMB1,297,372,000 (restated)) in respect of property management services and value-added services provided to subsidiaries of China Overseas Land & Investment Limited ("COLI", a fellow subsidiary of the Company with its shares listed on the Stock Exchange). Other than this, there was no individual customer which contributed 10% or more of the Group's revenue during each of the years ended 31 December 2023 and 2022.

5. REVENUE

(a) Disaggregated revenue information

Type of goods or services

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

Timing of revenue recognition

Year ended 31 December 2023

Segments	Property management services RMB'000	Value-added services *Non-residents RMB'000*	*Residents RMB'000*	Sub-total RMB'000	Car parking space trading business RMB'000	Total RMB'000
Good 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

5. REVENUE (Continued)

(a) Disaggregated revenue information (Continued)

Timing of revenue recognition (Continued)

Year ended 31 December 2022 (Restated)

Segments	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)
Good 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 types of revenue were generated in the PRC (including Mainland China, Hong Kong and Macau) during the years ended 31 December 2023 and 2022.

(b) The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2023 RMB'000	2022 RMB'000 (Restated)
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Property management services	**804,147**	673,397
Value-added services	**142,634**	85,456
	946,781	758,853

No revenue recognised during the year ended 31 December 2023 was in relation to performance obligations satisfied or partially satisfied in previous periods (2022: Nil).

5. REVENUE (Continued)

(c) Performance obligations

Information about the Group's performance obligations in contracts with customers is summarised below:

Provision of property management services

The Group recognises revenue in the amount that equals the right to invoice which corresponds directly with the value to the customer of the Group's performance to date over time. The Group bills the amount for services provided over time and payment is due upon the issuance of a demand note by the Group.

Provision of value-added services to non-residents

The performance obligations in relation to 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. are satisfied over time when the services are rendered and the payment is made upon issuance of billings.

Provision of value-added services to residents

The performance obligations are satisfied over time, except for those in relation to rental assistance, agency and custody for rental estate transactions and home living service operations, of which the performance obligations are satisfied at a point in time.

Trading of car parking spaces

Revenue from the trading of car parking spaces is recognised when customers obtain the physical possession or the legal title of the car parking spaces and at which time the payment is due immediately.

At 31 December 2023, the amount of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied), resulting from property management service contracts with fixed terms, is RMB9,517,115,000 (2022: RMB8,760,597,000 (restated)), of which approximately 52% (2022: 45%) is expected to be recognised as revenue within one year. In addition, the amounts disclosed above do not include variable consideration which is constrained.

For property management service contracts that do not have a fixed term, of which is generally set to expire when the counterparties notify the Group that the services are no longer required, the Group has a right to consideration from customers in an amount that corresponds directly with the value to customers of the Group's performance completed to date. The Group has elected the practical expedient not to disclose the remaining performance obligations for these contracts.

In addition, the Group has elected the practical expedient for not to disclose the remaining performance obligations for value-added service contracts, of which the contract period is not more than one year.

6. OTHER INCOME AND GAINS, NET

An analysis of the Group's other income and gains, net is as follows:

	2023 RMB'000	2022 RMB'000 (Restated)
Unconditional government grants:		
— Government subsidies relating to covid-19 pandemic	121	1,793
— Government subsidies arising from value-added and other tax beneficial policies	38,951	47,655
— Other government grants	26,830	27,404
	65,902	76,852
Interest income	81,774	63,835
(Loss)/gain on early termination of lease contracts, net	(1,493)	1,592
Others	23,515	17,737
	169,698	160,016

7. FINANCE COSTS

	2023 RMB'000	2022 RMB'000 (Restated)
Interest expenses on lease liabilities (note 16(b))	4,914	4,747
Interest expenses on short-term bank borrowings	1,605	7,280
	6,519	12,027

Notes to Financial Statements (Continued)

31 December 2023

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
Cost of inventories sold*		**125,344**	117,294
Cost of consumables consumed*		**1,080,933**	638,929
Sub-contracting costs*		**3,879,166**	2,424,831
Depreciation of property, plant and equipment	14	**36,804**	31,413
Less: Included in direct operating expenses		**(20,884)**	(17,872)
		15,920	13,541
Depreciation of right-of-use assets	16(b)	**35,507**	34,822
Less: Included in direct operating expenses		**(25,740)**	(25,158)
		9,767	9,664
Amortisation of intangible assets (included in selling and administrative expenses)	17	**10,429**	7,004
Employee benefit expense (including directors' and chief executive's remuneration (note 9)):			
Wages and salaries (note a)		**4,584,987**	5,082,214
Share-based payments (note b)	33	**610**	5,411
Pension scheme contributions (defined contribution schemes) (note c)		**338,337**	336,379
		4,923,934	5,424,004
Less: Included in direct operating expenses		**(4,639,265)**	(5,113,995)
		284,669	310,009
Rental expenses relating to short-term leases or low-value assets	16(b)	**40,749**	26,150
Direct operating expenses arising from rental-earning investment properties (including repairs and maintenance)		**9,737**	7,707
Tax surcharges and other levies*		**57,250**	47,638
Auditor's remuneration:			
Audit services in respect of annual audit		**3,423**	3,001
Non-audit services		**853**	227
		4,276	3,228

8. PROFIT BEFORE TAX (Continued)

The Group's profit before tax is arrived at after charging/(crediting): (Continued)

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
Impairment/(reversal of impairment) of financial assets and contract assets, net:			
Trade receivables, retention receivables and other contract assets	21(c)	**65,205**	33,046
Other receivables	22(b)	**(22,670)**	10,366
		42,535	43,412
Fair value loss of investment properties, net:			
Self-owned investment properties	15	**6,640**	2,635
Leased investment properties*	15	**3,000**	1,532
		9,640	4,167
Loss on disposal of items of property, plant and equipment, net		**559**	1,308
Foreign exchange loss/(gain), net		**6,798**	(17,773)

Notes:

(a) In 2023, there were no receipts of government grants under covid-19 from the Hong Kong Government (2022: RMB10,460,000 (restated) which were offset against wages and salaries).

(b) 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.

(c) There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

* These items are included in "Direct operating expenses" in the consolidated statement of profit or loss.

9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2023 RMB'000	2022 RMB'000 (Restated)
Fees	**1,074**	1,032
Other emoluments:		
Salaries, allowances and benefits in kind	**5,285**	6,485
Performance related bonuses	**9,609**	10,277
Pension scheme contributions	**292**	324
	15,186	17,086
	16,260	18,118

9. DIRECTORS' REMUNERATION (Continued)

An analysis of the directors' remuneration, on a named basis, is as follows:

Year ended 31 December 2023

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000 (note (a))	Performance related bonuses RMB'000 (note (b))	Pension scheme contributions RMB'000	Total RMB'000
Executive directors:					
Mr. Zhang Guiqing	–	1,456	3,276	168	4,900
Mr. Xiao Junqiang*	–	886	2,356	41	3,283
Dr. Yang Ou*	–	206	800	9	1,015
Mr. Pang Jinying	–	879	2,510	58	3,447
Mr. Kam Yuk Fai#	–	1,858	667	16	2,541
Non-executive directors:					
Mr. Ma Fujun	–	–	–	–	–
Mr. Guo Lei	–	–	–	–	–
Independent non-executive directors:					
Mr. Lim Wan Fung, Bernard Vincent#	358	–	–	–	358
Mr. Yung Wing Ki, Samuel#	358	–	–	–	358
Mr. So, Gregory Kam Leung#	358	–	–	–	358
	1,074	5,285	9,609	292	16,260

9. DIRECTORS' REMUNERATION (Continued)

Year ended 31 December 2022 (Restated)

	Fees RMB'000 (Restated)	Salaries, allowances and benefits in kind RMB'000 (note (a)) (Restated)	Performance related bonuses RMB'000 (note (b)) (Restated)	Pension scheme contributions RMB'000 (Restated)	Total RMB'000 (Restated)
Executive directors:					
Mr. Zhang Guiqing	—	2,285	3,859	169	6,313
Dr. Yang Ou*	—	1,378	3,651	72	5,101
Mr. Pang Jinying	—	1,092	2,126	68	3,286
Mr. Kam Yuk Fai#	—	1,730	641	15	2,386
Non-executive directors:					
Mr. Ma Fujun	—	—	—	—	—
Mr. Guo Lei	—	—	—	—	—
Independent non-executive directors:					
Mr. Lim Wan Fung, Bernard Vincent#	344	—	—	—	344
Mr. Yung Wing Ki, Samuel#	344	—	—	—	344
Mr. So, Gregory Kam Leung#	344	—	—	—	344
	1,032	6,485	10,277	324	18,118

* On 20 February 2023, Dr. Yang Ou resigned as an executive director and the Chief Executive Officer of the Company and Mr. Xiao Junqiang was appointed as an executive director and the Chief Executive Officer of the Company on the same date.

The amounts were paid in HK$, which were translated into RMB for presentation purpose.

9. DIRECTORS' REMUNERATION (Continued)

Notes:

(a) During the year and in prior years, certain directors were granted incentive A-shares of China State Construction Engineering Corporation Limited ("CSCECL, an intermediate holding company of the Company established in the PRC and whose shares are listed on the Shanghai Stock Exchange), in respect of their services to the Group, under the A-share restricted stock incentive plan of CSCECL, further details of which are set out in note 33 to the financial statements. The fair values of such incentive shares, which have been recognised in profit or loss over the vesting periods, were determined as at the respective dates of grant and the amounts included in the financial statements for the current and prior years are included in the "Salaries, allowances and benefits in kind" in the above directors' remuneration disclosures.

(b) Executive directors of the Company are entitled to bonus payments with reference to the remuneration policy of the Group and based on individual skills, knowledge, experience, performance and contribution, the overall performance of the Group, the prevailing economic condition and the market trend.

(c) During each of the years ended 31 December 2023 and 2022, there was no arrangement under which a director waived or agreed to waive any remuneration and no director received any emoluments as inducement to join or upon joining the Company or as compensation for loss of office.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year, disclosed pursuant to Appendix D2.25 of the Listing Rules, included three (2022: three) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the two (2022: two) non-director highest paid employees are as follows:

	2023 **RMB'000**	2022 RMB'000 (Restated)
Salaries, allowances and benefits in kind (note (b))	**1,718**	2,958
Performance related bonuses	**5,221**	3,785
Pension scheme contributions	**208**	156
	7,147	6,899

10. FIVE HIGHEST PAID EMPLOYEES (Continued)

Disclosure of the number of non-director highest paid employees in accordance with Appendix D2.25(6) of the Listing Rules, whose remuneration fell within the following HK$ bands is as follows:

	Number of employees	
	2023	2022
HK$3,000,001 to HK$3,500,000	**—**	1
HK$3,500,001 to HK$4,000,000	**1**	—
HK$4,000,001 to HK$4,500,000	**1**	—
HK$4,500,001 to HK$5,000,000	**—**	1
	2	2

Notes:

(a) These individuals did not receive any emoluments as inducement to join or upon joining the Company or as compensation for loss of office during the years ended 31 December 2023 and 2022.

(b) In prior years, the above non-director highest paid employees were granted incentive A-shares of CSCECL, in respect of their services to the Group, under the A-shares restricted stock incentive plan of CSCECL, further details of which are set out in note 33 to the financial statements. The fair values of such incentive shares, which have been recognised in profit or loss over the vesting periods, were determined as at the respective dates of grant and the amounts included in the financial statements for the current and prior years are included in the "Salaries, allowances and benefits in kind" in the above non-director highest paid employees' remuneration disclosures.

11. INCOME TAX EXPENSES

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

	2023 RMB'000	2022 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 (note 31)	**(5,117)**	(5,127)
	451,873	341,593

11. INCOME TAX EXPENSES (Continued)

Notes:

(a) Applicable income tax rates

A summary of applicable income tax rates of the jurisdictions in which the Group has operations during the year is as follows:

	2023	2022
	%	%
Mainland China*	**25**	25
Hong Kong	**16.5**	16.5
Macau	**12**	12

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

The PRC withholding income tax is imposed on dividends distributed or expected to be distributed from a PRC subsidiary to the Company at the concession tax rate of 5% (2022: 5%).

(b) For certain branches of the subsidiaries of the Group established in Mainland China which are engaged in the provision of property management services (the "PM Branches"), the Group has elected to file combined tax return for the property management entities incorporating assessable profits and tax losses attributable to the PM Branches as well as certain properties which are managed by the PM Branches on a commission basis. As a result of arrangement, the enterprise income tax provision of the Group is affected by the assessable profits and tax losses attributable to the PM Branches on a commission basis. For financial accounting purposes, the Group has made the relevant provision based on assessable profits at the applicable tax rates of the PM Branches on a lump sum basis and the commission income.

(c) A reconciliation of the income tax expenses applicable to profit before tax at the statutory tax rate of the PRC in which the majority of the Group's operations are domiciled to the tax expense at the effective tax rate is as follows:

	2023	2022
	RMB'000	RMB'000
		(Restated)
Profit before tax	**1,803,377**	1,441,696
Income tax expenses at the PRC statutory tax rate of 25%	**450,844**	360,424
Lower tax rates for specific provinces	**(22,031)**	(31,864)
Effect of withholding tax at 5% on the dividend declared by a PRC subsidiary	**29,395**	18,529
Effect of different tax rates applicable to subsidiaries operating in Hong Kong and Macau	**(6,848)**	(7,239)
Effect of tax exemptions granted to subsidiaries operating in Macau	**(165)**	—
Profit attributable to a joint venture	**(1,570)**	(1,008)
Profit attributable to an associate	**(47)**	(39)
Income not subject to tax	**(2,222)**	(7,592)
Expenses not deductible for tax	**4,046**	3,496
Tax losses not recognised	**4,903**	9,848
Utilisation/recognition of tax losses previously not recognised	**(1,758)**	(3,980)
Others	**(2,674)**	1,018
Income tax expenses for the year at the effective tax rate of 25% (2022: 24%)	**451,873**	341,593

12. 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 amount 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.

13. 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. The 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

14. PROPERTY, PLANT AND EQUIPMENT

31 December 2023

	Buildings and leasehold improvements RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Furniture, fixtures, and office equipment RMB'000	Total RMB'000
At 1 January 2023: (restated)					
Cost	39,238	32,090	25,766	136,703	233,797
Accumulated depreciation	(13,454)	(15,524)	(19,050)	(85,411)	(133,439)
Net carrying amount	25,784	16,566	6,716	51,292	100,358
Net carrying amount:					
At 1 January 2023 (restated)	25,784	16,566	6,716	51,292	100,358
Additions	13,095	13,136	1,658	21,641	49,530
Depreciation provided during the year	(11,296)	(6,542)	(2,039)	(16,927)	(36,804)
Transfers	(128)	129	—	(23)	(22)
Disposals	(1)	(115)	(49)	(394)	(559)
Exchange realignment	26	—	24	259	309
At 31 December 2023	27,480	23,174	6,310	55,848	112,812
At 31 December 2023:					
Cost	52,304	43,861	25,446	156,051	277,662
Accumulated depreciation	(24,824)	(20,687)	(19,136)	(100,203)	(164,850)
Net carrying amount	27,480	23,174	6,310	55,848	112,812

Notes to Financial Statements (Continued)

31 December 2023

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

31 December 2022 (Restated)

	Buildings and leasehold improvements RMB'000 (Restated)	Machinery and equipment RMB'000 (Restated)	Motor vehicles RMB'000 (Restated)	Furniture, fixtures, and office equipment RMB'000 (Restated)	Total RMB'000 (Restated)
At 1 January 2022: (restated)					
Cost	30,751	24,482	23,094	121,301	199,628
Accumulated depreciation	(6,835)	(11,696)	(18,795)	(71,838)	(109,164)
Net carrying amount	23,916	12,786	4,299	49,463	90,464
Net carrying amount: (restated)					
At 1 January 2022	23,916	12,786	4,299	49,463	90,464
Acquisition of a subsidiary (note 35)	317	7	150	199	673
Additions	9,855	9,421	4,016	19,166	42,458
Depreciation provided during the year	(7,511)	(5,178)	(1,496)	(17,228)	(31,413)
Transfer to investment properties (note 15)	(868)	—	—	—	(868)
Disposals	(5)	(470)	(308)	(833)	(1,616)
Exchange realignment	80	—	55	525	660
At 31 December 2022	25,784	16,566	6,716	51,292	100,358
At 31 December 2022: (restated)					
Cost	39,238	32,090	25,766	136,703	233,797
Accumulated depreciation	(13,454)	(15,524)	(19,050)	(85,411)	(133,439)
Net carrying amount	25,784	16,566	6,716	51,292	100,358

15. INVESTMENT PROPERTIES

	Leased investment properties RMB'000 (note(c))	Self-owned investment properties RMB'000	Total RMB'000
Carrying amount as at 1 January 2022 (restated)	—	135,660	135,660
Additions (note c) (restated)	50,832	—	50,832
Transfer from property, plant and equipment and right-of-use assets (note 14 and 16(b)) (restated)	—	1,735	1,735
Fair value loss recognised during the year, net (restated)	(1,532)*	(2,635)	(4,167)
Carrying amount as at 31 December 2022 and 1 January 2023 (restated)	**49,300**	**134,760**	**184,060**
Fair value loss recognised during the year, net	**(3,000)***	**(6,640)**	**(9,640)**
Carrying amount as at 31 December 2023	**46,300**	**128,120**	**174,420**

* The amount is included in "Direct operating expenses" in the consolidated statement of profit or loss, which represented the fair value loss of leased investment properties held for subleasing purpose.

Notes:

(a) The Group's investment properties consist of self-owned offices, retail stores, a swimming pool, a club house, a residential property, car parking spaces and certain right-of-use assets of leased commercial and industrial properties, which are all located in Mainland China. These properties are leased to third parties and related parties under operating leases, further summary details of which are included in note 16(a) to the financial statements.

(b) The Group's investment properties were revalued on 31 December 2023 based on valuations performed by CHFT Advisory and Appraisal Limited (2022: CHFT Advisory and Appraisal Limited), independent professionally qualified valuers, at RMB174,420,000 in total. Each year, the Group's finance team reviews the valuations performed by the independent valuers for financial reporting purposes and reports directly to the senior management of the Group. The senior management has discussions with the valuers on the valuation assumptions and valuation results at least once a year. Also, the finance department would review all major inputs as set out in the valuation report issued by the independent valuers, assess property valuation movements when compared to the prior year valuation report and hold discussions with the independent valuers.

15. INVESTMENT PROPERTIES (Continued)

Notes: (Continued)

(b) (Continued)

Fair value hierarchy disclosure

At 31 December 2023, fair value measurements of all the Group's investment properties are using significant unobservable inputs (Level 3 as defined in HKFRS 13). During each of the years ended 31 December 2023 and 2022, there was no transfer into or out of Level 3.

Set out below is a summary of the valuation techniques used and key inputs to the valuation of the Group's investment properties:

Description	Valuation techniques	Significant unobservable inputs	Range of input	
			2023	2022
Offices	Investment approach	Prevailing market rents	**RMB47–99 per square metre per month**	RMB44–129 per square metre per month
		Reversionary yield	**4.5%–5.0%**	4.25%–4.75%
Retail stores, a swimming pool and club house	Investment approach	Prevailing market rents	**RMB15–191 per square metre per month**	RMB38–307 per square metre per month
		Reversionary yield	**3.0%–6.5%**	2.75%–6.5%
Car parking spaces	Direct comparison	Unit price	**RMB103,000–796,000 per car parking space**	RMB105,000–862,000 per car parking space
Residential property	Investment approach	Prevailing market rents	**RMB30–47 per square metre per month**	RMB46–52 per square metre per month
		Reversionary yield	**1.5%**	1.5%
Leased properties	Discounted cashflow approach	Prevailing market rents	**RMB44–272 per square metre per month**	RMB45–360 per square metre per month
		Market rent growth	**1.0%–2.0%**	1.0%–2.0%

The investment approach is applied based on net rental income that can be derived from existing tenancies with due allowance for the reversionary potential of the properties. The direct comparison method is based on comparing the properties to be valued directly with other comparable properties, which have recently been asked/transacted. The discounted cashflow approach method is based on projected rental incomes and converts such rental income to present value by appropriate discount rates. However, given the heterogeneous nature of properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the properties under consideration.

15. INVESTMENT PROPERTIES (Continued)

Notes: (Continued)

(b) (Continued)

Fair value hierarchy disclosure (Continued)

A significant increase (decrease) in the prevailing market rent of investment properties and unit price of car parking spaces in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the reversionary yield in isolation would result in a significant (decrease) increase in the fair value of the investment properties. Generally, a change in the assumption made for the prevailing market rent is accompanied by a directionally similar change in the rental value and an opposite change in the reversionary yield.

(c) Included in the additions of leased investment properties during the year ended 31 December 2022 is a property in Chengdu, the PRC which is leased from an indirect wholly-owned subsidiary of CSCEC for a period of 9 years, with a capitalised present value of total lease payments under the lease agreement of RMB31.9 million. The transaction constitutes a connected transaction as defined in Chapter 14A of the Listing Rules and further details of which are set out in the Company's announcement dated 28 April 2022.

The property is a right-of-use asset and is subleased out to third parties to earn rental income. Accordingly, it was accounted for as an investment property in these financial statements.

16. LEASES

(a) The Group as a lessor

The Group leases its investment properties (note 15) and certain car parking spaces (inventories) on a temporary basis under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits. Rental income recognised by the Group during the year was RMB21,920,000 (2022: RMB18,674,000 (restated)), details of which are included in note 5 to the financial statements.

At 31 December 2023, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its customers are as follows:

	2023 RMB'000	2022 RMB'000 (Restated)
Within one year	**14,445**	11,810
After one year but within two years	**16,294**	9,216
After two years but within three years	**5,573**	3,601
After three years but within four years	**60**	491
After four years but within five years	**—**	55
Total	**36,372**	25,173

16. LEASES (Continued)

(b) The Group as a lessee

The Group has lease arrangements as a lessee for various items of land, offices, staff quarters and warehouses. Lump sum payments were made upfront to acquire the leased land from the owners with corresponding lease periods, and no ongoing payments will be made under the terms of these land leases. Leases of various offices, staff quarters and warehouses generally have lease terms between 1 and 9 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value.

Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Buildings RMB'000	Total RMB'000
At 1 January 2022 (restated)	6,566	59,076	65,642
Acquisition of a subsidiary (note 35) (restated)	—	187	187
Additions (note (i)) (restated)	—	45,440	45,440
Transfer to investment properties (note 15) (restated)	(867)	—	(867)
Early termination of lease contracts (restated)	—	(3,650)	(3,650)
Depreciation provided during the year (restated)	(480)	(34,342)	(34,822)
Exchange realignment (restated)	—	1,216	1,216
At 31 December 2022 and 1 January 2023 (restated)	**5,219**	**67,927**	**73,146**
Additions	**—**	**21,436**	**21,436**
Early termination of lease contracts	**—**	**(2,433)**	**(2,433)**
Depreciation provided during the year	**(443)**	**(35,064)**	**(35,507)**
Exchange realignment	**—**	**693**	**693**
At 31 December 2023	**4,776**	**52,559**	**57,335**

Note:

(i) During the year ended 31 December 2022, the Group entered into a license agreement with COHL for the right of use of a property in Hong Kong for a period of 5 years, with a capitalised present value of total lease payments of approximately RMB11,188,000 (restated) which is included as one of the additions to right-of-use assets of buildings. The transaction constitutes a connected transaction as defined in Chapter 14A of the Listing Rules and further details of which are set out in the Company's announcement dated 28 April 2022.

16. LEASES (Continued)

(b) The Group as a lessee (Continued)

Lease liabilities

The carrying amount of the Group's lease liabilities and the movements during the year are as follows:

	2023 RMB'000	2022 RMB'000 (Restated)
Carrying amount as at 1 January	**121,762**	60,156
Acquisition of a subsidiary (note 35)	**—**	189
New leases	**21,779**	96,273
Accretion of interest recognised during the year	**4,914**	4,747
Payments	**(50,958)**	(35,584)
Early termination of lease contracts	**(940)**	(5,242)
Exchange realignment	**716**	1,223
Carrying amount as at 31 December	**97,273**	121,762
Portion classified as current liabilities	**(42,081)**	(47,236)
Non-current portion	**55,192**	74,526

Other lease information

The amounts recognised in profit or loss for the year in relation to leases are as follows:

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
Interest on lease liabilities	7	**4,914**	4,747
Depreciation of right-of-use assets	8	**35,507**	34,822
Fair value loss of leased investment properties included in direct operating expenses	8	**3,000**	1,532
Rental expenses relating to short-term leases or low-value assets	8	**40,749**	26,150
Loss/(gain) on early termination of lease contracts, net	6	**1,493**	(1,592)
Total amount recognised in profit or loss		**85,663**	65,659

The total cash outflow for leases is disclosed in note 36(b) to the financial statements.

17. INTANGIBLE ASSETS

	Self-developed computer software and systems		Other computer software and systems		Total	
	2023 RMB'000	2022 RMB'000 (Restated)	**2023 RMB'000**	2022 RMB'000 (Restated)	**2023 RMB'000**	2022 RMB'000 (Restated)
At 1 January:						
Cost	**80,893**	38,879	**43,943**	26,177	**124,836**	65,056
Accumulated amortisation	**(1,968)**	(774)	**(21,823)**	(16,013)	**(23,791)**	(16,787)
Net carrying amount	**78,925**	38,105	**22,120**	10,164	**101,045**	48,269
Net carrying amount:						
At 1 January	**78,925**	38,105	**22,120**	10,164	**101,045**	48,269
Acquisition of a subsidiary (note 35)	**—**	—	**—**	24	**—**	24
Additions	**59,942**	42,014	**33,958**	17,742	**93,900**	59,756
Amortisation provided during the year	**(4,116)**	(1,194)	**(6,313)**	(5,810)	**(10,429)**	(7,004)
At 31 December	**134,751**	78,925	**49,765**	22,120	**184,516**	101,045
At 31 December:						
Cost	**140,835**	80,893	**77,901**	43,943	**218,736**	124,836
Accumulated amortisation	**(6,084)**	(1,968)	**(28,136)**	(21,823)	**(34,220)**	(23,791)
Net carrying amount	**134,751**	78,925	**49,765**	22,120	**184,516**	101,045

18. INVESTMENT IN A JOINT VENTURE

	2023 RMB'000	2022 RMB'000 (Restated)
Share of net assets	**14,695**	8,414

Particulars of the Group's joint venture, which is indirectly held by the Company, are as follows:.

Company name	Registered capital	Place of registration/ operation	Proportion of the Group's ownership %	Principal activity
成都城投中海物業管理有限公司	RMB10,000,000	The PRC/Mainland China	51	Real estate management

In the opinion of the directors of the Company, the joint venture is not material to the Group.

19. INVESTMENT IN AN ASSOCIATE

	2023 RMB'000	2022 RMB'000 (Restated)
Share of net assets	**149**	290

Particulars of the Group's associate, which is indirectly held by the Company, are as follows:

Company name	Share capital	Place of registration/ operation	Proportion of the Group's ownership %	Principal activity
Windsor Heights Estate Management Company Limited	HK$100	Hong Kong	25	Real estate management

In the opinion of the directors of the Company, the associate is not material to the Group.

During the year ended 31 December 2023, dividend attributable to the Group amounting to approximately RMB335,000 was declared by the Group's associate, which was subsequently received by the Group in January 2024.

20. INVENTORIES

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

Notes:

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

(b) During the year, the Group entered into agreements with COLI (a fellow subsidiary of the Company) and it's subsidiaries and China Overseas Grand Oceans Group Limited ("COGO", an associate of COLI and a related company of the Company) and its subsidiaries for the purchase of right-of-use of certain car parking spaces at total contract amounts of RMB6,033,000 (2022: RMB52,164,000 (restated)) and Nil (2022: RMB52,156,000 (restated)) inclusive of value-added tax, respectively, which constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

21. TRADE RECEIVABLES, RETENTION RECEIVABLES AND OTHER CONTRACT ASSETS

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

21. TRADE RECEIVABLES, RETENTION RECEIVABLES AND OTHER CONTRACT ASSETS (Continued)

Notes:

(a) 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 service income is received in accordance with the terms of the relevant contract agreements, normally within 60 days from the issuance of payment requests. Other value-added 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

(b) Details of retention receivables and other contract assets are as follows:

	Notes	**31 December 2023 RMB'000**	31 December 2022 RMB'000 (Restated)	1 January 2022 RMB'000 (Restated)
Unbilled revenue arising from the provision of value-added services	(i)	**15,320**	—	—
Retention receivables arising from the provision of value-added services	(ii)	**15,827**	16,068	14,883
		31,147	16,068	14,883

21. TRADE RECEIVABLES, RETENTION RECEIVABLES AND OTHER CONTRACT ASSETS (Continued)

Notes: (Continued)

(b) (Continued)

(i) A contract asset, net of the contract liability related to the same contract, is recognised over the period in which the provision of valued-added services is performed, representing the Group's right to consideration for the services performed and not billed because the rights are conditional on the Group's future performance accepted by the customers. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers its contract assets to trade receivables when the payment certificate/invoice is issued.

(ii) Retention receivables related to revenue earned from the provision of construction of intelligent engineering services for which the right to the receipt of consideration for work performed remains conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the service contracts. The retention receivables are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the defect liability period.

There was no recent history of default and past due amounts. At 31 December 2023 and 2022, the loss allowance was assessed to be minimal, by adopting a provision matrix to measure the expected credit losses.

(c) Expected credit losses of trade receivables

The movements in the loss allowance for impairment of trade receivables during the year are as follows:

	2023 **RMB'000**	2022 RMB'000 (Restated)
At 1 January	**133,438**	111,591
Impairment recognised during the year, net	**65,205**	33,046
Written-off	**(28,474)**	(11,327)
Exchange realignment	**53**	128
At 31 December	**170,222**	133,438

An impairment analysis on trade receivables is performed at each reporting date using a provision matrix to measure the expected credit losses. The provision rates are based on the average of historical incurred credit loss experience on each ageing group of trade receivables based on invoice dates. Generally, trade receivables are written off if they are not considered recoverable by the Group and are not subject to enforcement activity.

21. TRADE RECEIVABLES, RETENTION RECEIVABLES AND OTHER CONTRACT ASSETS (Continued)

Notes: (Continued)

(c) (Continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables under a provision matrix under which the ageing classification of the gross carrying amount is based on the invoice date:

	Within 1 year RMB'000	1–2 years RMB'000	Over 2 years RMB'000	Total RMB'000
At 31 December 2023				
Expected loss rate	**1%**	**11%**	**57%**	**6%**
Gross carrying amount	**2,134,371**	**271,767**	**214,393**	**2,620,531**
Expected credit losses	**17,629**	**30,500**	**122,093**	**170,222**
At 31 December 2022 (Restated)				
Expected loss rate	1%	15%	72%	7%
Gross carrying amount	1,712,121	145,511	142,056	1,999,688
Expected credit losses	9,427	21,203	102,808	133,438

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 RMB'000	2022 RMB'000 (Restated)
Prepayments	**316,757**	288,651
Deposits	**127,464**	92,287
Payments on behalf of property owners for properties managed on a commission basis, net of provision for expected credit losses (note (a))	**96,059**	67,697
Payments on behalf of property owners for properties managed on a lump sum basis, sub-contractors and staff	**367,177**	299,715
Other receivables	**110,975**	115,208
Total prepayments, deposits and other receivables	**1,018,432**	863,558
Portion classified as current assets	**(1,002,172)**	(849,154)
Non-current portion	**16,260**	14,404

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

Notes:

(a) The balance represented payments made on behalf of property owners for properties managed on a commission basis under certain specific circumstances, including but not limited to payments of centralised procurement costs and transitional arrangements for property management projects with temporary working capital needs. Under the Group's policy, such payments on behalf of property owners must be settled within a set period of time depending on the nature of the payment. The Group did not hold any collateral over these balances.

An analysis of payments on behalf of property owners for properties managed on a commission basis, net of provision for expected credit losses, is as follows:

	2023 RMB'000	2022 RMB'000 (Restated)
Gross payments on behalf of property owners for properties managed on a commission basis	**162,646**	142,058
Less: Impairment (note (b))	**(66,587)**	(74,361)
	96,059	67,697

(b) The movements in the loss allowance for impairment of payments on behalf of property owners for properties managed on a commission basis during the year are as follows:

	2023 RMB'000	2022 RMB'000 (Restated)
At 1 January	**74,361**	64,122
(Reversal of impairment)/impairment recognised during the year, net	**(22,670)**	10,366
Reinstatement of impairment of other receivables previously written off in prior years	**15,607**	—
Written-off	**(711)**	(127)
At 31 December	**66,587**	74,361

An impairment analysis on payments on behalf of property owners for properties managed on a commission basis is performed at each reporting date by assessing the discounted future cash flows of each relevant property management project estimated by management in determining the recoverability of the amounts receivable by the Group. The discounted future cash flows take into consideration a number of factors, including, among others, past repayment history, existing market conditions and forward-looking estimates on the repayment ability of property owners collectively, at the end of each reporting period, which include estimation on the property management fees, collection rates and operating costs, etc.

(c) There was no recent history of default and past due amounts for financial assets included in deposits, other receivables and, payments on behalf of property owners for properties managed on a lump-sum basis, subcontractors and staff. At 31 December 2023 and 2022, the loss allowance was assessed to be minimal.

23. BALANCES DUE FROM RELATED PARTIES

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
Balance due from the immediate holding company			
Trade nature	(a)	**1,941**	1,910
Balances due from fellow subsidiaries			
Trade nature	(a)	**458,139**	428,112
Prepayments	(c)	**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	(a)	**90,682**	100,595
Non-trade nature	(b)	**—**	75,026
Prepayments	(c)	**2,107**	182
		92,789	175,803
Portion classified as non-current assets:			
Non-trade nature	(b)	**75,026**	—
Total balances due from related parties		**655,958**	670,094

Notes:

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

	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

23. BALANCES DUE FROM RELATED PARTIES (Continued)

Notes: (Continued)

(a) (Continued)

	2023 RMB'000	2022 RMB'000 (Restated)
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

The trade nature receivables from the immediate holding company, fellow subsidiaries and other related companies mainly represented property management service income from properties managed on a lump sum basis and value-added service income in the PRC, which are due for payment by the corresponding parties upon the issuance of a demand note. There was no material impairment loss provided against these balances as there was no indicator of higher credit risk on these balances and management considered these receivables were still performing as at 31 December 2023 (2022: Nil).

(b) During the year ended 31 December 2023, a subsidiary of the Group as the lender and a related company of the Group as the borrower entered into a renewal loan agreement to renew a loan of RMB75,026,000 which is unsecured and bears interest at the rate of 4.75% per annum, for a term of three years expiring on 18 October 2026. This transaction constituted a connected transaction as defined in Chapter 14A of the Listing Rules and further details of which are set out in the Company's announcement dated 26 September 2023. Interest received and receivable from this related company in connection with this loan for the year ended 31 December 2023 amounted to RMB3,362,000 (2022: RMB3,362,000 (restated)), exclusive of value-added tax.

There was no recent history of default and past due amounts. At 31 December 2023 and 2022, the loss allowance was assessed to be minimal.

(c) Prepayments to fellow subsidiaries as at 31 December 2023 mainly included down payments of RMB11,943,000 (2022: RMB63,688,000 (restated)) for material procurement and supply chain management services and RMB10,254,000 (2022: Nil) for the purchase of right-of-use of car parking spaces.

During the year ended 31 December 2023, the Group committed with fellow subsidiaries for material procurement and supply chain management services at a total lump sum amount of RMB1,240,000 (2022: RMB33,149,000 (restated)), inclusive of value-added taxes, which constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

24. CASH AND BANK BALANCES

	2023 RMB'000	2022 RMB'000 (Restated)
Cash and bank other than time deposits	**3,191,750**	2,418,185
Time deposits	**1,938,910**	1,710,000
Cash and bank balances	**5,130,660**	4,128,185

Notes:

(a) At 31 December 2023, the cash and bank balances of the Group denominated in RMB amounted to RMB4,573,511,000 (2022: RMB3,994,126,000 (restated)). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

(b) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits were made for a period of more than three months, and earn interest at short term time deposit rates ranging from 2.99% to 5.34% (2022: 1.50% to 4.10%) per annum. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default. In the opinion of the directors, the carrying amounts of such deposits were approximately to their fair value as at 31 December 2023.

25. 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 months 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

26. OTHER PAYABLES AND ACCRUALS

	2023 RMB'000	2022 RMB'000 (Restated)
Special funds (note)	**89,278**	88,343
Accrued staff costs	**601,193**	713,861
Payables for value-added tax and other levies	**73,218**	72,891
Other payables	**195,382**	257,581
	959,071	1,132,676

Note: Amount mainly represents the special maintenance funds held on custody of property owners for future settlement of construction costs for certain properties managed by the Group.

27. TEMPORARY RECEIPTS FROM PROPERTIES MANAGED

	2023 RMB'000	2022 RMB'000 (Restated)
Temporary receipts from properties managed:		
— on a commission basis	**716,661**	796,204
— on a lump sum basis	**566,325**	498,645
	1,282,986	1,294,849

28. RECEIPTS IN ADVANCE AND OTHER DEPOSITS

	Notes	**2023 RMB'000**	2022 RMB'000 (Restated)
Contract liabilities — Receipts in advance	(a)	**1,216,534**	1,008,638
Various deposits received	(b)	**483,526**	423,573
		1,700,060	1,432,211

Notes:

(a) Details of contract liabilities are as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000 (Restated)	1 January 2022 RMB'000 (Restated)
Receipts in advance from customers	**1,216,534**	1,008,638	864,265

Except for those classified as balances due to fellow subsidiaries and other related companies as set out in note 29 to the financial statements, contract liabilities of the Group represented the advance payments made by customers while the underlying services are yet to be provided in accordance with HKFRS 15.

The increase in contract liabilities in 2023 and 2022 was mainly due to increase in the number of property management projects.

(b) Various deposits received mainly represent security, tender and quality guarantee deposits held by the Group.

29. 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 (note)	**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 (note)	**10,944**	8,811
	31,360	37,741
Total balances due to related parties	**49,167**	73,543

29. BALANCES DUE TO RELATED PARTIES (Continued)

Note: Details of contract liabilities included in balances due to related parties are as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000 (Restated)	1 January 2022 RMB'000 (Restated)
Receipts in advance from			
— fellow subsidiaries	**5,498**	4,811	5,065
— other related companies	**10,944**	8,811	8,574
	16,442	13,622	13,639

These balances are contract liabilities arising from the provision of property management services and value-added services to fellow subsidiaries and other related companies while the underlying services are not yet to be provided. The balance of contract liabilities depends on cash receipts during the corresponding year. The increase in contract liabilities of balances due to fellow subsidiaries and other related companies in 2023 is mainly attributable to the increase in balances relating to value-added services as at year ended 31 December 2023.

Revenue from property management services of RMB4,477,000 (2022: RMB4,422,000 (restated)) and RMB5,910,000 (2022: RMB6,348,000 (restated)) recognised in the current reporting period were included in the balances due to fellow subsidiaries and other related companies as at 1 January 2023, respectively.

30. 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

Note: 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.

31. DEFERRED TAX

Net deferred tax assets and liabilities recognised in the consolidated statement of financial position are as follows:

	2023 RMB'000	2022 RMB'000 (Restated)
Deferred tax assets	**44,745**	41,049
Deferred tax liabilities	**(13,373)**	(14,892)
	31,372	26,157

The movements in deferred tax assets/(liabilities) of the Group, without taking into consideration the offsetting of balances within the same taxation authority, are as follows:

	Impairment provision for financial assets and contract assets RMB'000	Revaluation of properties and accelerated tax deprecation RMB'000	Provision for unused annual leave RMB'000	Total RMB'000
At 1 January 2022 (restated)	44,990	(28,467)	4,203	20,726
Net deferred tax credited/(charged) to profit or loss during the year (restated)	5,669	(656)	114	5,127
Exchange realignment (restated)	13	(62)	353	304
At 31 December 2022 and 1 January 2023 (restated)	**50,672**	**(29,185)**	**4,670**	**26,157**
Net deferred tax credited/(charged) to profit or loss during the year	**9,086**	**(2,340)**	**(1,629)**	**5,117**
Exchange realignment	**—**	**(25)**	**123**	**98**
At 31 December 2023	**59,758**	**(31,550)**	**3,164**	**31,372**

31. DEFERRED TAX (Continued)

Notes:

(a) At 31 December 2023, deferred tax assets have not been recognised in respect of unused tax losses of RMB359,263,000 (2022: RMB350,573,000 (restated)) as they have arisen in the Company and certain subsidiaries that have been loss-making for some time and it is not assured that taxable profits will be available against which such tax losses can be utilised. Out of this amount, tax losses of RMB9,437,000 (2022: RMB24,781,000 (restated)) will expire in one to five years. The remaining tax losses may be carried forward indefinitely without a fixed term.

(b) Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. For the Group, the applicable tax rate is 5% on dividends distributed by subsidiaries established in the PRC, pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》).

At 31 December 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings, that are subject to withholding taxes, of the Group's subsidiaries established in the PRC (2022: Nil). In the opinion of directors of the Company, it is not probable that these subsidiaries will distribute such unremitted earnings in the foreseeable future and the Company is able to control the timing of the distribution, as well as the reversal of the temporary differences. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB2,768,494,000 (2022: RMB2,189,529,000 (restated)) as at 31 December 2023.

32. SHARE CAPITAL

	2023 **RMB'000**	2022 RMB'000 (Restated)
Authorised: 30,000,000,000 ordinary shares of HK$0.001 each	**24,451**	24,451
Issued and fully paid: 3,286,860,460 ordinary shares of HK$0.001 each	**2,679**	2,679

33. A-SHARE RESTRICTED STOCK INCENTIVE PLAN

In the current and prior years, certain employees of the Group, including certain directors and senior management, were granted incentive shares by CSCECL pursuant to its A-share Restricted Stock Incentive Plan, in respect of their services to the Group. The incentive shares granted are subject to a lock-up period of two year service from the grant date, within which these shares are not transferrable, nor subject to any guarantee, indemnity or pledge. One-third of the incentive shares granted are vested at the beginning of each year starting from the third year since the grant date. Subject to CSCECL's achievement of performance conditions and individual's key performance indicators, the restriction over these shares will be removed, otherwise, CSCECL has constructive obligation to repurchase the incentive shares in cash if the performance conditions of CSCECL or individual's key performance indicators are not achieved. The numbers of outstanding incentive shares granted by CSCECL to the employees of the Group as at the end of the reporting period are as follows:

	Grant date	Exercise price	Number of outstanding incentive shares of CSCECL	
			2023	2022
A-share Restricted Stock Incentive Plan:				
Phase III	26 December 2018	RMB3.468 per share	**5,544,000**	6,234,000
Phase IV	23 December 2020	RMB3.06 per share	**4,260,000**	7,150,000
			9,804,000	13,384,000

The fair values of incentive shares on the date of grant for the A-shares Restricted Stock Incentive Plan, (Phase III) and (Phase IV) were, RMB2.112 per share and RMB1.94 per share, respectively, which were determined using relevant valuation techniques and the significant inputs such as the market price on the granted date and the exercise price.

During the year, except for 690,000 incentive shares being lapsed due to certain changes of the entitled director and normal staffs under the A-share Restricted Stock Incentive Plan (Phase III), 750,000 incentive shares being lapsed due to certain changes of the entitled director and normal staffs and 2,140,000 incentive shares being lapsed due to buyback clause arrangement under the A-share Restricted Stock Incentive Plan (Phase IV) respectively, there was no other moments in the incentive shares granted under the A-share Restricted Stock Incentive Plan.

During the year, total expenses of RMB610,000 (2022: RMB5,411,000 (restated)) arising from the aforesaid share-based payments were recognised in profit or loss, with a corresponding credit to capital reserve.

34. RESERVES

(a) The amounts of the Group's reserves and the movements for the current and prior years are presented in the consolidated statement of changes in equity.

(b) PRC statutory reserve of the Group represents the general and development fund reserve applicable to subsidiaries which was established in accordance with the relevant PRC regulations.

(c) Special reserve comprises the differences between (i) the net assets of the entities acquired by the Group under a group reorganisation undertaken in 2015 and other business combinations under common control; and (ii) the considerations paid by the Group for such acquisitions.

(d) Capital reserve represents capital contribution relating to share-based payments borne by an intermediate holding company as set out in note 33 to the financial statements.

35. BUSINESS COMBINATION UNDER COMMON CONTROL

Year ended 31 December 2022

On 9 December 2022, the Group entered into an equity transfer agreement with a non-wholly owned subsidiary of COLI, which is a fellow subsidiary of the Group, to acquire all the interests in 廣州利合物業管理有限公司 ("Lihe") at a cash consideration of approximately RMB76,071,000 (the "Lihe Acquisition"). The Lihe Acquisition was completed in December 2022 and constitutes a connected transaction under Chapter 14A of the Listing Rules.

Lihe is principally engaged in the provision of property management services in Guangzhou, the PRC. Given that Lihe is ultimately controlled by COHL before and after the business combination, the Lihe Acquisition was accounted for as a business combination under common control using the principle of merger accounting in accordance with AG 5 (Revised) in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2022. Under the principle of merger accounting, the consolidated financial statements had been prepared as if the Lihe Acquisition had been completed on 27 January 2022, which is the earlier of the beginning of the earliest period presented and the combining entity first came under the control of COHL.

During the year ended 31 December 2022, dividend paid to the previous equity holder of Lihe before the completion of the Lihe Acquisition amounted to RMB10,000,000 (restated) in December 2022.

35. BUSINESS COMBINATION UNDER COMMON CONTROL (Continued)

Year ended 31 December 2022 (Continued)

The identifiable assets and liabilities of Lihe as at 27 January 2022 (the date Lihe first came under the control of COHL) were as follows:

	Notes	2022 RMB'000 (Restated)
Property, plant and equipment	14	673
Right-of-use assets	16(b)	187
Intangible assets	17	24
Cash and bank balances		30,541
Trade and retention receivables		8,119
Prepayments, deposits and other receivables		1,208
Trade payables		(8,763)
Other payables and accruals		(11,102)
Receipts in advance and other deposits		(7,086)
Lease liabilities	16(b)	(189)
Net assets		13,612
Less: Dividend paid to the previous equity holder of Lihe before the completion of the Lihe Acquisition in December 2022		(10,000)
Less: Consideration transferred		(76,071)
Amount charged to the special reserve		(72,459)

An analysis of the cash flows in respect of the Lihe Acquisition is as follows:

	2022 RMB'000 (Restated)
Cash consideration	(76,071)
Cash and bank balances acquired	30,541
Net outflow of cash and cash equivalents included in cash flows from investing activities	(45,530)

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

Save as disclosed in notes 15 and 16 regarding additions of leased investment properties, early termination of lease contracts, additions of right-of-use assets and lease liabilities, the Group had no major non-cash transactions of investing and financing activities during the years ended 31 December 2023 and 2022.

(b) Changes in liabilities arising from financing activities

	Bank borrowings RMB'000	Lease liabilities RMB'000 (note)
At 1 January 2022 (restated)	—	60,156
Changes from:		
— financing cash inflow (restated)	579,450	—
— financing cash outflow (restated)	(526,730)	(35,584)
Interest expenses (restated)	7,280	4,747
Non-cash transactions (restated)	—	91,220
Exchange realignment (restated)	—	1,223
At 31 December 2022 and 1 January 2023 (restated)	**60,000**	**121,762**
Changes from:		
— financing cash inflow	**56,359**	**—**
— financing cash outflow	**(61,605)**	**(50,958)**
Interest expenses	**1,605**	**4,914**
Non-cash transactions	**—**	**20,839**
Exchange realignment	**—**	**716**
At 31 December 2023	**56,359**	**97,273**

Note: The total cash outflow for leases included in the consolidated statement of cash flows within operating activities and financial activities for the year ended 31 December 2023 were RMB40,749,000 (2022: RMB26,150,000 (restated)) and RMB50,958,000 (2022: RMB35,584,000 (restated)), respectively.

37. CAPITAL COMMITMENTS

The Group had the following capital commitments as at the end of the reporting period:

	2023 RMB'000	2022 RMB'000 (Restated)
Contracted, but not provided for		
Capital investment into a joint venture	**2,550**	2,550
Acquisition of intangible assets	**24,006**	4,241
	26,556	6,791

38. CONTINGENT LIABILITIES

At 31 December 2023, the Group provided (i) counter indemnities to a fellow subsidiary and banks amounting to approximately RMB77,679,000 (2022: RMB83,701,000 (restated)) and RMB216,123,000 (2022: RMB189,565,000 (restated)), respectively, for performance guarantees issued by the fellow subsidiary and the banks in respect of certain property management service contracts of the Group; and (ii) guarantees to COLI, China State Construction International Holdings Limited ("CSC") and COGO amounting to RMB50,000,000 (2022: RMB50,000,000 (restated)), RMB30,000,000 (2022: RMB30,000,000 (restated)) and RMB20,000,000 (2022: RMB20,000,000 (restated)), respectively, for tender deposits, performance bonds issued by banks or security deposits on contracts following tender acceptances to ensure contract performance and quality guarantees on settlement, which constituted connected transactions as defined in Chapter 14A of the Listing Rules.

39. RELATED PARTY DISCLOSURES

The table set forth below summarises the name of the major related parties as defined in HKAS 24 (Revised) *Related Party Disclosures* and the nature of their relationship with the Group as at 31 December 2023:

Related Parties	Relationship with the Group
CSCEC	Ultimate holding company
CSCECL	Intermediate holding company
COHL	Immediate holding company
COLI and its subsidiaries	Fellow subsidiaries
CSC and its subsidiaries	Fellow subsidiaries
COGO, and joint ventures and associates of fellow subsidiaries	Other related companies

39. RELATED PARTY DISCLOSURES (Continued)

(a) Transactions with related parties

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties, which also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, during the year:

	Notes	2023 RMB'000	2022 RMB'000 (Restated)
CSCEC and its subsidiaries (exclusive of COHL and its subsidiaries)			
Property management income and value-added service income	(i)	**156,179**	112,254
Rental expenses paid	(ii)	**4,638**	4,004
COHL and its subsidiaries (exclusive of COLI, CSC and their subsidiaries)			
Property management income and value-added service income	(i)	**15,040**	10,439
Rental expenses paid	(ii)	**2,597**	2,409
COLI, CSC and their subsidiaries (fellow subsidiaries)			
Property management income and value-added service income	(i)	**1,353,577**	1,337,443
Rental and utility expenses paid	(ii)	**145,447**	116,808
Other related companies			
Property management income and value-added service income	(i)	**329,170**	353,863

Notes:

(i) The property management income and value-added service income were based on the rates in accordance with the respective contracts.

(ii) The rental and utility expenses paid were charged in accordance with the respective tenancy agreements and property management agreements. Certain of the rental expenses paid were in relation to additions to leased investment properties and right-of-use assets, as disclosed in notes 15 and 16, respectively.

39. RELATED PARTY DISCLOSURES (Continued)

(b) Performance guarantees

Details of the performance guarantees given by a fellow subsidiary and the counter indemnities given by the Group in connection with the operations of the Group are disclosed in note 38 to the financial statements.

(c) Outstanding balances with related parties

Details of the Group's outstanding balances with related parties are disclosed in notes 23 and 29 to the financial statements.

(d) Key management personnel compensation

	2023 RMB'000	2022 RMB'000 (Restated)
Short-term benefits	**28,284**	37,676
Contributions to pension schemes	**591**	828
Total compensation paid to key management personnel	**28,875**	38,504

Further details of directors' emoluments are included in note 9 to the financial statements.

(e) Transactions with other state-owned entities in Mainland China

The Group is active in the provision of property management services, value-added services and car parking space trading business in various provinces in the PRC and the Group operates in an economic environment predominated by entities directly or indirectly owned or controlled by the PRC government. In addition, the Group is itself part of a larger group of companies under CSCEC which is controlled by the PRC government. Apart from the transactions already disclosed above, the Group also conducts business with other state-controlled entities ("Other SOEs"), including but not limited to bank deposits and borrowings and utilities consumptions. The directors consider that the transactions with Other SOEs are activities in the ordinary course of the Group's business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and the Other SOEs are ultimately controlled or owned by the PRC government. Having due regard to the substance of the relationships, the Company's directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure.

40. FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and liabilities of the Group as at 31 December 2023 and 2022 were classified as financial assets and financial liabilities stated at amortised cost, respectively.

The carrying amounts of each of the financial assets and financial liabilities stated at amortised cost as at the end of the reporting period are as follows:

Financial assets stated at amortised cost

	2023 RMB'000	2022 RMB'000 (Restated)
Trade receivables	**2,450,309**	1,866,250
Deposits and other receivables	**701,675**	574,907
Financial assets included in balances due from related parties	**625,788**	605,643
Cash and bank balances	**5,130,660**	4,128,185
	8,908,432	7,174,985

Financial liabilities stated at amortised cost

	2023 RMB'000	2022 RMB'000 (Restated)
Trade payables	**1,993,794**	1,334,917
Financial liabilities included in other payables and accruals	**284,660**	345,924
Temporary receipts from properties managed	**1,282,986**	1,294,849
Financial liabilities included in receipts in advances and other deposits	**483,526**	423,573
Financial liabilities included in balances due to related parties	**32,725**	59,921
Bank borrowings	**56,359**	60,000
Lease liabilities	**97,273**	121,762
	4,231,323	3,640,946

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

In the opinion of the directors of the Company, the fair values of the financial assets and financial liabilities which are due to be received or settled within one year approximate to their carrying amounts largely due to the short-term maturities of these financial instruments, and therefore, no disclosure of their fair values is made.

For other non-current financial assets and financial liabilities, in the opinion of the directors of the Company, since their carrying amounts are not significantly different from their respective fair values, no disclosure of the fair values is made.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise trade receivables, deposits under current assets and current liabilities and other receivables, amounts due from/(to) the immediate holding company, fellow subsidiaries and other related companies, trade payables, other payables and accruals, temporary receipts from properties managed, lease liabilities, bank borrowings and cash and bank balances.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for hedging or speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of the changes in interest rates.

Interest rate risk

The Company's cash flow interest rate risk relates primarily to its variable-rate bank balances amounting to approximately RMB5,130,660,000 (2022: RMB4,128,185,000 (restated)). Management monitors interest rate exposure on a dynamic basis and will consider hedging significant interest rate exposure should the need arise.

Interest rate risk sensitivity analysis is prepared assuming the amount of assets/liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used as it represents management's assessment of the reasonably possible change in interest rates.

If interest rates have been 25 basis points higher/lower and all other variables were held constant, the Group's profit before tax for the year end would increase/decrease by approximately RMB12,827,000 (2022: RMB10,320,000 (restated)). This is mainly attributable to the Group's exposure to cash flow interest rates on its variable-rate bank balances.

Foreign currency risk

The Company's dividend receivable/received from PRC subsidiaries are denominated in RMB while the Company's functional currencies is HK$, hence exposures to exchange rate fluctuation arise. Taking into consideration that RMB is still exposed to fluctuations in the short term but would become stable in the medium term, the foreign exchange risk should be short-term and relatively controllable. Management manages its foreign currency risk by closely reviewing the movements of the foreign currency rates and considers hedging significant foreign currency exposure should the need arise.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

Credit risk arises from the potential failure of the Group's counterparties to meet their obligations under property management services agreements, value-added services agreements and trading of car parking spaces agreements. Credit risk exposure is minimised by the management of the Group through monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual receivable balance at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. The Group had no concentration of credit risk in respect of trade receivables, retention receivables and other contract assets, with exposure spread over a number of customers, e.g., property owners of the properties managed on a lump sum basis by the Group and customers of value-added services. In order to enhance the timeliness of property management fee and other payments, the Group has undertaken effective measures aimed at boosting the collections of trade and retention receivables.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2023 and 2022. The amounts presented are gross carrying amounts of financial assets.

At 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables, retention receivables and other contract assets	—	—	—	2,651,678	2,651,678
Deposits and other receivables					
— Normal*	605,616	—	—	—	605,616
— Well covered*	40,838	—	—	—	40,838
— Not well covered*	—	121,808	—	—	121,808
Due from the immediate holding company	—	—	—	1,941	1,941
Due from fellow subsidiaries	—	—	—	458,139	458,139
Due from other related companies (trade)	—	—	—	90,682	90,682
Due from other related companies (non-trade)					
— Normal*	75,026	—	—	—	75,026
Cash and bank balances (exclusive of time deposits)	3,191,750	—	—	—	3,191,750
Time deposits included in cash and bank balances (not yet matured)	1,938,910	—	—	—	1,938,910
	5,852,140	121,808	—	3,202,440	9,176,388

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

At 31 December 2022 (Restated)

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000 (Restated)	Stage 2 RMB'000 (Restated)	Stage 3 RMB'000 (Restated)	Simplified approach RMB'000 (Restated)	Total RMB'000 (Restated)
Trade receivables, retention receivables and other contract assets	—	—	—	2,015,756	2,015,756
Deposits and other receivables					
— Normal*	507,210	—	—	—	507,210
— Well covered*	22,975	—	—	—	22,975
— Not well covered*	—	119,083	—	—	119,083
Due from the immediate holding company	—	—	—	1,910	1,910
Due from fellow subsidiaries	—	—	—	428,112	428,112
Due from other related companies (trade)	—	—	—	100,595	100,595
Due from other related companies (non-trade)					
— Normal*	75,026	—	—	—	75,026
Cash and bank balances (exclusive of time deposits)	2,418,185	—	—	—	2,418,185
Time deposits included in cash and bank balances (not yet matured)	1,710,000	—	—	—	1,710,000
	4,733,396	119,083	—	2,546,373	7,398,852

For trade receivables, retention receivables and other contract assets to which the Group applies the simplified approach for impairment, information is disclosed in note 21 to the financial statements.

The credit risk of the Group's other financial assets, including amounts due from the immediate holding company, fellow subsidiaries and other related companies and cash and bank balances, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

* The credit quality of the deposits and other receivables (other than payments on behalf of property owners for properties managed on a commission basis) and amounts due from other related companies (non-trade) is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. When the net present value of the expected cash inflow in the cash flow forecasts is able to cover the gross carrying amount of payments on behalf of property owners for properties managed on a commission basis, the credit quality of the receivables is considered "well covered". While credit risk of the payments on behalf of property owners for properties managed under a commission basis has increased significantly since initial recognition, the credit quality of them is considered "not well covered" when the net present value of the expected cash inflow in the cash flow forecasts is not able to cover the gross carrying amount of the receivables.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of bank balances and cash deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

At 31 December 2023, the Group has been granted with undrawn borrowing facilities of RMB865,350,000 (2022: RMB568,807,000 (restated)) in Mainland China, HK$700,000,000 (equivalent to approximately RMB635,600,000) (2022: HK$700,000,000 (equivalent to approximately RMB616,000,000 (restated)) in Hong Kong. The bank borrowing facilities granted in Mainland China may be drawn at any time in RMB at floating interest rates and the facilities will expire within 1 to 2 years (2022: 1 to 3 years) after the end of the reporting period. The bank borrowing facilities granted in Hong Kong may be drawn at any time in HK$ at either Hong Kong Inter-bank Offered Rate plus 1.35% per annum (2022: at either Hong Kong Inter-bank Offered Rate plus 1.35% per annum) and the expiry date will be reviewed annually.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

At 31 December 2023

	Within 1 year or on demand RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade payables	1,993,794	—	—	—	1,993,794
Other deposits and other payables	768,186	—	—	—	768,186
Temporary receipts from properties managed	1,282,986	—	—	—	1,282,986
Due to fellow subsidiaries	12,309	—	—	—	12,309
Due to other related companies	20,416	—	—	—	20,416
Bank borrowings	57,825	—	—	—	57,825
Lease liabilities	45,932	24,227	27,999	10,749	108,907
	4,181,448	24,227	27,999	10,749	4,244,423

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

At 31 December 2022 (Restated)

	Within 1 year or on demand RMB'000 (Restated)	Between 1 and 2 years RMB'000 (Restated)	Between 2 and 5 years RMB'000 (Restated)	Over 5 years RMB'000 (Restated)	Total RMB'000 (Restated)
Trade payables	1,334,917	—	—	—	1,334,917
Other deposits and other payables	769,497	—	—	—	769,497
Temporary receipts from properties managed	1,294,849	—	—	—	1,294,849
Due to fellow subsidiaries	30,991	—	—	—	30,991
Due to other related companies	28,930	—	—	—	28,930
Bank borrowings	61,458	—	—	—	61,458
Lease liabilities	50,583	31,562	38,709	15,356	136,210
	3,571,225	31,562	38,709	15,356	3,656,852

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of bank balances and cash and equity of the Group, comprising issued share capital, retained profits and other reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company assess budgets of major projects taking into account the provision of funding. Based on the operating budgets, the directors consider the cost of capital and the risks associated with each class of capital, and to maintain or adjust the Group's overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debts.

The Group was in a net cash position as at 31 December 2023 and 2022.

43. COMPARATIVE AMOUNTS

The comparative amounts in these financial statements in respect of the year ended 31 December 2022 were restated as a result of the change in presentation currency of the consolidated financial statements from HK$ to RMB, as further detailed in note 2.2 to the financial statements. Accordingly, the comparative amounts in these financial statements in respect of financial information relating to the year ended 31 December 2022 have been restated and re-presented in RMB.

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023 RMB'000	2022 RMB'000 (Restated)
NON-CURRENT ASSETS		
Property, plant and equipment	**380**	693
Right-of-use assets	**7,976**	10,049
Investments in subsidiaries	**384,897**	384,897
Total non-current assets	**393,253**	395,639
CURRENT ASSETS		
Prepayments, deposits and other receivables	**1,817**	445
Due from the immediate holding company	**766**	742
Due from subsidiaries	**70,904**	72,458
Cash and bank balances	**372,163**	32,597
Total current assets	**445,650**	106,242
CURRENT LIABILITIES		
Other payables and accruals	**13,527**	21,015
Due to a subsidiary	**359,238**	150,104
Due to fellow subsidiaries	**270**	268
Due to other related companies	**—**	15
Income tax payable	**45,500**	27,000
Lease liabilities	**2,434**	2,293
Total current liabilities	**420,969**	200,695
NET CURRENT ASSETS/(LIABILITIES)	**24,681**	(94,453)
TOTAL ASSETS LESS CURRENT LIABILITIES	**417,934**	301,186
NON-CURRENT LIABILITIES		
Lease liabilities	**5,951**	8,126
Net assets	**411,983**	293,060
EQUITY		
Issued capital	**2,679**	2,679
Reserves (note)	**409,304**	290,381
Total equity	**411,983**	293,060

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note: A summary of the Company's reserves is as follows:

	Capital Reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2022 (restated)	15,122	6,301	313,357	334,780
Profit for the year (restated)	—	—	247,611	247,611
Other comprehensive loss for the year:				
Exchange differences on translation of the Company's financial statements (restated)	—	(15,051)	—	(15,051)
Total comprehensive (loss)/income for the year (restated)	—	(15,051)	247,611	232,560
Capital contribution relating to share-based payments borne by an intermediate holding company (restated)	5,411	—	—	5,411
2021 final dividend (restated)	—	—	(167,403)	(167,403)
2022 interim dividend (restated)	—	—	(114,967)	(114,967)
At 31 December 2022 and 1 January 2023 (restated)	**20,533**	**(8,750)**	**278,598**	**290,381**
Profit for the year	**—**	**—**	**527,671**	**527,671**
Other comprehensive loss for the year:				
Exchange differences on translations of the Company's financial statements	**—**	**(1,504)**	**—**	**(1,504)**
Total comprehensive (loss)/income for the year	**—**	**(1,504)**	**527,671**	**526,167**
Capital contribution relating to share-based payments borne by an intermediate holding company	**610**	**—**	**—**	**610**
2022 final dividend	**—**	**—**	**(240,427)**	**(240,427)**
2023 interim dividend	**—**	**—**	**(167,427)**	**(167,427)**
At 31 December 2023	**21,143**	**(10,254)**	**398,415**	**409,304**

45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2024.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, is set out below:

Consolidated results

	Year ended 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)	(Restated)	(Restated)	(Restated)
REVENUE	**13,051,250**	10,899,824	7,799,121	5,824,940	4,760,469
Direct operating expenses	**(10,981,430)**	(9,164,314)	(6,443,153)	(4,760,995)	(3,810,709)
GROSS PROFIT	**2,069,820**	1,735,510	1,355,968	1,063,945	949,760
Other income and gains, net	**169,698**	160,016	108,900	107,830	57,620
Fair value (loss)/gain of self-owned investment properties, net	**(6,640)**	(2,635)	(1,571)	(4,263)	2,240
Selling and administrative expenses	**(386,916)**	(399,945)	(354,091)	(302,234)	(344,703)
Impairment of financial assets, net	**(42,535)**	(43,412)	(19,446)	(33,964)	(755)
OPERATING PROFIT	**1,803,427**	1,449,534	1,089,760	831,314	664,162
Finance costs	**(6,519)**	(12,027)	(2,672)	(2,813)	(2,049)
Share of profit of a joint venture	**6,281**	4,030	1,202	479	154
Share of profit of an associate	**188**	159	158	163	168
PROFIT BEFORE TAX	**1,803,377**	1,441,696	1,088,448	829,143	662,435
Income tax expenses	**(451,873)**	(341,593)	(273,478)	(199,737)	(188,490)
Profit for the year	**1,351,504**	1,100,103	814,970	629,406	473,945
ATTRIBUTABLE TO:					
Shareholders of the Company	**1,342,503**	1,093,633	812,678	623,007	468,458
Non-controlling interests	**9,001**	6,470	2,292	6,399	5,487
	1,351,504	1,100,103	814,970	629,406	473,945
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY					
Basic and diluted (RMB cents per share)	**40.84**	33.27	24.72	18.95	14.25

Note: For presentation purpose, the consolidated results in prior financial years were restated following the change in presentation currency of the Group's financial statements from HK$ to RMB during the year ended 31 December 2023.

Five Year Financial Summary (Continued)

Consolidated net assets

	At 31 December				
	2023 RMB'000	2022 RMB'000 (Restated)	2021 RMB'000 (Restated)	2020 RMB'000 (Restated)	2019 RMB'000 (Restated)
NON-CURRENT ASSETS					
Property, plant and equipment	**112,812**	100,358	90,464	57,739	49,977
Investment properties	**174,420**	184,060	135,660	137,200	129,120
Right-of-use assets	**57,335**	73,146	65,642	60,782	54,566
Intangible assets	**184,516**	101,045	48,269	17,680	10,316
Investment in a joint venture	**14,695**	8,414	4,384	3,183	2,800
Investment in an associate	**149**	290	117	277	128
Due from a related company	**75,026**	—	75,026	75,026	—
Prepayments	**16,260**	14,404	21,324	1,986	4,903
Deferred tax assets	**44,745**	41,049	35,281	32,578	30,980
	679,958	522,766	476,167	386,451	282,790
CURRENT ASSETS					
Inventories	**735,645**	854,311	759,460	511,862	370,291
Trade receivables, retention receivables and other contract assets	**2,481,456**	1,882,318	1,126,620	714,138	502,292
Prepayments, deposits and other receivables	**1,002,172**	849,154	483,422	324,573	262,041
Due from the immediate holding company	**1,941**	1,910	331	754	204
Due from fellow subsidiaries	**486,202**	492,381	338,212	109,015	79,845
Due from other related companies	**92,789**	175,803	93,314	53,644	95,238
Cash and bank balances	**5,130,660**	4,128,185	3,478,100	3,127,613	2,208,688
	9,930,865	8,384,062	6,279,459	4,841,599	3,518,599
CURRENT LIABILITIES					
Trade payables	**1,993,794**	1,334,917	630,507	389,179	378,326
Other payables and accruals	**959,071**	1,132,676	895,768	841,109	684,862
Temporary receipts from properties managed	**1,282,986**	1,294,849	1,253,100	1,085,097	481,935
Receipts in advance and other deposits	**1,700,060**	1,432,211	1,218,652	788,997	654,980
Due to the immediate holding company	**—**	—	880	—	—
Due to fellow subsidiaries	**17,807**	35,802	9,191	15,292	3,834
Due to other related companies	**31,360**	37,741	10,178	15,419	5,830
Income tax payables	**281,723**	218,553	184,009	180,128	157,034
Bank borrowings	**56,359**	60,000	—	—	—
Lease liabilities	**42,081**	47,236	33,491	20,926	19,509
	6,365,241	5,593,985	4,235,776	3,336,147	2,386,310
Net current assets	**3,565,624**	2,790,077	2,043,683	1,505,452	1,132,289
Total assets less current liabilities	**4,245,582**	3,312,843	2,519,850	1,891,903	1,415,079

Consolidated net assets (Continued)

	At 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)	(Restated)	(Restated)	(Restated)
NON-CURRENT LIABILITIES					
Lease liabilities	**55,192**	74,526	26,665	32,589	28,728
Deferred tax liabilities	**13,373**	14,892	14,555	15,760	28,139
	68,565	89,418	41,220	48,349	56,867
Net assets	**4,177,017**	3,223,425	2,478,630	1,843,554	1,358,212
EQUITY					
Equity attributable to shareholders of the Company					
Issued capital	**2,679**	2,679	2,679	2,679	2,679
Reserves	**4,118,686**	3,175,309	2,433,351	1,810,934	1,337,390
	4,121,365	3,177,988	2,436,030	1,813,613	1,340,069
Non-controlling interests	**55,652**	45,437	42,600	29,941	18,143
TOTAL EQUITY	**4,177,017**	3,223,425	2,478,630	1,843,554	1,358,212

Note: For presentation purpose, the consolidated net assets in prior financial years were restated following the change in presentation currency of the Group's financial statements from HK$ to RMB during the year ended 31 December 2023.

PARTICULARS OF MAJOR PROPERTIES & PROPERTY INTERESTS

(a) Property held for investment

	Usage	Leasehold/ Freehold	Attributable interest %
Level 2, Southern Office Podium, Haili Building, 1018 Wenjin Middle Road, Luohu District, Shenzhen, Guangdong Province, the PRC	Office	Leasehold	100%
26 car parking spaces, Haili Building, 1018 Wenjin Middle Road, Luohu District, Shenzhen, Guangdong Province, the PRC	Carparks	Leasehold	100%
21 car parking spaces, Haibin Plaza, 1040 Fuiqiang Road, Futian District, Shenzhen, Guangdong Province, the PRC	Carparks	Leasehold	100%
94 car parking spaces, Zhonghai Lee Garden, 1070 Nanshan Avenue, Nanshan District, Shenzhen, Guangdong Province, the PRC	Carparks	Leasehold	100%
19 car parking spaces, Zhonghai Jinyuan, 951–961 Binjiang East Road, Haizhu District, Guangzhou, Guangdong Province, the PRC	Carparks	Leasehold	100%
26 car parking spaces, Haixing Plaza, 1 Ruijin South Road, Huangpu District, Shanghai, the PRC	Carparks	Leasehold	100%
Level 2, Eastern & Western Office Podium, Haili Building, 1018 Wenjin Middle Road, Luohu District, Shenzhen, Guangdong Province, the PRC	Office	Leasehold	100%
Unit 2001 on Level 20, 1 Linglan Street, Cannes Garden,Tianhe District, Guangzhou, Guangdong Province, the PRC	Residential	Leasehold	100%

(a) Property held for investment (Continued)

	Usage	Leasehold/ Freehold	Attributable interest %
7 car parking spaces, Cannes Garden, 9 Linglan Street, Tianhe District, Guangzhou, Guangdong Province, the PRC	Carparks	Leasehold	100%
Unit D5 and D6–2 on Level 4, Haixing Plaza 1 Ruijin South Road, Huangpu District, Shanghai, the PRC	Office	Leasehold	100%
Unit C2 on Level 2, Haihua Commercial Building, 8 Dapu Road Huangpu District, Shanghai the PRC	Retails	Leasehold	100%
Units 01 and 02 on Level 1 and Swimming pool on Level –1 & 1, Zhonghai Xinyuan, 23&25 8th Lane of Qinzhou South Road, Xuhui District, Shanghai, the PRC	Retails	Leasehold	100%
Level 7, Citic Mansion, 1 Jianxin South Road, Jiangbei District, Chongqing, the PRC	Office	Leasehold	100%
China Architecture Cultural Centre (Partial) 13 Sanlihe Road, Haidian District, Beijing, the PRC	Commercial	Leasehold	100%
China State Construction Development Building 18 (Partial) 51 Tengfei Boulevard, Qingyang District, Chengdu Province, the PRC	Industrial	Leasehold	100%
Unit 301 52 Haibin South Road, Xiangzhou District, Zhuhai, Guangdong Province, the PRC	Commercial	Leasehold	100%

Particulars of Major Properties & Property Interests (Continued)

(b) Property held as inventories

	Usage	Leasehold/ Freehold	Attributable interest (%)
121 car parking spaces located at Jinxin Pavilion, 36 Gusheng Road, Shijingshan District, Beijing, the PRC	Carparks	Leasehold	100%
1,521 car parking spaces located at No. 66, Section 1, Huayang Mei'an Road, Tianfu New District, Chengdu, the PRC	Carparks	Leasehold	100%
62 car parking spaces located at No. 60–3 Zhuyu West Street, Zhongshan District, Dalian, Liaoning Province, the PRC	Carparks	Leasehold	100%
685 car parking spaces located at Zhonghai Jincheng, 1 Haiba East Road, Nanhai District, Foshan, the PRC	Carparks	Leasehold	100%
45 car parking spaces located at No. 20 Wuzhifeng Road, Zhanggong District, Ganzhou City, Jiangxi Province, the PRC	Carparks	Leasehold	100%
2,485 car parking spaces located at the North Garden of Glory City, Guangzhou, Guangdong Province, the PRC	Carparks	Leasehold	100%
15 car parking spaces located at Zhonghai Flower City Bay, No. 86 Huacheng Avenue, Zhujiang New Town, Tianhe District, Guangzhou, the PRC	Carparks	Leasehold	100%
938 car parking spaces located at Zhonghai Cheng, Yuhong District, Shenyang, the PRC	Carparks	Leasehold	100%

(b) Property held as inventories (Continued)

	Usage	Leasehold/ Freehold	Attributable interest (%)
507 car parking spaces located at Zhonghai Jincheng, No. 160 Xijiang Street, Yuhong District, Shenyang City, Liaoning Province, the PRC	Carparks	Leasehold	100%
221 car parking spaces located at Zhonghai Blue Bay, Baotou Street, Shihan District, Huhehaote, the PRC	Carparks	Leasehold	100%
192 car parking spaces located at No. 1118–2, Yishan East Road, Fengman District, Jilin City, Jilin Province, the PRC	Carparks	Leasehold	100%
47 car parking spaces located at No. 1455 Hengshan East Road, Fengman District, Jilin City, Jilin Province, the PRC	Carparks	Leasehold	100%
177 car parking spaces located at No. 135, Wusong West Road, Yuebei Town, Chuanying District, Jilin City, Jilin Province, the PRC	Carparks	Leasehold	100%
715 car parking spaces located at No. 404, Linyin Road, Changyi District, Jilin City, Jilin Province, the PRC	Carparks	Leasehold	100%
818 car parking spaces located at Zhonghai Sunshine Rose Garden, No. 1699 Huanggu Road, Qingshan Lake District, Nanchang City, Jiangxi Province, the PRC	Carparks	Leasehold	100%
34 car parking spaces located at Zhonghai Linanfu, 28 Hangzhou Road, Shibei District, Qingdao, Shandong Province, the PRC	Carparks	Leasehold	100%

Particulars of Major Properties & Property Interests (Continued)

(b) Property held as inventories (Continued)

	Usage	Leasehold/ Freehold	Attributable interest (%)
128 car parking spaces located at Zhonghai Markham Hee, No. 9, Guantian Yangyili, Xike Town, Tong'an District, Xiamen, Fujian Province, the PRC	Carparks	Leasehold	100%
84 car parking spaces located at Zhongxin Haibin Garden, Longhu District, Shantou, Guangdong Province, the PRC	Carparks	Leasehold	100%
744 car parking spaces located at Zhonghai Universe, No. 2 Bolan Road, Haojiang District, Shantou, Guangdong Province, the PRC	Carparks	Leasehold	100%
55 car parking spaces located at Riverside Palace, Alley No. 1259, Deyuan Road, Jiading District, Shanghai, the PRC	Carparks	Leasehold	100%
100 car parking spaces located at Xu Riverside Garden, No. 333, Tongjing South Road, Gusu District, Suzhou, the PRC	Carparks	Leasehold	100%
1,516 car parking spaces located at Sixinli& Wufuli Tianjin, Heiniucheng Road and Dongting Road, Hexi District, Tianjin, the PRC	Carparks	Leasehold	100%
246 car parking spaces located at No. 58, Nanwei Lane, High-tech Industrial Development Zone, Urumqi, Xinjiang Uyghur Autonomous Region, the PRC	Carparks	Leasehold	100%
177 car parking spaces located at No. 1029 East Kashi Road, High-tech Industrial Development Zone, Urumqi, Xinjiang Uyghur Autonomous Region, the PRC	Carparks	Leasehold	100%

(b) Property held as inventories (Continued)

	Usage	Leasehold/ Freehold	Attributable interest (%)
27 car parking spaces located at No. 196 Guanshan Road, Jingkai District, Wuxi City, Jiangsu Province, the PRC	Carparks	Leasehold	100%
97 car parking spaces located at No. 288 Hechang Road, Jingkai District, Wuxi City, Jiangsu Province, the PRC	Carparks	Leasehold	100%
757 car parking spaces located at Nanhu Avenue, Jingkai District, Wuxi City, Jiangsu Province, the PRC	Carparks	Leasehold	100%
487 car parking spaces located at Zhonghai International Community, No. 919, Zhengyuan Souith Street, Jinfeng District, Yinchuan, the PRC	Carparks	Leasehold	100%
78 car parking spaces located at Zhonghai International Plaza, No. 8377, Linhe Street, Nanguan District, Changchun, Jilin Province, the PRC	Carparks	Leasehold	100%
177 car parking spaces located at Zhonghai, Nanyang Road, Lvyuan District, Changchun, Jilin Province, the PRC	Carparks	Leasehold	100%
1,625 car parking spaces located at Zhonghai Universe, Jingkai North District, Changchun, Jilin Province, the PRC	Carparks	Leasehold	100%

Particulars of Major Properties & Property Interests (Continued)

(b) Property held as inventories (Continued)

	Usage	Leasehold/ Freehold	Attributable interest (%)
76 car parking spaces located at No. 1501 Kuanda Road, Jingkai North District, Changchun, Jilin Province, the PRC	Carparks	Leasehold	100%
110 car parking spaces located at CITIC Triumph Blue Bank, No. 29, Section 3, Furong South Road, Tianxin District, Changsha, Hunan Province, the PRC	Carparks	Leasehold	100%
48 car parking spaces located at Silver Bay, No. 299 Lovers Road, Xiangzhou District, Zhuhai, Guangdong Province, the PRC	Carparks	Leasehold	100%
357 car parking spaces located at International Community – The Chief Estate, No. 27 Danzishi Tonglong Avenue, Chongqing City, Sichuan Province, the PRC	Carparks	Leasehold	100%

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