



中海物業集團有限公司
CHINA OVERSEAS PROPERTY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 2669

我們
經營幸福
We Manage
Happiness

Interim Report 中期報告 2023



好時節
好物業
好社區

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Corporate Information

(As at 21 August 2023, date of this Interim 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

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Cayman Islands

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Corporate Information *(continued)*



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
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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 2023

Interim Results Announcement	21 August
Interim Dividend Ex-dividend Date	14 September
Closure of Register of Members	18 September to 20 September (both days inclusive)
Interim Dividend Entitlement Record Date	20 September
Interim Dividend Payment Date	6 October





Chairman's Statement

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

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



Chairman's Statement *(continued)*



2023 is a critical year inherits the past and leads to the future within the Group's "14th Five-Year strategic plan". COPL has clearly adopted the "1155" pathway to actualise its medium- and long-term strategic objectives: by steadfastly revitalizing the "No.1 Butler" gilded signboard, we continue to define industry standards and strive to become the leading brand in the industry. We pursue sustainable, balanced, healthy and high-quality development and regard it as "One Core", and we build "Five Benchmarks", including customer satisfaction benchmark, city and property project benchmark, operational results growth benchmark, sub-brand benchmark, and employee market value and team capability benchmark, as well as aim for "Brilliance in Five Competencies", in respect of service, product, market, technology and organization. With the corporate vision of "To be an Outstanding Global Service Provider in Asset Management" and the corporate mission of "We Manage Happiness", COPL adheres to the performance pledge of "Property Assets to be Entrusted" while leading a new journey with "The China Overseas Proprietary Methodology in the Modernisation of Property Management" ("COPMPM") strategic objectives, and sets quadruple roles on serving a better living: firstly, as an explorer for city services, we combine various property management portfolios that are managed separately into an integrated service capability; secondly, as a promotor for the development of the entire industry chain, we actively integrate internal and external resources; thirdly, as a guardian who safeguards a better living, we promote renovations of old community buildings and supporting facilities, improve urban micro-space and stimulate residents' public service consumption; fourthly, as a developer of co-construction, co-governance and co-usage, we build a community ecology with owners and a project fulfilment ecology with suppliers. We will vigorously develop the integrated operation of urban space and strive to become not only the manager of urban buildings, but also the operator of urban basic services and a dedicated participant in upgrading urban services with a view to promoting the unity of the three dynamics: the grassroots governance of the government, the management of owners' rights and interests, and the commercial behavior of enterprises.



Chairman's Statement *(continued)*

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

With “Property Management Portfolio” as our cornerstone, we continued to cultivate the quality and efficiency of basic services in the residential, non-residential and city service under property management contracts, providing diversified community convenience services (including contactless meal pickups, door-to-door courier delivery, health consultation, haircuts, maintenance and cleaning, printing, supermarkets, outdoor movies, competition live streaming, etc.) in order to shorten the distance to the residents, show the humane care and services of the property, so as to increase customer loyalty and enhance fertile soil of our value-added services. Integrating our business extensions into a “Ecology”, we innovated and developed in the fields of residential value-added services, non-residential value-added services and technology to increase the output value per unit area. All businesses complement and integrate with each other to create the unique COPL business logic of “One Trunk with Multiple Branches, Synergy of Various Businesses” through deepening vertical integration.

Chairman's Statement *(continued)*



As an avant-garde in the property management industry in the People's Republic of China ("PRC" or "China") with first-class qualifications, the Group started its property management service in Hong Kong in 1986, with 37 years of cultivation in Hong Kong and Macau. We set foot in Mainland China in 1991 and have achieved remarkable results. The Group fully integrates the property management experiences in Hong Kong into the practical situation in Mainland China. The Group firmly believes in "Quality and Enthusiasm", which has guided us through the years and will direct our future development. We adhere to the enterprise spirit of "Progress Whole-Heartedly Each Day" to attain well-rounded improvement in capabilities, the core value of "Customer-Oriented, Guaranteed Quality and Value Creation" to fulfill our mission and move towards our vision. We stay true to our mission and implement prudent measures with perseverance. We are committed to achieving long-term sustainable and steady growth for our shareholders by cultivating the quality of our services and seeking win-win cooperation.

In order to ensure long-term sustainable operation, we have always been committed to the enterprise spirit of "Progress Whole-Heartedly Each Day" and the sincere attitude of "Serving with Heart Every Single Day", and we have been endeavoring along the road to the standardisation, refinement and differentiated customisation of property management. Our confidence in achieving sustainable and steady growth in the long run also stems from the accelerated urbanisation in China, which has pushed the property management industry entering a period of rapid development, industrial growth and stability. With the gradual recognition of the value of quality services in the market, the Group's market expansion and service product development capabilities have been enhanced significantly. In the first half of 2023, the Group had a cumulative presence in 154 cities, covering Hong Kong and Macau, and a current workforce of approximately 51,630 employees, with 1,818 property management projects with service area of nearly 363.3 million square meters ("sq.m.") and 471 pre-sales sites projects under management. We continued to diversify our property management portfolio, expand the coverage of non-residential areas, and further diversify our product portfolio consisting of commercial complexes, offices, shopping centers, hotels, industrial parks, logistic parks, aviation, high-speed rail, hospitals, schools, government properties, urban services, parks, ports, roads and bridges, bus terminuses and other public facilities. We secured new contracts of Kunming China Overseas International Centre (昆明中海國際中心), Chengdu Minsheng Bank Chengdu Headquarter Building (成都民生銀行成都總部大樓), Xi'an Longi Green Energy Ordos Industrial Park (西安隆基綠能鄂爾多斯產業園), Zhongshan S.F.



Chairman's Statement *(continued)*

Express South China Industrial Park (中山順豐華南產業園), Shenyang Heping Universal City (瀋陽和平環宇城), Guangdong Dragonsea Zhuhai Base (廣東海龍珠海基地), Hebei Xiongan Jinhu Future City (河北雄安金湖未來城), Guangzhou Jinbi Yushui Villa (廣州金碧禦水山莊), Taiyuan China Overseas Metropolis Times Phase Two (太原中海寰宇時代二期), Chengdu Shudao (成都蜀道), Shenzhen Tanglangshan Park (深圳塘朗山公園), Shenzhen Yuanke Park (深圳園科公園) and other projects. In Hong Kong and Macau regions, we successively won the tenders for property management of Hong Kong Housing Authority Headquarter Office Building, Building of the Office of the Government Chief Information Officer of HKSAR and Macao Grand Prix Museum, enhanced cooperation with the Hong Kong Leisure and Cultural Services Department as well as extended our services to over 50% hospital projects under Hospital Authority and the headquarters building of Hospital Authority. Currently, our government management projects cover 12 bureaux and 23 executive departments. We remained the largest provider of property management services for government facilities in Hong Kong and the leading Chinese property management services corporation in Hong Kong and Macau regions with the No.1 ranking in market share of property management in Hong Kong.

We continued to develop our leading product innovation abilities by capitalising on the technology of "Xingqi IoT Platform" (星啟物聯網中台) to establish a digital industry chain for the entire life cycle of buildings and to construct product solutions that connect "Architectural Space" and "Digital Space", with a view to achieving scalable, standardised and customised products. It has been put into use in several projects such as Hangzhou Outlets (杭州奧特萊斯), Southern Investment Headquarters (南方投資總部大廈), Jinan Rural Commercial Bank (濟南農商行) and other projects. We launched the establishment of benchmark projects and completed acceptance of a total of 33 benchmark projects in 28 cities, integrating the concept of innovation leading, outstanding quality, co-construction and co-use, sustainable development into the entire process of project operation with high-standard positioning and high-quality operation. We continued to promote full life cycle services in property development. We provide property developers with whole-process property consultation and management services, including product positioning consultation, gardening, interior fine furnishing, vetting of building plans, equipment and facility selection advice, decoration supplies sales agency, pre-delivery marketing value-added services, sales of residual flats, contracting of basic positions, carefree property service products with perfect delivery support services, delivery inspection services and quality control of engineering services, etc., marking a significant improvement of capabilities in the integration of our upstream and downstream supply chain.

Chairman's Statement *(continued)*



Currently, the Group serves over 100 corporate customers which are the world's top 500 companies and becomes the most reliable business partner of central enterprises, state-owned enterprises and private enterprises. We were named as "2023 China Top 100 Property Management Companies", "2023 China Top 10 Property Management Companies in terms of Service Scale", "2023 China Top 20 Listed Property Management Companies", "2023 China Top 10 Property Management Companies in terms of Operating Performance", "2023 China Top 100 Property Service Satisfaction Leading Companies", "2023 China Top 10 Listed Property Services Companies for Market Expansion Capability", "2023 China Top 10 Leading Enterprises of Property Management Listed Companies for High-Quality Development" and "2023 No. 1 China Outstanding Listed Property Services Companies with Investment Value". Meanwhile, the Group was included as a constituent in Morgan Stanley Capital International Index (MSCI) China Index and was continuously admitted in the Shanghai-Hong Kong connect list, as well as Hang Seng Property Service and Management Index, receiving high recognition from the capital market.

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

COPL's "Xinghai Wulian" (興海物聯) empowered high-quality development with technology, used digitisation to promote industry-leading modernisation changes, and continuously focused on comprehensively promoting the research and breakthrough of key technologies in smart parks. Its research center has passed the highest worldwide certificate; the "Research of IoT Platform Technology for Buildings" has reached the international advanced level; its self-developed projects stood out in the national competition "State-owned Enterprises Digital Scenario Innovation Competition", winning the second and third prizes. The Group further strengthened the co-ordination of scientific and technological capabilities and empowered the property management sector



Chairman's Statement *(continued)*

through the transformation of scientific and technological achievements to facilitate the Group's digital transformation and upgrading of its operations and management. Adhering to the strategy of "Platform + Ecology", Xinghai Wulian built a series of software and hardware products based on the Xingqi IoT Platform technology, including "Xingqi Terminal Computers" (星啟端腦) and "Xingqi Cloud Screens" (星啟雲屏). With the platform technology as the core base, we strengthened the innovative exploration and practice of digital solutions for the property management industry and realised the efficient deployment of intelligent equipment inside the buildings, by which we were able to improve the efficiency of building operation and maintenance as well as management effectiveness. With Xinghai Wulian's industry solution capabilities together with the underlying technical capabilities of major technology leaders, Xinghai Wulian and the technology leaders created joint products together, further integrated various technical resources, formed industry-leading smart spaces solutions and constructing smart park eco-systems with an array of variety. We continued our regional market deployment, created scenario-based benchmark project cases, explored multiple development directions on smart city construction, digitalisation, dual-carbon and green areas, in order to explore frontier fields, to consolidate and improve our core competitiveness and to implement the strategy of leading scientific and technological capabilities. At the same time, through the "One Line, Five Chains" business plan of "Haibo Engineering" (海博工程), we focused on the whole life cycle of buildings, including the real estate development chain, the intelligent building ecosystem chain, the energy management chain, the property engineering chain and the procurement and supply chain. We strived to provide various value-added engineering services to our corporate clients and property owners, including real estate development consultancy, intelligent building operation and maintenance, facility and equipment maintenance, landscape maintenance, community renewal and transformation, energy management, and procurement and supply, etc. We will adhere to the four implementation principles of strategic operation, market orientation, internal collaboration, and city cultivation to contribute to the growth of the value-added business segment.

Chairman's Statement *(continued)*

As a platinum member of the Building Owners and Managers Association International, an international accreditation organisation, "Hainawanshang" (海納萬商), a non-residential asset operation service brand under the Group, continued to cultivate its position in the business type of non-residential premises including office buildings, commercial complexes, hotels, industrial parks, logistics parks, government and public construction, colleges and universities and hospitals, etc., build up multi-dimensional capabilities to enhance mature basic services, integrated management of large-scale projects, co-ordination of community resources and intelligent construction, and pay close attention to the diversified needs of attribute customers, with the new development engine powered by its asset operation covering the entire life-cycle and the whole business chain. Meanwhile, under the backdrop of China's vigorous advocate for constructing a "humanistic and livable environment for people", the Group has offered community value-added services under the brand of "UN+" (優你互聯), actively explored the servicing domains of community value-added services, and established a system closely around three areas (community area operations, property value-added services and community living services), and are committed to becoming the most customer-savvy community value-added service operator by integrating resources and empowering our business through COPL's community living services platform. For our property value-added services, the rental and sales business has expanded its business scale and project store network in a timely manner through various modes such as direct sales, internal joint ventures and external associates, and strived to become an important channel for the distribution of new homes for property developers, providing one-stop professional asset management services for property owners by gaining market share through two major business modes, namely agency sales and channel distribution. For our home renovation business, we have built our own brand of new home decoration and old home renovation services, and launched high-value hit products. In the field of new home decoration, by focusing on our own brand of home decoration business and home appliances, we have broadened the choice of customers' standard of home purchase and renovation, and in half a million units of old housing projects which have been occupied for more than a decade, we have promoted and stimulated consumers' demand for re-decoration and partial renovation. For community life services, we were deeply involved with the community and focused on the development of community retailing business to consolidate "the last thirty metres" of the service capacity through e-commerce platforms, community markets, and community group purchases. For our product innovation, we targeted the hundred-billion-dollar market of soy sauce-type liquor and created wine and beverage products to explore new product

Chairman's Statement *(continued)*

growth points. With the establishment of the Haihui Youxuan Purchasing Platform (海惠優選集採平台) and the integration of supply chain resources, we have gained access to all categories of goods warehouses, and have already launched more than ten thousands kinds of goods, meeting all the needs of the entire market. In addition, we actively explored a new mode of "Property + Home" elderly care, integrating the resources of high-quality merchants and building a 15-minute elderly care circle to provide unlimited possibilities for residential elderly care. "UN+" will continue to create its own branded, marketable and differentiated hit products through the subdivision of community value-added services and diversified innovations, and dig deeper into the potential of innovative business development to maximise value-added services, so as to meet our customers' ever-increasing demand for a wonderful living condition and create a picture of exquisite and colorful life.

We push ahead with the idea of strengthening enterprises through deploying talents, follow the talent management concept of "Gathering Hard-workers and Inspiring Talents", integrate personal pursuits into the long-term development of the enterprise, build a first-class enterprise with first-class talents, constantly respect the value demands of employees, and continuously improve the talent system. Firstly, we explore the COPL "Partnership System" management model to create a "1+N" agile team with "Project General Manager" as the core, realising a team of "Professional Property Managers" to support multiple projects, and realising an all-round "Operating Partnership" in "finance, market development, value-added, quality", etc. In the process of execution and implementation, through a series of measures, such as full operational empowerment, licensing and certification for work position, the project group has practically acts as a frontline basic unit that can "fight individually", support rapid growth, stimulate team vitality and improve management efficiency. Under the intensive management of the "Professional Property Manager" team, back-office management costs are reasonably controlled, the proportion of basic service costs invested in projects is guaranteed, risk sharing and benefit-sharing are realised, and employees are fully mobilised to stimulate project organisation and self-motivation, thus creating more profit value to achieve the goal of a win-win situation in terms of personal income and corporate revenue generation. The "Partnership System" management model advocates that when encountering new problems and phenomena in practice, we should take the initiative to step out of our comfort zone, overcome cognitive blind spots, and learn and practice with a problem-solving and goal-setting mindset. Through the partnership system, we will seek and cultivate a management team who are professionally qualified, proactive to

Chairman's Statement *(continued)*



undertake responsibilities and determined to seek the realisation of higher self-value in the future. Secondly, we promote a new model of professional fundamental business reform and optimise the staffing of professional positions, so as to realise resource sharing and planned batch operations to achieve continuous optimisation of labour costs and gradual improvement of labour efficiency. Flexible embedding of the precise employment reform model is adopted to decompose job positions with clear duties to create a new efficiency improvement environment that provides employees with workload-based rewards through suitable job matching under differentiated and quantifiable service function table design, effectively mitigating the pressure on gross profit margins due to rising costs. Thirdly, COPL adheres to the tradition of "Craftsmanship in China Overseas", takes "craftsman creation, cultivation and congregation" as the thread, and carries out the "Target Achievement Action" thoroughly to establish the "China Overseas Craftsmanship System" and "3·512" cultivation targets, set up a systematic cultivation mechanism for frontline grass-roots staff, pay attention to and improve the professional quality of grass-roots staff, cultivate and reserve diversified talents, encourage and stimulate innovative research and development, spread and carry forward the spirit of craftsmanship, and release and showcase the value of positions. Through the "Craftsmanship System" talent plan which includes craftsmanship planning, craftsmanship action, craftsmanship inheritance, the three dimensions of the cultivation mode, we promote expertise and set up benchmarks and examples, so that each position will be provided on a professional basis, each ordinary position will shine with focused attention, each innovation idea will be greeted with appropriate respect, and each member of the grass-roots staff will have a stage for self-expression, which serves as an important talent support for COPMPM, providing a large number of craftsman talents for the Company's "14th Five-Year" strategic plan, so as to guide and gather frontline employees to contribute greater wisdom and strength for the enterprise's high-quality, sustainable development, promote the modernisation of the enterprise by the modernisation of talent, and forge ahead with the idea of strengthening enterprises through deploying talents based on the "Craftsmanship System".



Chairman's Statement *(continued)*

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

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, 21 August 2023



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

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

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

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

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



Management Discussion & Analysis *(continued)*

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, new GFA contributed from residential projects and non-residential projects was 44.8% and 55.2% respectively, with corresponding contract sums amounting to HK\$1,537.7 million and HK\$1,428.9 million respectively. These continuously strengthened our revenue base and improved our market competitive position.

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

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

Management Discussion & Analysis *(continued)*

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. During the six months ended 30 June 2023, total revenue increased by 23.2% to HK\$7,163.0 million comparing with the corresponding period last year (2022: HK\$5,813.9 million), which mainly arisen from (i) the increase in GFA under our management dominated by lump-sum basis contracts; and (ii) business growth on value-added services to both non-residents and residents. Excluding the translation effect of average depreciation of Renminbi ("RMB") against Hong Kong dollar during the past twelve months, the revenue denominated in RMB increased by 30.7% to RMB6,274.8 million (2022: RMB4,802.3 million).

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

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

Management Discussion & Analysis *(continued)*

BUSINESS REVIEW *(continued)*

REVENUE AND OPERATING RESULTS *(continued)*

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

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

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

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

Management Discussion & Analysis *(continued)*



BUSINESS REVIEW *(continued)*

REVENUE AND OPERATING RESULTS *(continued)*

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

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

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

SEGMENT INFORMATION

PROPERTY MANAGEMENT SERVICES

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



Management Discussion & Analysis *(continued)*

SEGMENT INFORMATION *(continued)*

PROPERTY MANAGEMENT SERVICES *(continued)*

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

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

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

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

Management Discussion & Analysis *(continued)*

SEGMENT INFORMATION *(continued)*

PROPERTY MANAGEMENT SERVICES *(continued)*

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

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

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

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

Management Discussion & Analysis *(continued)*

SEGMENT INFORMATION *(continued)*

PROPERTY MANAGEMENT SERVICES *(continued)*

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

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

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

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

Management Discussion & Analysis (continued)

SEGMENT INFORMATION (continued)

PROPERTY MANAGEMENT SERVICES (continued)

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

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

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

After deducting segment administrative expenses and net impairment of trade and retention receivables, and payments on behalf of property owners for properties managed on a commission basis, as well as taking into account of other income, the segment profit of the property management services increased by 37.5% to HK\$670.3 million for the period (2022: HK\$487.4 million).

Management Discussion & Analysis *(continued)*

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

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

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

Management Discussion & Analysis *(continued)*



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

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

VALUE-ADDED SERVICES TO RESIDENTS

In respect of value-added services to residents sub-segment, our services cover (i) community asset management services (such as rental assistance, agency and custody for real estate transactions, common area rental assistance, one-stop shop asset management services to the property owners and rental of self-owned properties); (ii) living service operations (to meet the various needs of residents of the properties, including housing ecology, home improvement, new retail, home services, tourism and leisure, education and training, health and elderly care, automotive services, platform services, etc.); and (iii) commercial service operations (to meet the needs of business users). Both of the customers' recognition of our traditional property management services, and diversification of our product offerings and marketing channels through services offered with our online-to-offline platform facilitates meeting the various needs of residents of the properties, which promotes the life style quality and satisfaction of our customers.



Management Discussion & Analysis *(continued)*

SEGMENT INFORMATION *(continued)*

VALUE-ADDED SERVICES TO RESIDENTS *(continued)*

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

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

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

Management Discussion & Analysis *(continued)*

SEGMENT INFORMATION *(continued)*

VALUE-ADDED SERVICES TO RESIDENTS *(continued)*

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

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

CAR PARKING SPACES TRADING BUSINESS

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

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

LIQUIDITY, FINANCIAL RESOURCES AND DEBT STRUCTURE

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

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

Management Discussion & Analysis *(continued)*

LIQUIDITY, FINANCIAL RESOURCES AND DEBT STRUCTURE *(continued)*

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

FOREIGN EXCHANGE EXPOSURE

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

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

CAPITAL EXPENDITURES

The capital expenditures, which mainly represent additions to leasehold improvement, motor vehicles, machinery and equipment, furniture, fixtures, office equipment, leasehold right-of-use assets (including capitalised lease commitments) and software systems, were HK\$91.3 million for the six months ended 30 June 2023.

Management Discussion & Analysis *(continued)*



CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2023, the capital commitments of the Group were HK\$23.6 million, which mainly related to capital investment in a joint venture and acquisition of software and system. In additions, the Group provided counter-indemnities to a fellow subsidiary and banks amounting to approximately HK\$304.2 million, for guarantees issued in respect of certain property management service contracts for which we are required to provide performance bonds in the ordinary course of business. Meanwhile, in order to substitute the Group's certain requirements upon participating in competitive tenders on projects under China Overseas Land & Investment Limited, China State Construction International Holdings Limited and China Overseas Grand Oceans Group Limited, we provided corporate guarantees to them up to an aggregate amount of RMB50.0 million (equivalent to approximately HK\$54.9 million), RMB30.0 million (equivalent to approximately HK\$33.0 million) and RMB20.0 million (equivalent to approximately HK\$22.0 million) respectively.

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

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

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

EMPLOYEES

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

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



Condensed Consolidated Statement of Profit or Loss

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

	Notes	Six months ended 30 June	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Revenue	5	7,163,026	5,813,875
Direct operating expenses		(6,015,439)	(4,936,474)
Gross profit		1,147,587	877,401
Other income and gains, net	6	84,215	82,174
Fair value (loss)/gain of investment properties, net		(1,461)	155
Selling and administrative expenses		(204,863)	(221,946)
Impairment of financial assets, net		(40,552)	(31,042)
Operating profit		984,926	706,742
Finance costs	7	(3,562)	(3,914)
Share of profit of a joint venture		4,442	2,444
Share of profit of an associate		96	82
Profit before tax	4, 8	985,902	705,354
Income tax expenses	9	(255,238)	(180,170)
Profit for the period		730,664	525,184
Attributable to:			
Shareholders of the Company		725,983	521,656
Non-controlling interests		4,681	3,528
		730,664	525,184
		HK Cents	HK Cents
Earnings per share attributable to shareholders of the Company			
Basic and diluted	11	22.09	15.87

Condensed Consolidated Statement of Comprehensive Income

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

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	12	116,359	114,044
Investment properties	12	200,418	209,159
Right-of-use assets	12	64,423	83,120
Intangible assets	12	160,322	114,824
Investment in a joint venture		13,522	9,561
Investment in an associate		425	329
Prepayments		16,212	16,368
Deferred tax assets		48,489	46,647
Total non-current assets		620,170	594,052
Current assets			
Inventories	13	895,611	970,808
Trade and retention receivables	14	2,776,180	2,138,997
Prepayments, deposits and other receivables		913,097	964,948
Due from the immediate holding company	15	2,326	2,170
Due from fellow subsidiaries	15	655,249	559,524
Due from other related companies	15	197,329	199,776
Cash and bank balances		4,265,447	4,691,120
Total current assets		9,705,239	9,527,343
Current liabilities			
Trade payables	16	1,571,150	1,516,951
Other payables and accruals		1,330,430	1,287,132
Temporary receipts from properties managed		1,237,265	1,471,419
Receipts in advance and other deposits		1,621,765	1,627,512
Due to fellow subsidiaries	17	22,261	40,684
Due to other related companies	17	52,537	42,887
Income tax payables		317,625	248,356
Bank borrowings	18	51,648	68,182
Lease liabilities		34,524	53,678
Total current liabilities		6,239,205	6,356,801
Net current assets		3,466,034	3,170,542
Total assets less current liabilities		4,086,204	3,764,594

Condensed Consolidated Statement of Financial Position *(continued)*

		30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
	Notes		
Non-current liabilities			
Lease liabilities		80,560	84,689
Deferred tax liabilities		12,339	16,922
Total non-current liabilities		92,899	101,611
Net assets		3,993,305	3,662,983
Equity			
Equity attributable to shareholders of the Company			
Issued capital	19	3,287	3,287
Reserves		3,933,657	3,608,063
Non-controlling interests		3,936,944 56,361	3,611,350 51,633
Total equity		3,993,305	3,662,983

Condensed Consolidated Statement of Changes in Equity

	Attributable to shareholders of the Company							Non-controlling interests	Total equity	
	Issued capital	Property revaluation reserve	Exchange fluctuation reserve	PRC statutory reserve	Special reserve	Capital reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			HK\$'000
At 1 January 2022 (Audited)	3,287	47,933	128,790	269,529	(136,448)	17,713	2,669,234	3,000,038	52,462	3,052,500
Profit for the period	—	—	—	—	—	—	521,656	521,656	3,528	525,184
Other comprehensive loss for the period:										
Exchange differences on translation of subsidiaries of the Company	—	—	(148,914)	—	—	—	—	(148,914)	(2,508)	(151,422)
Total comprehensive (loss)/income for the period	—	—	(148,914)	—	—	—	521,656	372,742	1,020	373,762
Share-based payments borne by an intermediate holding company (Note 8)	—	—	—	—	—	3,170	—	3,170	—	3,170
Transfer to PRC statutory reserve	—	—	—	26,079	—	—	(26,079)	—	—	—
2021 final dividend (Note 10)	—	—	—	—	—	—	(197,212)	(197,212)	—	(197,212)
At 30 June 2022 (Unaudited)	3,287	47,933	(20,124)	295,608	(136,448)	20,883	2,967,599	3,178,738	53,482	3,232,220
At 1 January 2023 (Unaudited)	3,287	47,933	(129,329)	348,899	(217,777)	24,013	3,534,324	3,611,350	51,633	3,662,983
Profit for the period	—	—	—	—	—	—	725,983	725,983	4,681	730,664
Other comprehensive loss for the period:										
Exchange differences on translation of subsidiaries of the Company	—	—	(139,650)	—	—	—	—	(139,650)	(1,951)	(141,601)
Total comprehensive (loss)/income for the period	—	—	(139,650)	—	—	—	725,983	586,333	2,730	589,063
Share-based payments borne by an intermediate holding company (Note 8)	—	—	—	—	—	2,210	—	2,210	—	2,210
Transfer to PRC statutory reserve	—	—	—	24,526	—	—	(24,526)	—	—	—
Capital contributions from non-controlling equity holders of subsidiaries	—	—	—	—	—	—	—	—	4,475	4,475
Dividend paid to non-controlling equity holder of a subsidiary	—	—	—	—	—	—	—	—	(2,477)	(2,477)
2022 final dividend (Note 10)	—	—	—	—	—	—	(262,949)	(262,949)	—	(262,949)
At 30 June 2023 (Unaudited)	3,287	47,933	(268,979)	373,425	(217,777)	26,223	3,972,832	3,936,944	56,361	3,993,305

Condensed Consolidated Statement of Cash Flows

	Note	Six months ended 30 June	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Net cash flows used in operating activities		(216,682)	(974,860)
Cash flows (used in)/from investing activities			
Interest received		51,081	17,985
Purchase of items of property, plant and equipment	12	(28,272)	(18,971)
Purchase of intangible assets	12	(57,108)	(16,472)
Placement of non-pledged time deposits with original maturity of over three months		(799,087)	(121,065)
Withdrawal of non-pledged time deposits with original maturity of over three months		742,009	290,557
Proceeds from disposals of items of property, plant and equipment		—	90
Net cash flows (used in)/from investing activities		(91,377)	152,124
Cash flows (used in)/from financing activities			
Interest portion of lease payments		(2,648)	(2,042)
Principal portion of lease payments		(22,997)	(15,732)
Interest paid for bank borrowings		(914)	(1,871)
Drawdown of bank borrowings		—	552,639
Repayment of bank borrowings		(14,840)	(100,726)
Capital contributions from non-controlling equity holders of subsidiaries		4,475	—
Dividend paid to non-controlling equity holder of a subsidiary		(2,477)	—
Net cash flows (used in)/from financing activities		(39,401)	432,268
Net decrease in cash and cash equivalents		(347,460)	(390,468)
Cash and cash equivalents at beginning of period		2,747,938	3,298,152
Effect of foreign exchange rate changes, net		(69,097)	(125,626)
Cash and cash equivalents at end of period		2,331,381	2,782,058

Condensed Consolidated Statement of Cash Flows *(continued)*

	30 June 2023 (Unaudited) HK\$'000	30 June 2022 (Unaudited) HK\$'000
Analysis of balances of cash and cash equivalents		
Cash and bank balances as stated in the condensed consolidated statement of financial position	4,265,447	3,557,616
Less: Non-pledged bank deposits with original maturity of over three months	(1,934,066)	(775,558)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	2,331,381	2,782,058

Notes to the Condensed Financial Statements

1. GENERAL INFORMATION

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

The immediate holding company of the Company is China Overseas Holdings Limited (“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 six months ended 30 June 2023, the Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the provision of property management services and value-added services to non-residents and residents; and the trading of car parking spaces.

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

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

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

Notes to the Condensed Financial Statements *(continued)*

2. PRINCIPAL ACCOUNTING POLICIES

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

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

Notes to the Condensed Financial Statements (*continued*)

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (*continued*)

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

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

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

² No mandatory effective date yet determined but available for adoption

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

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

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



Notes to the Condensed Financial Statements *(continued)*

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

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

4. OPERATING SEGMENT INFORMATION

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

- (a) the property management services segment engages in the provision of property management services such as security, repairs and maintenance, cleaning and garden landscape maintenance for residential communities (including mixed-use properties), commercial properties, government properties and construction sites.
 - (b) the value-added services segment included:
 - (i) the value-added services to non-residents sub-segment engages in the provision of engineering, vetting of building plans, facilities and equipment evaluation proposals, pre-delivery (such as security, cleaning and repair and maintenance services for display units in pre-sale offices for developing properties), move-in assistance, delivery inspection, engineering service quality monitoring and consulting services, etc. to non-residents (such as property developers and other property management companies).
- 

Notes to the Condensed Financial Statements *(continued)*

4. OPERATING SEGMENT INFORMATION *(continued)*

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

Basis of segment information

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

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

Notes to the Condensed Financial Statements (continued)

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue and results

Six months ended 30 June 2023 (Unaudited)

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

Notes to the Condensed Financial Statements *(continued)*

4. OPERATING SEGMENT INFORMATION *(continued)*

Segment revenue and results *(continued)*

Six months ended 30 June 2022 (Unaudited)

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

Notes to the Condensed Financial Statements *(continued)*

5. REVENUE

Disaggregated revenue information

Type of goods or services

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

Timing of revenue recognition

Six months ended 30 June 2023 (Unaudited)

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

Notes to the Condensed Financial Statements *(continued)*

5. REVENUE *(continued)*

Disaggregated revenue information *(continued)*

Timing of revenue recognition (continued)

Six months ended 30 June 2022 (Unaudited)

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

Geographical market

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

Notes to the Condensed Financial Statements *(continued)*

6. OTHER INCOME AND GAINS, NET

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Unconditional government grants:		
— Government subsidies relating to covid-19 pandemic	1,424	1,338
— Government subsidies from value-added and other taxes beneficial policies	19,310	19,127
— Other government grants	11,596	10,693
	32,330	31,158
Interest income	41,786	35,002
Foreign exchange gain, net	7,863	14,607
Others	2,236	1,407
	84,215	82,174

Notes to the Condensed Financial Statements *(continued)*

7. FINANCE COSTS

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Interest expense on lease liabilities	2,648	2,043
Interest expense on bank borrowings	914	1,871
	3,562	3,914

8. PROFIT BEFORE TAX

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

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

Notes to the Condensed Financial Statements *(continued)*

9. INCOME TAX EXPENSES

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

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

Notes to the Condensed Financial Statements *(continued)*

9. INCOME TAX EXPENSES *(continued)*

Notes:

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

	Six months ended 30 June	
	2023 %	2022 %
Hong Kong	16.5	16.5
Macau	12	12
Mainland China*	25	25

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

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



Notes to the Condensed Financial Statements *(continued)*

10. DIVIDENDS

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

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

11. EARNINGS PER SHARE

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

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



Notes to the Condensed Financial Statements *(continued)*

12. INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2023, the capital expenditures of the Group was HK\$91,283,000 (2022: HK\$101,731,000), which represented additions to investment properties, property, plant and equipment, intangible assets and right-of-use assets of approximately HK\$ Nil, HK\$28,272,000, HK\$57,108,000 and HK\$5,903,000 respectively (2022: HK\$38,648,000, HK\$18,971,000, HK\$16,472,000 and HK\$27,640,000 respectively).

13. INVENTORIES

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

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

Notes to the Condensed Financial Statements (continued)

14. TRADE AND RETENTION RECEIVABLES

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

Note:

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

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

Notes to the Condensed Financial Statements *(continued)*



14. TRADE AND RETENTION RECEIVABLES *(continued)*

Note: *(continued)*

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

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



Notes to the Condensed Financial Statements *(continued)*

15. BALANCES DUE FROM RELATED PARTIES

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

Notes to the Condensed Financial Statements *(continued)*



15. BALANCES DUE FROM RELATED PARTIES

(continued)

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

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Balance due from the immediate holding company		
Within 1 month	32	177
1 to 3 months	357	777
Over 3 months	1,937	1,216
	2,326	2,170
Balances due from fellow subsidiaries		
Within 1 month	187,624	206,325
1 to 3 months	145,213	81,549
3 to 12 months	134,668	113,039
1 to 2 years	72,732	70,398
Over 2 years	53,712	15,180
	593,949	486,491
Balances due from other related companies		
Within 1 month	34,128	57,008
1 to 3 months	22,799	16,438
3 to 12 months	28,632	30,567
1 to 2 years	28,840	7,519
Over 2 years	—	2,780
	114,399	114,312



Notes to the Condensed Financial Statements *(continued)*

16. TRADE PAYABLES

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

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

Notes to the Condensed Financial Statements *(continued)*

17. BALANCES DUE TO RELATED PARTIES

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

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

Notes to the Condensed Financial Statements *(continued)*

18. BANK BORROWINGS

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

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

19. SHARE CAPITAL

Issued and fully paid:

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

Notes to the Condensed Financial Statements *(continued)*

20. CAPITAL COMMITMENTS

The Group had the following capital commitments as at the end of the reporting period:

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Contracted, but not provided for:		
Capital investment into a joint venture	2,802	2,898
Purchases of items of intangible assets	20,768	4,819
	23,570	7,717

21. CONTINGENT LIABILITIES

As at 30 June 2023, the Group provided counter indemnities to a fellow subsidiary and banks amounting to approximately HK\$87,676,000 (as at 31 December 2022: HK\$95,114,000) and HK\$216,489,000 (as at 31 December 2022: HK\$215,415,000), respectively for performance guarantees issued by the fellow subsidiary and the banks in respect of certain property management service contracts undertaken by the Group.

In additions, we had provided corporate guarantees to two fellow subsidiaries and a related company of approximately HK\$87,912,000 (as at 31 December 2022: HK\$90,909,000) and HK\$21,978,000 (as at 31 December 2022: HK\$22,727,000) 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.

Notes to the Condensed Financial Statements *(continued)*

22. RELATED PARTY DISCLOSURES

The table sets forth below summarises the name of the major related parties which are entities as defined in HKAS 24 (Revised) "Related Party Disclosures" and the nature of their relationship with the Group as at 30 June 2023:

Related Parties	Relationship with the Group
CSCEC	Ultimate holding company
China State Construction Engineering Corporation Limited ("CSCECL")	Intermediate holding company
COHL	Immediate holding company
China Overseas Land & Investments Limited ("COLI") and its subsidiaries	Fellow subsidiaries
China State Construction International Holdings Limited ("CSC") and its subsidiaries	Fellow subsidiaries
China Overseas Grand Oceans Group Limited, and joint ventures and associates of other related parties	Other related companies

Notes to the Condensed Financial Statements *(continued)*

22. RELATED PARTY DISCLOSURES *(continued)*

In addition to the transactions detailed elsewhere in these condensed financial statements, the Group had the following material transactions with related parties during the period:

	Notes	Six months ended 30 June	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
CSCEC and its subsidiaries (exclusive of COHL and its subsidiaries)			
Property management income and value-added services income	(i)	89,037	59,850
Rental expenses paid	(ii)	2,282	—
COHL and its subsidiaries (exclusive of COLI, CSC and their subsidiaries)			
Property management income and value-added services income	(i)	5,931	5,888
Rental expenses paid	(ii)	1,453	1,353
Other fellow subsidiaries			
Property management income and value-added services income	(i)	789,771	516,433
Rental and utility expenses paid	(ii)	68,066	53,085
Prepayment for purchases of inventories	(iii)	—	11,056
Material procurement and supply chain management services committed	(iv)	1,356	37,637
Other related companies			
Property management income and value-added services income	(i)	175,240	146,206
Prepayment for purchases of inventories	(iii)	—	18,215
Rental expenses paid	(ii)	267	—
Key management (including directors)			
Remuneration		8,079	9,316



Notes to the Condensed Financial Statements *(continued)*

22. RELATED PARTY DISCLOSURES *(continued)*

Notes:

- (i) The property management income and value-added services income were based on the rates in accordance with the respective contracts.
- (ii) The rental and utility paid expenses were charged in accordance with the respective tenancy agreements and property management agreements.
- (iii) Prepayment for purchases of inventories are made in accordance with respective contracts.
- (iv) The material procurement and supply chain management services were charged in accordance with the respective agreements.

23. FAIR VALUE MEASUREMENT

(a) Financial instruments

As at 30 June 2023 and 31 December 2022, the Group did not have any financial instruments measured at fair value, accordingly, no analysis on fair value hierarchy is presented.

Financial instruments not measured at fair value include trade and retention receivables, deposits under current assets and current liabilities, 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.

Due to their mainly short-term maturities in nature, the carrying values of the above financial instruments approximate to their fair values.

(b) Non-financial assets

The fair value of the investment properties as at 30 June 2023 is a level 3 recurring fair value measurement and determined using the same approach as the last year ended. During the six months ended 30 June 2023, there were no transfers among level 1, level 2 and level 3.



Corporate Governance and Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

REVIEW OF INTERIM REPORT BY AUDIT COMMITTEE

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

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) between 1 January 2023 and up to the date of this interim report (i.e. 21 August 2023) are set out below:

Director	Detail of Change
Guo Lei	Appointed as a vice president of China Overseas Land & Investment Limited (Stock Code: 688, listed on the Main Board of the Stock Exchange) with effect from 20 February 2023.
	Resigned as (1) the chairman of 鶴山天山金屬材料製品有限公司; and (2) a deputy chairman of 深圳領潮供應鏈管理有限公司 with effect from 20 February 2023.

Corporate Governance and Other Information *(continued)*

CHANGES OF DIRECTORS' INFORMATION *(continued)*

Director	Detail of Change
Yung, Wing Ki Samuel	Appointed as an independent non-executive director as well as 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) with effect from 24 March 2023.
So, Gregory Kam Leung	Resigned as an independent non-executive director, the chairman of audit committee and a member of nomination committee of Shui On Xintiandi Limited with effect from 30 June 2023. Appointed as an independent non-executive director and a member of audit and risk committee of Shui On Land Limited (Stock Code: 272, listed on the Main Board of the Stock Exchange) with effect from 1 July 2023.

SHARE CAPITAL

The Company's total number of shares in issue as at 30 June 2023 was 3,286,860,460 ordinary shares.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to Listing Rules as its own code for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the required standard regarding securities transactions set out therein throughout the six months ended 30 June 2023. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

Corporate Governance and Other Information *(continued)*

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 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 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	830,000	0.002% ¹
Guo Lei	COLI	Beneficial owner	1,070,000 ³	0.01% ²



Corporate Governance and Other Information *(continued)*

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 30 June 2023 (i.e. 41,934,432,844 shares).
2. The percentage represents the number of shares/underlying shares interested divided by the number of total issued shares of COLI as at 30 June 2023 (i.e. 10,944,883,535 shares).
3. Mr. Guo Lei ("Mr. Guo") has personal interests in 1,070,000 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) 737,000 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 30 June 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 corporation within the meaning of Part XV of the SFO.



Corporate Governance and Other Information *(continued)*

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 30 June 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



Corporate Governance and Other Information *(continued)*

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY *(continued)*

Long Positions in Shares of the Company *(continued)*

Notes:

1. Silver Lot is a direct 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 direct wholly-owned subsidiary of CSCECL, which in turn is a direct 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 30 June 2023 (i.e. 3,286,860,460 shares).

Save as disclosed above, as at 30 June 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.

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

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



Information for Shareholders



INTERIM DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

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

Ex-dividend date	Thursday, 14 September 2023
Latest time to lodge transfer documents for registration with the Company's Hong Kong branch share registrar and transfer office	At 4:30 p.m. on Friday, 15 September 2023
Closure of Register of Members	Monday, 18 September 2023 to Wednesday, 20 September 2023 (both days inclusive)
Record date	Wednesday, 20 September 2023

For purpose mentioned above, all properly completed transfer form(s) accompanied by the relevant share certificate(s) must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than the aforementioned latest time.







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