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中海物業
CHINA OVERSEAS PROPERTY

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

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

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS

1. During the six months ended 30 June 2021, the gross floor area ("GFA") under our management increased by 45.4 million sq.m. or 24.3% to 232.5 million sq.m. from 187.1 million sq.m.* at the last year end, in which, 82.1% of the new jobs was secured from independent third parties. Residential projects and non-residential projects accounted for 30.1% and 69.9% of the new orders respectively, with corresponding contract sums amounting to HK$1,091.0 million and HK$831.5 million respectively. Meanwhile, the renewed property management contract sums in the first half of 2021 was HK$1,408.8 million. The portion of GFA under management from independent third parties at period end increased to 26.2% (At 31 December 2020: 12.6% *).

2. Revenue increased by 50.7% to HK$4,295.6 million, comparing to HK$2,850.1 million in the last corresponding period. Operating profit rose by 39.1% during the first half of 2021 against last corresponding period to HK$545.3 million (2020: HK$392.1 million).

3. Profit attributable to shareholders of the Company for the six months ended 30 June 2021 increased by 40.4% to HK$393.1 million against the last corresponding period (2020: HK$280.0 million). Basic and diluted earnings per share was HK11.96 cents (2020: HK8.52 cents), representing an increase of 40.4%. Average return on equity was 34.3% (2020: 35.1%).

4. The Board declared the payment of an interim dividend of HK3.0 cents per share (2020: HK2.2 cents per share) for the six months ended 30 June 2021.

**Note: Since 2021, the GFA under our management is re-defined generally only to include all full services, comprehensive property management projects, and the corresponding area under our management at last year end was restated accordingly.*

The board of directors (the “Board”) of China Overseas Property Holdings Limited (the “Company” or “COPL”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021. With the epidemic under control in the second half of last year, our operating condition improved gradually, business regained an upward trend and growth normalised. The six-month turnover of the Group amounted to HK$4,295.6 million, representing an increase of 50.7% compared to the turnover of HK$2,850.1 million for the corresponding period last year. Operating profit for the period rose by 39.1% to HK$545.3 million when compared to the last corresponding period (2020: HK$392.1 million). The profit attributable to shareholders of the Company increased by 40.4% to HK$393.1 million (2020: HK$280.0 million). Basic and diluted earnings per share was HK11.96 cents (2020: HK8.52 cents). Average return on equity was 34.3% (2020: 35.1%). After taking into account the Group’s dividend policy, interim business results and future business development plans, the Board declared an interim dividend of HK3.0 cents (2020: HK2.2 cents) per share for the six months ended 30 June 2021.

2021 is the inception year of the Group’s “14th Five-Year strategic plan”. 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 service promise of “Property Assets to be Entrusted” while leading a new journey with “1155” strategic objectives and measures: Having the goal of revitalising the “No.1 Butler” gilded signboard, we continue to define industry standards and strive to become the leading brand in the industry. We pursue sustainable, balanced, healthy and quality development and regard it as “One Core”, and build “Five Benchmarks”, including customer satisfaction benchmark, city and property project benchmark, operational results growth benchmark, sub-brand benchmark, and employee market value and team capability benchmark, as well as aim for “Brilliance in Five Competences”, in respect of service, product, market, technology and organisation. We insist on consolidating our existing strengths in the basic services of core stream business to penetrate well into and cultivate existing markets, building a moat mechanism, vigorously incubating innovative businesses, and continuing to actively explore external expanding markets. We also make use of technology-enabled digitalisation and intelligent transformation to facilitate a high quality and diversified upgrade on our property management services business, so as to meet our customers' ever-increasing demand for a wonderful living condition. 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 over 30 years of cultivation in Hong Kong and Macau. We set foot in Mainland China in 1991. 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 brand concept of "Building Happiness and Leading the Trend" to reflect the enterprise value, the enterprise spirit of "Progress Whole-heartedly Each Day" to attain well-rounded improvement in capabilities, the core value of "Customer-Orientation, Guaranteed Quality and Value Creation" to fulfill our mission and move towards our vision. In this period of uncertainty and rapid changes in the external environment, 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 standardisation and refinement 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 into 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 2021, the Group continued to expand its market presence, with a cumulative presence in 135 cities, covering Hong Kong and Macau, and a current workforce of approximately 49,372 employees. We continue to diversify our property management portfolio to include residential and non-residential properties, such as commercial complexes, offices, shopping centers, industrial parks, hospitals, schools, government properties, parks, ports, roads and bridges, bus terminus and other public facilities, with 312 pre-sales sites projects under management and 1,100 property management projects with service area of nearly 232.5 million square meters ("sq.m."). We tapped into the market of Bijie in Guizhou (貴州畢節) and won the bids for Zijin Yuefeng Plaza (紫金悅峰廣場), JD Headquarters and JD Technology Building (京東總部及京東科技大廈), Xiaojiahe of Peking University (北京大學蕭家河) and other projects, and enriched its portfolio of urban services, aviation, high-speed rail, hospitals, universities, industrial parks, parks, roads and bridges, etc.; provided management services for the first time in Hong Kong and Macau region for the Hong Kong Architectural Services Department under the Development Bureau of Hong Kong. We are now the leading provider of property management services for government facilities in Hong Kong, covering nine bureaux and twenty-one executive departments, and have significantly enhanced our business expansion capabilities. We have focused on and continued to upgrade the three major scenarios of real estate development: marketing, construction and move-in. On the strategic level, we actively liaise with large customers to achieve strategic synergy through complementary resources and advantages, and provide full lifecycle services. During the property development stage, we provide developers with whole-process property consultation and management services, including product positioning consultation, gardening, interior fine finishing, vetting of building plans, equipment and facility selection advice, pre-delivery marketing value-added services, carefree property service products with perfect delivery support services, delivery inspection services and quality control of engineering services, etc, marking the significant improvement of capabilities in integration of our upstream and downstream supply chain.

Currently, the Group serves over 100 corporate customers who 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 "2021 China Top 100 Property Management Companies" (2021 中國物業服務百強企業), "2021 China Top 10 Property Management Companies in terms of Service Scale" (2021 中國物業服務百強企業服務規模 TOP10) and "2021 China Top 10 Listed Property Service Companies in terms of Comprehensive Strength" (2021 中國物業服務上市公司綜合實力 TOP10). In last year, we were included in Morgan Stanley Capital International Index (MSCI) China Index as a constituent and also included in the Shanghai-Hong Kong connect list. In April 2021, we were further included in Hang Seng Property Service and Management Index, receiving high recognition from the capital market.

The “Xinghai Wulian” (興海物聯) platform under COPL, adhering to the strategic goal of “1155”, takes the responsibility of promoting the realisation of “Leading Technology Power”, takes into account the development trend of the industry, focuses on the construction Internet of Things (“IoT”) business, insists on the development strategy of “Platform + System”, and continues to promote the digital transformation of the Group based on the IoT, artificial intelligence, intelligent hardware and other technologies, with a commitment to actualise the full closed-loop intelligent operation of smart office, smart park and smart property business, etc. The COPL Haihui Project (海慧項目) focuses on the offline life scenarios of the customers in the park, and the establishment of three-dimensional images in multiple dimensions for customers enables unified customer management and identification, and helps to provide targeted services and marketing, which will generate an increasingly important impetus to the business development as the data volume increases and the accuracy of images improves. As the new benchmark of luxury residential buildings in the Greater Bay Area, Jinzhong Kylin Mansion Club (金眾麒麟公館) is built based on the project standards of Luban Prize (魯班獎). We provide wireless smart home solutions for the Kylin Mansion Club based on the IoT operating platform, constructing home smart screens and smart lighting control technology applications; Shenzhen Metro Tower (深圳地鐵大廈) is positioned as a high-end integrated office building. Based on the current technical framework, we build a fully digitalised intelligent park with the aid of a number of new technologies including large screens in the intelligent operation center and all-optical networking. Such project realises advanced experiences such as automatic access, wireless projection for information dissemination, and artificial intelligence monitoring. At the same time, we realise the value conversion of high customer satisfaction and transform it into the goal of continuous growth of income and profitability of the unit area of the projects under management, comprehensively promote the innovation and reform of menu-type high-quality and high-price engineering service mode, and achieve continuous improvement of the unit area production value of the projects under management through raising fees for the existing projects, public services enhancement and the opening of individual value-added service market. In terms of menu design for current public services, we fully review the reasonableness and suitability of the service menu and charging standard, where each menu has a precise design for its own public services enhancement products and service list, so as to stimulate the demand of property owners for property service consumption upgrade by enhancement of service products.

As a platinum member of Building Owners and Managers Association International, an international accreditation organisation, "Hainawanshang" (海納萬商), a commercial property service brand under the Group, continues to cultivate its position in non-residential premises such as office buildings, commercial complexes, industrial parks, government and public construction as well as colleges and universities, with the new development engine powered by full life-cycle and asset operation along the entire business chain. Meanwhile, the Group offers community value-added services under the brand of "UN+" (優你互聯), which aims to create a vibrant and sustainable business environment for its communities by use of both online and offline approaches, and expand its services reach through market-oriented strategies. The brand actively innovates its incentive mechanism and conceives value-added services, so as to deepen its foothold in the existing market and explore the potentials of projects under our management, which will enable us to meet our customers' ever-increasing demand for a wonderful living condition. Accordingly, COPL introduces the move-in business of direct sales of customised products and explores opportunities through the sales model of "Move-In Pre-Purchase + Group Purchase", which builds a combination to open up new paths and achieve new growth.

The Group adheres to the commonly acclaimed motto of "Gathering Hard-workers and Inspiring Talents". We actively explored and took full advantage of the market-oriented principle and fostered the resilience and agility of our organisation to match the business development. We pursue top-notch efficiency and vitality in our organisation, and initiated the reform of "Project General Manager Partnership System" (項目總經理合夥人制) through management model innovation, controlled back-office management fee rate at a reasonable level with market-oriented performance incentive system and intensive project management model, and achieved higher management efficiency through business partnership incentive, a workload-based rewarding system, and stimulated vitality. The "UN+ Butler Partnership System" (優管家合夥人制) is also an integral part of our reform of project management model, which can stimulate the vitality of the management team and the proactiveness of the staff to the fullest extent. Employees are encouraged to establish a good foundation for basic property services while actively expanding value-added services at the user end, so as to achieve the goal of a win-win situation in terms of personal income and corporate income generation. Partners who encounter new problems and issues in practice should take the initiative to step out of the comfort zone, overcome cognitive blind spots, and learn and practice with problem solving and goal setting mindset. Through the partnership system, we will seek and cultivate a group of elite managers who are professionally qualified, proactive to undertake responsibilities and determined to seek the realisation of higher self-value in the future.

While the year 2021 represented a historical watershed as the nation endeavored to stabilise employment, safeguard livelihood and emerge victorious against poverty, we strived to meet the society's expectations during this crucial time and actively participated in community service. The Group engaged grassroots workers that engage in cleaning, security, greening, maintenance and other works, organised special recruitment campaigns targeted at poverty-stricken regions, provided job opportunities, protected labour safety, improved service skills and promoted the poverty alleviation through stabilising employment. In order to alleviate poverty through consumption, the Group fully utilised the advantages of its two E-Commence platforms, namely"Haihui Youxuan"(海惠優選) and"China Overseas Youjia"(中海優家), to sell agricultural products from poverty-stricken regions, established long-term charity sale channels in the communities, launched ongoing promotion activities and realised industrial commercialisation and marketisation to increase the revenue received by families from poverty-stricken regions, signed donation contracts to help the local economy, and took part in volunteer activities such as constructing"China Overseas Wen Jia He Hope Primary School"(中國海外溫家河希望小學), donating teaching aids and books to schools and rehabilitation devices to patients with breast cancer. In the times of fighting against typhoons and other natural disasters, COPL "Bears Owners' Needs in Mind and Takes Immediate Actions to Solve Problems for Owners", takes proactive and timely actions to avoid casualties and material property losses, and fulfills its service commitment and social responsibility with practical actions.

While the COVID-19 epidemic continues to spread around the globe, there have been sporadic outbreaks in some provinces and cities in Mainland China in recent months. COPL has adhered to its national strategic role and insisted on the overall prevention and control strategy of "Preventing Imported Cases from the Outside and Resurgence from the Inside", building a great wall to fight against the epidemic. Our staff remains at the frontline at all times to maintain normalised epidemic prevention and control measures, and fully cooperates with community efforts in epidemic prevention and control management to effectively protect the lives and health of our customers. During the period of normalised epidemic prevention and control, coronavirus vaccination is the most convenient and effective way to prevent the transmission of viruses, especially variants, and safeguard the health of the entire population. In order to raise the vaccination rate of each unit, a special task force for vaccination matters has been set up by the customer service center, where customer service staff will provide instant one-on-one targeted notification, collate feedback on vaccination needs in a timely manner, and deploy dedicated customer service staff to answer vaccination enquiries 24 hours a day. At the same time, normalised measures such as disinfection, body temperature measurement, scanning and identification and epidemic prevention and promotion also provide customers with a solid protective barrier to prevent the expansion and spread of the epidemic. Besides, we also responded to the call for nucleic acid testing by all district governments and the residents' committees. Project managers of management offices organised fully-manned participation and personally led the staff to finish a series of preliminary work, such as on-site investigation, testing station setup, rapid duties allocation, prompt allocation of supplies, setting up tents on site, scanning and labelling, temperature checks, disinfection, maintaining order and promotion campaign, as well as provided active support to the nucleic acid testing. In the course of nucleic acid testing, the property staff paid special attention to the elderly, the sick, the disabled and the pregnant, took care of the tenants in need of assistance, and arranged personnel for the delivery of supplies to the tenants, with an aim to ensure the safety of the staff at the testing site while providing attentive services. The anti-epidemic work has achieved progressive results and was widely recognised by the society, and has also greatly enhanced the popularity and reputation of the COPL brand. At the same time, the property management industry's resistance to cyclicity and risk were clearly demonstrated. Due to epidemic prevention and control, remote office, online education and online shopping rapidly become a new way of production and living. The integration of innovative technology products, such as contactless lifts, access control and intelligent temperature detection equipment, into community management will be expedited, further facilitating the development of technological intelligence of the property management industry. The comprehensive legal system of the Civil Code of the People's Republic of China systematically defines the rights and responsibilities between property management enterprises and property owners, general meetings of owners, owners' committees and government departments, and provides standard rules for the focuses and difficult points of conflicts in the past property management practice. On 5 January 2021, ten departments under the State Council, including the Ministry of Housing and Urban-Rural Development of the PRC, jointly issued the Circular on Strengthening and Improving the Administration of Residential Property (《關於加強和改進住宅物業管理工作的通知》), which encourages a variable adjustment mechanism for property management fees, enhances the penetration rate of property management services and seeks to improve the collection rate of management fees. Under the new legal environment, enterprises that operate with integrity, technological innovation and management innovation will have more market opportunities.

In 2021, the COVID-19 pandemic continues to pose uncertainties to the global development. Faced with unprecedented transformation in a century, the Group maintains steadfast balanced, sustainable, healthy and quality development as “One Core”, and we must preserve coordinated development and security in our new development philosophy. Looking ahead, we must continue to strengthen our competitive edge, be pro-active, play a decent first move, take initiatives, and embrace changes in the period with emerging strategic opportunities. We must also learn, take responsibilities, and strive in the fierce full market competition, roll-out the 14th Five-Year Plan whole-heartedly, and revitalise the “No.1 Butler” gilded signboard.

REVENUE AND OPERATING RESULTS

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

Since 2021, the gross floor area ("GFA") under our management is re-defined generally only to include all full services, comprehensive property management projects, and the corresponding area under our management at last year end was restated accordingly. As at 30 June 2021, the GFA under our management increased by 45.4 million sq.m. or 24.3% to 232.5 million sq.m. from 187.1 million sq.m. (restated) at the last year end, in which, 82.1% of the new jobs was secured from independent third parties. Residential projects and non-residential projects accounted for 30.1% and 69.9% of the new orders respectively, with corresponding contract sums amounting to HK$1,091.0 million and HK$831.5 million respectively. Meanwhile, the renewed property management contract sums in the first half of 2021 was HK$1,408.8 million. These continuously strengthened our revenue base and improved our market competitive position.

With the "Coronavirus Disease 2019" pneumonia epidemic generally under control in the second half of last year in Mainland China, our business was able to revert to normal growth under a normalized environment with COVID-19. During the six months ended 30 June 2021, total revenue increased by 50.7% to HK$4,295.6 million (2020: HK$2,850.1 million), which mainly arisen from (i) the increase in GFA under our management with higher proportion of lump-sum basis contracts; (ii) continuous business growth on value-added services to both non-residents and residents; and (iii) the effect of average appreciation of Renminbi against Hong Kong dollar during the last twelve months.

On the other hand, direct operating expenses raised relatively faster than our revenue growth at 54.2% to HK$3.605.5 million for the period (2020: HK$2,338.3 million), which was mainly due to (i) higher proportion of lump-sum basis contracts with price competition upon market expansion in property management sector; (ii) diversity and extension of product range of value-added services to non-residents; (iii) the expansion in workforce to actively explore external expanding markets; and (iv) significant reduction of government relief (including relief policy on provident fund) against impacts of COVID-19 as occurred in last corresponding period.

Accordingly, gross profit for the period increased by 34.8% against last period to HK$690.2 million (2020: HK$511.8 million). For the six months ended 30 June 2021, gross profit margin decreased to 16.1% from 18.0% in the last period.

Other income and gains, net was HK$59.9 million for the period (2020: HK$55.5 million), mainly represented by unconditional government grants and interest income of HK$26.0 million and HK$33.3 million respectively (2020: HK$34.6 million and HK$18.6 million respectively). The decrease in unconditional government grants was mainly attributable to the significant reduction of government subsidies against COVID-19 in current period. The increase in interest income mainly benefited from a higher level of cash balances comparing with last period together with more effective treasury management.

Fair value gain on investment properties for the period was minimal at HK$0.4 million (2020: fair value loss of HK$1.9 million).

After deducting selling and administrative expenses of HK$200.6 million (2020: HK$154.9 million) and net impairment of trade receivables and payments on behalf of property owners of HK$4.6 million for the period (2020: HK$18.4 million), operating profit increased by 39.1% to HK$545.3 million (2020: HK$392.1 million). On one hand, the increase in selling and administrative expenses was due to increase in manpower and salary level year on year driven by continuous scale expansion. On the other hand, there was strategic increase in headcounts for promotion of intelligent software platforms and distribution of hardware leading to higher selling costs of HK$21.6 million compared to last corresponding period. The decrease in net impairment of trade receivables and payments on behalf of property owners was mainly arisen from the continuously strengthening of the controls and recovery of receivables and advances, including the net reversal of impairment on payments on behalf of property owners amounting to HK$7.4 million (2020: net impairment of HK$2.6 million) upon improving economic condition as the pandemic disease was under control.

Income tax expenses increased by 42.7% to HK$149.4 million for the period (2020: HK$104.7 million), mainly due to increase in profit before tax and withholding income tax provision. Withholding income tax provision of HK$17.2 million (2020: HK$13.1 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 2021 increased by 40.4% to HK$393.1 million against the last corresponding period (2020: HK$280.0 million).

SEGMENT INFORMATION

PROPERTY MANAGEMENT SERVICES

Revenue from property management services constituted 70.9% of total revenue for the six months ended 30 June 2021 (2020: 78.3%), and increased by 36.5% from last corresponding period to HK$3,043.8 million (2020: HK$2,230.0 million). During the six months ended 30 June 2021, we increased our total GFA under management to 232.5 million sq.m. that was 24.3% more comparing with the last year end (At 31 December 2020: 187.1 million sq.m. (restated)). The portion of GFA under management from independent third parties at period end increased to 26.2% (At 31 December 2020: 12.6% (restated)).

For the six months ended 30 June 2021, approximately 95.0% and 5.0% of the segment revenue were generated from regular property management contracts under lump sum basis and commission basis respectively (2020: 93.9% and 6.1% respectively).

The segment gross profit margin decreased to 13.8% for the period (2020: 16.2%) mainly due to higher proportion of lump-sum basis contracts with price competition upon market expansion in property management sector. Accordingly, the gross profit of our property management services segment increased by 16.5% from last corresponding period to HK$419.7 million for the six months ended 30 June 2021 (2020: HK$360.2 million).

We strengthened the controls and recovery of receivables and advances while COVID-19 was more or less under control, which caused the decrease in net impairment of trade receivables and payments on behalf of property owners for the period. Accordingly, after deducting administrative expenses and taking into accounts the other income, the segment profit of the property management services increased by 20.6% to HK$375.2 million for the period (2020: HK$311.1 million).

VALUE-ADDED SERVICES

High customers' satisfaction and recognition of our traditional property management services facilitates the promotion and expansion of our value-added services to property developers, other property management companies and residents of the properties under our management. With the epidemic under control in the second half of last year, our operating condition improved gradually at full wing, business resumed an upward trend and growth normalised. Revenue from the value-added services segment constituted 27.5% of total revenue for the six months ended 30 June 2021 (2020: 21.4%), and increased by 93.5% to HK$1,182.4 million against last period (2020: HK$611.2 million) that was confronted by the epidemic disease. The sub-segment revenue from value-added services to non-residents (for property developers and other property management companies) and residents increased by 89.4% and 102.4% to HK$797.3 million and HK$385.1 million respectively (2020: HK$421.0 million and HK$190.2 million respectively).

The increase in non-residents sub-segment revenue was mainly arisen from (i) expansion of Xinghai Wulian's intelligent building & construction and technical support for specific engineering business for the development of smart communities to meet residents' smart park experience; (ii) expansion in business volumes on pre-delivery services (such as security, cleaning and repair and maintenance services for display units in pre-sales offices for developing properties) and inspection services rendered to property developers; and (iii) the increase in consultancy services revenue.

In respect of value-added services to residents sub-segment, revenue doubled with community asset management, living service operations and commercial service operations expanded quickly during the period. 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.

In respect of the profitability, the gross profit margin of the value-added services segment for the period decreased to 21.1% (2020: 24.4%), of which, (i) that of value-added services to non-residents sub-segment dropped to 17.1% (2020: 20.1%) because of diversity and extension of product range of our services; (ii) the gross profit margin of value-added services to residents sub-segment decreased to 29.5% (2020: 33.8%), due to the decrease in unit prices under a fiercely competitive environment, while the expansion in workforce to actively explore external expanding markets.

Accordingly, driven by increasing revenue, the gross profit of value-added services increased by 67.7% to HK$249.9 million (2020: HK$149.0 million), of which, (i) the gross profit of value-added services to non-residents sub-segment increased by 60.8% to HK$136.3 million (2020: HK$84.8 million); and (ii) the gross profit of value-added services to residents sub-segment increased by 76.8% to HK$113.6 million (2020: HK$64.2 million).

All in all, the segment profit from value-added services, having allowed for segment overhead, including higher selling costs due to increase in headcounts for promotion of intelligent software platforms and distribution of hardware, increased by 48.2% against last corresponding period to HK$189.2 million (2020: HK$127.7 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 2021, through our incentive scheme to enhance sales momentum, revenue from the car parking spaces trading business segment substantially increased by 6.8 times to HK$69.4 million from last corresponding period (2020: HK$8.9 million), with segment profit soared to HK$19.4 million during the period (2020: HK$2.3

million).

LIQUIDITY, FINANCIAL RESOURCES AND DEBT STRUCTURE

The Group adopts prudent financial policies, with effective financial and cash management under centralised supervision, and maintains adequate cash balances. As at 30 June 2021, net working capital amounted to HK$2,031.3 million (At 31 December 2020: HK$1,783.7 million).

Bank balances and cash decreased by 12.1% to HK$3,258.5 million from last year end (At 31 December 2020: HK$3,705.7 million), in which, 93.3% were denominated in Renminbi and 6.7% were denominated in Hong Kong Dollar/ Macau Pataca.

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.

On one hand, 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/payment on 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$76.6 million for the six months ended 30 June 2021.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2021, the capital commitments of the Group were HK$16.3 million, which mainly related to capital investment in a joint venture and acquisition of a subsidiary, equipment and software. In additions, the Group provided counter-indemnities amounting to approximately HK$248.7 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.

Except as disclosed above, we had no other material capital commitments and outstanding contingent liabilities as at 30 June 2021.

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 2021.

EMPLOYEES

As at 30 June 2021, the Group had approximately 49,372 employees (At 31 December 2020: 45,398). 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 2021 was approximately HK$2,270.6 million (2020: HK$1,524.7 million (net of government relief of HK$3.9 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 2021 and the comparative figures for the corresponding period in 2020 are as follows:

		Six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Revenue	*5*	**4,295,633**	2,850,124
Direct operating expenses		**(3,605,479)**	(2,338,298)
Gross profit		**690,154**	511,826
Other income and gains, net		**59,875**	55,473
Fair value gain/(loss) of investment properties, net		**444**	(1,884)
Selling and administrative expenses		**(200,575)**	(154,901)
Impairment of financial assets, net		**(4,592)**	(18,424)
Operating profit		**545,306**	392,090
Finance costs		**(1,435)**	(1,683)
Share of profit of a joint venture		**861**	33
Share of profit of an associate		**93**	86
Profit before tax	*6*	**544,825**	390,526
Income tax expenses	*7*	**(149,363)**	(104,702)
Profit for the period		**395,462**	285,824
Attributable to:			
Shareholders of the Company		**393,054**	280,029
Non-controlling interests		**2,408**	5,795
		395,462	285,824
		HK Cents	HK Cents
Earnings per share attributable to shareholders of the Company	*9*		
Basic and diluted		**11.96**	8.52

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit for the period	**395,462**	285,824
Other comprehensive income		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of subsidiaries of the Company	**32,598**	(30,188)
Other comprehensive income/(loss) for the period, net of income tax	**32,598**	(30,188)
Total comprehensive income for the period	**428,060**	255,636
Attributable to:		
Shareholders of the Company	**425,090**	250,256
Non-controlling interests	**2,970**	5,380
	428,060	255,636

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2021 (Unaudited) HK$'000	31 December 2020 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**80,699**	68,411
Investment properties		**165,548**	162,559
Right-of-use assets		**91,064**	72,017
Intangible assets		**32,884**	20,948
Investment in a joint venture		**4,693**	3,771
Investment in an associate		**421**	328
Due from a related company		**90,284**	88,894
Prepayments		**2,439**	2,353
Deferred tax assets		**40,584**	38,600
Total non-current assets		**508,616**	457,881
Current assets			
Inventories	*10*	**686,619**	606,471
Trade and retention receivables	*11*	**1,618,007**	846,135
Prepayments, deposits and other receivables		**554,693**	384,565
Due from the immediate holding company	*12*	**738**	893
Due from fellow subsidiaries	*12*	**270,912**	129,165
Due from related companies	*12*	**142,412**	63,559
Cash and bank balances		**3,258,454**	3,705,703
Total current assets		**6,531,835**	5,736,491
Current liabilities			
Trade payables	*13*	**687,843**	461,113
Other payables and accruals		**2,452,436**	2,282,234
Receipts in advance and other deposits		**1,088,145**	934,831
Lease liabilities		**42,546**	24,794
Due to fellow subsidiaries	*14*	**13,754**	18,118
Due to related companies	*14*	**8,505**	18,269
Income tax payables		**207,336**	213,422
Total current liabilities		**4,500,565**	3,952,781
Net current assets		**2,031,270**	1,783,710
Total assets less current liabilities		**2,539,886**	2,241,591

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	**30 June 2021 (Unaudited) HK$'000**	31 December 2020 (Audited) HK$'000
Non-current liabilities			
Lease liabilities		**42,064**	38,612
Deferred tax liabilities		**19,061**	18,673
Total non-current liabilities		**61,125**	57,285
Net assets		**2,478,761**	2,184,306
Equity			
Equity attributable to shareholders of the Company			
Issued capital	*15*	**3,287**	3,287
Reserves		**2,436,549**	2,145,544
		2,439,836	2,148,831
Non-controlling interests		**38,925**	35,475
Total equity		**2,478,761**	2,184,306

1. GENERAL INFORMATION

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

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

During the six months ended 30 June 2021, 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; and the trading of car parking spaces.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2021 (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 2020.

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 17 August 2021.

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 financial statements for the year ended 31 December 2020.

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 HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform - Phase 2*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

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.

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 3	*Reference to the Conceptual Framework*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to HKAS 1 and HKAS 8	*Disclosure of Accounting Policies and Definition of Accounting Estimates*[2]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to HKFRSs 2018-2020	*Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41*[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 No mandatory effective date yet determined but available for adoption

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 engages in the provision of (i) value-added services to non-residents (such as property developers and other property management companies), including 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. and (ii) value-added services to residents, representing 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.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

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.

Segment revenue and results

Six months ended 30 June 2021 (Unaudited)

	Property management services HK$'000	**Value-added services HK$'000**	**Car parking spaces trading business HK$'000**	**Total HK$'000**
Reportable segment revenue				
Revenue from external customers (note 5)	**3,043,782**	**1,182,442**	**69,409**	**4,295,633**
Inter-segment revenue	**27,966**	**108,709**	**-**	**136,675**
	3,071,748	**1,291,151**	**69,409**	**4,432,308**
Reconciliation:				
Elimination of inter-segment revenue				**(136,675)**
Reported total revenue				**4,295,633**
Reportable segment results	**375,154**	**189,224**	**19,428**	**583,806**
Reconciliation:				
Corporate expenses, net			**(i)**	**(38,981)**
Profit before tax				**544,825**

Six months ended 30 June 2020 (Unaudited)

	Property management services HK$'000	Value-added services HK$'000	Car parking spaces trading business HK$'000	Total HK$'000
Reportable segment revenue				
Revenue from external customers (note 5)	2,230,024	611,226	8,874	2,850,124
Inter-segment revenue	36,754	57,332	-	94,086
	2,266,778	668,558	8,874	2,944,210
Reconciliation:				
Elimination of inter-segment revenue				(94,086)
Reported total revenue				2,850,124
Reportable segment results	311,083	127,650	2,291	441,024
Reconciliation:				
Corporate expenses, net			(i)	(50,498)
Profit before tax				390,526

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

(i) Including net exchange gain mainly arising from dividend received/receivable from a subsidiary of the Group of HK$10,753,000 (six months ended 30 June 2020: HK$1,402,000).

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 and trading of car parking spaces) are recognised in the respective reportable operating segments (i.e. property management services, value-added services 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 2021 (Unaudited)

Segments	**Property management services HK$'000**	**Value-added services HK$'000**	**Car parking spaces trading business HK$'000**	**Total HK$'000**
At point in time	**-**	**226,997**	**68,060**	**295,057**
Over time	**3,043,782**	**953,345**	**-**	**3,997,127**
Total revenue from contracts with customers	**3,043,782**	**1,180,342**	**68,060**	**4,292,184**
Revenue from another source				
- rental income	**-**	**2,100**	**1,349**	**3,449**
Total revenue from external customers	**3,043,782**	**1,182,442**	**69,409**	**4,295,633**

Six months ended 30 June 2020 (Unaudited)

Segments	Property management services HK$'000	Value-added services HK$'000	Car parking spaces trading business HK$'000	Total HK$'000
At point in time	-	123,537	8,661	132,198
Over time	2,230,024	486,281	-	2,716,305
Total revenue from contracts with customers	2,230,024	609,818	8,661	2,848,503
Revenue from another source				
- rental income	-	1,408	213	1,621
Total revenue from external customers	2,230,024	611,226	8,874	2,850,124

Geographical market

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

6. PROFIT BEFORE TAX

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit before tax is arrived at after charging:		
Employee benefit expenses including directors' and chief executive's remuneration and share-based payment (note)	**2,270,557**	1,524,687
Sub-contracting costs	**850,417**	405,190

Note: During the six months ended 30 June 2021, share-based payment to certain directors, senior management and other employees amounting to HK$3,963,000 (2020: HK$1,911,000) were recognised in profit or loss, with a corresponding credit to equity. During the six months ended 30 June 2020, employee benefit expenses included (i) reduction and wavier of employer obligations on social security contributions as announced by the Ministry of Human Resources and Social Security of the PRC; and (ii) receipt of government grants under covid-19 from the governments of Hong Kong and Macau.

7. INCOME TAX EXPENSES

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current:		
Hong Kong	**1,542**	1,295
Macau	**100**	213
Mainland China	**131,808**	103,196
Overprovision in prior years – Mainland China	**-**	(11,596)
The PRC withholding income tax	**17,227**	13,136
	150,677	106,244
Deferred	**(1,314)**	(1,542)
Total	**149,363**	104,702

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	
	2021	2020
	%	%
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% (2020: 5%).

8. DIVIDENDS

A dividend of HK$138,048,000 that relates to the year ended 31 December 2020 was paid in July 2021 (2020: HK$92,032,000).

On 17 August 2021, the board of directors has resolved to declare an interim dividend of HK3.0 cents per share (2020: HK2.2 cents), which is payable to shareholders whose names appear on the Company's register of members on 15 September 2021. This interim dividend, amounting to HK$98,606,000 (2020: HK$72,311,000), has not been recognised as a liability in the Interim Financial Statements. It will be recognised in equity in the year ending 31 December 2021.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the period attributable to shareholders of the Company of HK$393,054,000 (2020: HK$280,029,000), and the weighted average number of ordinary shares of 3,286,860,460 (2020: 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 2021 and 2020 for a dilution as the Group had no dilutive potential ordinary shares in issue during these periods.

10. INVENTORIES

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Car parking spaces, at cost	**685,849**	606,471
Finished goods, at cost	**770**	-
	686,619	606,471

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

During the six months ended 30 June 2021, the Group purchased right-of-use on car parking spaces from fellow subsidiaries and related companies, exclusive of value-added tax, amounting to HK$59,378,000 and HK$44,164,000 respectively (2020: Nil and Nil respectively).

11. TRADE AND RETENTION RECEIVABLES

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Trade receivables	**1,677,841**	909,016
Retention receivables	**56,883**	40,256
Trade and retention receivables	**1,734,724**	949,272
Less: Impairment	**(116,717)**	(103,137)
	1,618,007	846,135

11. TRADE AND RETENTION RECEIVABLES (CONTINUED)

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. Income from the provision of repair and maintenance, automation and other equipment upgrade services are received in accordance with the terms of the relevant contract agreements, normally within 60 days from the issuance of payment requests. Other value-added services income is due for payment upon the issuance of demand notes. Car parking space trading income is received in accordance with the terms of the sales and purchase agreement.

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

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

	30 June 2021 (Unaudited) HK$'000	31 December 2020 (Audited) HK$'000
Within 1 month	**592,471**	245,478
1 to 3 months	**507,027**	184,391
3 to 12 months	**334,282**	289,185
1 to 2 years	**96,035**	64,337
Over 2 years	**148,026**	125,625
	1,677,841	909,016

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

	30 June 2021 (Unaudited) HK$'000	31 December 2020 (Audited) HK$'000
Balance due from the immediate holding company		
Trade nature	**738**	893
Balances due from fellow subsidiaries		
Trade nature	**270,912**	129,165
Balances due from related companies (including joint ventures and associates of fellow subsidiaries)		
Trade nature	**142,412**	63,559
Non-trade nature	**90,284**	88,894
	232,696	152,453
Total balances due from related parties	**504,346**	282,511

12. BALANCES DUE FROM THE IMMEDIATE HOLDING COMPANY, FELLOW SUBSIDIARIES AND RELATED COMPANIES (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 2021 (Unaudited) HK$'000	31 December 2020 (Audited) HK$'000
Balance due from the immediate holding company		
Within 1 month	**126**	283
1 to 3 months	**372**	335
Over 3 months	**240**	275
	738	893
Balances due from fellow subsidiaries		
Within 1 month	**184,700**	62,378
1 to 3 months	**15,452**	27,583
3 to 12 months	**48,267**	18,782
1 to 2 years	**11,515**	12,738
Over 2 years	**10,978**	7,684
	270,912	129,165
Balances due from related companies		
Within 1 month	**106,052**	13,926
1 to 3 months	**9,829**	33,968
3 to 12 months	**11,634**	10,088
1 to 2 years	**12,882**	4,541
Over 2 years	**2,015**	1,036
	142,412	63,559

13. TRADE PAYABLES

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

	30 June 2021 (Unaudited) HK$'000	31 December 2020 (Audited) HK$'000
Within 1 month	**233,228**	171,054
1 to 3 months	**116,969**	74,106
3 months to 12 months	**190,425**	90,871
1 to 2 years	**115,427**	101,437
Over 2 years	**31,794**	23,645
	687,843	461,113

14. BALANCES DUE TO FELLOW SUBSIDIARIES AND RELATED COMPANIES

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 2021 (Unaudited) HK$'000	31 December 2020 (Audited) HK$'000
Balances due to fellow subsidiaries – trade nature		
Within 1 month	**1,205**	4,225
1 to 3 months	**32**	96
3 to 12 months	**4,126**	610
1 to 2 years	**1,451**	1,235
Over 2 years	**91**	89
	6,905	6,255
Contract liabilities	**6,849**	11,863
	13,754	18,118

	30 June 2021 (Unaudited) HK$'000	31 December 2020 (Audited) HK$'000
Balances due to related companies (including joint ventures and associates of fellow subsidiaries) – trade nature		
Within 1 month	**640**	765
1 to 3 months	**1,095**	451
3 to 12 months	**1,467**	2,490
1 to 2 years	**2**	557
Over 2 years	**226**	222
	3,430	4,485
Contract liabilities	**5,075**	13,784
	8,505	18,269

15. SHARE CAPITAL

Issued and fully paid:

	Number of shares	Issued capital HK$'000
As at 1 January 2020 and 31 December 2020 (Audited), 1 January 2021 and 30 June 2021 (Unaudited)	**3,286,860,460**	**3,287**

INTERIM DIVIDEND

After taking into account the dividend policy of the Group, business results for the period and future business development plans, the Board declared the payment of an interim dividend of HK3.0 cents per share for the six months ended 30 June 2021 (for the six months ended 30 June 2020: an interim dividend of HK2.2 cents per share) representing a total amount of approximately HK$98,606,000. The interim dividend will be paid to the shareholders of the Company (the "Shareholders") on Monday, 4 October 2021 whose names appear on the Company's register of members (the "Register of Members") on Wednesday, 15 September 2021.

CLOSURE OF REGISTER OF MEMBERS

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

Ex-dividend date	Friday, 10 September 2021
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 Monday, 13 September 2021
Closure of Register of Members	Tuesday, 14 September 2021 to Wednesday, 15 September 2021 (both days inclusive)
Record date	Wednesday, 15 September 2021

For purposes mentioned above, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

REVIEW OF ACCOUNTS BY AUDIT COMMITTEE

The audit committee of the Company has reviewed with the management of the Company the accounting policies and practices adopted by the Group and discussed, among other things, internal control, risk management and financial reporting matters including a review of the unaudited interim results of the Group for the six months ended 30 June 2021.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE (CONTINUED)

During the six months ended 30 June 2021, the Company has adopted and complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the required standard regarding securities transactions set out therein throughout the six months ended 30 June 2021.

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

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

The Company had not redeemed any of its shares during the six months ended 30 June 2021. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 30 June 2021.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the Company's website (http://www.copl.com.hk) and the Stock Exchange's designated website (https://www.hkexnews.hk). The Company's interim report for the six months ended 30 June 2021 will be available on the same websites and will be dispatched to the Shareholders in due course.

APPRECIATION

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

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

Hong Kong, 17 August 2021

As at the date of this announcement, the Board comprises seven Directors, there are four Executive Directors, namely Mr. Zhang Guiqing (Chairman), Dr. Yang Ou (Chief Executive Officer), Mr. Pang Jinying (Vice President) and Mr. Kam Yuk Fai (Chief Financial Officer); and three are Independent Non-executive Directors, namely Mr. Yung, Wing Ki Samuel, Mr. So, Gregory Kam Leung and Mr. Lim, Wan Fung Bernard Vincent.