中海物業
CHINA OVERSEAS PROPERTY

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

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

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

1. For the year ended 31 December 2021, the gross floor area ("GFA") under our management increased by 38.9% or 72.9 million sq.m. to 260.0 million sq.m., in which, 65.8% of the new projects with a contract sum of HK$3,938.9 million were secured from independent third parties. Residential projects and non-residential projects accounted for 46.4% and 53.6% of the new GFA respectively, with corresponding contract sums amounting to HK$4,246.7 million and HK$3,370.4 million respectively. As at 31 December 2021, the portion of GFA under management from independent third parties and for non-residential projects increased to 27.6% (2020: 12.6%*) and 22.8% (2020: 10.8%) respectively.

2. Revenue increased by 44.3% to HK$9,442.0 million, comparing to revenue of HK$6,544.9 million in the last year.

3. Gross profit increased by 37.3% against last year to HK$1,641.6 million (2020: HK$1,195.4 million). Gross profit margin decreased slightly to 17.4% for the year (2020: 18.3%).

4. Profit attributable to shareholders of the Company increased by 40.5% against last year to HK$983.9 million (2020: HK$700.0 million). Basic and diluted earnings per share was HK29.93 cents (2020: HK21.30 cents), representing an increase of 40.5%. Average return on equity in 2021 was 38.2% (2020: 38.2%).

5. The Board recommended the payment of a final dividend of HK6.0 cents per share (2020: HK4.2 cents per share) for the year ended 31 December 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") is pleased to announce the annual consolidated results of the Company and its subsidiaries (collectively, the "Group" or "COPL") for the year ended 31 December 2021. The annual turnover of the Group increased by 44.3% to HK$9,442.0 million from HK$6,544.9 million of last year. Operating profit rose by 41.2% to HK$1,319.3 million (2020: HK$934.1 million). The profit attributable to shareholders of the Company increased by 40.5% to HK$983.9 million (2020: HK$700.0 million). Basic and diluted earnings per share was HK29.93 cents (2020: HK21.30 cents). Average return on equity was 38.2% (2020: 38.2%). After taking into account the dividend policy of the Group, the business results for the year and future business development plans, the Board recommended the declaration of a final dividend of HK6.0 cents (2020: HK4.2 cents) per share for the year 2021. Together with the interim dividend of HK3.0 cents (2020: HK2.2 cents) per share distributed in October 2021, total dividends for the year will amount to HK9.0 cents (2020: HK6.4 cents) per share. The proposed final dividend is subject to the approval by the shareholders of the Company at the annual general meeting to be held on 21 June 2022. (the "2022 AGM").

In 2021, the world was still plagued by coronavirus variants. Despite the intense and effective prevention measures focusing on "Preventing Imported Cases from the Outside and Resurgence from the Inside", China can hardly be immune from the pandemic. Sporadic cases in local areas, coupled with the geopolitical conflicts and the negative impact of the overall economic climate, the future is still full of challenges. In spite of the difficulties of the epidemic prevention and control, as the guardian standing closest to the people, we have confidence and perseverance to grow steadily and will strive to protect the lives of customers with a view to achieving a win-win situation for epidemic prevention and control as well as production and operation. During 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 performance pledge 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 Competencies”, 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 (the “PRC” or “China”) with first-class qualifications, the Group started its property management service in Hong Kong in 1986, with 35 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 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 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 2021, the Group had a cumulative presence in 141 cities, covering Hong Kong and Macau, and a current workforce of approximately 52,220 employees. With continued market expansion, we promoted vertical and horizontal exploration of customer resources by consolidating the existing resources while actively seeking new ones. Through innovative business models of "Integration of Letting Operation + Property Services (招商運營+物業服務一體化)", "Cost on Lump Sum Basis + Operating Profit Sharing (成本包乾制+經營利潤分成)", we achieved remarkable results. We continued to diversify our property management portfolio and made new breakthroughs in expanding to non-residential areas with significant progress in parks, commercial buildings and offices as well as in the finite residential properties market. We also won several bids for premium landmark projects and high contract value items, and realised the transformation to quality joint venture projects, further diversifying our product portfolio consisting of commercial complexes, offices, shopping centers, industrial parks, aviation, high-speed rail, hospitals, schools, government properties, parks, ports, roads and bridges, bus terminuses and other public facilities, with 388 pre-sales sites projects under management and 1,281 property management projects with service area of nearly 260.0 million square meters ("sq.m."). We secured new contracts of No.2 JD Headquarters (京東總部 2 號樓) (with annual contract value of more than RMB30 million) and tapped into the market of Bijie in Guizhou (貴州畢節). Other projects included Translational Medicine Building of Peking Union Medical College Hospital (北京協和醫院轉化醫學綜合樓), Maintenance of the main stream of the Maozhou River in Shenzhen (深圳茅洲河干流河道養護), Tianfu Art Park (天府藝術公園), Nanjing Zijin Yuefeng Plaza (南京紫金悅峰廣場) and Xiaojiahe of Peking University (北京大學蕭家河). In Hong Kong and Macau regions, we provided management services for the first time for the Architectural Services Department under the Hong Kong Development Bureau, and Hong Kong Museum of Arts under the Leisure and Cultural Services Department of Hong Kong as well as extended our services to approximately 50% hospital projects under Hospital Authority and the headquarters building of Hospital Authority. Currently, our government management projects cover nine bureaux and 21 executive departments. We continued to maintain a robust growth momentum and we are now 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. 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 a significant improvement of capabilities in integration of our upstream and downstream supply chain.

Currently, the Group serves over 100 corporate customers which are the world's top 500 companies and becomes the most reliable business partner of central enterprises, state-owned enterprises and private enterprises. We were named as "2021 China Top 100 Property Management Companies" (2021 中國物業服務百強企業), "The No. 1 Among the Top 100 Valuable Brands of China Property Management Service in 2021" (2021 中國物業服務企業品牌價值百强第一名), "2021 China TOP10 Property Management Companies in terms of Service Scale" (2021 中國物業服務百強企業服務規模 TOP10), "2021 China TOP10 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), "2021 Property Service Satisfaction Leading Company" (2021 物業服務滿意度領先企業), "2021 The Preferred Brand of Property Services in the Guangdong-Hong Kong-Macao Greater Bay Area" (2021 粵港澳大灣區物業服務首選品牌), "2021 Outstanding Company in ESG Development of China Property Service" (2021 中國物業服務 ESG 發展優秀企業) and "2021 Listed Companies with Strongest Comprehensive Strength" (2021 上市綜合實力企業). Besides being a constituent in Morgan Stanley Capital International Index (MSCI) China Index and also included in the Shanghai-Hong Kong connect list, in April 2021, we were further shortlisted in Hang Seng Property Service and Management Index, receiving high recognition from the capital market.

COPL's "Xinghai Wulian" (興海物聯) platform adhered to its "1155" strategic objectives in the backdrop of the national implementation of innovation-driven development strategy, digitalisation and intelligentisation. We maintained to increase investment in technology research and development, and strengthened protection for intellectual achievement transformation and intellectual property rights. And, we continued to set standards for and lead the trend of the industry by further exploring innovative results, which accumulated a solid and steady reserve of intellectual property rights assets. The proprietary system of "basic property + artificial intelligent ("AI")" was preliminarily formed, which possesses a multitude of key patented technologies in the fields of Internet of Things ("IoT"), smart communities and smart industrial parks. We actively engaged in existing markets by participating in old neighborhood renewal, energy conservation and emission reduction and environmental engineering. As a pioneer in "Urban Renewal and Intelligent Operation and Maintenance Engineering Technology", we took the initiatives to tap into new markets, expanding the portfolio to commercial complex, manufacturing parks, exhibition venues and other new segments. In the era of "Smart+", the development and trend of the property industry shows the core obstacles of the industry's development and also the direction towards breaking the bottleneck. COPL has made vigorous efforts in construction development of smart parks, and has sped up scalable, standardised and customised production to fully cover the application scenarios of smart parks and ensure professional operation and maintenance in smart parks. We strived to build COPL's reputation in technology with industry benchmark projects, facilitating upgrade of the property industry. We followed the "People-oriented Technology" principle in every urban scenario in order to create harmony between people and space.

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. In particular, 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 more precisely define the organisational structure as a three-tiered management model of "Headquarter-City-Project". In addition, the "1+N" strategy has been implemented on the city level for the purpose of strengthening the headquarter, deep ploughing cities and energising projects. Meanwhile, the number of approval procedures by the person in charge at platform companies decreased by 40% through differentiated authorisation, further boosting decision-making efficiency; 90% projects completed its tendering at platform companies, thereby empowering frontline staff to command. At the same time, we implemented 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 human resource sharing and boosted management efficiency through business partnership incentive, a workload-based rewarding system, stimulated vitality, and rational staff deployment, thereby creating regional advantage, area advantage and workforce advantage. 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 butler 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 revenue generation. Partners who encounter new problems and issues in practice should take the initiative to step out of their 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. The new model of professional fundamental business reform is in full swing, with engineering station reform realising resource sharing and planned batch operations to achieve continuous optimisation of labour costs and gradual improvement of labour efficiency. The reform of precise cleaning business model creates a new environment to provide employees with workload-based rewards and improve efficiency through differentiated and quantifiable service menu design, while effectively mitigating the pressure on gross profit margins due to rising costs. Safe and intelligent staff deployment realises the differentiation of job standards, job matching and job professionalisation to fully optimise security job positions, improve job performance and better help enhancing service quality. The Group also took the initiative to set up standard rooms for the staff to rest at the workplace, thus creating an environment catering to their well-being. We pay attention to staff's day-to-day needs and always put their physical and mental health on our heart. We have installed new and upgraded filtered water dispensers to provide safe and reliable drinking water for our staff. The rest rooms are also equipped with refrigerators and a variety of food and beverages as refreshment for the staff at any time to replenish them to complete their work with high quality. On the other hand, lively corporate posters and staff photos are displayed on wall to showcase the corporate culture and staff's appearances, enhancing solidarity and promoting our corporate identity as well as cultivating happiness.

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 to 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 leveraged on 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. We contributed to the task of supporting three counties in Gansu and exceeded the sales target of farmer-supporting products by more than RMB50 million, and were awarded the honour of "Poverty Alleviation and Pioneering Corporate" (脫貧攻堅先進集體) in Gansu Province. We also 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 blizzards, 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 eliminate potential hazards, inspect key equipment and facilities, avoid casualties and material property losses, and fulfils its service commitment and social responsibility with practical actions. We also launched a series of "Home Warming Actions", including air ventilation, filter cleaning, electrical inspection, hardware maintenance and the delivery of winter food to keep the cold away, so that the homeowners of COPL may enjoy their winter as warm as spring.

While the COVID-19 epidemic continues to spread around the globe, there have been scattered outbreaks in multiple places in China and the prevention and control situation has been complicated and constantly changing. 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. With our staff always standing firm at the frontline of battling the epidemic, we have established a project-based, all-encompassing system for epidemic prevention and control. We also fully cooperate with community efforts in epidemic prevention and control management, and enhance our communication and liaison mechanism with local street, community and epidemic prevention authorities to implement various prevention and control measures, effectively protecting the lives and health of our customers. We insist on the classification and control of epidemic prevention and management at different levels to maintain smooth information flow. We integrate the epidemic prevention and control with the production and operation to ensure strict accountability as well as implementation and supervision of measures, and enforce the responsibility of prevention and control at all levels, thereby guaranteeing "good gatekeeping and good staff control". Based on the development of epidemic in the regions, units at all levels constantly refine measures to implement relevant control requirements in a targeted manner; improve regular response plans and conduct proper epidemic prevention and control drills. In order to avoid the difficulty of control caused by large crowds, property management offices have timely put in place a scanning and registration process at the entrance and exit of buildings as the first line of defense, and assigned dedicated staff to measure body temperature and register vehicle information for the purposes of examining and registering incoming vehicles, especially vehicles of visitors, thereby providing a strong guarantee for blocking the transmission means and curbing the outbreak. In order to inspect key crowds in a timely manner and cut the transmission chain, in accordance with the government's epidemic prevention and control requirements, staff of several projects stayed on the frontline and cooperated with relevant departments to carry out the nucleic acid testing work overnight. Emergent project teams were assembled with proper division of labour to quickly set up a restricted area at the site and complete relevant works, such as cleaning and disinfection and the installation of lighting facilities. Temporary nucleic acid testing sites were also promptly set up to ensure the commencement of nucleic acid testing. Through various means such as notification by WeChat, phone calls and door-to-door visits, all residents were gathered within an hour from each and every household, who were then guided to queue up in an orderly manner to ensure that every resident could complete the inspection safely and efficiently. From midnight to late-night, all staff remained on duty to work with the residents to fight against the epidemic. We also properly went through body temperature measurement, scanning and labelling, disinfection and other prevention and control works, and strengthened the management of key personnel to ensure that all new recruits completed travel inspection and nucleic acid testing before they assumed duty. Frontline staff completed vaccination before they assumed duty and were under close health monitoring. We also attached great importance to logistic support for our frontline staff, provided them with daily necessities and epidemic prevention supplies, enhanced psychological guidance, made proper arrangement for work shift and leave rotation to avoid fatigue and psychological stress. 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 to safeguard the health of the entire population. We actively encourage each unit to mobilise staff to focus on the remaining unvaccinated individuals eligible for vaccination, and actively liaise with districts where "booster" vaccination has commenced, to further strengthen the herd immunity barrier. To protect the livelihood of our residents, we have begun to handle the "Last Mile" of daily supply delivery. Our anti-epidemic work was widely recognised by the society, and has also greatly enhanced the popularity and reputation of the COPL brand. In particular, we received numerous praises on the news for our rapid, timely and effective response during the outbreak, especially in Xi'an and Tianjin. 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 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.

Looking forward, the COVID-19 pandemic continues to bring adverse impacts and challenges to global development. Faced with the unprecedented transformation in a century, we will pass the flame of our fighting spirit and strive to push ahead with the 14th Five-Year Plan. Under the new development philosophy, we will insist on co-ordinating development and epidemic prevention and control safety, and maintain balanced, sustainable, healthy and quality development as "One Core". We must learn, take responsibilities, and strive hard amidst the fierce competition of full marketisation and continue to strengthen our competitive edge and take initiatives so as to achieve solid first moves and make proactive strides in the game. We will embrace changes in this period with emerging strategic opportunities, and revitalise our "No.1 Butler" gilded signboard.

REVENUE AND OPERATING RESULTS

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

Starting from 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. During the year, we pro-actively commenced market expansion, partly via equity investment, and enlarged operating scale by way of securing more projects from independent third parties through enriching the market components, by leveraging on the Group's brand equity and size advantage. As a result, the GFA under our management increased by 72.9 million sq.m. or 38.9% to 260.0 million sq.m. from 187.1 million sq.m. (restated) at the last year, in which, 65.8% of the new projects with a contract sum of HK$3,938.9 million was secured from independent third parties.

We promoted vertical and horizontal exploration of customer resources by consolidating the existing resources and actively seeking new ones to achieve new breakthroughs in the non-residential sector, leading to a more balanced contribution of new GFA from residential projects and non-residential projects of 46.4% and 53.6% respectively, with corresponding contract sums amounting to HK$4,246.7 million and HK$3,370.4 million respectively. These continuously strengthened our revenue base and improved our market competitive position.

2021 is the inception year of the Group's "14th Five-Year strategic plan". We actively expanded our business under a normalised environment with the "Coronavirus Disease 2019" pneumonia epidemic ("COVID-19"). During the year ended 31 December 2021, total revenue increased by 44.3% to HK$9,442.0 million (2020: HK$6,544.9 million), except for the effect of average appreciation of RMB in the year, which mainly arisen from (i) the increase in GFA under our management from lump-sum basis contracts; (ii) continuous business growth on value-added services to both non-residents and residents; and (iii) the significant increase in sales of car parking spaces.

On the other hand, direct operating expenses raised in line with our revenue growth at 45.8% to HK$7,800.4 million for the year (2020: HK$5,349.4 million), which was mainly due to (i) higher proportion of lump-sum basis contracts upon market expansion in property management sector; (ii) diversity and extension of product range of value-added services to non-residents and residents; (iii) the establishment of sub-brands and expansion in workforce to actively explore external expanding markets; and (iv) absence of significant government relief (including relief policy on provident fund) against impacts of COVID-19 as occurred in last year.

Accordingly, gross profit margin decreased slightly to 17.4% for the year (2020: 18.3%). Nonetheless, with the increasing business scales, the gross profit increased by 37.3% to HK$1,641.6 million for the year (2020: HK$1,195.4 million).

Other income and gains, net was HK$131.8 million for the year (2020: HK$121.2 million), mainly represented by unconditional government grants and interest income of HK$63.2 million and HK$69.0 million respectively (2020: HK$71.8 million and HK$42.5 million respectively). The decrease in unconditional government grants was mainly attributable to the reduction of government subsidies against COVID-19 in current year. The increase in interest income mainly benefited from a higher level of cash balances comparing with last year together with more effective treasury management.

The minimal fair value loss on investment properties for the year amounted to HK$1.9 million (2020: fair value loss of HK$4.8 million) was fully covered, after taking into account the impact of RMB appreciation at the end of the financial year as recognised in other comprehensive income. Overall, the carrying value of investment properties increased to HK$167.1 million (2020: HK$162.6 million) as at 31 December 2021.

After deducting selling and administrative expenses of HK$428.7 million (2020: HK$339.6 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$23.5 million (2020: HK$38.2 million), operating profit increased by 41.2% to HK$1,319.3 million (2020: HK$934.1 million) for the year. 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 both traditional property management business and value-added services. On the other hand, there was strategic development and enhancement on intelligent software platforms and expansion of hardware distribution business, leading to higher selling costs of HK$43.2 million, compared to last year. The decrease in net impairment of trade and retention 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 managed on a commission basis amounted to HK$6.3 million (2020: net impairment of HK$19.6 million) upon improving economic condition as the pandemic disease was relatively under control comparing with last year.

Income tax expenses increased by 47.5% to HK$331.1 million for the year (2020: HK$224.4 million), mainly due to increase in profit before tax and withholding income tax provision, which was in line with our revenue growth. Withholding income tax provision of HK$16.9 million (2020: HK$15.7 million) in respect of dividends distributed/expected to be distributed from a PRC subsidiary was recognised during the year as part of the income tax expenses.

Overall, profit attributable to shareholders of the Company for the year ended 31 December 2021 increased by 40.5% to HK$983.9 million (2020: HK$700.0 million).

SEGMENT INFORMATION

PROPERTY MANAGEMENT SERVICES

The continuous improvement of service quality and customer satisfaction helped us solidifying our strong brand recognition as a renowned property management service provider for mid- to high-end properties in our core stream business. At the same time, through possessing a diversified and one-stop business capability and providing one-stop shop property management solutions to properties under development, we were able to gain early access to those properties and maintain proximate business relationships with them. In 2021, we pro-actively commenced market expansion, partly via equity investment, and enlarged operating scale by way of securing more projects from independent third parties through enriching the market components, by leveraging on the Group's brand equity and size advantage. Total GFA under management increased to 260.0 million sq.m. that was 38.9% more comparing with the last year (2020: 187.1 million sq.m. (restated)). The portion of GFA under management from independent third parties as at year end increased to 27.6% (2020: 12.6% (restated)).

We promoted vertical and horizontal exploration of customer resources by consolidating the existing resources and actively seeking new ones to achieve new breakthroughs in the non-residential sector, which covers commercial complexes, offices, shopping centers, industrial parks, aviation, high-speed rail, hospitals, schools, government properties, parks, ports, roads and bridges, bus terminus and other public facilities. At year end, the GFA under management from non-residential project increased to 22.8% (2020: 10.8%).

During the year ended 31 December 2021, revenue from property management services constituted 70.0% of total revenue (2020: 74.2%), and increased by 36.1% to HK$6,610.9 million from last year (2020: HK$4,857.4 million). The increase in revenue from property management services was mainly arisen from the increase in GFA under our management from lump-sum basis contracts, and the effect of average appreciation of RMB against HK dollar for the year ended 31 December 2021.

For the year ended 31 December 2021, approximately 95.4% and 4.6% of the segment revenue were generated from regular property management contracts under lump sum basis and commission basis respectively (2020: 94.2% and 5.8% respectively).

As at 31 December 2021, the ratio of GFA under management from lump sum basis and commission basis was 72.4% to 27.6% (2020: 62.0% to 38.0%).

During the year, the segment gross profit margin from regular property management contracts under lump sum basis and commission basis was 10.8% and 100.0% respectively (2020: 10.9% and 100.0% respectively). Overall, the weighted average segment gross profit margin decreased to 14.9% for the year (2020: 16.1%), mainly due to higher proportion of lump-sum basis contracts upon market expansion in property management sector. Accordingly, with continuing increase in segment revenue, the gross profit of our property management services segment increased by 26.1% to HK$983.6 million from last year for the year ended 31 December 2021 (2020: HK$780.1 million).

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 31.5% to HK$882.4 million for the year (2020: HK$670.9 million). The enhancement of segment result was due to (i) increase in other income that was beefed up with increased interest income due to higher cash and bank balances, and effective treasury management, partly offset by the reduction of unconditional government grants towards COVID-19; and (ii) reduction in net impairment of trade and retention receivables, and payments on behalf of property owners for properties managed on a commission basis by the strengthening of the controls and recovery of receivables and advances and reversal of certain impairment costs upon improving economic condition as comparing with last year.

VALUE-ADDED SERVICES TO NON-RESIDENTS

Value-added services to non-residents sub-segment cover engineering, vetting of building plans, facilities and equipment evaluation proposals, pre-delivery, move-in assistance, delivery inspection, engineering service quality monitoring and consulting services, etc. for property developers and other property management companies. For the year ended 31 December 2021, revenue from the non-residents sub-segment constituted 18.9% (2020: 17.9%) of total revenue, and increased by 52.7% to HK$1,789.4 million (2020: HK$1,171.6 million). The increase in 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.

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

	For the year ended 31 December			
	2021	2020		
	Sub-segment revenue	Sub-segment revenue	**Change**	
	HK$'000	HK$'000	**HK$'000**	**%**
Value-added services to non-residents:				
Engineering services	**643,011**	383,948	**259,063**	**67.5%**
Pre-delivery services	**873,252**	594,802	**278,450**	**46.8%**
Inspection services	**167,580**	98,701	**68,879**	**69.8%**
Consulting services	**105,560**	94,166	**11,394**	**12.1%**
Total	**1,789,403**	1,171,617	**617,786**	**52.7%**

In respect of the profitability, the gross profit margin of the value-added services to non-residents sub-segment for the year decreased to 17.9% (2020: 20.1%) due to higher diversity and extension of product range of our services to meet customers' requirements. Overall, driven by increasing revenue, the sub-segment gross profit remains increased by 36.4% to HK$320.8 million (2020: HK$235.1 million).

Accordingly, the sub-segment profit from value-added services to non-residents, after having allowed for sub-segment overhead, including higher selling costs due to increase in headcounts for promotion of intelligent software platforms and distribution of hardware, increased by 10.7% to HK$196.5 million against last year (2020: HK$177.5 million).

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 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, commercial office services, etc.); and (iii) commercial service operations (to meet the needs of business users). Both of the customers' recognition of our traditional property management services, and diversification of our product offerings and marketing channels through services offered with our online-to-offline platform facilitates meeting the various needs of residents of the properties, which promotes the life style quality and satisfaction of our customers.

For the year ended 31 December 2021, revenue from the residents sub-segment constituted 8.6% (2020: 7.6%) of total revenue, and increased by 63.3% to HK$811.0 million (2020: HK$496.6 million). With the epidemic more or less under control in last year, our operating condition improved gradually at full wing. Business resumed an upward trend and growth normalised. Revenue increased with community asset management, living service operations and commercial service operations expanded quickly during the year.

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

	For the year ended 31 December			
	2021	2020		
	Sub-segment revenue	Sub-segment revenue	**Change**	
	HK$'000	HK$'000	**HK$'000**	**%**
Value-added services to residents:				
Community asset management services and commercial service operations	**439,949**	324,816	**115,133**	**35.4%**
Living service operations	**371,071**	171,731	**199,340**	**116.1%**
Total	**811,020**	496,547	**314,473**	**63.3%**

The gross profit margin of value-added services to residents sub-segment slightly declined to 33.3% (2020: 35.2%), as a result of the change in sales mix with significant business volumes for daily necessities, food and community group purchases that command lower profit margin and the establishment of sub-brands and expansion in workforce to actively explore external expanding markets. Nonetheless, driven by increasing revenue, the sub-segment gross profit of value-added services to residents increased by 54.6% to HK$270.4 million (2020: HK$174.9 million).

After having allowed for sub-segment overhead, the sub-segment profit from value-added services to residents increased by 56.7% to HK$257.9 million against last year (2020: HK$164.5 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 year ended 31 December 2021, through our incentive scheme to enhance sales momentum, revenue from the car parking spaces trading business segment soared by 10.9 times to HK$230.8 million from last year (2020: HK$19.3 million). Total number of carparking spaces sold was 2,067 (2020: 164), with segment profit increased substantially to HK$64.9 million (2020: HK$5.1 million) in the year.

LIQUIDITY, FINANCIAL RESOURCES AND DEBT STRUCTURE

The Group adopts prudent financial policies, with effective financial and cash management under centralised supervision, and maintains appropriate and sufficient cash and bank balances. As at 31 December 2021, net working capital amounted to HK$2,516.9 million (2020: HK$1,783.7 million).

As at 31 December 2021, cash and bank balances increased by 15.6% to HK$4,283.4 million comparing to last year end (2020: HK$3,705.7 million), in which, 96.8% were denominated in Renminbi and 3.2% were denominated in Hong Kong dollar/Macau Pataca respectively.

CAPITAL EXPENDITURES

The capital expenditures, which mainly represent additions to/ payment on investment properties, 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$191.7 million for the year ended 31 December 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 year ended 31 December 2021.

PRINCIPAL RISK MANAGEMENT STRATEGIES

1. OPERATING EFFICIENCY

Our profit margins and results of operations may be materially affected by changes in our reasonable operating costs and the monitoring on implementation of group strategies. Automation and standardisation are key elements amongst our strategies to increase operating efficiency and improve service quality. We have implemented and will continue the implementation of automation measures in our business processes and emphasis on standardisation in our operations. For example, we have employed automation measures such as implementing a real-time quality control system, remote video surveillance system, smart guest access system and carpark management system to achieve operating efficiency and to enhance our overall competitiveness in the property management sector.

2. CUSTOMERS AND SUPPLIERS RELATIONSHIP MANAGEMENT

Our customers include owners and residents in mid- to high-end residential communities, commercial properties, government properties and industrial parks, and business enterprises like property developers and other property management companies.

Customers are one of our key stakeholders. In order to continuously foster and maintain our customers' high satisfaction, our quality control department mainly focused on, among others, (i) the solidification of our strong brand recognition as a property management service provider for mid- to high-end properties; (ii) the establishment and maintenance of our internal quality standards and community safety management systems; (iii) the central management of customer complaints and customer satisfaction surveys and analysis. In addition, we provided structured and comprehensive trainings to our frontline staff, so as to ensure that they delivered attentive customer services with adequate skills and knowledge.

Our suppliers primarily include suppliers of our raw materials and sub-contractors who provide cleaning and garden landscape maintenance services to the properties we manage. In order to ensure cost effectiveness and standardisation quality customer services to promote customers' satisfaction, our business strategies includes objectives to maintain close business relationships with quality vendors and sub-contractors so as to achieve consistency and reliability in service quality, while controlling costs through bulk purchases or economies of scale. Our competitiveness depends on our ability to differentiate our Group from our competitors through quality services and reliability.

3. MONITORING OF FOREIGN EXCHANGE EXPOSURE

As the Group 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.

COMPLIANCE WITH RELEVANT LAWS AND REGULATION

We have complied with the relevant laws and regulations in relation to our business in all material respects and there were no material breaches or violations of the laws or regulations applicable to our Group that would have a material adverse effect on our business or financial condition taken as a whole.

SUSTAINABILITY DEVELOPMENT POLICY AND PERFORMANCE

We are committed to sustainability and apply high standards to environmental, social and governance (“ESG”) issues for the projects we manage, some of which have been certified by the U.S. Green Building Council as "Leading Energy and Environmental Design (LEED)". At some of our managed properties, we leverage on our technical expertise and capabilities to organize and participate in various programs. During the year, we worked on various aspects of sustainable development, including:

- Task Force on Climate-related Financial Disclosures ("TCFD") formulated a response plan for the proposed disclosure exercise. Based on the TCFD's recommendations, a contingency plan for climate-related financial risks and opportunities has been developed to analyze the impact of climate change on the Group. In addition, COPL has also become a supporter of TCFD;
- An annual care plan for our employees is formulated each year to continuously enhance their satisfaction and happiness, and increase their sense of belonging and cohesion. During the year, we adopted "Happiness N times (幸福 N 次方)" as theme of the COPL employee care work, aiming to highlight that employee happiness is our goal of fulfilling corporate social responsibility; and
- Since the epidemic, each unit continues to improve prevention and control measures to reduce the risk of disease transmission. In accordance with the national epidemic prevention requirements, COPL has strengthened its epidemic prevention system as appropriate under its own actual conditions and gradually formed a 1+X epidemic prevention system during this year.

For more information on our sustainability performance, please refer to the "Sustainable Development" page on the COPL website.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 31 December 2021, the capital commitments of the Group were HK$11.1 million, which mainly related to capital investment in a joint venture and acquisition of equipment and software. In addition, the Group provided counter-indemnities amounting to approximately HK$248.8 million, for guarantees issued in respect of certain property management service contracts for which we are required to provide performance bonds in the ordinary course of business.

Except as disclosed above, we had no other material capital commitments and outstanding contingent liabilities as at 31 December 2021.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Group had no significant events occurred after the year ended 31 December 2021, which have material impact on the performance and the value of the Group.

EMPLOYEES

As at 31 December 2021, the Group had approximately 52,220 employees (as at 31 December 2020: 45,398).

The pay levels of these employees are commensurate with their responsibilities, performance and the prevailing market condition. The remuneration packages included basic salaries, discretionary bonus and provident fund contributions/retirement pension scheme. Certain selected key personnel of the Group were also entitled to participate in a share incentive scheme of an intermediate holding company of the Group. The total staff costs incurred for the year ended 31 December 2021 was approximately HK$4,625.0 million (2020: HK$3,232.3 million), of which, HK$4,314.2 million (2020: HK$2,993.8 million) and HK$310.8 million (2020: HK$238.5 million) was recognised in direct operating expenses and selling and administrative expenses respectively.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	Notes	**2021** **HK$'000**	2020 HK$'000
Revenue	*5*	**9,442,035**	6,544,877
Direct operating expenses		**(7,800,427)**	(5,349,433)
Gross profit		**1,641,608**	1,195,444
Other income and gains, net		**131,840**	121,157
Fair value loss of investment properties, net		**(1,902)**	(4,790)
Selling and administrative expenses		**(428,681)**	(339,588)
Impairment of financial assets, net		**(23,542)**	(38,162)
Operating profit		**1,319,323**	934,061
Finance costs		**(3,235)**	(3,161)
Share of profit of a joint venture		**1,455**	538
Share of profit of an associate		**191**	183
Profit before tax	*6*	**1,317,734**	931,621
Income tax expenses	*7*	**(331,087)**	(224,424)
Profit for the year		**986,647**	707,197
Attributable to:			
Shareholders of the Company		**983,872**	700,008
Non-controlling interests		**2,775**	7,189
		986,647	707,197
		HK Cents	HK Cents
Earnings per share attributable to shareholders of the Company	*9*		
Basic and diluted		**29.93**	21.30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021	2020
	HK$'000	HK$'000
Profit for the year	**986,647**	707,197
Other comprehensive income for the year, net of income tax		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of subsidiaries of the Company	**97,603**	96,892
Total comprehensive income for the year	**1,084,250**	804,089
Attributable to:		
Shareholders of the Company	**1,079,813**	795,112
Non-controlling interests	**4,437**	8,977
	1,084,250	804,089

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment		**111,409**	68,411
Investment properties		**167,069**	162,559
Right-of-use assets		**80,840**	72,017
Intangible assets		**59,444**	20,948
Investment in a joint venture		**5,399**	3,771
Investment in an associate		**144**	328
Due from a related company		**92,397**	88,894
Prepayments		**26,260**	2,353
Deferred tax assets		**43,450**	38,600
Total non-current assets		**586,412**	457,881
Current assets			
Inventories	*10*	**935,295**	606,471
Trade and retention receivables	*11*	**1,387,463**	846,135
Prepayments, deposits and other receivables		**595,347**	384,565
Due from the immediate holding company	*12*	**408**	893
Due from fellow subsidiaries	*12*	**416,518**	129,165
Due from related companies	*12*	**114,919**	63,559
Cash and bank balances		**4,283,374**	3,705,703
Total current assets		**7,733,324**	5,736,491
Current liabilities			
Trade payables	*13*	**776,486**	461,113
Other payables and accruals		**1,103,163**	996,575
Temporary receipts from properties managed		**1,543,226**	1,285,659
Receipts in advance and other deposits		**1,500,803**	934,831
Lease liabilities		**41,245**	24,794
Due to the immediate holding company	*14*	**1,084**	-
Due to fellow subsidiaries	*14*	**11,319**	18,118
Due to related companies	*14*	**12,534**	18,269
Income tax payables		**226,612**	213,422
Total current liabilities		**5,216,472**	3,952,781
Net current assets		**2,516,852**	1,783,710
Total assets less current liabilities		**3,103,264**	2,241,591

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2021

	Note	**2021 HK$'000**	2020 HK$'000
Non-current liabilities			
Lease liabilities		**32,839**	38,612
Deferred tax liabilities		**17,925**	18,673
Total non-current liabilities		**50,764**	57,285
Net assets		**3,052,500**	2,184,306
Equity			
Equity attributable to shareholders of the Company			
Issued capital	*15*	**3,287**	3,287
Reserves		**2,996,751**	2,145,544
		3,000,038	2,148,831
Non-controlling interests		**52,462**	35,475
Total equity		**3,052,500**	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 the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Suite 703, 7/F., Three Pacific Place, 1 Queen's Road East, Hong Kong.

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

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

The financial statements which have been prepared for the year ended 31 December 2021 were approved for issue by the Board on 24 March 2022.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollar ("HK$"), which is the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

2. BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (continued)

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

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

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

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Save as described in note 3 “Changes in accounting policies and disclosures”, the accounting policies used in preparing the consolidated financial statements are consistent with those of the annual financial statements for the year ended 31 December 2020.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements:

Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*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 revised HKFRSs in the current year did not have any significant impact on the financial position and performance of the Group.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The Group has not applied the following new and 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*[2,4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to HKAS 8	*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 accompany 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 determind but available for adoption
4 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

The Group has already commenced a preliminary assessment of the relevant impact of these new and 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 consistent with the classification in prior years. In the opinion of the directors of the Company, value-added services segment was further divided into two sub-segments, namely value-added services to non-residents and value-added services to residents for presentation in order to have a more comprehensive disclosure for financial statement users:

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

(b) The value-added services segment included:

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

(ii) The value-added services to residents sub-segment engages in 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 trading of various types of car parking spaces.

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

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

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2021

	Property management services HK$'000	Value-added services to non-residents HK$'000	Value-added services to residents HK$'000	Car parking spaces trading business HK$'000	Total HK$'000
Reportable segment revenue					
Revenue from external customers (note 5)	**6,610,858**	**1,789,404**	**811,019**	**230,754**	**9,442,035**
Inter-segment revenue	**81,179**	**228,078**	**60,362**	**-**	**369,619**
	6,692,037	**2,017,482**	**871,381**	**230,754**	**9,811,654**
Reconciliation:					
Elimination of inter-segment revenue					**(369,619)**
Reported total revenue					**9,442,035**
Reportable segment results	**882,410**	**196,537**	**257,887**	**64,927**	**1,401,761**
Reconciliation:					
Corporate expenses, net					**(84,027)**
Profit before tax					**1,317,734**

	Property management services HK$'000	Value-added services to non-residents HK$'000	Value-added services to residents HK$'000	Car parking spaces trading business HK$'000	Corporate and other unallocated HK$'000	Total HK$'000
Other segment information						
Interest income	**68,104**	**199**	**651**	**-**	**15**	**68,969**
Loss on disposal of items of property, plant and equipment	**644**	**-**	**-**	**-**	**-**	**644**
(Gain)/loss on early termination of lease contracts	**(655)**	**-**	**153**	**-**	**-**	**(502)**
Impairment of financial assets, net	**23,542**	**-**	**-**	**-**	**-**	**23,542**
Depreciation and amortisation	**56,257**	**3,453**	**2,635**	**-**	**4,260**	**66,605**
Fair value loss of investment properties, net	**-**	**-**	**1,902**	**-**	**-**	**1,902**
Share of profit of a joint venture	**1,455**	**-**	**-**	**-**	**-**	**1,455**
Share of profit of an associate	**191**	**-**	**-**	**-**	**-**	**191**

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2020

	Property management services HK$'000	Value-added services to non-residents HK$'000	Value-added services to residents HK$'000	Car parking spaces trading business HK$'000	Total HK$'000
Reportable segment revenue					
Revenue from external customers (note 5)	4,857,365	1,171,617	496,547	19,348	6,544,877
Inter-segment revenue	59,100	111,165	40,611	-	210,876
	4,916,465	1,282,782	537,158	19,348	6,755,753
Reconciliation:					
Elimination of inter-segment revenue					(210,876)
Reported total revenue					6,544,877
Reportable segment results	670,940	177,537	164,530	5,063	1,018,070
Reconciliation:					
Corporate expenses, net					(86,449)
Profit before tax					931,621

	Property management services HK$'000	Value-added services to non-residents HK$'000	Value-added services to residents HK$'000	Car parking spaces trading business HK$'000	Corporate and other unallocated HK$'000	Total HK$'000
Other segment information						
Interest income	41,824	136	476	17	16	42,469
Loss on disposal of items of property, plant and equipment	131	-	-	-	-	131
Loss on early termination of lease contracts	52	35	-	-	-	87
Impairment/(reversal of impairment) of financial assets, net	38,454	(292)	-	-	-	38,162
Depreciation and amortisation	41,419	4,118	294	-	3,807	49,638
Fair value loss of investment properties, net	-	-	4,790	-	-	4,790
Share of profit of a joint venture	538	-	-	-	-	538
Share of profit of an associate	183	-	-	-	-	183

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) Revenue from external customers

	2021	2020
	HK$'000	HK$'000
Mainland China:		
Hua Nan Region	**2,323,856**	1,912,669
Hua Dong Region	**2,157,932**	965,836
Hua Bei Region	**1,343,896**	1,113,150
Northern Region	**608,965**	485,487
Western Region	**1,762,788**	1,159,670
	8,197,437	5,636,812
Hong Kong and Macau	**1,244,598**	908,065
	9,442,035	6,544,877

The revenue information above is based on locations of customers.

(b) Non-current assets

	2021	2020
	HK$'000	HK$'000
Mainland China:		
Hua Nan Region	**259,617**	172,821
Hua Dong Region	**87,925**	70,456
Hua Bei Region	**9,967**	9,354
Northern Region	**15,888**	4,602
Western Region	**48,679**	39,334
	422,076	296,567
Hong Kong and Macau	**22,946**	29,721
	445,022	326,288

The non-current assets information above is based on the locations of the assets and excludes investments in a joint venture and an associate, balance due from a related company and deferred tax assets.

5. REVENUE

Disaggregated revenue information

Type of goods or services

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

Timing of revenue recognition

Year ended 31 December 2021

Segments	**Property management services HK$'000**	**Value-added services to non-residents HK$'000**	**Value-added services to residents HK$'000**	**Car parking spaces trading business HK$'000**	**Total HK$'000**
At point in time	**-**	**-**	**527,371**	**227,899**	**755,270**
Over time	**6,610,858**	**1,789,403**	**279,948**	**-**	**8,680,209**
Total revenue from contracts with customers	**6,610,858**	**1,789,403**	**807,319**	**227,899**	**9,435,479**
Revenue from another source					
- rental income	**-**	**-**	**3,701**	**2,855**	**6,556**
Total revenue from external customers	**6,610,858**	**1,789,403**	**811,020**	**230,754**	**9,442,035**

Year ended 31 December 2020

Segments	Property management services HK$'000	Value added services to non-residents HK$'000	Value-added services to residents HK$'000	Car parking spaces trading business HK$'000	Total HK$'000
At point in time	-	-	300,066	19,003	319,069
Over time	4,857,365	1,171,617	193,108	-	6,222,090
Total revenue from contracts with customers	4,857,365	1,171,617	493,174	19,003	6,541,159
Revenue from another source					
- rental income	-	-	3,373	345	3,718
Total revenue from external customers	4,857,365	1,171,617	496,547	19,348	6,544,877

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

6. PROFIT BEFORE TAX

	2021	2020
	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)	**4,624,997**	3,232,283
Sub-contracting costs	**1,769,366**	1,164,218

Note: During the year ended 31 December 2021, share-based payment to certain directors, senior management and other employees amounting to HK$8,048,000 (2020: HK$4,189,000) were recognised in profit or loss, with a corresponding credit to equity. In addition, government relief policy on provident fund contribution and government subsidies under COVID-19 received in prior year amounted to HK$132,307,000 and HK$31,351,000 respectively.

7. INCOME TAX EXPENSES

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

	2021	2020
	HK$'000	HK$'000
Current:		
Hong Kong	**3,221**	889
Macau	**311**	299
Overprovision in prior years – Hong Kong and Macau	**-**	(528)
Mainland China	**315,455**	233,633
Overprovision in prior years – Mainland China	**-**	(11,596)
The PRC withholding income tax	**16,949**	15,730
	335,936	238,427
Deferred	**(4,849)**	(14,003)
Total	**331,087**	224,424

Notes:

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

	2021	2020
	%	%
Hong Kong	**16.5**	16.5
Macau	**12**	12
Mainland China*	**25**	25

* In accordance with the relevant tax rates 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

The dividends paid in 2021 and 2020 were HK$236,654,000 and HK$164,343,000 respectively. A final dividend of HK6.0 cents per share in respect of the year ended 31 December 2021, amounting to a total dividend of HK$197,212,000, is to be proposed at the annual general meeting on 21 June 2022. These financial statements do not reflect this dividend payable.

	Dividends declared/ proposed	**Dividends paid and recorded in the financial statements**	
		2021	2020
	HK$'000	**HK$'000**	HK$'000
2019:			
Final dividend of HK2.8 cents per ordinary share	92,032		92,032
2020:			
Interim dividend of HK2.2 cents per ordinary share	72,311		72,311
Final dividend of HK4.2 cents per ordinary share	138,048	**138,048**	
	210,359		
2021:			
Interim dividend of HK3.0 cents per ordinary share	98,606	**98,606**	
Final dividend of HK6.0 cents per ordinary share	197,212		
Total	295,818	**236,654**	164,343

9. EARNINGS PER SHARE

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to shareholders of the Company of HK$983,872,000 (2020: HK$700,008,000), and the weighted average number of ordinary shares of 3,286,860,460 (2020: 3,286,860,460) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for each of the years ended 31 December 2021 and 2020 for a dilution as the Group had no dilutive potential ordinary shares in issue during these years.

10. INVENTORIES

	2021	2020
	HK$'000	HK$'000
Car parking spaces	**934,282**	606,471
Consumables	**1,013**	-
	935,295	606,471

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

11. TRADE AND RENTENTION RECEIVABLES

	2021	2020
	HK$'000	HK$'000
Trade receivables	**1,506,562**	909,016
Retention receivables	**18,329**	40,256
Trade and retention receivables	**1,524,891**	949,272
Less: Impairment	**(137,428)**	(103,137)
	1,387,463	846,135

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

The Group's credit terms of its trade receivables are negotiated with and entered into under normal commercial terms with tenants of the properties managed under lump sum basis, customers of value-added services and car parking spaces 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:

	2021	2020
	HK$'000	HK$'000
Within 1 month	**452,399**	245,478
1 to 3 months	**350,666**	184,391
3 to 12 months	**419,642**	289,185
1 to 2 years	**113,209**	64,337
Over 2 years	**170,646**	125,625
	1,506,562	909,016

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

	2021	2020
	HK$'000	HK$'000
Balance due from the immediate holding company		
Trade nature	**408**	893
Balances due from fellow subsidiaries		
Trade nature	**338,744**	129,165
Prepayment (note)	**77,774**	-
	416,518	129,165
Balances due from related companies (including joint ventures and associates of fellow subsidiaries)		
Trade nature	**81,140**	63,559
Non-trade nature	**92,397**	88,894
Prepayment (note)	**33,779**	-
	207,316	152,453
Total balances due from related parties	**624,242**	282,511

Note:
Prepayment to fellow subsidiaries as at 31 December 2021 included down payments on purchase of right-of-use on car parking spaces and for material procurement and supply chain management services amounting to HK$40,257,000 and HK$34,466,000 respectively. Prepayment to related companies as at 31 December 2021 included down payments on purchase of right-of-use on car parking spaces amounting to HK$33,207,000.

The following is an ageing analysis of trade nature balances due from related parties, based on the invoice date, at the end of the reporting period:

	2021	2020
	HK$'000	HK$'000
Balance due from the immediate holding company		
Within 1 month	**29**	283
1 to 3 months	**71**	335
Over 3 months	**308**	275
	408	893
Balances due from fellow subsidiaries		
Within 1 month	**118,773**	62,378
1 to 3 months	**64,064**	27,583
3 to 12 months	**116,881**	18,782
1 to 2 years	**22,487**	12,738
Over 2 years	**16,539**	7,684
	338,744	129,165
Balances due from related companies		
Within 1 month	**30,537**	13,926
1 to 3 months	**15,500**	33,968
3 to 12 months	**27,821**	10,088
1 to 2 years	**4,518**	4,541
Over 2 years	**2,764**	1,036
	81,140	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:

	2021	2020
	HK$'000	HK$'000
Within 1 month	**222,592**	171,054
1 to 3 months	**156,623**	74,106
Over 3 months	**397,271**	215,953
	776,486	461,113

14. BALANCES DUE TO THE IMMEDIATE HOLDING COMPANY, FELLOW SUBSIDIARIES AND RELATED COMPANIES

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

	2021	2020
	HK$'000	HK$'000
Balances due to the immediate holding company – trade nature		
Within 1 month	**1,084**	-
	1,084	-

	2021	2020
	HK$'000	HK$'000
Balances due to fellow subsidiaries – trade nature		
Within 1 month	**1,003**	4,225
1 to 3 months	**897**	96
3 to 12 months	**754**	610
1 to 2 years	**1,877**	1,235
Over 2 years	**550**	89
	5,081	6,255
Receipts in advance	**6,238**	11,863
	11,319	18,118

	2021	2020
	HK$'000	HK$'000
Balances due to related companies (including joint ventures and associates of fellow subsidiaries) – trade nature		
Within 1 month	**715**	765
1 to 3 months	**874**	451
3 to 12 months	**152**	2,490
1 to 2 years	**2**	557
Over 2 years	**232**	222
	1,975	4,485
Receipts in advance	**10,559**	13,784
	12,534	18,269

15. ISSUED CAPITAL

	2021	2020
	HK$'000	HK$'000
Issued and fully paid:		
3,286,860,460 ordinary shares of HK$0.001 each	**3,287**	3,287

16. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current year's presentation and disclosures.

PROPOSED FINAL DIVIDEND

After taking into account the dividend policy of the Group, business results for the year and future business development plans, the Board has recommended the declaration of a final dividend of HK6.0 cents per share for the year ended 31 December 2021 (for the year ended 31 December 2020: a final dividend of HK4.2 cents per share) representing a total amount of approximately HK$197,212,000, subject to the approval of shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting to be held on Tuesday, 21 June 2022 (the "2022 AGM"). The proposed final dividend will be paid to the Shareholders on Thursday, 14 July 2022 whose names appear on the Company's register of members (the "Register of Members") on Wednesday, 29 June 2022.

ANNUAL GENERAL MEETING

The 2022 AGM will be held on Tuesday, 21 June 2022 at 11:00 a.m. The notice of the 2022 AGM, which constitutes part of a circular to Shareholders, will be sent together with the 2021 annual report in due course.

CLOSURE OF REGISTERS OF MEMBERS

For the purposes of determining the eligibility of the Shareholders to attend and vote at the 2022 AGM, and the eligible Shareholders' entitlement to the proposed final dividend, the Register of Members will be closed as appropriate as set out below:

(i) For determining the Shareholders' eligibility to attend and vote at the 2022 AGM:

Latest time to lodge transfer documents for registration with the Company's branch share registrar and transfer office in Hong Kong	At 4:30 p.m. on Wednesday, 15 June 2022
Closure of the Register of Members	Thursday, 16 June 2022 to Tuesday, 21 June 2022 (both days inclusive)
Record Date	Tuesday, 21 June 2022

(ii) Subject to the passing of the final dividend proposal agenda at the 2022 AGM, for determining the eligible Shareholders' entitlement to the proposed final dividend:

Ex-dividend date	Thursday, 23 June 2022
Latest time to lodge transfer documents for registration with the Company's branch share registrar and transfer office in Hong Kong	At 4:30 p.m. on Friday, 24 June 2022
Closure of the Register of Members	Monday, 27 June 2022 to Wednesday, 29 June 2022 (both days inclusive)
Record Date	Wednesday, 29 June 2022

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.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The audit committee of the Company (the "Audit Committee") assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process, and performing other duties and responsibilities as may be assigned by the Board from time to time. The members of the Audit Committee are all independent non-executive Directors, namely Mr. Yung, Wing Ki Samuel, Mr. So, Gregory Kam Leung and Mr. Lim, Wan Fung Bernard Vincent. Mr. Yung, Wing Ki Samuel is the chairman of the Audit Committee.

The Audit Committee has discussed and reviewed with management the annual results and consolidated accounts of the Group for the year ended 31 December 2021.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

During the year ended 31 December 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 year ended 31 December 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 year ended 31 December 2021. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year ended 31 December 2021.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the Company's website (www.copl.com.hk) and the Stock Exchange's designated website (www.hkexnews.hk). The Company's annual report for the year ended 31 December 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 support.

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

Hong Kong, 24 March 2022

As at the date of this announcement, the Board comprises nine 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); two Non-executive Directors, namely Mr. Ma Fujun and Mr. Guo Lei; and three are Independent Non-executive Directors, namely Mr. Yung, Wing Ki Samuel, Mr. So, Gregory Kam Leung and Mr. Lim, Wan Fung Bernard Vincent.