中海物業
CHINA OVERSEAS PROPERTY

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

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

# ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

## FINANCIAL HIGHLIGHTS

1. During the six months ended 30 June 2024, the gross floor area ("GFA") under the Group's management increased by 21.2 million sq.m. or 5.3% to 422.7 million sq.m. from 401.5 million sq.m. at the last year end, in which, 46.7% of the new jobs with a contract sum of RMB920.5 million were secured from independent third parties. Residential projects and non-residential projects accounted for 65.1% and 34.9% of the new orders respectively, with corresponding contract sums amounting to RMB926.5 million and RMB708.9 million respectively. As at 30 June 2024, the portion of GFA under management from independent third parties and for non-residential projects was 40.8% and 30.4% respectively (At 31 December 2023: 40.5% and 30.1% respectively).

2. Revenue increased by 9.0% to RMB6,838.4 million, comparing to RMB6,274.8 million* in the last corresponding period. Gross profit increased by 14.2% against last period to RMB1,148.3 million (2023: RMB1,005.3 million*).

3. Profit attributable to ordinary equity holders of the Company for the six months ended 30 June 2024 increased by 16.0% to RMB737.5 million against the last corresponding period (2023: RMB636.0 million*). Basic and diluted earnings per share was RMB22.45 cents (equivalent to approximately HK24.51 cents) (2023: RMB19.35 cents* (equivalent to approximately HK22.09 cents)), representing an increase of 16.0%. Average return on equity was 33.8% (2023: 37.6%*).

4. The Board declared the payment of an interim dividend of HK8.5 cents per share (2023: HK5.5 cents per share) for the six months ended 30 June 2024.

* *Restated upon adopting Renminbi as the presentation currency of the Group's financial statements since the 2023's annual results.*

The board of directors (the "Board") of China Overseas Property Holdings Limited (the "Company" or "COPL") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2024. The turnover of the Group for the past six months amounted to RMB6,838.4 million, representing an increase of 9.0% compared to the turnover of RMB6,274.8 million* for the corresponding period last year. Operating profit for the period rose by 15.4% to RMB995.4 million compared to the corresponding period last year (2023: RMB862.8 million*). The profit attributable to ordinary equity holders of the Company increased by 16.0% to RMB737.5 million (2023: RMB636.0 million*). Basic and diluted earnings per share was RMB22.45 cents (equivalent to approximately HK24.51 cents) (2023: RMB19.35 cents* (equivalent to approximately HK22.09 cents)). Average return on equity was 33.8% (2023: 37.6%*). After taking into account the Group's dividend policy, capital market expectations, interim business results and future business development needs, the Board declared an interim dividend of HK8.5 cents (2023: HK5.5 cents) per share for the six months ended 30 June 2024, representing an increase of HK3.0 cents or 54.5% as compared to the corresponding period last year.

In the first half of 2024, the global environment has become even more complicated. Intensifying geopolitical conflicts, emergence of neo-protectionism, by means of excessive tariffs and implementation of unreasonable non-tariff barriers in both the production and supply sides have significantly affected the principles of free trades driven by market supply and demand. With continued consumer price inflation, high interest rate monetary policy dampened investor sentiment and affected demand. Facing with exceptional challenges, China insisted on its stable progress towards Chinese modernisation and further implemented deepened reforms. Notwithstanding that, the issue of inadequate effective demand in the short-term is apparent, and the foundation for economy recovery requires further reinforcement. The real estate market has still undergone a period of adjustment and transformation, taking its time to adapt to the new environment with significant changes in the supply and demand relationship. Meanwhile, the property management industry ceased its previous rapid expansion. Large property management enterprises no longer blindly pursue scale expansion, but instead return to the basics and focus on the refining, deepening and improving its service quality. Whilst maintaining stable cash flow and progressive business development, they will move forward in a new stance and enter a new era of high quality and steady development. The Group believes that as China is committed to "pursuing progress while ensuring stability, promoting stability through progress, and establishing the new growth drivers before abolishing the old ones", and effectively implements the macro policies established in the Third Plenary Session, it will be beneficial to the stable growth of production, continuous reviving of demand and gradual increase of personal income. High-quality development will lead the whole country to achieve a new stage of progress and help accelerating the growth of new momentum and new advantages.

2024 is an important milestone for fulfilling the "14th Five-Year Strategic Plan" of the Group. As a top property management enterprise, COPL leveraged its resource endowment, brand advantages, economics of scale and long-term accumulated operating strengths, to reinforce its leading position. It will spearhead the demonstration of pursuing a synergistic balance of being "service-minded, result-oriented and scalability-based", and determine to promote "The China Overseas Proprietary Methodology in the Modernisation of Property Management" ("COPMPM") to consolidate the foundation of high-quality development and market orientation, and sets quadruple roles with serving a better life as the core objective. Firstly, as an explorer for city services, we combine various property management portfolios that are managed separately into an integrated service capability. Secondly, as a promotor for the development of the entire industry chain, we actively consolidate internal and external resources. Thirdly, as a guardian who safeguards a better living, we advocate renovations of old community buildings and supporting facilities, improve urban micro-space and stimulate residents' public service consumption. Fourthly, as a developer of co-construction, co-governance and co-usage, we build a community ecology with owners and a project commitment charter with suppliers. Entering into a new phase of industry development, the service targets of property management enterprises have been extended from small communities or neighbourhoods (being the basic units of urban construction) to large cities formed by countless basic units. We will vigorously develop the integrated operation of urban space, and co-exist with the logic of urban system. We will strive to become not only the manager of urban buildings, but also the operator of urban basic services and a dedicated participant in upgrading urban services, with a view to promoting the unity of the three dynamics: the grassroots governance of the government, the management of owners' rights and interests, and the commercial behavior of enterprises.

With the corporate mission of "We Manage Happiness", COPL adheres to the performance pledge of "Property Assets to be Entrusted" and establishes "COPMPM" as our medium to long-term targets, in order to create new service capabilities within the industry and endeavour to become an integrated service operator of urban space. We put forward our brand proposition of "Good Seasons, Good Property, Good Community" (collectively, the "Three-Good"). "Good Seasons" reflects our property management capability in that we can, through quality products and services, provide customers with a pleasant living environment where they can live and work in contentment; "Good Property" reflects our customer service capability in that we can respond efficiently, predict demands and establish deep and long-term relationships with our property owners, customers, employees, partners and the government; "Good Community" reflects a sense of ownership that allows property owners, the property enterprise and the communities to build a neighbourhood governed and enjoyed by all under the spirit of "Everyone Owns and Takes Responsibilities". The "Three-Good" depicts a visionary prospect of "COPMPM", which addresses the concerns of the customers, to whom we realise our promise on value, the industry, to whom we project our strategies outward, and the society, to whom we fulfil our responsibility as a corporate citizen.

With "Property Management Portfolio" as our cornerstone, the Group continued to cultivate the quality and efficiency of basic services in the residential, non-residential and city service segments based on property management contracts, and continuously improve the quality of project performance in order to enhance customer satisfaction. Meanwhile, we provide diversified urban living services (including convenient community canteens, customised family banquets, door-to-door courier delivery, in-home elderly value-added services, health consultation, haircuts, maintenance and cleaning, printing, supermarkets, pet care, leisure and entertainment facilities and activities, cultural guided tours, etc.) to shorten the distance to the residents and show the humane care and services of the property, so as to increase customer loyalty and enhanced fertile soil of our value-added services. Extending our business from our "Ecology", we innovated and developed in the fields of residential value-added services, non-residential value-added services and technology to increase the output value per unit area. All businesses complement and integrate with each other to create the unique COPL business logic of “One Trunk with Multiple Branches, Synergy of Various Businesses” through deepening vertical integration, so as to achieve value preservation and increment of our project buildings under management.

In order to ensure long-term sustainable operation, the Group has always been committed to the enterprise spirit of “To Forge Ahead with All One’s Heart Everyday” and the sincere attitude of “Serving Whole-Heartedly Every Single Day”. We have been endeavoring along the road to the standardisation, refinement and differentiated customisation of property management services. Our confidence in achieving sustainable and steady growth in the long run mainly stems from the promising prospect of urbanisation in China, which has driven the property management industry to a new phase of development and ensured industrial growth and stability. On the road to continuous development, with the gradual recognition of the value of the Group’s quality services in the market, our market expansion and service product development capabilities have been enhanced significantly. In the first half of 2024, the Group had a presence in a total of 168 cities, covering Hong Kong and Macau, and a current workforce of approximately 40,178 employees, with 2,118 property management projects with a service area of nearly 422.7 million square meters and 403 pre-sales sites projects under management. We continued to diversify our property management portfolio, expand the coverage of non-residential areas, and further diversify our product portfolio consisting of commercial complexes, offices, shopping centers, hotels, industrial parks, logistic parks, aviation, high-speed rail, hospitals, schools, government properties, urban services, parks, ports, roads and bridges, bus terminuses and other public facilities. We secured new contracts of Beijing Hengyi Tower (北京恒毅大廈), Beijing Tian Yuan Xiang Tai Building (北京天圓祥泰大廈), Xi’an China Coal Shaanxi Energy Chemical Industrial Park (西安中煤陝西能源化工園區), Huai'an China Mobile Online Industrial Park (淮安中移在線產業園), Xi’an GLP I-Park (西安環普科技產業園), Environmental Hygiene and Janitorial Service Project from the Residential District Office of Shekou, Nanshan, Shenzhen (深圳南山區蛇口街道辦事處區域環衛清掃保潔服務項目), Urban Management and Daily Maintenance Project from Jinan Jizhong Urban Development (濟南濟中城發城管領域日

常維管項目), school property management projects (such as Shenzhen Longhua Public School (深圳龍華區下屬公辦學校), Guangdong Zhanjiang Boya School (廣東湛江博雅學校), Inner Mongolia University of Finance and Economics (內蒙古財經大學), Hohhot Minzu College (呼和浩特民族學院), etc.), Nantong Haian People's Hospital (南通海安人民醫院) and other projects. In Hong Kong and Macau regions, we successively won the tenders for property management of Hong Kong Housing Authority Headquarter Office Building, governmental elderly apartment in Macau, Mercado Municipal do Bairro Iao Hon and other projects, while also provide property and facility management services for the Justice Place and the Former French Mission Building. We also began trial runs of intelligent cleaning robot, "Xiao Qing" (小清), and patrol robot, "Xiao Bao" (小保), to serve Hong Kong public housing estates, integrating technology into humanistic elements. Our property management services are extended to over 60% of the hospital projects under the clusters of the Hospital Authority and the headquarters building of Hospital Authority. Currently, our government management projects cover 3 offices, 12 bureaux and 22 executive departments. We remained the largest provider of property management services in Hong Kong and the leading Chinese property management services corporation in Hong Kong and Macau regions with the No.1 ranking in market share of property management in Hong Kong.

The Group follows the objective of "One Benchmark in Each City with Diversified Benchmarking" and continue to develop high-quality benchmark projects to maintain our customer satisfaction at industry-leading levels. We improve our property service levels from communities to cities, demonstrating COPL's leading management model, excellent product and service capabilities, continuous innovation and urban competitiveness. COPL's benchmarking projects have covered 41 cities across the country, with a total of 53 projects inspected and evaluated, involving five major sectors. We integrate the concepts of innovation leading, outstanding quality, co-construction and co-use, green and low-carbon and sustainable development into the entire process of project operation. These benchmarking projects serve as the model carrier for the comprehensive implementation of COPL's project management model and business reform, which will actively deepen the impact of benchmarking projects (including Peking Union Medical College Hospital (北京協和醫院), Renmin University of China (中國人民大學) and Zhangjiakou Economic Development

Zone (張家口市經濟開發區) in the local property industry through integration with standardised construction, giving full play to the role of innovation, leadership and demonstration. Meanwhile, we continue to promote and extend full life cycle services in property development. We provide property developers with whole-process property consultation and management services, including product positioning consultation, gardening, interior fine furnishing, vetting of building plans, equipment and facility selection advice, decoration supplies sales agency, pre-delivery marketing value-added services, sales of residual flats, contracting of basic positions, carefree property service products with perfect delivery support services, delivery inspection services and quality control of engineering services, etc. These mark a significant improvement of capabilities in the integration of our upstream and downstream supply chain.

Currently, the Group serves over 100 corporate customers which are the world's top 500 companies and becomes the most reliable business partner of central enterprises, state-owned enterprises and private enterprises. We have been highly acclaimed by all sectors of society. We were named as "2024 No.1 Leading Enterprises of Property Management Listed Companies for High-Quality Development", "2024 China No.1 Property Service Satisfaction Leading Companies", "2024 China Top 3 Property Services Companies", "2024 China Top 3 Listed Property Services Companies in terms of Comprehensive Strength", "2024 China Top 20 Listed Property Management Companies Top 4", "2024 China Outstanding Listed Property Services Companies with Investment Value – No.1" and "2024 Top 3 Listed Property Management Leading Companies in terms of Market Capitalisation". Meanwhile, the Group was also included as a constituent in Morgan Stanley Capital International Index (MSCI) Global Small Cap Index (China) and continued to be admitted in the Hong Kong Stock Connect list under the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Exchange, as well as Hang Seng Property Service and Management Index, receiving high recognition from the capital market.

With the Group's outstanding performance in environment, society and governance, we were awarded the "2024 No. 1 China ESG and Sustainable Development Leading Property Companies", "2024 No. 1 China Low-carbon Operation Leading Property Companies", "2024 China Outstanding Property Services Companies in terms of ESG Development – No. 1", "Hong Kong Listed Companies ESG Value Award" and "ESG Corporate Communication Award". COPL has always upheld the sustainable development philosophy of "Integrity in Business, Green Orientation, Talent Focus and Sincere Service". We reviewed and identified existing material topics and increased the weighting of areas like climate change, greenhouse gas emissions management, energy management, employee attraction and retention, information security and privacy protection and intellectual property rights, creating an important symbol as an excellent enterprise and actively fulfilling our responsibilities as a central enterprise.

Since 1 February 2024, the Guidance Catalogue for Industrial Structure Adjustment (2024) (《產業結構調整指導目錄（2024 年本）》) issued by the National Development and Reform Commission was officially implemented. The catalogue clarified the business classification and content of property services, reclassifying it from "Encouraged Other Service Industry" to "Encouraged Commercial Service Industry", with specific description as: (1) residential property management; (2) non-residential property management, which demonstrates the country's increased emphasis on the property management industry and its strong support for diversified and comprehensive property services. Looking ahead, the Group will endeavor along the road with the attitude of "Leading the Trend" amidst the fierce market-oriented competition to promote the transformation of traditional properties into modernised services. We will realise the "COPMPM" through the path of "Technological Innovation and Cross-Sector Cooperation", will present the value of modernised professionalism through the "Benchmark Projects as well as Value Preservation and Enhancement", and will demonstrate the performance of modernised management through the "Talent Team and Corporate Culture", so as to comprehensively promote the modernised development of ecological chain cooperation, service system, IT application, brand building, talent team and basic management.

## REVENUE AND OPERATING RESULTS

The Group is one of the leading property management companies in the People's Republic of China ("PRC"), with operations covering Hong Kong and Macau. The Group's management portfolio includes both residential properties and non-residential properties, such as commercial complexes, office buildings, shopping malls, hotels, industrial parks, logistics parks, aviation, high-speed rail, hospitals, schools, government properties, city services, parks, ports, roads and bridges, bus terminus and other public facilities. Through providing high-quality and sophisticated services to the customers and maximising customer satisfaction, we strive to preserve and add value to the properties under our management and to solidify our strong brand recognition as a renowned property management service provider for mid- to high-end properties in our core stream business.

By leveraging on the Group's brand equity, acclamation and size advantage, we expand the market steadily and strive to enlarge operating scale by securing more projects from independent third parties through enriching the market components. As at 30 June 2024, the GFA under our management increased by 21.2 million sq.m. or 5.3% to 422.7 million sq.m. from 401.5 million sq.m. at the last year end, in which, 46.7% of the new projects with a contract sum of RMB920.5 million was secured from independent third parties.

The following table sets forth a breakdown of the new orders secured by the Group by source of projects during the six months ended 30 June 2024:

| | **New orders secured during the period** | | |
|---|---|---|---|
| | **GFA under management** | | **Contract sums** |
| | **million sq.m.** | **%** | **RMB million** |
| **Source of projects:** | | | |
| China State Construction and China Overseas Group (Note) | **11.3** | **53.3%** | **714.9** |
| Independent third parties | **9.9** | **46.7%** | **920.5** |
| Total | **21.2** | **100.0%** | **1,635.4** |

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

The Group promoted vertical and horizontal exploration of customer resources by consolidating the existing resources and actively seeking new ones to achieve diversification, new GFA contributed from residential projects and non-residential projects was 65.1% and 34.9% respectively, with corresponding contract sums amounting to RMB926.5 million and RMB708.9 million respectively. These continuously strengthened our revenue base and improved our market competitive position.

The following table sets forth a breakdown of the new orders secured by the Group by project types during the six months ended 30 June 2024:

| | **New orders secured during the period** | | |
|---|---|---|---|
| | **GFA under management** | | **Contract sums** |
| | **million sq.m.** | **%** | **RMB million** |
| **Project types:** | | | |
| Residential projects | **13.8** | **65.1%** | **926.5** |
| Non-residential projects | **7.4** | **34.9%** | **708.9** |
| — *Commercial and office buildings* | ***1.1*** | ***5.0%*** | ***486.1*** |
| — *Public and other properties* | ***6.3*** | ***29.9%*** | ***222.8*** |
| Total | **21.2** | **100.0%** | **1,635.4** |

Since China's real estate market has still undergone a period of adjustment and transformation, reduced transaction volume caused a set-back to the growth of the property management industry. Facing the challenges, the Group insisted on seeking progress while maintaining stability and promoting high-quality development. During the six months ended 30 June 2024, total revenue increased by 9.0% to RMB6,838.4 million comparing with the corresponding period last year (2023: RMB6,274.8 million*), which mainly arisen from (i) the increase in GFA under our management dominated by lump-sum basis contracts under property management services and (ii) business growth on value-added services to residents, which were partly offset by the decline in value-added services to non-residents.

The following table sets forth a breakdown of the Group's revenue for the first half of 2024:

| | **For the six months ended 30 June** | | | | | |
|---|---|---|---|---|---|---|
| | **2024** | | **2023** | | **Change** | |
| | **Revenue** | | **Revenue** | | | |
| | **Proportion** | **RMB'000** | **Proportion** | **RMB'000** | **RMB'000** | **%** |
| | | | | **(Restated)** | | |
| **Project management services:** | | | | | | |
| — Lump sum basis | **73.8%** | **5,049,756** | **70.1%** | **4,395,614** | **654,142** | **14.9%** |
| — Commission basis | **1.7%** | **116,149** | **2.0%** | **127,313** | **(11,164)** | **(8.8)%** |
| | **75.5%** | **5,165,905** | **72.1%** | **4,522,927** | **642,978** | **14.2%** |
| **Value-added services:** | | | | | | |
| — Non-residents | **13.3%** | **911,541** | **16.8%** | **1,055,992** | **(144,451)** | **(13.7)%** |
| — Residents | **10.1%** | **687,441** | **9.9%** | **623,148** | **64,293** | **10.3%** |
| | **23.4%** | **1,598,982** | **26.7%** | **1,679,140** | **(80,158)** | **(4.8)%** |
| **Car parking space trading business** | **1.1%** | **73,547** | **1.2%** | **72,744** | **803** | **1.1%** |
| Total | **100.0%** | **6,838,434** | **100.0%** | **6,274,811** | **563,623** | **9.0%** |

On the other hand, stringent cost control measures contained direct operating expenses at RMB5,690.1 million for the period (2023: RMB5,269.5 million*), mainly through material cost savings, overhead expenses reduction and increasing subcontracting efforts measures. Accordingly, gross profit margin improved to 16.8% for the period (2023: 16.0%). With gross profit increased by 14.2% to RMB1,148.3 million for the period (2023: RMB1,005.3 million*).

Other income and gains, net was RMB89.1 million for the period (2023: RMB73.8 million*), mainly representing higher interest income of RMB51.1 million from effective treasury management with higher average bank balances; tax incentives and government grants of RMB20.9 million, as well as one-off written back of over-provided liabilities and exchange gains of RMB17.1 million.

Fair value loss on self-owned investment properties for the period was RMB4.8 million (2023: fair value loss of RMB1.3 million*).

After deducting selling and administrative expenses of RMB184.4 million (2023: RMB179.5 million*) and net impairment of financial assets and contract assets of RMB52.7 million for the period (2023: RMB35.5 million*), operating profit increased by 15.4% to RMB995.4 million (2023: RMB862.8 million*). Selling and administrative expenses increased slightly by 2.8% with continuing manpower control under lean management structure. The increase in net impairment of financial assets and contract assets comparing to the corresponding period last year was mainly due to the compound effects of the following factors: (i) an increase of provision to RMB69.9 million (2023: RMB27.5 million*) on trade receivables with continuing expansion of operating scale with adoption of a more conservative impairment rate of 6.7% (At 30 June 2023: 6.0%) in accordance with the age of debts; and (ii) net reversal of impairment of payments on behalf of property owners for properties managed on a commission basis of RMB17.2 million upon recovering advances on certain projects (2023: net impairment of RMB8.0 million*).

Income tax expenses increased by 13.1% to RMB252.9 million for the period (2023: RMB223.6 million*), mainly due to increase in profit before tax charged at different applicable regional tax rates. Among that, withholding income tax provision of RMB9.3 million (2023: RMB20.4 million*) in respect of dividends distributed/expected to be distributed from a PRC subsidiary was recognised during the period.

Overall, profit attributable to ordinary equity holders of the Company for the six months ended 30 June 2024 increased by 16.0% to RMB737.5 million against the last corresponding period (2023: RMB636.0 million*).

## SEGMENT INFORMATION

### PROPERTY MANAGEMENT SERVICES

At 30 June 2024, total GFA under management increased to 422.7 million sq.m. that was 5.3% more comparing with the end of last year (At 31 December 2023: 401.5 million sq.m.), in which, the portion of GFA under management from independent third parties and from non-residential projects were 40.8% and 30.4% respectively (At 31 December 2023: 40.5% and 30.1% respectively).

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

| | **As at 30 June 2024** | | **As at 31 Dec 2023** | |
|---|---|---|---|---|
| | **GFA under management** | | **GFA under management** | |
| | **million sq.m.** | **%** | **million sq.m.** | **%** |
| **Source of projects:** | | | | |
| China State Construction and China Overseas Group | **250.3** | **59.2%** | **239.0** | **59.5%** |
| Independent third parties | **172.4** | **40.8%** | **162.5** | **40.5%** |
| Total | **422.7** | **100.0%** | **401.5** | **100.0%** |

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

| | As at 30 June 2024 | | As at 31 Dec 2023 | |
|---|---|---|---|---|
| | GFA under management | | GFA under management | |
| | million sq.m. | % | million sq.m. | % |
| **Project types:** | | | | |
| Residential projects | **294.4** | **69.6%** | **280.6** | **69.9%** |
| Non-residential projects | **128.3** | **30.4%** | **120.9** | **30.1%** |
| — *Commercial and office buildings* | ***22.1*** | ***5.2%*** | ***21.0*** | ***5.2%*** |
| — *Public and other properties* | ***106.2*** | ***25.2%*** | ***99.9*** | ***24.9%*** |
| Total | **422.7** | **100.0%** | **401.5** | **100.0%** |

Revenue from property management services constituted 75.5% of total revenue for the six months ended 30 June 2024 (2023: 72.1%), and increased by 14.2% from last corresponding period to RMB5,165.9 million (2023: RMB4,522.9 million*), which was mainly arisen from the continuous increase in GFA under management from lump-sum basis contracts.

During the period, approximately 97.8% and 2.2% of the segment revenue were generated from regular property management contracts under lump sum basis and commission basis respectively (2023: 97.2% and 2.8% respectively).

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

| | For the six months ended 30 June | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | Change | |
| | Segment revenue | | Segment revenue | | | |
| | RMB'000 | % | RMB'000 | % | RMB'000 | % |
| | | | (Restated) | | | |
| **Property management services:** | | | | | | |
| — Lump sum basis | **5,049,756** | **97.8%** | **4,395,614** | **97.2%** | **654,142** | **14.9%** |
| — Commission basis | **116,149** | **2.2%** | **127,313** | **2.8%** | **(11,164)** | **(8.8)%** |
| Total | **5,165,905** | **100.0%** | **4,522,927** | **100.0%** | **642,978** | **14.2%** |

As at 30 June 2024, the ratio of GFA under management from lump sum basis and commission basis was 83.6% to 16.4% (At 31 December 2023: 83.3% to 16.7%).

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

| | As at 30 June 2024 | | As at 31 Dec 2023 | |
|---|---|---|---|---|
| | GFA under management | | GFA under management | |
| | million sq.m. | % | million sq.m. | % |
| **Contract bases:** | | | | |
| Property management contracts under lump sum basis | **353.5** | **83.6%** | **334.5** | **83.3%** |
| Property management contracts under commission basis | **69.2** | **16.4%** | **67.0** | **16.7%** |
| Total | **422.7** | **100.0%** | **401.5** | **100.0%** |

During the period, the segment gross profit margin from regular property management contracts under lump sum basis and commission basis was 13.5% and 100.0% respectively (2023: 12.2% and 100.0% respectively). Overall, the weighted average segment gross profit margin increased to 15.4% for the period (2023: 14.7%). Among that, the increase in gross profit margin under lump sum basis was mainly arisen from stringent cost control on material cost and overhead expenses reduction, as well as continuing subcontracting efforts.

Coupled with continuing increase in segment revenue, the gross profit of our property management services segment increased by 20.1% to RMB797.9 million from last corresponding period for the six months ended 30 June 2024 (2023: RMB664.4 million*).

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

| | For the six months ended 30 June | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | 2023 | | Change in gross profit | |
| | Gross profit | Gross profit margin | Gross profit | Gross profit margin | | |
| | RMB'000 | % | RMB'000 | % | RMB'000 | % |
| | | | (Restated) | | | |
| **Property management services:** | | | | | | |
| — Lump sum basis | **681,768** | **13.5%** | **537,117** | **12.2%** | **144,651** | **26.9%** |
| — Commission basis | **116,149** | **100.0%** | **127,313** | **100.0%** | **(11,164)** | **(8.8)%** |
| Total | **797,917** | **15.4%** | **664,430** | **14.7%** | **133,487** | **20.1%** |

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 22.6% to RMB719.9 million for the period (2023: RMB587.1 million*).

## VALUE-ADDED SERVICES TO NON-RESIDENTS

Value-added services to non-residents sub-segment cover engineering, vetting of building plans, facilities and equipment evaluation proposals, pre-delivery, move-in assistance, delivery inspection, engineering service quality monitoring and consulting services, etc. for property developers and other property management companies. For the six months ended 30 June 2024, revenue from the non-residents sub-segment constituted 13.3% (2023: 16.8%) of total revenue, and decreased by 13.7% to RMB911.5 million (2023: RMB1,056.0 million*). The decrease in segment revenue was mainly due to (i) the impact of adjustment and transformation in the real estate sector, which suppressed the business volumes on equipment installation, special and intelligent engineering services of new move-in projects, and reduced the demand 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 from property developers; (ii) adaptation of the sales mix structure to strengthen the core business, while reducing the sales of hardware products with lower gross profit margin.

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

| | For the six months ended 30 June | | Change | |
|---|---|---|---|---|
| | 2024 | 2023 | | |
| | Sub-segment revenue RMB'000 | Sub-segment revenue RMB'000 (Restated) | RMB'000 | % |
| **Value-added services to non-residents:** | | | | |
| Engineering services | **491,667** | 588,695 | (97,028) | (16.5)% |
| Pre-delivery services | **299,133** | 337,345 | (38,212) | (11.3)% |
| Inspection services | **87,139** | 105,047 | (17,908) | (17.0)% |
| Consulting services | **33,602** | 24,905 | 8,697 | 34.9% |
| Total | **911,541** | 1,055,992 | (144,451) | (13.7)% |

In respect of the profitability, the gross profit margin of the value-added services to non-residents sub-segment for the period was 14.1% (2023: 13.5%), which reflects the adaptation of sales mix and cost reduction on material procurement. Overall, the decrease in the sub-segment gross profit was limited to 10.3% to RMB128.1 million (2023: RMB142.9 million*).

After deducting higher sub-segment overhead for the period (mainly research and development costs to improve engineering systems), the sub-segment profit from value-added services to non-residents, decreased by 16.9% to RMB89.0 million against last period (2023: RMB107.0 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, one-stop shop asset management services to the property owners and rental of self-owned properties); (ii) home living service operations (to meet the various needs of residents of the properties, including housing ecology, home improvement, new retail, home services, tourism and leisure, education and training, health and elderly care, automotive services, platform services, etc.); and (iii) commercial service operations (to meet the needs of business users). Both of the customers' recognition of the Group's 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 six months ended 30 June 2024, revenue from the residents sub-segment constituted 10.1% (2023: 9.9%) of total revenue, and increased by 10.3% to RMB687.4 million (2023: RMB623.1 million*). While the retailing consumption and community group purchasing recorded significant growth as a result of successful marketing campaigns, demands for home services were slack. In respect of the community asset management services, competition was severe. Market penetration in the property agency was aided by affiliation with more local partners.

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

| | For the six months ended 30 June | | Change | |
|---|---|---|---|---|
| | 2024 | 2023 | | |
| | Sub-segment revenue RMB'000 | Sub-segment revenue RMB'000 (Restated) | RMB'000 | % |
| **Value-added services to residents:** | | | | |
| Community asset management services | **310,710** | **288,381** | **22,329** | **7.7%** |
| Home living service operations and commercial service operations | **376,731** | **334,767** | **41,964** | **12.5%** |
| Total | **687,441** | **623,148** | **64,293** | **10.3%** |

The gross profit margin of value-added services to residents sub-segment slightly increased to 30.2% (2023: 29.3%) and the sub-segment gross profit increased by 13.6% to RMB207.7 million (2023: RMB182.9 million*).

After having allowed for sub-segment overhead, the sub-segment profit from value-added services to residents increased by 12.3% to RMB198.3 million against last period (2023: RMB176.5 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 six months ended 30 June 2024, segment revenue from the car parking spaces trading business marginally increased by 1.1% to RMB73.5 million (2023: RMB72.7 million*) from last period. During the period, a higher amount of carparks, that is, 1,254 were sold (2023: 898). However, due to a lower average transaction price, the segment profit decreased to RMB13.9 million (2023: RMB14.5 million*).

## LIQUIDITY, FINANCIAL RESOURCES AND DEBT STRUCTURE

The Group adopts prudent financial policies, with effective financial and cash management under centralised supervision, and maintains appropriate leverage with adequate cash balances. As at 30 June 2024, net working capital amounted to RMB4,006.7 million (At 31 December 2023: RMB3,565.6 million).

Bank balances and cash decreased by 2.4% to RMB5,005.3 million from last year end (At 31 December 2023: RMB5,130.7 million), in which, 87.7% were denominated in Renminbi and 12.3% were denominated in Hong Kong Dollar/ Macau Pataca.

At 30 June 2024, the Group had short-term unsecured bank borrowings denominated in Renminbi amounted to RMB59.5 million (At 31 December 2023: RMB56.4 million). During the six months ended 30 June 2024, the borrowing costs were charged at floating rates with weighted average interest rate of 3.1% per annum.

## FOREIGN EXCHANGE EXPOSURE

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

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

## CAPITAL EXPENDITURES

The capital expenditures, which mainly represent additions to leasehold improvement, motor vehicles, machinery and equipment, furniture, fixtures, office equipment, leasehold right-of-use assets (including capitalised lease commitments) and software systems, were RMB103.6 million for the six months ended 30 June 2024.

## CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2024, the capital commitments of the Group were RMB9.8 million, which mainly related to capital investment in a joint venture and acquisition of software and system. In additions, the Group provided counter-indemnities to a fellow subsidiary and banks amounting to approximately RMB307.9 million, for guarantees issued in respect of certain property management service contracts for which we are required to provide performance bonds in the ordinary course of business. Meanwhile, in order to substitute the Group's certain requirements upon participating in competitive tenders on projects under China Overseas Land & Investment Limited, China State Construction International Holdings Limited and China Overseas Grand Oceans Group Limited, the Company provided corporate guarantees to them up to an aggregate amount of RMB50.0 million, RMB30.0 million and RMB20.0 million respectively.

Except as disclosed above, the Group had no other material capital commitments and outstanding contingent liabilities as at 30 June 2024.

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

The Group had no material acquisitions, disposals, significant investments and future plans of material investment during the six months ended 30 June 2024.

**EMPLOYEES**

As at 30 June 2024, the Group had approximately 40,178 employees (At 31 December 2023: 43,012). The pay levels of these employees are commensurate with their responsibilities, performance and the prevailing market conditions. The remuneration packages included basic salaries, discretionary bonus and provident fund contributions/retirement pension scheme. Certain selected key personnel of the Group were also entitled to participate in a share incentive scheme of an intermediate holding company of the Group. The total staff costs incurred for the six months ended 30 June 2024 was approximately RMB2,245.2 million (2023: RMB2,653.5 million*).

As part of our comprehensive training programme, the Group has 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.

** Restated upon adopting Renminbi as the presentation currency of the Group's financial statements since the 2023's annual results.*

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2024 and the comparative figures for the corresponding period in 2023 are as follows:

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2024** | 2023 |
| | *Notes* | **RMB'000** | RMB'000 |
| | | **(Unaudited)** | (Unaudited) |
| | | | (Restated) |
| **Revenue** | *5* | **6,838,434** | 6,274,811 |
| Direct operating expenses | | **(5,690,146)** | (5,269,525) |
| **Gross profit** | | **1,148,288** | 1,005,286 |
| Other income and gains, net | | **89,062** | 73,772 |
| Fair value loss of self-owned investment properties, net | | **(4,813)** | (1,280) |
| Selling and administrative expenses | | **(184,429)** | (179,459) |
| Impairment of financial assets and contract assets, net | | **(52,666)** | (35,524) |
| **Operating profit** | | **995,442** | 862,795 |
| Finance costs | | **(3,833)** | (3,120) |
| Share of profit of a joint venture | | **4,816** | 3,891 |
| Share of profit of an associate | | **97** | 84 |
| **Profit before tax** | *6* | **996,522** | 863,650 |
| Income tax expenses | *7* | **(252,871)** | (223,588) |
| **Profit for the period** | | **743,651** | 640,062 |
| **Attributable to:** | | | |
| Ordinary equity holders of the Company | | **737,524** | 635,961 |
| Non-controlling interests | | **6,127** | 4,101 |
| | | **743,651** | 640,062 |
| | | **RMB Cents** | RMB Cents |
| **Earnings per share attributable to ordinary equity holders of the Company** | *9* | | |
| Basic and diluted | | **22.45** | 19.35 |

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| | | (Restated) |
| **Profit for the period** | **743,651** | 640,062 |
| **Other comprehensive income/(loss)** | | |
| ***Other comprehensive income that may be reclassified to profit or loss in subsequent periods:*** | | |
| - Exchange differences on translation of subsidiaries' financial statements | **4,968** | 12,414 |
| - Exchange differences on translation of an associate's financial statements | **11** | 13 |
| | **4,979** | 12,427 |
| ***Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:*** | | |
| - Exchange differences on translation of the Company's financial statements | **252** | (5,266) |
| **Other comprehensive income for the period, net of income tax** | **5,231** | 7,161 |
| **Total comprehensive income for the period** | **748,882** | 647,223 |
| **Attributable to:** | | |
| Ordinary equity holders of the Company | **742,755** | 643,122 |
| Non-controlling interests | **6,127** | 4,101 |
| | **748,882** | 647,223 |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | 30 June 2024<br>RMB'000<br>(Unaudited) | 31 December 2023<br>RMB'000<br>(Audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **110,755** | 112,812 |
| Investment properties | | **169,107** | 174,420 |
| Right-of-use assets | | **72,870** | 57,335 |
| Intangible assets | | **225,423** | 184,516 |
| Investment in a joint venture | | **19,511** | 14,695 |
| Investment in an associate | | **249** | 149 |
| Due from a related company | *12* | **75,026** | 75,026 |
| Prepayments | | **17,182** | 16,260 |
| Deferred tax assets | | **56,540** | 44,745 |
| Total non-current assets | | **746,663** | 679,958 |
| **Current assets** | | | |
| Inventories | *10* | **689,150** | 735,645 |
| Trade receivables, retention receivables and other contract assets | *11* | **3,311,220** | 2,481,456 |
| Prepayments, deposits and other receivables | | **1,034,794** | 1,002,172 |
| Due from the immediate holding company | *12* | **2,064** | 1,941 |
| Due from fellow subsidiaries | *12* | **570,986** | 486,202 |
| Due from other related companies | *12* | **109,694** | 92,789 |
| Cash and bank balances | | **5,005,287** | 5,130,660 |
| Total current assets | | **10,723,195** | 9,930,865 |
| **Current liabilities** | | | |
| Trade payables | *13* | **2,304,697** | 1,993,794 |
| Other payables and accruals | | **1,106,383** | 959,071 |
| Temporary receipts from properties managed | | **1,170,111** | 1,282,986 |
| Receipts in advance and other deposits | | **1,642,748** | 1,700,060 |
| Due to fellow subsidiaries | *14* | **22,299** | 17,807 |
| Due to other related companies | *14* | **39,603** | 31,360 |
| Income tax payables | | **327,231** | 281,723 |
| Bank borrowings | *15* | **59,538** | 56,359 |
| Lease liabilities | | **43,877** | 42,081 |
| Total current liabilities | | **6,716,487** | 6,365,241 |
| Net current assets | | **4,006,708** | 3,565,624 |
| Total assets less current liabilities | | **4,753,371** | 4,245,582 |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

| | *Notes* | **30 June 2024 RMB'000 (Unaudited)** | 31 December 2023 RMB'000 (Audited) |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Lease liabilities | | **68,924** | 55,192 |
| Deferred tax liabilities | | **27,996** | 13,373 |
| Total non-current liabilities | | **96,920** | 68,565 |
| Net assets | | **4,656,451** | 4,177,017 |
| **Equity** | | | |
| Equity attributable to ordinary equity holders of the Company | | | |
| Issued capital | *16* | **2,677** | 2,679 |
| Reserves | | **4,593,540** | 4,118,686 |
| | | **4,596,217** | 4,121,365 |
| Non-controlling interests | | **60,234** | 55,652 |
| Total equity | | **4,656,451** | 4,177,017 |

## 1. GENERAL INFORMATION

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

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

During the six months ended 30 June 2024, the Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the provision of property management services and value-added services to non-residents and residents; and the trading of car parking spaces.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2024 (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange. The Interim Financial Statements do not include all of the information required for annual financial statements and thereby they should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023.

The Interim Financial Statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand, unless otherwise stated.

The Interim Financial Statements are unaudited, but have been reviewed by the Audit Committee of the Company. The Interim Financial Statements were approved for issue on 27 August 2024.

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Save as described in note 3 "Changes in Accounting Policies and Disclosures", the accounting policies used in preparing the Interim Financial Statements are consistent with those of the annual consolidated financial statements for the year ended 31 December 2023.

The Company changed the presentation currency of the consolidated financial statements of the Group from HK$ in prior financial periods to RMB since the year ended 31 December 2023. The effects of the change in the presentation currency have been accounted for retrospectively with comparative figures restated in accordance with HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The comparative amounts in the consolidated financial statements of the Group are presented as if RMB had always been the presentation currency of the consolidated financial statements of the Group.

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

| | |
|---|---|
| Amendments to HKFRS 16 | *Lease Liability in a Sale and Leaseback* |
| Amendments to HKAS 1 | *Classification of Liabilities as Current or Non-current (the "2020 Amendments")* |
| Amendments to HKAS 1 | *Non-current Liabilities with Covenants (the "2022 Amendments")* |
| Amendments to HKAS 7 and HKFRS 7 | *Supplier Finance Arrangement* |

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

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

| | |
|---|---|
| Amendments to HKFRS 9 and HKFRS 7 | *Amendments to the Classification and Measurement of Financial Instruments*[2] |
| Amendments to HKFRS 10 and HKAS 28 | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4] |
| HKFRS 18 | *Presentation and Disclosure in Financial Statements*[3] |
| Amendments to HKAS 21 | *Lack of Exchangeability*[1] |

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

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

## 4. OPERATING SEGMENT INFORMATION

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

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

(b) the value-added services segment included:

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

(ii) the value-added services to residents sub-segment engages in the provision of community asset management services (such as rental assistance, agency and custody for real estate transactions, common area rental assistance and rental of self-owned properties), home living service operations (to meet the various needs of residents of the properties) and commercial service operations (to meet the needs of business users).

(c) the car parking spaces trading business segment engages in the trading of various types of car parking spaces.

**Basis of segment information**

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

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

## 4. OPERATING SEGMENT INFORMATION (CONTINUED)

**Segment revenue and results**

**Six months ended 30 June 2024 (Unaudited)**

| | | **Value-added services** | | | | |
|---|---|---|---|---|---|---|
| | **Property management services** | ***Non-residents*** | ***Residents*** | **Sub-total** | **Car parking spaces trading business** | **Total** |
| | **RMB'000** | ***RMB'000*** | ***RMB'000*** | **RMB'000** | **RMB'000** | **RMB'000** |
| **Reportable segment revenue** | | | | | | |
| Revenue from external customers (note 5) | **5,165,905** | ***911,541*** | ***687,441*** | **1,598,982** | **73,547** | **6,838,434** |
| Inter-segment revenue | **86,144** | ***317,630*** | ***53,033*** | **370,663** | **-** | **456,807** |
| | **5,252,049** | ***1,229,171*** | ***740,474*** | **1,969,645** | **73,547** | **7,295,241** |
| *Reconciliation*: | | | | | | |
| Elimination of inter-segment revenue | | | | | | **(456,807)** |
| Reported total revenue | | | | | | **6,838,434** |
| **Reportable segment results** | **719,879** | ***88,970*** | ***198,294*** | **287,264** | **13,879** | **1,021,022** |
| *Reconciliation*: | | | | | | |
| Corporate expenses, net | | | | | | **(24,500)** |
| Profit before tax | | | | | | **996,522** |

## 4. OPERATING SEGMENT INFORMATION (CONTINUED)

**Segment revenue and results (Continued)**

Six months ended 30 June 2023 (Unaudited) (Restated)

| | | Value-added services | | | | |
|---|---|---|---|---|---|---|
| | Property management services RMB'000 (Restated) | *Non-residents* *RMB'000* *(Restated)* | *Residents* *RMB'000* *(Restated)* | Sub-total RMB'000 (Restated) | Car parking spaces trading business RMB'000 (Restated) | Total RMB'000 (Restated) |
| **Reportable segment revenue** | | | | | | |
| Revenue from external customers (note 5) | 4,522,927 | *1,055,992* | *623,148* | 1,679,140 | 72,744 | 6,274,811 |
| Inter-segment revenue | 44,962 | *264,108* | *88,299* | 352,407 | - | 397,369 |
| | 4,567,889 | *1,320,100* | *711,447* | 2,031,547 | 72,744 | 6,672,180 |
| *Reconciliation*: | | | | | | |
| Elimination of inter-segment revenue | | | | | | (397,369) |
| Reported total revenue | | | | | | 6,274,811 |
| **Reportable segment results** | 587,140 | *107,019* | *176,510* | 283,529 | 14,480 | 885,149 |
| *Reconciliation*: | | | | | | |
| Corporate expenses, net | | | | | | (21,499) |
| Profit before tax | | | | | | 863,650 |

## 5. REVENUE

**Disaggregated revenue information**

***Type of goods or services***

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

## 5. REVENUE (CONTINUED)

**Disaggregated revenue information (Continued)**

***Timing of revenue recognition***

**Six months ended 30 June 2024 (Unaudited)**

| Segments | Property management services RMB'000 | Value-added services: *Non-residents RMB'000* | Value-added services: *Residents RMB'000* | Value-added services: Sub-total RMB'000 | Car parking space trading business RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|
| Goods or services transferred at a point in time | - | - | *492,013* | 492,013 | 71,559 | 563,572 |
| Services transferred over time | 5,165,905 | *911,541* | *186,831* | 1,098,372 | - | 6,264,277 |
| Total revenue from contracts with customers | 5,165,905 | *911,541* | *678,844* | 1,590,385 | 71,559 | 6,827,849 |
| Revenue from another source - rental income | - | - | *8,597* | 8,597 | 1,988 | 10,585 |
| Total revenue from external customers | 5,165,905 | *911,541* | *687,441* | 1,598,982 | 73,547 | 6,838,434 |

Six months ended 30 June 2023 (Unaudited) (Restated)

| Segments | Property management services RMB'000 (Restated) | Value-added services: *Non-residents RMB'000 (Restated)* | Value-added services: *Residents RMB'000 (Restated)* | Value-added services: Sub-total RMB'000 (Restated) | Car parking space trading business RMB'000 (Restated) | Total RMB'000 (Restated) |
|---|---|---|---|---|---|---|
| Goods or services transferred at a point in time | - | - | *439,824* | 439,824 | 69,551 | 509,375 |
| Services transferred over time | 4,522,927 | *1,055,992* | *174,931* | 1,230,923 | - | 5,753,850 |
| Total revenue from contracts with customers | 4,522,927 | *1,055,992* | *614,755* | 1,670,747 | 69,551 | 6,263,225 |
| Revenue from another source - rental income | - | - | *8,393* | 8,393 | 3,193 | 11,586 |
| Total revenue from external customers | 4,522,927 | *1,055,992* | *623,148* | 1,679,140 | 72,744 | 6,274,811 |

***Geographical market***

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

## 6. PROFIT BEFORE TAX

| | Six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| | | (Restated) |
| Profit before tax is arrived at after charging: | | |
| Employee benefit expenses including directors' and chief executive's remuneration and share-based payment (note) | **2,245,153** | 2,653,472 |
| Sub-contracting costs | **2,558,010** | 1,632,047 |

Note: During the six months ended 30 June 2024, share-based payment to certain directors, senior management and other employees amounting to RMB259,000 (2023: RMB1,936,000 (restated)) were recognised in profit or loss, with a corresponding credit to equity.

## 7. INCOME TAX EXPENSES

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

| | Six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Unaudited) |
| | | (Restated) |
| Current: | | |
| Hong Kong | **2,269** | 9,175 |
| Macau | **180** | 100 |
| Mainland China | **238,309** | 200,598 |
| The PRC withholding income tax | **9,252** | 20,387 |
| | **250,010** | 230,260 |
| Deferred | **2,861** | (6,672) |
| Total | **252,871** | 223,588 |

Notes:

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

| | Six months ended 30 June | |
|---|---|---|
| | **2024** | 2023 |
| | **%** | % |
| Mainland China* | **25** | 25 |
| Hong Kong | **16.5** | 16.5 |
| Macau | **12** | 12 |

* In accordance with the relevant tax laws and regulations of the PRC, certain subsidiaries of the Group established in Mainland China 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 concession tax rate of 5% (2023: 5%).

## 8. DIVIDENDS

A dividend of RMB256,680,000 that relates to the year ended 31 December 2023 was paid in July 2024 (2023: RMB240,427,000 (restated)).

On 27 August 2024, the board of directors has resolved to declare an interim dividend of HK8.5 cents per share (2023: HK5.5 cents), which is payable to shareholders whose names appear on the Company's register of members on 4 October 2024. This interim dividend, amounting to approximately RMB255,075,000 (2023: RMB167,427,000 (restated)), has not been recognised as a liability in the Interim Financial Statements. It will be recognised in equity in the year ending 31 December 2024.

## 9. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of RMB737,524,000 (2023: RMB635,961,000 (restated)), and the weighted average number of ordinary shares of 3,285,370,350 (2023: 3,286,860,460) in issue during the period.

No adjustment has been made to the basic earnings per share amount presented for each of the six months ended 30 June 2024 and 2023 for a dilution as the Group had no dilutive potential ordinary shares in issue during these periods.

## 10. INVENTORIES

| | **30 June 2024<br>RMB'000<br>(Unaudited)** | 31 December 2023<br>RMB'000<br>(Audited) |
|---|---|---|
| Car parking spaces | **686,686** | 731,821 |
| Others | **2,464** | 3,824 |
| | **689,150** | 735,645 |

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

## 11. TRADE RECEIVABLES, RETENTION RECEIVABLES AND OTHER CONTRACT ASSETS

| | **30 June 2024** | 31 December 2023 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Audited) |
| Trade receivables | **3,490,035** | 2,620,531 |
| Retention receivables and other contract assets | **58,924** | 31,147 |
| Trade receivables, retention receivables and other contract assets | **3,548,959** | 2,651,678 |
| Less: Impairment | **(237,739)** | (170,222) |
| | **3,311,220** | 2,481,456 |

Note:

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

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

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

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

| | **30 June 2024** | 31 December 2023 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| | **(Unaudited)** | (Audited) |
| Within 1 month | **960,496** | 922,937 |
| 1 to 3 months | **771,313** | 489,820 |
| 3 to 12 months | **1,094,094** | 721,614 |
| 1 to 2 years | **394,568** | 271,767 |
| Over 2 years | **269,564** | 214,393 |
| | **3,490,035** | 2,620,531 |

## 12. BALANCES DUE FROM RELATED PARTIES

| | 30 June 2024<br>RMB'000<br>(Unaudited) | 31 December 2023<br>RMB'000<br>(Audited) |
|---|---|---|
| **Balance due from the immediate holding company** | | |
| Trade nature | **2,064** | 1,941 |
| **Balances due from fellow subsidiaries** | | |
| Trade nature | **557,383** | 458,139 |
| Prepayments | **13,603** | 28,063 |
| | **570,986** | 486,202 |
| **Balances due from other related companies (including joint ventures and associates of fellow subsidiaries)** | | |
| **Portion classified as current assets:** | | |
| Trade nature | **109,496** | 90,682 |
| Prepayments | **198** | 2,107 |
| | **109,694** | 92,789 |
| **Portion classified as non-current assets:** | | |
| Non-trade nature | **75,026** | 75,026 |
| Total balances due from related parties | **757,770** | 655,958 |

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

| | 30 June 2024<br>RMB'000<br>(Unaudited) | 31 December 2023<br>RMB'000<br>(Audited) |
|---|---|---|
| **Balance due from the immediate holding company** | | |
| Within 1 month | **814** | 797 |
| 1 to 3 months | **39** | 116 |
| Over 3 months | **1,211** | 1,028 |
| | **2,064** | 1,941 |

## 12. BALANCES DUE FROM RELATED PARTIES (CONTINUED)

| | **30 June 2024** | 31 December 2023 |
|---|---|---|
| | **RMB’000** | RMB’000 |
| | **(Unaudited)** | (Audited) |
| **Balances due from fellow subsidiaries** | | |
| Within 1 month | **174,306** | 131,573 |
| 1 to 3 months | **96,375** | 98,086 |
| 3 to 12 months | **148,745** | 138,955 |
| 1 to 2 years | **65,783** | 65,185 |
| Over 2 years | **72,174** | 24,340 |
| | **557,383** | 458,139 |
| **Balances due from other related companies** | | |
| Within 1 month | **42,803** | 37,544 |
| 1 to 3 months | **17,454** | 13,550 |
| 3 to 12 months | **31,235** | 19,938 |
| 1 to 2 years | **9,839** | 14,416 |
| Over 2 years | **8,165** | 5,234 |
| | **109,496** | 90,682 |

## 13. TRADE PAYABLES

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

| | **30 June 2024** | 31 December 2023 |
|---|---|---|
| | **RMB’000** | RMB’000 |
| | **(Unaudited)** | (Audited) |
| Within 1 month | **1,152,156** | 851,047 |
| 1 to 3 months | **442,632** | 525,320 |
| 3 to 12 months | **547,793** | 475,081 |
| 1 to 2 years | **114,192** | 112,567 |
| Over 2 years | **47,924** | 29,779 |
| | **2,304,697** | 1,993,794 |

## 14. BALANCES DUE TO RELATED PARTIES

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

| | **30 June 2024** | 31 December 2023 |
|---|---|---|
| | **RMB’000** | RMB’000 |
| | **(Unaudited)** | (Audited) |
| **Balances due to fellow subsidiaries – trade nature** | | |
| Within 1 month | **9,908** | 6,669 |
| 1 to 3 months | **2,427** | 1,414 |
| 3 to 12 months | **4,850** | 2,322 |
| 1 to 2 years | **2,803** | 715 |
| Over 2 years | **926** | 1,189 |
| | **20,914** | 12,309 |
| Receipts in advance | **1,385** | 5,498 |
| | **22,299** | 17,807 |
| **Balances due to other related companies (including joint ventures and associates of fellow subsidiaries) – trade nature** | | |
| Within 1 month | **3,929** | 4,267 |
| 1 to 3 months | **4,319** | 2,415 |
| 3 to 12 months | **6,939** | 12,908 |
| 1 to 2 years | **14,392** | 770 |
| Over 2 years | **338** | 56 |
| | **29,917** | 20,416 |
| Receipts in advance | **9,686** | 10,944 |
| | **39,603** | 31,360 |
| Total balances due to related parties | **61,902** | 49,167 |

## 15. BANK BORROWINGS

| | **30 June 2024** | 31 December 2023 |
|---|---|---|
| | **RMB’000** | RMB’000 |
| | **(Unaudited)** | (Audited) |
| Bank borrowings - unsecured | **59,538** | 56,359 |

As at 30 June 2024, the Group had unsecured short-term bank borrowing denominated in RMB of RMB59,538,000 (At 31 December 2023: RMB56,359,000), which bear floating interest rates at the PRC Loan Prime Rate minus specific rates. The weighted average effective interest rate was 3.1% per annum during the six months ended 30 June 2024.

## 16. SHARE CAPITAL

**Issued and fully paid:**

| | **RMB'000** |
|---|---|
| At 1 January 2023 and<br>31 December 2023 (Audited),<br>1 January 2024 (Unaudited)<br>(3,286,860,460 ordinary shares of HK$0.001 each) | **2,679** |
| Shares repurchased and cancelled (Note)<br>(2,900,000 ordinary shares of HK$0.001 each) | **(2)** |
| **As at 30 June 2024 (Unaudited)<br>(3,283,960,460 ordinary shares of HK$0.001 each)** | **2,677** |

Note: During the six months ended 30 June 2024, the Company repurchased and cancelled a total of 2,900,000 of its shares listed on the Stock Exchange for an aggregate consideration of RMB11,482,000, which was paid out of the Company's retained profits in accordance with Cayman Companies Act.

## 17. COMPARATIVE AMOUNTS

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

## INTERIM DIVIDEND

After taking into account the dividend policy of the Group, capital market expectations, business results for the period and future business development plans, the Board declared the payment of an interim dividend of HK8.5 cents per share for the six months ended 30 June 2024 (for the six months ended 30 June 2023: HK5.5 cents per share). The interim dividend will be paid to the shareholders of the Company (the “Shareholders”) on Monday, 21 October 2024 whose names appear on the Company’s register of members (the “Register of Members”) on Friday, 4 October 2024.

## CLOSURE OF REGISTER OF MEMBERS

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

| | |
|---|---|
| Ex-dividend date | Friday, 27 September 2024 |
| Latest time to lodge transfer documents for registration with the Company’s Hong Kong branch share registrar and transfer office | At 4:30 p.m. on<br>Monday, 30 September 2024 |
| Closure of Register of Members | Wednesday, 2 October 2024 to<br>Friday, 4 October 2024<br>(both days inclusive) |
| Record date | Friday, 4 October 2024 |

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

## REVIEW OF ACCOUNTS BY AUDIT COMMITTEE

The audit committee of the Company has reviewed with the management of the Company the accounting policies and practices adopted by the Group and discussed, among other things, internal control, risk management and financial reporting matters including a review of the unaudited interim results of the Group for the six months ended 30 June 2024.

## 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 six months ended 30 June 2024, the Company has adopted and complied with all the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

## COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules as the code for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the required standard regarding securities transactions set out therein throughout the six months ended 30 June 2024.

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

During the six months ended 30 June 2024, the Company bought back a total of 2,900,000 shares of the Company on the Stock Exchange for an aggregate consideration of HK$12,362,100 (before expenses). All the shares bought back were cancelled on 29 May 2024.

Particulars of the Share buy-backs are as follows:

| | Number of Shares | Purchase price per Share | | Aggregate consideration (before expenses) |
|---|---|---|---|---|
| **Buy-back date** | **bought back** | **Highest** *(HK$)* | **Lowest** *(HK$)* | *(HK$)* |
| 27 March 2024 | 500,000 | 4.47 | 4.15 | 2,148,500 |
| 28 March 2024 | 1,800,000 | 4.36 | 4.18 | 7,708,600 |
| 5 April 2024 | 600,000 | 4.20 | 4.12 | 2,505,000 |
| Total | 2,900,000 | | | 12,362,100 |

Save as disclosed above, neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the six months ended 30 June 2024.

## PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the Company's website (http://www.copl.com.hk) and the Stock Exchange's designated website (https://www.hkexnews.hk). The Company's interim report for the six months ended 30 June 2024 will be available on the same websites and will be dispatched to the Shareholders (upon requested) in due course.

## APPRECIATION

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

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

Hong Kong, 27 August 2024

*As at the date of this announcement, the Board comprises nine Directors, there are four Executive Directors, namely Mr. Zhang Guiqing (Chairman), Mr. Xiao Junqiang (Chief Executive Officer), Mr. Pang Jinying (Vice President) and Mr. Kam Yuk Fai (Chief Financial Officer); two 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.*