中國海外發展有限公司
CHINA OVERSEAS LAND & INVESTMENT LTD.

(incorporated in Hong Kong with limited liability)
(Stock code: 688)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

1. The contracted property sales increased by 10.2% to HK$232.07 billion and the corresponding sales area was 14.46 million sq m, an increase of 10.9%.

2. Revenue increased to HK$166.04 billion as compared to 2016.

3. Operating profit increased by 8.6% to HK$62.87 billion. Gross profit margin of property development projects remained at industry-leading level.

4. Profit attributable to equity shareholders of the Company increased by 10.1% to HK$40.77 billion, of which HK$4.37 billion was related to the net gain after tax arising from changes in fair value of investment properties and HK$2.14 billion was related to a gain arising from fair value remeasurement of the Group's previously held equity interest in a joint venture immediately prior to acquisition.

5. Basic earnings per share increased by 2.2% to HK$3.72.

6. The Group acquired 76 land parcels in 31 cities in mainland China and Hong Kong, adding a total GFA of 17.41 million sq m to the land reserve. At 31 December 2017, total land bank was 63.75 million sq m (attributable interest of 53.78 million sq m).

7. At 31 December 2017, the Group had bank and other borrowings and notes payable amounted to HK$103.58 billion and HK$74.66 billion respectively; bank balances and cash amounted to HK$104.05 billion; the net gearing of the Group was at an industry-low level of 27.9%.

8. The shareholders' funds of the Company increased from HK$222.25 billion at end of 2016 to HK$265.69 billion at end of 2017, an increase of 19.5%. The book value of net assets per share was HK$24.25. The average return on shareholders' funds was 16.7%.

9. The Board proposed a final dividend of HK45 cents per share. Together with the interim dividend of HK35 cents per share, total cash dividends for the year were HK80 cents per share (2016: HK77 cents per share).

New Era New Journey
----Moving Forward To a Better and Faster Development

The board of directors (the "**Board**") of China Overseas Land & Investment Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2017. The profit attributable to equity shareholders of the Company for the year ended 31 December 2017 increased by 10.1% to HK$40.77 billion as compared to 2016; basic earnings per share was HK$3.72; shareholders' funds increased by 19.5% to HK$265.69 billion; net assets per share was HK$24.25; and average return on shareholders' funds was 16.7%. The Board proposed a final dividend of HK45 cents per share.

CONSOLIDATED INCOME STATEMENT

The audited consolidated results of the Group for the year ended 31 December 2017 and the comparative figures in 2016 are as follows:

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*3*	**166,044,963**	164,068,528
Business tax		**(2,072,793)**	(5,351,547)
Net revenue	*3*	**163,972,170**	158,716,981
Direct operating costs, exclude business tax above		**(109,272,364)**	(113,073,759)
		54,699,806	45,643,222
Other income and gains, net	*4*	**5,353,577**	1,789,484
Gain arising from changes in fair value of investment properties		**5,946,121**	7,722,671
Gain on disposal of investment properties		**40,782**	1,028,432
Gain on disposal of subsidiaries	*5*	**165,865**	10,175,939
Gain arising from fair value remeasurement of the Group's previously held equity interest in a joint venture immediately prior to acquisition	*6*	**2,140,171**	-
Gain on acquisition of subsidiaries	*6*	**326,267**	-
Impairment loss in respect of goodwill		**-**	(1,903,104)
Selling and distribution costs		**(2,949,521)**	(3,371,597)
Administrative expenses		**(2,848,693)**	(3,179,742)
Operating profit		**62,874,375**	57,905,305
Share of profits of			
Associates		**1,164,116**	476,682
Joint ventures		**774,352**	775,770
Finance costs	*7*	**(1,393,544)**	(2,055,956)
Profit before tax		**63,419,299**	57,101,801
Income tax expenses	*8*	**(21,277,184)**	(18,711,025)
Profit for the year		**42,142,115**	38,390,776
Attributable to:			
Owners of the Company		**40,766,835**	37,020,638
Non-controlling interests		**1,375,280**	1,370,138
		42,142,115	38,390,776
		HK$	*HK$*
EARNINGS PER SHARE	*9*		
Basic and diluted		**3.72**	3.64
		HK$'000	*HK$'000*
DIVIDENDS	*10*		
Interim dividend paid		**3,834,671**	3,834,671
Final dividend proposed		**4,930,291**	4,601,605
		8,764,962	8,436,276

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2017	2016
	HK$'000	*HK$'000*
Profit for the year	**42,142,115**	38,390,776
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Exchange differences on translation of the Company and its subsidiaries	**9,892,806**	(14,092,869)
Exchange differences on translation of associates and joint ventures	**967,762**	(975,668)
	10,860,568	(15,068,537)
Item that may be reclassified to profit or loss		
Exchange differences on translation of associates	**780,201**	(877,252)
Other comprehensive income for the year	**11,640,769**	(15,945,789)
Total comprehensive income for the year	**53,782,884**	22,444,987
Total comprehensive income attributable to:		
Owners of the Company	**51,875,215**	21,384,969
Non-controlling interests	**1,907,669**	1,060,018
	53,782,884	22,444,987

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2017 HK$'000	2016 HK$'000
Non-current Assets			
Investment properties		**97,377,389**	67,093,181
Property, plant and equipment		**3,897,596**	3,886,507
Prepaid lease payments for land		**575,810**	567,873
Interests in associates		**8,232,345**	5,512,064
Interests in joint ventures		**12,405,070**	10,526,289
Investments in syndicated property project companies		**24,212**	24,212
Available-for-sale investments		**115,842**	147,211
Amounts due from associates		**8,969,792**	2,728,181
Amounts due from joint ventures		**6,592,674**	2,058,017
Other receivables		**456,540**	-
Goodwill		**64,525**	64,525
Deferred tax assets		**4,902,484**	3,767,912
		143,614,279	96,375,972
Current Assets			
Inventories		**82,852**	88,711
Stock of properties		**335,541,563**	261,689,777
Land development expenditure		**24,305,938**	7,631,262
Prepaid lease payments for land		**16,396**	18,397
Trade and other receivables	*11*	**14,300,567**	11,341,431
Deposits and prepayments		**7,240,012**	6,897,193
Deposits for land use rights for property development		**2,386,145**	5,166,601
Amounts due from fellow subsidiaries		**356,221**	214,442
Amounts due from associates		**5,508,696**	11,801,798
Amounts due from joint ventures		**2,985,523**	5,512,861
Amounts due from non-controlling shareholders		**728,934**	817,806
Amounts due from CITIC Group		**197,949**	839,050
Tax prepaid		**4,089,095**	5,732,244
Bank balances and cash		**104,050,615**	157,161,732
		501,790,506	474,913,305
Current Liabilities			
Trade and other payables	*12*	**51,826,299**	44,815,201
Pre-sales deposits		**77,857,359**	82,255,805
Rental and other deposits		**3,428,838**	2,887,399
Amounts due to fellow subsidiaries		**756,994**	678,296
Amounts due to associates		**2,028,855**	1,400,177
Amounts due to joint ventures		**5,425,631**	2,158,084
Amounts due to non-controlling shareholders		**5,053,174**	2,969,183
Amounts due to CITIC Group		**-**	265,845
Tax liabilities		**29,741,619**	21,888,194
Bank and other borrowings - due within one year		**13,324,575**	34,471,679
Notes payable - due within one year		**17,099,222**	5,814,611
		206,542,566	199,604,474
Net Current Assets		**295,247,940**	275,308,831
Total Assets Less Current Liabilities		**438,862,219**	371,684,803

	Notes	2017 HK$'000	2016 HK$'000
Capital and Reserves			
Share capital	*13*	**90,420,438**	90,420,438
Reserves		**175,273,849**	131,828,004
Equity attributable to owners of the Company		**265,694,287**	222,248,442
Non-controlling interests		**7,849,143**	5,174,917
Total Equity		**273,543,430**	227,423,359
Non-current Liabilities			
Bank and other borrowings - due after one year		**90,256,116**	61,773,449
Notes payable - due after one year		**57,558,524**	71,760,801
Amounts due to non-controlling shareholders		**3,799,801**	869,939
Deferred tax liabilities		**13,704,348**	9,857,255
		165,318,789	144,261,444
		438,862,219	371,684,803

Notes:

The financial information relating to the years ended 31 December 2017 and 2016 included in this announcement of annual results of 2017 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with Section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2017 in due course. The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under Sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

1. Application of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are relevant to the Group:

Amendments to Hong Kong Accounting Standard ("HKAS") 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*

The application of the above amendments to HKFRSs has had no material impact on the Group's results and financial position.

The Group has not early adopted the following new and revised standards and amendments that have been issued but are not yet effective:

Amendments to HKAS 40	*Transfers of Investment Property* [1]
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions* [1]
HKFRS 9	*Financial Instruments* [1]
HKFRS 15	*Revenue from Contracts with Customers* [1]
HKFRS 16	*Leases* [2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [3]

[1] *Effective for annual periods beginning on or after 1 January 2018*
[2] *Effective for annual periods beginning on or after 1 January 2019*
[3] *The mandatory effective date will be determined*

HKFRS 15, *Revenue from Contracts with Customers*

Nature of change

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact

Management has assessed the effects of applying the new standard on the Group's financial statements and has identified the following areas that will be affected:

- Revenue from pre-sales of properties under development is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the properties under development may transfer over time or at a point in time.

- The timing of revenue recognition for sale of completed properties, which is currently based on whether significant risk and reward of ownership of properties transfer, will be recognised at a later point in time when the underlying property is legally or physically transferred to the customer under the control transfer model.

- The Group currently offers different payment schemes to customers, the transaction price and the amount of revenue for the sale of property will be adjusted when significant financing component exists in that contract.

- The Group provides different incentives to customers when they sign a property sale contract. Certain incentives (e.g. free gift and property management service) represent separate performance obligation in a contract. Part of the consideration of the contract will be allocated to those performance obligations and recognised as revenue only when performance obligation is satisfied. The amount of revenue for the sale of property will also be reduced for any cash payment to customer which is not a payment of distinct goods or services from the customer.

- Certain costs incurred for obtaining a pre-sale property contract, which are currently expensed off in profit or loss directly, will be eligible for capitalisation under HKFRS 15 and match with revenue recognition pattern of related contract in the future.

Date of adoption by the Group

The Group intends to adopt the standard on 1 January 2018 using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

The Group is estimating the overall impact of the above on the Group's retained earnings on 1 January 2018.

HKFRS 9, *Financial Instruments*

Nature of change

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Impact

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

The financial assets held by the Group include equity instruments that are currently classified as available-for-sale financial assets for which a fair value through other comprehensive income ("FVOCI") election is available. Except for the above, the Group does not expect there will be material impact on the classification, recognition and measurement of the other financial assets held by the Group at 31 December 2017.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principle-based approach. Since the Group does not have any hedge relationships currently, there will be no impact on the Group's financial statements.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Group expects there will be no significant impact on the loss allowance for trade debtors.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Date of adoption by the Group

The adoption of HKFRS 9 is mandatory for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

HKFRS 16, *Leases*

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Group's operating leases. At the end of the reporting period, the Group has non-cancellable operating lease commitments of HK$133,289,000. The Group estimates that the leases relate to payments for short-term and low value leases which will be recognised on a straight-line basis as an expense in profit or loss are insigificant. For other leases, the Group expects i) the effect of other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options, ii) the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and iii) the impact to the Group's profit or loss and classification of cash flows going forward will not be material.

Date of adoption by the Group

The adoption of HKFRS 16 is mandatory for financial years commencing on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

The Group has been assessing the impact of other new or revised standards and amendments, certain of which may be relevant to the Group's operations and may give rise to changes in disclosure, recognition and remeasurement of certain items in the consolidated financial statements.

2. Basis of Preparation

Application of business combination under common control

Acquisition of the CITIC Acquired Group

On 15 September 2016, the Company (as the purchaser and the guarantor) completed the acquisition of the entire issued share capital of each of Tuxiana Corp. and CITIC Real Estate Group Company Limited (together with their respective subsidiaries, the "CITIC Acquired Group") and the outstanding loans and advances owing by the CITIC Acquired Group to CITIC Limited and its subsidiaries ("CITIC Group") from CITIC Pacific Limited and CITIC Corporation Limited (both wholly-owned subsidiaries of CITIC Limited, as the sellers) (the "CITIC Assets Acquisition").

As the Company and CITIC Limited are state-owned entities and are under common control of the State Council of the PRC, the CITIC Assets Acquisition was accounted for as a business combination under common control. Accordingly, the consolidated financial statements of the Group for the year ended 31 December 2016 were prepared using the principles of merger accounting as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA, as if the CITIC Acquired Group had been combined with the Group from the earliest date when the CITIC Acquired Group first came under the control of the State Council of the PRC.

3. Revenue and contribution

The Group is organised into business units based on their products and services, based on which information is prepared and reported to the Group's management for the purposes of resource allocation and assessment of performance. The Group's operating and reportable segments under HKFRS 8 and the types of revenue are as follows:

Property development	-	proceeds from property development activities
Property investment	-	property rentals
Other operations	-	revenue from hotel operation, real estate management services, and construction and building design consultancy services

Segment revenue and results

The following is an analysis of the Group's revenue and results (including share of results of associates and joint ventures) by reportable segments:

Year ended 31 December 2017

	Property development *HK$'000*	**Property investment** *HK$'000*	**Other operations** *HK$'000*	**Segment total** *HK$'000*
Segment revenue				
- from external customers	**162,139,770**	**2,450,060**	**1,455,133**	**166,044,963**
Business tax	**(2,023,024)**	**(39,582)**	**(10,187)**	**(2,072,793)**
Net revenue	**160,116,746**	**2,410,478**	**1,444,946**	**163,972,170**
Segment profit (including share of profits of associates and joint ventures)	**51,445,746**	**10,000,620**	**273,085**	**61,719,451**

Year ended 31 December 2016

	Property development *HK$'000*	Property investment *HK$'000*	Other operations *HK$'000*	Segment total *HK$'000*
Segment revenue				
- from external customers	159,891,147	2,137,167	2,040,214	164,068,528
Business tax	(5,247,187)	(88,446)	(15,914)	(5,351,547)
Net revenue	154,643,960	2,048,721	2,024,300	158,716,981
Segment profit (including share of profits of associates and joint ventures)	46,944,834	11,881,858	31,063	58,857,755

Reconciliation of reportable segment profits to the consolidated profit before tax

Segment profits include profits from subsidiaries and share of profits of associates and joint ventures. This represents the profit earned by each segment without allocation of interest income on bank deposits and receivables, corporate expenses, finance costs and net foreign exchange gains/(losses) recognised in the consolidated income statement. This is the measure reported to management of the Group for the purposes of resources allocation and performance assessment.

	2017 *HK$'000*	2016 *HK$'000*
Reportable segment profits	**61,719,451**	58,857,755
Unallocated items:		
Interest income on bank deposits and receivables	**1,155,549**	1,949,117
Corporate expenses	**(525,226)**	(376,657)
Finance costs	**(1,393,544)**	(2,055,956)
Net foreign exchange gains/(losses) recognised in the consolidated income statement	**2,463,069**	(1,272,458)
Consolidated profit before tax	**63,419,299**	57,101,801

4. Other income and gains, net

	2017	2016
	HK$'000	*HK$'000*
Other income and gains include:		
Interest income on bank deposits and receivables	**1,155,549**	1,949,117
Interest income on amounts due from associates and joint ventures	**381,206**	307,136
Total interest income	**1,536,755**	2,256,253
Gain on disposal of property, plant and equipment	**9,953**	143,481
Net foreign exchange gains/(losses)	**2,138,825**	(2,575,458)
Add: Exchange losses arising from foreign currency borrowings capitalised	**324,244**	1,303,000
Net foreign exchange gain/(losses) recognised in the consolidated income statement	**2,463,069**	(1,272,458)

5. Gain on disposal of subsidiaries

On 20 October 2017, the Group entered into a sale and purchase agreement with 中海物業管理有限公司, a wholly-owned subsidiary of China Overseas Property Holdings Limited ("COPL"), which is a fellow subsidiary of the Company, to dispose of the entire equity interests of 中信物業服務有限公司 ("中信物業") for a cash consideration of RMB190,000,000 (equivalent to HK$220,930,000). 中信物業 and its subsidiaries are principally engaged in property management businesses in mainland China. The disposal was completed on 21 December 2017.

In addition to the above disposal, the Group has also completed a disposal of a subsidiary during the year.

As a result of the above disposals, a gain of HK$165,865,000 was recognised in the consolidated income statement during the year.

6. Acquisition of subsidiaries

On 17 June 2017, Beauty Select Limited ("Beauty Select"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with GCPF Shanghai 65 Corp. ("GCPF"), pursuant to which Beauty Select agreed to purchase and GCPF agreed to sell the 50% of the issued shares of Big Profit Enterprises Limited ("Big Profit") at a total cash consideration of USD232,545,000 (equivalent to HK$1,813,903,000). Related shareholder's loan of USD160,840,000 (equivalent to HK$1,252,185,000) was also acquired as part of the acquisition. Big Profit is an investment holding company and holds 100% equity interest in 上海中海海軒房地產有限公司 (Shanghai COB Haixuan Real Estate Co., Limited), which is engaged in property investment business in Shanghai, the PRC. The acquisition was completed on 27 June 2017 and Big Profit became a wholly-owned subsidiary of the Company.

Before the acquisition, the Group held 50% equity interest in Big Profit which was accounted for as a joint venture of the Group. The Group remeasured its equity interest in Big Profit immediately prior to the acquisition date, resulting in a gain arising from fair value remeasurement of HK$2,140,171,000. In addition, a gain on acquisition of subsidiaries of HK$326,267,000, being the difference between the fair value of total identifiable net assets acquired and the aggregate consideration transferred and fair value of previously held equity interest, was recognised.

7. Finance costs

	2017	2016
	HK$'000	*HK$'000*
Interest on bank and other borrowings and notes payable	**7,388,248**	8,705,618
Other finance costs	**106,620**	115,253
Total finance costs	**7,494,868**	8,820,871
Less: Amount capitalised	**(6,101,324)**	(6,764,915)
	1,393,544	2,055,956

8. Income tax expenses

	2017	2016
	HK$'000	*HK$'000*
Current tax:		
PRC Corporate Income Tax ("CIT")	**10,976,364**	8,788,070
PRC Land Appreciation Tax ("LAT")	**9,433,927**	7,775,675
PRC withholding income tax	**145,716**	595,252
Hong Kong profits tax	**300,930**	119,140
Macau income tax	**42,854**	2,522
Others	**7,887**	6,170
	20,907,678	17,286,829
(Over)/under provision in prior years:		
CIT	**(1,379)**	-
Hong Kong profits tax	**37,872**	-
Macau income tax	**(2,522)**	(3,690)
	33,971	(3,690)
Deferred tax:		
Current year	**335,535**	1,427,886
Total	**21,277,184**	18,711,025

Under the Law of PRC on Corporate Income Tax (the "CIT Law") and Implementation Regulation of the CIT Law, the tax rate of PRC subsidiaries is 25% (2016: 25%).

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

Hong Kong profits tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profit for the year.

Macau income tax is calculated at the prevailing tax rate of 12% (2016: 12%) in Macau.

9. Earnings per share

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2017	2016
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share		
Profit for the year attributable to owners of the Company	**40,766,835**	37,020,638

	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**10,956,201**	10,183,879

Diluted earnings per share were the same as the basic earnings per share for both the years ended 31 December 2017 and 2016 as there were no dilutive potential ordinary shares in existence during both years.

10. Dividends

	2017	2016
	HK$'000	*HK$'000*
Dividends recognised as distributions during the year		
Interim dividend paid in respect of financial year ended 31 December 2017 of HK35 cents (2016: financial year ended 31 December 2016 interim dividend of HK35 cents) per share	**3,834,671**	3,834,671
Final dividend paid in respect of financial year ended 31 December 2016 of HK42 cents (2016: financial year ended 31 December 2015 final dividend of HK41 cents) per share	**4,601,605**	4,042,838
	8,436,276	7,877,509

The final dividend of HK45 cents in respect of the financial year ended 31 December 2017 (2016: final dividend of HK42 cents in respect of the financial year ended 31 December 2016) per share, amounting to HK$4,930,291,000 (2016: HK$4,601,605,000) has been proposed by the Board and is subject to approval by the shareholders at the forthcoming Annual General Meeting. The amount of final dividend proposed, which was calculated based on the number of ordinary shares in issue at the date of approval of the consolidated financial statements, has not been recognised as a liability in the consolidated financial statements.

11. Trade and other receivables

Proceeds receivable in respect of property development are settled in accordance with the terms stipulated in the sale and purchase agreements.

Except for the proceeds from property development and rental income from lease of properties which are receivable in accordance with the terms of the relevant agreements, the Group generally allows a credit period of not exceeding 60 days to its customers.

The following is an ageing analysis of trade receivables presented at the end of the reporting period:

	2017	2016
	HK$'000	*HK$'000*
Trade receivables, aged		
0–30 days	**6,315,313**	6,789,334
31–90 days	**653,876**	297,355
Over 90 days	**1,857,092**	695,944
	8,826,281	7,782,633
Other receivables	**5,474,286**	3,558,798
	14,300,567	11,341,431

Before accepting any new customer, the Group uses an internal credit assessment system to assess the potential customers' credit quality and defines credit limits by customer.

The Group has insignificant trade receivable balances which are past due at the end of reporting period.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors of the Company believe that there is no provision required at the end of the reporting period.

12. Trade and other payables

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2017	2016
	HK$'000	*HK$'000*
Trade payables, aged		
0–30 days	**12,550,567**	9,481,660
31–90 days	**1,392,923**	697,096
Over 90 days	**20,223,088**	18,219,961
	34,166,578	28,398,717
Other payables	**6,537,816**	4,900,652
Retentions payable	**11,121,905**	11,515,832
	51,826,299	44,815,201

Other payables mainly include other taxes payable and accrued charges.

Of the other payables and retentions payable, an amount of HK$4,632,851,000 (2016: HK$3,316,113,000) is due beyond twelve months from the end of the reporting period.

13. Share capital

	Number of Shares	
	'000	***HK$'000***
Issued and fully paid		
At 1 January 2017 and 31 December 2017	**10,956,201**	**90,420,438**

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK45 cents per share for the year ended 31 December 2017. Together with an interim dividend of HK35 cents per share, the total dividend for the whole year amounted to HK80 cents per share, HK3 cents increase compared with the total dividend of HK77 cents per share for the previous year.

Subject to the approval of the shareholders at the forthcoming Annual General Meeting to be held on Monday, 11 June 2018 (the "**2018 AGM**"), the final dividend will be paid on Friday, 6 July 2018 to shareholders whose names appear on the Register of Members of the Company on Friday, 15 June 2018.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed as follows:-

(a) For determining the right to attend and vote at the 2018 AGM: From Wednesday, 6 June 2018 to Monday, 11 June 2018 (both days inclusive).

(b) For determining the entitlement to the proposed final dividend: Friday, 15 June 2018.

Further details of the above book close arrangements will be announced separately by the Company in April 2018.

1. BUSINESS REVIEW

Macroeconomic overview and property market performance

In 2017, the global economy performed well, showing 3% growth, the fastest since 2011. Two of the biggest drivers of economic growth, China and the United States, reported 6.9% and 2.3% growth respectively, with China 0.2 percentage point higher than in 2016, outperforming expectations. Under the strong economic performance of China and the United States, worldwide trade and cross-border capital flows recovered significantly, with two-thirds of the world's economies showing higher growth than in last year.

In 2017, in the big picture of China's steady economic progress, the policy of "Properties to live in but not for speculation", meaning that regulatory tightening of the real estate market is still underway, has contributed to significant slowing of growth but also its stabilisation. In 2017, the overall sales area of commodity housing grew 7.7% in comparison with last year, with property sales growth of 13.7%. While the growth was not as fast as in the previous year, de-stocking is well maintained and market health is improving.

Hong Kong's economy is growing steadily with a red-hot real estate market. The competitive land market is reflected in skyrocketing prices in the property and land markets.

Operating results

In 2017, the sales and profit of the Group experienced steady growth, to reach a new record high. The revenue of the Group was HK$166.04 billion, the gross profit margin increased by 5.1 percentage points from 27.8% last year to 32.9%, and the net profit margin was 24.6%, maintaining its industry leading position. Selling and distribution costs and administrative expenses decreased by 0.5 percentage points from last year's level of 4.0% of revenue to 3.5%, which remained one of the lowest in the industry. The profit attributable to equity shareholders of the Company increased by 10.1% to HK$40.77 billion, and the net profit, after deducting HK$4.37 billion in net gains after tax arising from changes in fair value of investment properties and HK$2.14 billion in a gain arising from fair value remeasurement of the Group's previously held equity interest in a joint venture immediately prior to acquisition, amounted to HK$34.26 billion. The average return on shareholders' funds for the year was maintained at a relatively high level of 16.7%.

Property Development

In 2017, the Group's contracted property sales, together with joint ventures and associates (collectively, the "the Group Series of Companies") grew, setting another record high for the whole year, in which total contracted property sales amounted to HK$232.07 billion, while the corresponding area sold was 14.46 million sq m.

During the year, through strategic, innovative sales and marketing measures, as well as leveraging the branding advantage of "China Overseas Property" (中海地產), property sales in China have performed well, of which contracted property sales were HK$220.12 billion, and contracted property sales in Hong Kong and Macau were HK$11.95 billion for the year. During the year, deliveries of One Kai Tak picked up well, in a positive response from the market.

In 2017, the Group Series of Companies (excluding China Overseas Grand Oceans Group Limited ("COGO")) completed projects with a total area of 11.35 million sq m. An additional area of 19.54 million sq m was commenced to develop, an increase of 183.2% compared with the previous year, creating an ideal foundation for accelerated growth in 2018.

The sales value of projects completed and recognised as the Group's revenue during the year was HK$116.21 billion, while the Group's sales of properties completed before the end of 2016 was satisfactory with sales value amounting to HK$45.93 billion. As a result, revenue from property development by the Group was HK$162.14 billion for the year, and mainly due to the improvement in the gross profit margin, segment profit from property development increased by 9.6% to HK$51.45 billion.

Commercial Property

The total income from the Group's commercial properties was HK$2.94 billion, representing an increase of 13.1% compared with that in last year, among which the leasing performance of the Group's investment properties was satisfactory with rental income for the year increased by 14.5% to HK$2.45 billion. Income generated from hotels and other commercial properties amounted to HK$490 million, a year-on-year increase of 6.5%.

During the year, the Group Series of Companies completed construction of four office buildings, four shopping malls and one premium hotel. At the end of 2017, completed commercial properties held by the Group Series of Companies comprised a total of 38 office buildings, being one of the biggest developer of office buildings under single ownership, holding 12 shopping malls, 11 premium hotels. The commercial properties of the Group Series of Companies reached a total area of 3.66 million sq m.

Joint Ventures and Associates

In response to market demand, opportunities for project cooperation increased significantly. The Group commenced cooperation with Ping An Real Estate Company Limited, a subsidiary of China State Construction Engineering Corporation (the Group's holding company) and other industry actors. During the year, the Group increased its investments in joint ventures and associates, committing significant resources to the creation of a total of 15 new joint ventures and associates projects. At the end of 2017, the net amount invested by the Group in joint ventures and associates amounted to HK$37.24 billion. The profit contribution from joint ventures and associates in 2017 was HK$1.94 billion. In 2017, COGO – a major associate of the Group, focused on property business in tier-three cities in mainland China, recorded contracted property sales of HK$37.07 billion, revenue of HK$20.28 billion, and a net profit of HK$1.26 billion. The Group earned a net profit of HK$480 million from COGO for the year. In early 2018, COGO raised a total of HK$4.61 billion through a rights issue, further strengthening its financial capability.

Land Reserve

In 2017, adhering to its prudent investment strategy, the Group acquired 76 parcels of land in 31 cities in mainland China and Hong Kong, adding a total area of 17.41 million sq m. At the end of 2017, the Group Series of Companies (excluding COGO) had a total land reserve of 63.75 million sq m (attributable interest of 53.78 million sq m).

The major associate COGO acquired 10 parcels of land, adding a total area of 2.51 million sq m. At the end of 2017, the total land reserve was 19.03 million sq m (attributable interest of 17.91 million sq m).

The Group Series of Companies have a total land reserve of 82.78 million sq m, which lays a solid foundation for accelerated growth in 2018 and for sustainable development over the next three years.

Group Finance

Adhering to prudent financial management, the Group continued to enhance financial resources, optimise its debt structure and reduce the cost of interest. To promote business development, the Group raised funds in mainland China through various means and successfully took out some of the high-interest RMB loans related to the CITIC Assets Acquisition. In Hong Kong, the Group signed a syndicate loan of HK$18 billion with 15 banks, with the lowest financing costs in the market. The ambitious measures above enabled the Group's financing costs to be reduced from 4.76% in 2016 to 4.27% in 2017.

In 2017, the Group drew down HK$50.20 billion onshore and offshore. Total repayment of matured bank and other borrowings and notes by the Group amounted to HK$54.71 billion. In 2017, the Group recorded sales proceeds collection of HK$163.68 billion for the year. The Group has accumulated a significant war chest of cash for future developments. Major expenditure of the Group for 2017 included land premiums, construction costs, taxes, selling and distribution costs, administrative and finance expenses, including HK$134.62 billion for land premiums and HK$36.76 billion for construction costs. At the end of 2017, the Group had bank and other borrowings and notes payable amounted to HK$103.58 billion and HK$74.66 billion respectively; bank balances and cash amounted to HK$104.05 billion; and the net gearing of the Group stood at 27.9%, a very low level for the industry. In 2017, the Group's investment ratings were affirmed by Moody's, Standard & Poor's and Fitch, at Baa1/Stable, BBB+/Stable and A-/Stable respectively, reflecting the capital markets' recognition of the Group in terms of its leadership in China's property market and financial soundness.

Core Management objectives

(1) Revised strategic plan and optimised organisational structure

In order to align with developments in China's macroeconomy and property market, the Group recently adjusted its strategic planning for 2017-2020, to refocus on residential housing development and speed up development, with a goal to achieve sales value of more than HK$400.0 billion by 2020. Additionally, the Group will continue to increase investment in commercial properties and expand new business lines in education, elderly-care and logistics, building a balanced, healthy and sustainable business structure.

Under the strategic plan, the Group optimised its organisational structure by setting up the Customer Service Department, Innovative Business Development Department, and Overseas Business Department, while changed the Strategies Management Department to Operations Management Department which is responsible for project development, operations and management. Additionally, a professional vocational centre has been set up to enhance the breadth and depth of professional management capability across all major business units.

(2) Project-based management, optimised operations system, speed up development progress

The Group further empowered frontline business teams by fully implementing project operations and management structure during the year. Project management is the foundation and core competence of the Group's operations and performance appraisal business unit, comprised of a project director who oversees engineering, design and marketing professionals as a team, with responsibility for the entire lifecycle of project development, operations and management. At the end of 2017, the Group had established more than 190 project-based teams, effectively enhancing decision-making efficiency and execution.

In order to expedite the scaling of its business development, the Group streamlined and optimised project development point-to-point management, established standards-based management to take account of the varying geographical demands of each operation, and implemented a holistic planning and supply, sales and stock information management system. The progress of every point, stock level and sale is now visible, enhancing operational management precision and expediting development progress.

(3) Enhanced quality control for better customer satisfaction

During the year, the Group applied optimised on-site quantity evaluation to enhance unannounced testing and measurement frequency, introducing quality checks at main points to further enhance quality control and strengthen the Group's product quality.

Under the Group's customer-first mission, each of our subsidiaries ran a programme to build customer satisfaction during the year. By listening to our customers' feedback, responding through various channels to meet their expectations, and organising customer care and social events, the Group successfully increased our customers' satisfaction with our product and services.

(4) Strengthened customer research, innovated product design and enhanced value creation

The Group continues to strengthen its understanding of customers and their needs and purchasing power, classifying residential housing into five categories and ten types so that every product can be matched with every customer. By targeting each project with a design and marketing plan, customer needs can be precisely addressed.

The Group continues to invest in product research in order to innovate and create value. The Group is committed to a standards-based model so that geographical and quality variations in product design can be accommodated. Additionally, the Group integrates low-carbon environmental protection, intelligent technology, and new technology applications, as compatible with the maintenance of product quality. During the year, the Group launched Chinese-style and intelligent technology products that have been widely appreciated by customers.

(5) Effective cost control to strengthen our advantage

Cost control is the Group's competitive advantage. Construction is still the biggest cost, after land purchase. The Group has stringently controlled construction costs without compromising the top quality of its product. By strengthening the fairness and timeliness of subcontracting, the Group continues to enhance the types and scale of centralised procurement in order to optimise construction costs. During the year, the Group has effectively controlled the costs of marketing and administration to maintain the industry's highest cost-effectiveness and position as industry leader in cost control.

(6) Comprehensive digital information management platform

Modern information technology allows highly efficient communication of decision-critical information, which effectively increases management accuracy and efficiency. With the aim of building an industry-leading digital information management control system, during the year, the Group implemented 33 new or upgraded IT information systems, setting up digital information management system that is at the forefront of the industry in terms of efficiency and execution.

(7) Expediting the development of innovative business

In 2017, innovative businesses were established, focusing on education, elderly care, and logistics, and the Group set up an education group and an elderly-care company, and operate and manage China Overseas Logistics Technology Park located in the Binhai New Area in Tianjin. In 2017, the Group developed and built related innovative business projects in Jinan, Qingdao, Foshan, Chongqing, which are scheduled to start operation in 2018.

Human Resources

The Group's ability to nurture talented people is recognised across the industry, and is the source of the Group's professional competence and competitive edge. Through the "Sons of the Sea" and "Sea's Recruits" schemes – prestigious brands in the industry in human resource recruitment – the Group recruited elite candidates and college graduates respectively. In 2017, the Group continued to expand its operations and enter new cities. Talented people are always in great demand. During the year, the Group recruited more than 1,100 experienced elite staff and more than 400 college graduates, who will join the Group from July 2018.

The Group is committed to career and business training for its employees. During the year, more than 1,800 training sessions were organised, attended by more than 30,000 people.

The Group also operates a scientific performance appraisal system to make the best possible use of our people's capability. The Group implemented across-the-board performance appraisal system targeted to all employees so that good performance is rewarded while underperforming employees are replaced.

Further, the Group is poised to optimise the remuneration and benefits it provides, recognising their importance and will continue to improve the competitiveness of the compensation it offers. During the year, the Group enhanced the compensation structure, increasing the fixed salary proportion and extending transportation and communications allowances to all employees.

At the end of 2017, the Group was rated as high-performing or best employer in independent surveys of the Group's employees.

Corporate Governance

The Board firmly believes that its prime duty is to protect and best utilise the Group's resources to enhance value for shareholders. A high standard of corporate governance is key to improving corporate profits and facilitating sustainable development. Thus, the Group strives to improve corporate governance standards to ensure efficient operation of the Group's businesses and safeguard its assets and shareholders' interests. In 2017, the Group has consistently enhanced corporate transparency and strengthened the Group's internal controls and risk management.

Corporate Social Responsibility

The Group is committed to being a good corporate citizen. The Group has established a well-regulated, formal and branded system to discharge its social responsibilities, especially in the areas of poverty alleviation, disaster relief work, educational subventions, charitable donations and community services. In 2017, the Group continued to build Hope Schools in underdeveloped areas of mainland China, and to mobilise employees to actively participate and devote effort to their local communities, exercising corporate social responsibility.

Adhering to the environmental protection concept of "Smart Technology, Green Health", the Group continued to develop Green Buildings. During the year, the Group obtained Green Building Certification for a total of 14 projects; the green buildings so certified had a total area of 3.23 million sq m. The Group is positively recognised for its energy conservation and environmental protection practices. In 2017, the Group was again selected as a constituent of the Dow Jones Sustainability Indices (DJSI), and for eight consecutive years selected as one of the companies in the Hang Seng Corporate Sustainability Index.

Awards

Adhering to the concept of development of "Each and Every Detail of Each and Every Project" ("過程精品 樓樓精品"), in 2017, the Group received awards from international professional institutions for a number of projects. In 2017 International Property Awards, the Group's One Blossom Cove in Guangzhou and International Community in Yantai were awarded Best Residential High-rise Development, Mid-Town in Zhuhai was awarded Best Mixed Use Development, China Overseas Plaza in Beijing was awarded Best Office Development China (5-star), and Unipark Shopping Mall in Foshan was awarded the Best Retail Development.

China Overseas Property was acknowledged as among the "Leading Brands of China Real Estate Companies" for the 14^{th} consecutive year, ranked in the property sector with a brand value of RMB59.85 billion as "No.1 in 2017 Top 100 China Real Estate Brand Value". For 14 years in a row, leveraging its excellent performance, the Company has been voted as the number one "China Blue Chip Real Estate Developer". Due to its excellent financial management capability, the Company was ranked in top in 2017 Hong Kong – listed Mainland Real Estate Companies - "Top 10 Financial Stability" and "Top 10 Economic Value Added" categories, the Company also won "China Employer of the Year 2017". In Hong Kong and internationally, and the Company was awarded the "China Property Award of Supreme Excellence" by the Hong Kong Institute of Financial Analysts and Professional Commentators Limited, and won again in the "Corporate Governance Asia Awards".

2. PROSPECTS

Macroeconomy

In December 2017, the United Nations published its report on the "World Economic Situation and Prospects 2018", presenting an optimistic view of the global economic situation for the two years ahead, and forecast that global economic growth would be sustained at around 3% in 2018 and 2019. In 2018, the economy in China is firmly following the operational principle of seeking stable progress toward deeper supply-side structural reform, and the Group expects steady growth in the economy, strengthening the macroeconomic environment for the development of China's property market.

Amid the big picture of a stable global economy, risks and challenges remain in 2018, including developments in trade policy, a sudden deterioration of the global financial environment, and increasing geopolitical tensions. The economy of China is also subject to a number of conflicts and issues, and the Central Government has identified "risk prevention" as the primary goal of the "three major battles" going forward. The Group will watch closely for risks and opportunities triggered by changes in China and the international economic environment. The development strategy of the Group will be adjusted reasonably as the situation changes.

Property Market

China's economy is undergoing a transformation from high-speed to high-quality, and now stands at a critical stage of that transformation toward optimised economic structure, exploring opportunities for new sources of growth. The transformation of China's economy has stepped from its high-growth mode into a new era of higher-value economic growth, and the property industry will consequently conform to this new cycle. The Group considers that in 2018 China's property market will present four salient features:

(1) On industry: The property industry is facing profound reform. The stance of the Central Government on the property industry has realigned from "Investment and residence are equal" to "Properties to live in but not for speculation", refocusing from "Focused on sales" to "Equal focus on rental and sales". The Central Government will no longer monopolise the supply of land, in a major supply-side reform of land and housing, and the process of implementing long-term property policies, including property taxes, has recently been greatly expedited, which will deeply impact the property market, fundamentally influencing the development and business prospects of the property market, and driving the property industry to a new cycle and remoulding of its the market structure.

(2) On policy: Real estate control policy will not be relaxed. Property regulation will not be eased in response to the slowdown in sales growth. Mainland China's policy will accelerate financial de-leveraging and further tightening of loan credit, which will adversely impact sales and cash collections in the property industry.

(3) On markets: Markets will become increasingly differentiated, alongside greater market concentration, together suggesting that only the strongest players in China's property market will survive. The property market in mainland China in all tiers of cities, and different districts within each city, will become further differentiated. In 2017, commodity housing market share, by sales, held by the top ten property businesses in mainland China rose to 24.1%, from 18.4% in 2016, while the top thirty enterprises rose to 38.5%, from 28.5% in 2016. The Group believes that survival of only the strongest in the property industry in mainland China will be a significant trend in 2018. As one of the leading enterprises in China's property industry, the Group is confident that it can further expand its market share.

(4) On customers: Upgrading of residential housing will become a major share of the market. The property market in mainland China has been developing for more than 20 years, and customers' expectations of quality at a residence have risen too. With a continuing rise in the supply of rental housing and commonly owned properties, there will be fewer first-time buyers for owner occupation; the demand from owners looking to upgrade their residential housing will become an important driver of the market. The Group has a strong track record of developing in the major cities and serving mainstream customers, so we confidently expect to grasp this growing demand for upgrades to residential housing.

Based on the above analysis, the Group is prudently optimistic about mainland China's property market in 2018, which is expected to rise steadily and moderately. The Group will effectively respond to all challenges, seizing opportunities to successfully advance to better and faster development.

In recent years, Hong Kong's economy has grown steadily, and supply and demand in both land and property markets have been brisk. The Group therefore continues to be optimistic about the Hong Kong market.

Core Business Strategy

Overall Business Strategy

In 2018, in response to the transformation of China's economy from high-speed to high-quality, the Group will focus on improving the quality of development projects, directing resources to residential developments, speeding up turnover and expediting the development of scale, while achieving faster growth and an equilibrium between scale and profit. The Group will also seize opportunities for profound reform of China's property industry, by increasing investment in resources and improving the operational quality of commercial properties such as office buildings, hotels, shopping centres, and long-term leased apartments. The Group will develop new business lines in education, elderly care and logistics, continuously increasing the proportion of stable revenue generated by the development and operation of property to successfully advance to better and faster development.

In 2017, the Group accelerated the pace of its land replenishment and project development, and the saleable stock of properties will increase substantially in 2018. In 2017, the Group Series of Companies (excluding COGO) had a total additional land reserve of 17.41 million sq m and the total additional land reserve for the Group Series of Companies was 19.92 million sq m.

In 2018, the Group Series of Companies expect to have saleable stock of properties amounting to approximately HK$555.0 billion to achieve faster sales growth and will strive to achieve contracted property sales of not less than HK$290.0 billion and completed projects with total area of approximately 15.95 million sq m.

Operational Initiatives

Sales as core, achieving faster growth in sales scale

The Group's sales objective for the year is to implement sales scale at a higher growth rate as core, through faster project development, getting housing stock to market more rapidly, optimising sales incentive programmes, committing "Big customer base, Better customer experience and High conversion" as sales strategy. The Group monitors the market carefully, maintaining multiple sales and marketing channels and accelerating sales turnover and cash collections to perfectly balance price and volume.

Multi-channel and diversified investment, steady and efficient increase of land reserves

Through multi-channel investment, the Group will increase land replenishment in 2018, and will continue to enlarge the scale of its investment in land procurement. This ensures the Group has the required land reserves to achieve faster growth under our three-year cycle.

In the open land market, adhering to its prudent investment strategy, the Group will focus on high-value markets in tier-one and tier-two cities with nearby rail connections, accelerate expansion in the central areas of tier-one and tier-two cities, and absorb the land reserve efficiently.

The Group will further increase land investment in non-open markets such as redeveloping shantytowns in tier-one and tier-two cities and renovating urban areas, increasing land reserves in diversified ways.

The Group will take advantage of our healthy financial position and professional competence to seize opportunities that arise as some competitors succumb to "the survival of the strongest", capitalising asset re-organisation of property industry and actively seeking merger and acquisition opportunities to accelerate development.

In 2018, the Group will continue to increase its investment in the Hong Kong and Macau markets. By actively participating in the bidding for government land, urban renewal projects and cooperative development, the Group strives to enlarge the scale of its land reserve and its development activity in Hong Kong and Macau.

Accelerating the development of commercial property and new business to elevate the level of sustainable operating income

The Group will continue to speed up development of commercial properties, focusing on Grade A office buildings under China Overseas Series, Unipark, Unipark Shopping Mall, and star-rated hotels to enhance operational and economic benefits and create a strong commercial brand. At the end of 2017, commercial properties held by the Group Series of Companies with a total area of 5.53 million sq m were under development or to-be-developed, including 31 office buildings, 12 shopping malls, 14 hotels and 12 apartment buildings. The Group expects annual income from commercial properties to exceed HK$5 billion by 2020, and to rise to HK$10 billion by 2023.

The Group will seize the opportunity to support the Central Government's new emphasis on rental property development and reform of land supply to enter the market for long-term leasing of apartments and build up our brand, taking a balanced approach to the rental market, to further expand its rental income.

The Group will further accelerate its development of properties in the education, elderly-care and logistics sectors. The Group's planned new businesses include primary and secondary schools, kindergartens, extracurricular schools, outdoor camps, healthy living centres, day care centres, apartments for the elderly, nursing homes and logistics parks. Some projects will commence operation in 2018 and over the next few years, which will signal the Group's entry into new growth areas.

In 2017, the Group won "Xiong An's First Tender", and participated in the project to invest in and develop the Xiong An Citizens Service Centre in Xiong An New Area. The business model for the development of various properties and city construction in Xiong An New Area offers a benchmark for urban construction of China in future. The experience gained from the investment and development in the Xiong An New Area will facilitate the Group to become the leader in comprehensive urban development and property operations, and be able to lead and replicate such success all over the country.

Maintaining high quality development, continuous provision of quality products and services to customers

The Group is committed to the maxim of "customer first" in providing better products and better service to our customers. The Group employs a variety of means to enhance product and service quality, customer satisfaction and loyalty in order to further expand its customer base for property development, commercial property operations and new business areas.

The Group continues to invest in customer research in order to capitalise on the market demand for property upgrades. By investing more in product research, we can focus more on high-value development to serve high-value customers and those wanting to upgrade, in conjunction with environmental protection, low-carbon approaches, smart technology and new technology applications, further enhancing the value of our product in order to maintain our industry-leading profitability.

Continuous improvement of operational efficiency and cost-competitiveness

The Group further improved project operations and management by enhancing the professional capability of our project management teams, optimising project management and decision-making efficiency, implementing holistic planning and a supply, sales and stock information management system, so that the Group can strengthen its operations management capability and facilitate development.

The Group continues to strengthen our cost control advantage. By improving construction and design standards and expanding the base and scale of the purchasing materials, our cost control will be further enhanced. The Group will continue to manage expenditure on marketing, management and financial operations to increase the cost-effectiveness that makes us the leader in cost control so that we are able to increase value for our shareholders.

Continue to build comprehensive digital information management system to improve management efficiency

The Group believes that the era of rapid growth in the property market in China has ended. In future, as the industry growth rate slows further, the business must be equipped with outstanding management ability. Thus, the Group believes that a digital information system will support the future technological and management direction, and that this is the most efficient way to improve management efficiency. The Group has now established digital information systems for progress management, cost and quality control management, design and planning management, and marketing and inventory management, representing an industry-leading digital management capability. The Group is very confident that a comprehensive digital information system will be in place by 2020, enabling the Group to enhance management efficiency and create optimal value for our shareholders by fine-tuning management control capabilities.

Enhancing personnel training, improving performance appraisal and incentive system, rolling out a share options incentive scheme

As an experienced leader in the real estate business for more than 30 years, the Group is well-placed, with the best team members and state-of-the-art management experience. In 2018, the Group expects to further improve its employee satisfaction and employee care with a wide variety of training and education opportunities to establish a coherent talent system that not only allows us to understand the spectrum of ability of people from all walks of life, and their individual career needs, but also offers an across-the-board performance appraisal system targeted to all employees that is fair and reasonable. Additionally, we continue to improve our remuneration and compensation system in order to build a team with professionalism, loyalty and efficiency.

The Group sets up a share options incentive scheme to directly reward over 400 middle and senior management of the Company, as well as managers, technical experts and related professionals who directly contribute to the Company's business development. The purpose of the share options incentive scheme is to encourage core leaders to share the achievements of the Group's innovation and the outcome of its expedited development, so as to secure better and faster development for the Group and to ensure the Group's long-term sustainable development.

Prudent financial management through efficient risk control

The Group will continue to enhance its financial management capability, adhere to prudent financial management, stick firmly to the principle of "Cash is king, receipts determine payments". The Group will continue to explore new fundraising channels and make full use of its fundraising platforms onshore and offshore. To ensure solid and plentiful funding for its business development, the Group will speed up asset turnover, improve its debt structure, and enhance its ability to protect its resources, ensuring satisfactory cash flow and prudent financial management in order to manage market risk.

Corporate Vision

The Group is of the view that the China property market has ample room for development. In 2017, the Group continued to grow and expand its capacity. The Board believes that with its solid foundation, worldwide vision and exposure, correct development strategies, appropriate nationwide development strategy plus excellent brand name and financial strength, the Group will continue to enhance its competitiveness in the industry, risks were offset by continuous innovation. In 2018, the Group will achieve concurrent growth in scale and profit to secure better and faster development.

2017 marks the Group's 25^{th} anniversary of listed status on the Hong Kong Stock Exchange. As one of the few property conglomerates to have encountered several property cycles, the Group is a leading enterprise in mainland China, Hong Kong and Macau markets. In response to the profound reform of China's property market, the Group has wisely adjusted its mission under its commitment to being an exceptional global property development corporation. The Group continues to endeavor to develop into an evergreen enterprise in the long term, and is committed to its mission of "To envision delightful space and create infinite value". The Group will continue to apply its longstanding maxim of "Exercise caution in details and implementation. Build a strong foundation to seek greater success", aiming to achieve the goal that is mutually beneficial for the Group, its shareholders, business associates, staff and the community.

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

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 December 2017 with all the code provisions (except A.2.1 and A.4.1 as explained below) of the Corporate Governance Code ("**CG Code**") from time to time as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with most of the recommended best practices contained therein.

CG Code A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Since Mr. Xiao Xiao resigned as Chairman of the Company with effect from 13 June 2017, Mr. Yan Jianguo ("**Mr. Yan**") performed both the roles of the Chairman and the Chief Executive Officer of the Company. In allowing the two positions to be occupied by the same person, the Company has considered that both positions require in-depth knowledge and considerable experience of the Group's business. Candidates with the requisite knowledge, experience and leadership are difficult to identify. If either of the positions is occupied by an unqualified person, the Group's performance could be compromised. Based on the experience and qualification of Mr. Yan, the Board believes that the vesting of two roles to Mr. Yan would continue to provide the Group with stable and consistent leadership and continue to allow for effective and efficient planning and implementation of long term business strategies. Besides, the Board believes that the balance of power and authority will not be impaired by such arrangement as it is adequately ensured by the Board which comprises experienced and high calibre individuals (including executive directors, non-executive director and independent non-executive directors). The Board shall nevertheless review the structure from time to time and shall consider the appropriate adjustment should suitable circumstance arise.

CG Code A.4.1 stipulates that non-executive directors should be appointed for a specific term. The non-executive directors (as well as all other directors) of the Company are not appointed for a specific term. All the directors of the Company are nevertheless subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct on governing securities transactions by directors (the "**Securities Code**") on terms no less exacting than that required under the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The directors have confirmed, following specific enquiry by the Company, that they have complied with the requirements set out in the Securities Code for the year ended 31 December 2017.

REVIEW OF ACCOUNTS

The Company's Audit and Risk Management Committee has reviewed the accounting policies adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31 December 2017.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on the preliminary announcement.

APPRECIATION

Last but not least, I would like to take this opportunity to express my heartfelt appreciation to my fellow directors and the entire staffs for their dedication, professionalism and determination to succeed and would like express my gratitude to the shareholders and business associates for their support and trust.

By Order of the Board
China Overseas Land & Investment Limited
Yan Jianguo
Chairman and Chief Executive Officer

Hong Kong, 26 March 2018

As at the date of this announcement, Messrs. Yan Jianguo (Chairman and Chief Executive Officer), Luo Liang and Nip Yun Wing are the executive directors; Mr. Chang Ying is the non-executive director; and Mr. Lam Kwong Siu, Madam Fan Hsu Lai Tai, Rita and Mr. Li Man Bun, Brian David are the independent non-executive directors of the Company.

This final results announcement is published on the Company's website (http://www.coli.com.hk) and the website of the Stock Exchange (http://www.hkexnews.hk). The 2017 Annual Report will also be available at the aforementioned websites and will be despatched to shareholders of the Company thereafter in due course.