



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

Stock Code 股份代號: 00688

A Trusted Brand

Growing Through Diligence and Care

精耕細作 品牌經營

2015

Interim Report
中期報告

目錄

2	公司業務架構
3	財務摘要
4	董事局及委員會
5	公司資料
6	股東資料及財務日程表
8	主席報告書
13	管理層討論與分析
22	簡明綜合收益表
23	簡明綜合全面收益表
24	簡明綜合財務狀況表
26	簡明綜合現金流量表
28	簡明綜合權益變動表
30	財務報表附註
50	其他
50	中期股息
50	暫停辦理股份過戶登記
50	股本
50	董事進行證券交易的標準守則
51	董事及行政總裁之證券權益
54	主要股東之證券權益
55	企業管治
57	董事資料變動
58	購買、出售或贖回本公司之上市證券
58	審核委員會審閱中期報告

Contents

59	Corporate Structure
60	Financial Highlights
61	Board of Directors and Committees
62	Corporate Information
63	Shareholders' Information and Financial Calendar
65	Chairman's Statement
70	Management Discussion & Analysis
79	Condensed Consolidated Income Statement
80	Condensed Consolidated Statement of Comprehensive Income
81	Condensed Consolidated Statement of Financial Position
83	Condensed Consolidated Cash Flow Statement
85	Condensed Consolidated Statement of Changes in Equity
87	Notes to the Financial Statements
107	Others
107	Interim Dividend
107	Closure of Register of Members
107	Share Capital
107	Model Code for Securities Transactions by Directors
108	Directors' and Chief Executive's Interests in Securities
111	Substantial Shareholders' Interests in Securities
112	Corporate Governance
114	Changes in Directors' Information
116	Purchase, Sale or Redemption of the Company's Listed Securities
116	Review of Interim Report by Audit Committee



* *Property development in 48 major cities in mainland China, including Beijing, Shanghai, Shenzhen, Guangzhou, Hangzhou, Shenyang, Chongqing, Changchun, Changsha, Chengdu, Dalian, Foshan, Fuzhou, Harbin, Jinan, Kunming, Nanchang, Nanjing, Ningbo, Suzhou, Qingdao, Taiyuan, Tianjin, Urumqi, Weifang, Wuhan, Wuxi, Xi'an, Xiamen, Yantai, Zhengzhou, Zhongshan, Zhuhai, Zibo, Changzhou[#], Guilin[#], Ganzhou[#], Jilin[#], Hefei[#], Hohhot[#], Lanzhou[#], Nanning[#], Nantong[#], Shantou[#], Shaoxing[#], Yancheng[#], Yangzhou[#], Yinchuan[#] as well as in Hong Kong and Macau.*

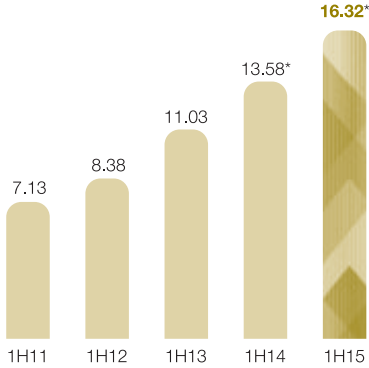
[#] *The cities where China Overseas Grand Oceans Group Limited ("COGO") has operations; COGO also has projects in Beijing.*

Financial Highlights



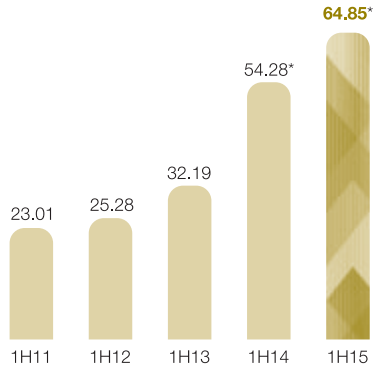
Profits Attributable to Equity Shareholders

HK\$ billion



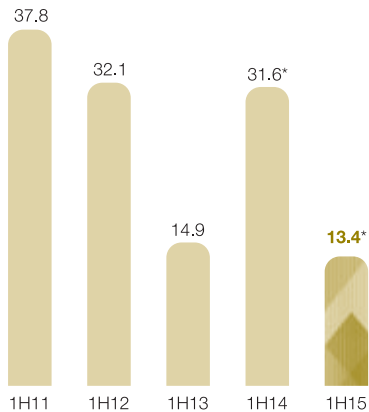
Revenue

HK\$ billion



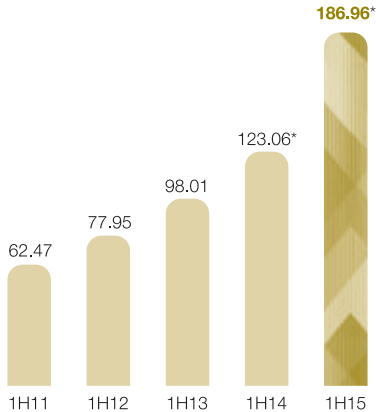
Net Debt to Shareholders' Funds

%



Shareholders' Fund

HK\$ billion



* 1H15 figures and 1H14 restated figures were prepared using the principles of merger accounting. For details of merger accounting policy, please refer to Note 1 of Notes to the Financial Statements.

Board of Directors and Committees

Executive Directors

Hao Jian Min *Chairman and
Chief Executive Officer*

Xiao Xiao *Vice Chairman*

Chen Yi

Luo Liang

Nip Yun Wing

Guo Yong

Kan Hongbo

Non-Executive Director

Zheng Xuexuan

Independent Non-Executive Directors

Lam Kwong Siu

Fan Hsu Lai Tai, Rita

Li Man Bun, Brian David

Authorised Representatives

Hao Jian Min

Xiao Xiao

Nip Yun Wing *(Alternate authorised
representative to
Hao Jian Min and
Xiao Xiao)*

Audit Committee

Li Man Bun, Brian David*

Lam Kwong Siu

Fan Hsu Lai Tai, Rita

Remuneration Committee

Lam Kwong Siu*

Fan Hsu Lai Tai, Rita

Li Man Bun, Brian David

Nomination Committee

Fan Hsu Lai Tai, Rita*

Lam Kwong Siu

Li Man Bun, Brian David

* *Committee Chairman*

Corporate Information

Registered Office

10/F., Three Pacific Place
1 Queen's Road East, Hong Kong
Telephone : (852) 2823 7888
Facsimile : (852) 2865 5939
Website : www.coli.com.hk

Company Secretary

Keith Cheung, Solicitor

Registrar and Transfer Office

Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East, Hong Kong
Telephone : (852) 2980 1333
Facsimile : (852) 2810 8185
E-mail : is-enquiries@hk.tricorglobal.com

Investor Relations

Corporate Communications Department
Telephone : (852) 2823 7888
Facsimile : (852) 2529 9211
E-mail : coli.ir@cohl.com

Public Relations

Corporate Communications Department
Telephone : (852) 2823 7888
Facsimile : (852) 2529 9211
E-mail : coli.pr@cohl.com

Legal Advisor

Mayer Brown JSM

Independent Auditor

PricewaterhouseCoopers
Certified Public Accountants

Principal Bankers

(In Alphabetical Order)

Agricultural Bank of China Limited
Agricultural Bank of China Limited
Hong Kong Branch
Bank of China Limited
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
Hong Kong Branch
The Bank of East Asia, Limited
China Construction Bank Corporation
China Construction Bank (Asia)
Corporation Limited
China Merchants Bank Hong Kong Branch
DBS Bank Ltd., Hong Kong Branch
Hang Seng Bank Limited
The Hongkong and Shanghai
Banking Corporation Limited
Industrial and Commercial Bank of
China Ltd.
Industrial and Commercial Bank of
China (Asia) Ltd.
Oversea-Chinese Banking
Corporation Limited
OCBC Wing Hang Bank Limited
Shanghai Pudong Development Bank
Co., Ltd.,
Hong Kong Branch
Sumitomo Mitsui Banking Corporation
United Overseas Bank Limited

Shareholders' Information and Financial Calendar

Share Listing

The Company's shares and guaranteed notes are listed on The Stock Exchange of Hong Kong Limited ("SEHK").

Stock Code

Shares

SEHK : 00688
Bloomberg : 688:HK
Reuters : 0688.HK

Guaranteed Notes

in USD

	SEHK	Bloomberg	Reuters
Note 1:	China OVS N2011 Code: 4503	EI4567265	XS0508012092
Note 2:	China OVS N1702 Code: 4533	EJ0197768	XS0745169044
Note 3:	China OVS N2211 Code: 4579	EJ4365304	XS0852986156
Note 4:	China OVS N4211 Code: 4580	EJ4365403	XS0852986313
Note 5:	China OVS N1810 Code: 5987	EJ9002563	XS0984184316
Note 6:	China OVS N2310 Code: 5988	EJ9002621	XS0972980097
Note 7:	China OVS N4310 Code: 5989	EJ9002803	XS0985567881
Note 8:	China OVS N1905 Code: 5745	EK2478924	XS1063561143
Note 9:	China OVS N2405 Code: 5746	EK2478981	XS1063561499
Note 10:	China OVS N3406 Code: 5760	EK3172450	XS1075180379

Note 1: US\$1,000,000,000 5.50 per cent. Guaranteed Notes due November 2020 issued by China Overseas Finance (Cayman) II Limited, a wholly owned subsidiary of the Company.

Note 2: US\$750,000,000 4.875 per cent. Guaranteed Notes due February 2017 issued by China Overseas Finance (Cayman) IV Limited, a wholly owned subsidiary of the Company.

Note 3: US\$700,000,000 3.95 per cent. Guaranteed Notes due November 2022 issued by China Overseas Finance (Cayman) V Limited, a wholly owned subsidiary of the Company.

Note 4: US\$300,000,000 5.35 per cent. Guaranteed Notes due November 2042 issued by China Overseas Finance (Cayman) V Limited, a wholly owned subsidiary of the Company.

Note 5: US\$500,000,000 3.375 per cent. Guaranteed Notes due October 2018 issued by China Overseas Finance (Cayman) III Limited, a wholly owned subsidiary of the Company.

Note 6: US\$500,000,000 5.375 per cent. Guaranteed Notes due October 2023 issued by China Overseas Finance (Cayman) III Limited, a wholly owned subsidiary of the Company.

Note 7: US\$500,000,000 6.375 per cent. Guaranteed Notes due October 2043 issued by China Overseas Finance (Cayman) III Limited, a wholly owned subsidiary of the Company.

Note 8: U.S.\$800,000,000 4.25 per cent. Guaranteed Notes due May 2019 issued by China Overseas Finance (Cayman) VI Limited, a wholly owned subsidiary of the Company.

Note 9: U.S.\$700,000,000 5.95 per cent. Guaranteed Notes due May 2024 issued by China Overseas Finance (Cayman) VI Limited, a wholly owned subsidiary of the Company.

Note 10: U.S.\$500,000,000 6.45 per cent. Guaranteed Notes due June 2034 issued by China Overseas Finance (Cayman) VI Limited, a wholly owned subsidiary of the Company.

Shareholders' Information and Financial Calendar (Continued)



Stock Code (Continued)

Guaranteed Notes (Continued)

in Euro

	ISE	SEHK	Bloomberg	Reuters
Note 11:	BYM68V0	CN OVS LD N1907	AF2041693	XS1236611684
		Code: 5541		

Note 11: EUR600,000,000 1.75 per cent. Guaranteed Notes due July 2019 by China Overseas Land International (Cayman) Limited, a wholly owned subsidiary of the Company.

Financial Calendar

Interim results announcement	: 19 August 2015
Share register closed	: 11 September 2015
Interim dividend payable	: 25 September 2015

BUSINESS REVIEW

The world economy remained complicated and fast changing amid sluggish economic growth in the first half of 2015. Improvement in both economic recovery and unemployment in the United States was obvious; the future outlook of economic development in both the Eurozone and Japan was still not clear even with more easing measures; and the economic downside risks in the emerging markets lingered.

During the first half of the year, amid unsatisfactory economic environment abroad, the foreign trade in China continued to increase but at a slower rate while capital investment and domestic consumption remained weak. Slow down in economic development led to the launch of growth stabilizing policies. The GDP growth in China was 7.0% for the first half of the year, which was in line with the target for the whole year.

Due to the slowing economy, China continued with its monetary easing measures during the first half of the year. The Central Government injected more liquidity into the market via various measures including reduction in the required reserves ratios. Reduction in the lending rate also reduced corporate finance costs. Benefited from the easing of the regulatory policies, the sentiment of the property market was improved. The home price was stabilized while increase in transaction volume was generally seen.

Economic development in Hong Kong and Macau was stable. The property market transactions have returned to normal level.

During the period, the Group as usual reacted calmly and positively to market changes. Backing on its shrewd judgment on the market changes, the Group together with its joint ventures and associates reported contracted property sales amounting to HK\$85.45 billion for the first half of the year while the corresponding sales area was 5.82 million sq m.

The business performance of the Group for the first half of year 2015 was satisfactory. The profit attributable to equity shareholders of the Company increased by 20.1% to HK\$16.32 billion, of which HK\$2.69 billion of was related to the net gain after tax arising from changes in the fair value of the investment property portfolio. Hence, the core profit of the Group increased by 20.3% to HK\$13.63 billion.

The revenue of the Group was HK\$64.85 billion, representing an increase of 19.5% as compared to the corresponding period last year. The operating profit of the Group was HK\$23.29 billion, an increase of 18.3% as compared to the corresponding period of last year.

Chairman's Statement (Continued)



BUSINESS REVIEW (Continued)

During the period, projects (including those by the joint ventures) with gross floor area ("GFA") of about 5.76 million sq m were completed in China. The Group's value of sales recognized as revenue in the first half of 2015 was HK\$48.01 billion. The Group's sales of properties completed before the end of 2014 amounting to HK\$14.54 billion was considered satisfactory.

The overall occupancy rate of the Group's investment properties was satisfactory. The total rental income for the period was HK\$920 million, representing an increase of 23.4% as compared to the corresponding period of last year.

At end of June 2015, the Group's interest in joint ventures plus amounts due from and deduct amounts due to joint ventures remained at a low level of HK\$16.55 billion. The contribution from investments in joint ventures reduced further to HK\$320 million for the first half of the year. All joint ventures are financially sound. At the end of June 2015, there were bank balances and cash of HK\$6.12 billion in aggregate against aggregate bank borrowings of only HK\$2.22 billion for the joint ventures. China Overseas Grand Oceans Group Limited ("COGO") is an associate of the Group and contributed profit of HK\$220 million to the Group, a decrease of 46.3%.

After 21 months of diligent work, the Company completed the acquisition of the Acquired Group (consists of companies holding the China property portfolio and the three investment properties in London) from the controlling shareholder, China State Construction Engineering Corporation Limited ("CSCECL"), on 7 May 2015 (the "Assets Acquisition"). And the issue of Company's shares to China Overseas Holdings Limited ("COHL, a wholly-owned subsidiary of CSCECL") (the "Shares Issue") was also completed on 18 May 2015. This exercise reinforces the Company's position as the primary listed platform of CSCECL for its property development business, resolves the competition with the Company in the China, Hong Kong, Macau and London property business in an effective way, enlarges the scale of operation of the Group, and strengthens the capital base and the financial position of the Company. All these factors are favorable to reinforce the leading status of the Company in the China property market. Please refer to the announcements made by the Company on 24 March 2015 and on 18 May 2015 for details on the Assets Acquisition and the Shares Issue.

In the first half of the year, the Group acquired five land parcels in five mainland cities, adding total GFA of 2.26 million sq m to the land reserve. As at end June, taking into account the 8.91 million sq m of land reserve from the Assets Acquisition, the total land bank of the Group was 44.09 million sq m (attributable interest of 40.74 million sq m) and the total land bank of COGO was 10.97 million sq m (attributable interest of 10.31 million sq m).

BUSINESS REVIEW (Continued)

The Group adheres to the principle of prudent financial management, endeavors to strike a balance between the cash inflow and outflow and to improve the financial strength of the Group on a sustainable basis. During the period, not including the payments by the projects in the Assets Acquisition, the total capital expenditure payments for the Group were HK\$38.56 billion (of which HK\$15.08 billion was spent on land premium). About HK\$18.77 billion was paid on taxes, operation and marketing expenses and on financial expenses. Due to improved liquidity in China, sales proceeds collection (not including those from projects in Assets Acquisition) increased by 36.6% to HK\$55.34 billion. Due further to the combined positive effects brought by the Assets Acquisition and the Shares Issue, the Group's consolidated net gearing ratio decreased from 28.0% at the end of 2014 to 13.4% at end of June 2015. As at end of June, the financial position of the Group was in a satisfactory condition; the equity attributable to the shareholders of the Company increased to HK\$186.96 billion; the Group had bank loans and guaranteed notes payable amounted respectively to HK\$55.46 billion and HK\$48.19 billion; and bank balances and cash amounted to HK\$78.61 billion.

PROSPECT

Going into the second half of the year, it is expected that the global economy will gradually be strengthened. The economic outlook and unemployment problems in the United States will improve further and interest rate hike is more likely to happen in 2015. Geopolitical problems in the Middle East, Europe and Asia will from time to time cause turbulence to the global financial markets. Under the threat of asset bubbles, the downside risks of the emerging markets are on the rise. The Chinese government will continue with loose monetary policy and focus on directing liquidity to the real economy so as to generate more momentum to the economic growth. It is expected that the annual target of about 7.0% GDP growth can thus be achieved.

Satisfactory sales performance of the Group in the first half of the year confirms that the strategies of nationwide strategic development and developing high quality residential projects in the core areas of major mainland cities are correct. The Group will firmly push ahead with its branding strategy. The Group will strive to pursue the goal of development, sale and cash collection in a fast manner so as to ensure overall satisfactory growth in both the operation scale and profit while enhancing the return on the shareholders' funds. Taking into account the change in the market, the Group has decided to revise the contracted sales target for 2015 to HK\$180 billion (include joint ventures and associates).

Chairman's Statement (Continued)



PROSPECT (Continued)

It is expected that there will be additional policy supports on the development of the property market by the Chinese Government and the property market in China will improve moderately. However, market consolidation will proceed at a faster manner. Property developers which are weak in managerial and financial capability will likely be eliminated. Such trends present more opportunities than challenges to the Group.

The rigid demand is strong and the prospects are promising in the property market in Hong Kong and Macau. The Group will stick to the strategy of participating in the market in a moderate manner.

The Group will stick to its prudent financial management and control well its gearing level while holding a relatively high level of financial resources. Following the improvement in the liquidity of the mainland Chinese banking sector, cash collection has gradually returned to its normal rate. The Group has more diversified fundraising channels with the mainland opening up onshore financing for the property developers. The debt profile of the Group will be enhanced further and more fundings will be available to support the business development. In July, the Group succeeded to complete the issuance of 600 million 4-year Euro bond, and the coupon rate is 1.75%. This is the first Euro bond issuance by a mainland property company and is an attempt by the Company to explore new offshore fundraising channel in view of the strong US dollars. In the second half of the year, the Group will continue to seize opportunities to expand its land bank at low cost and determine its investment scale according to the sales performance and financial resources available.

The Board is pleased to inform the shareholders of the Company that the preparation for the proposed spin-off and separate listing of its wholly-owned subsidiary, China Overseas Property Holdings Limited ("COPL"), on The Stock Exchange of Hong Kong Limited is underway. The Board believes that the separate listing of COPL is favorable to the development of its property management business. Please refer to the Company's announcements on 18 May 2015 and 6 July 2015, and further announcement(s) which will be made by the Company on details of the listing.

PROSPECT (Continued)

The prospect of the Group's property development business in China is bright and promising while that of Hong Kong and Macau is good. The Board is very confident of the future of the Group. The Group will persistently improve its management capability, operation mode and product structure, product quality and branding. The Group will not blindly pursue growth in scale but will try best to enhance its competitive advantages so as to maintain its pioneer and leading position in the China property industry.

The Group will strive to achieve the corporate mission of "Sustainability, Value-adding, Harmony and Win-win". To grow into an evergreen enterprise, the Group will move steadily and firmly ahead with its strategy of continuous strengthening of corporate governance, practising a high level of corporate citizenship, thus attaining a win-win outcome for the Company, its shareholders, business associates, staff members and the community.

APPRECIATION

Lastly, I wish to express my heartfelt appreciation to the members of the Board for their outstanding leadership, the shareholders and business associates for their support and trust and the entire staff for their dedication.

By Order of the Board

China Overseas Land & Investment Limited

Hao Jian Min

Chairman and Chief Executive Officer

Hong Kong, 19 August 2015

Management Discussion & Analysis



Overall Performance

During the six months ended 30 June 2015, the revenue of the Group was HK\$64.85 billion (the corresponding period in 2014: HK\$54.28 billion), representing an increase of 19.5%. The operating profit was HK\$23.29 billion (the corresponding period in 2014: HK\$19.69 billion), representing an increase of 18.3%. Profit attributable to equity shareholders of the Company amounted to HK\$16.32 billion (the corresponding period in 2014: HK\$13.58 billion), representing an increase of 20.1%. Basic and diluted earnings per share was HK\$1.90 (the corresponding period in 2014: HK\$1.66), an increase of 14.5%.

As at 30 June 2015, the equity attributable to equity shareholders of the Company was HK\$186.96 billion (31 December 2014: HK\$133.67 billion), an increase of 39.9% as compared to the end of the previous year, while the book value of net asset per share was HK\$19.0 (31 December 2014: HK\$16.4), an increase of 15.9% as compared to the end of the previous year.

The performance of the Group in the first half of the year is satisfactory to the management. But the management would like to remind the shareholders of the Company that in evaluating the financial performance, the financial conditions and operation of the first half, due consideration should be made to the impact generated by the Assets Acquisition and Shares Issue. As the Group and the Acquired Group are under common control by CSCECL, the transfer of interests of the Acquired Group was considered as common control combinations. According to the accounting standards, the condensed consolidated financial statements of the Group for the six months ended 30 June 2015, together with the last year comparative figures, including the figures of the Acquired Group, were prepared as if they had been combined from the date when the Acquired Group first came under the control of the Group and CSCECL.

Property Sales

Revenue of property sales increased by 19.2% to HK\$62.55 billion. Revenue from property sales mainly related to property projects such as The Carat in Macau, The Phoenix in Suzhou, Residence Nine in Chengdu, International Community and Luxurious Residence in Jinan, Residence Nine in Shenzhen, International Community in Qingdao, No.8 Milestone in Tianjin and Glory City in Guangzhou.

Management Discussion & Analysis (Continued)

Property Sales (Continued)

Profit from property sales (including the Group's share of profits of associates and joint ventures) amounted to HK\$19.06 billion, an increase of 12.4% comparing with the corresponding period of last year.

Property Rental

Revenue from property rental of the Group amounted to HK\$920 million, an increase of 23.4% comparing with the corresponding period of last year. The rise in rental income was mainly due to higher market rent and occupancy rate. Segment results amounted to HK\$4.26 billion which include the gain arising from changes in fair value of investment properties amounting to HK\$3.55 billion (net gain after deferred tax was HK\$2.69 billion). Operating profit was HK\$710 million, an increase of 15.9% comparing with the corresponding period of last year.

Other Operations

Revenue from other operations amounted to HK\$1.38 billion (the corresponding period in 2014: HK\$1.05 billion), an increase of 32.4% comparing with the corresponding period of last year, the increase mainly derived from property management businesses.

Property Development

Benefited from the easing of the regulatory policies, the sentiment of the property market has improved in the first half of the year. The home price was stabilized while increase in transaction volume was generally seen. Economic development in Hong Kong and Macau was stable. The property market transactions have returned to normal level.

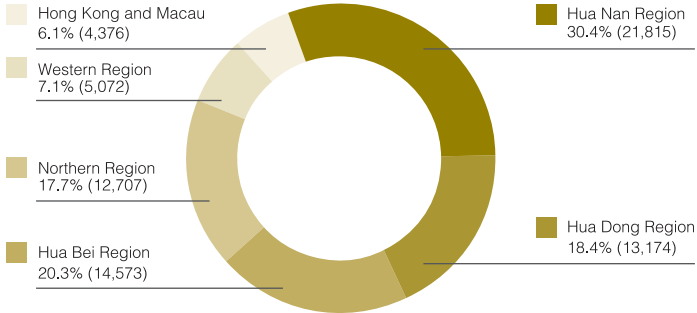
As the leader in the mainland property sector, China Overseas Property (中海地產) has been pursuing sustainable and balanced development while putting emphasis on cash flow management and return on shareholders' funds. With annual sales targeting over HK\$100 billion, the Group will strive to ensure that the sales in each month should still be relatively stable and gross profit margin staying at satisfactory industry level even under tough market condition. Contracted sales (including those of the joint ventures and the associates) of HK\$85.45 billion was reported in the first half of 2015, an increase of 17.0% as comparing to the corresponding period of last year. Hong Kong and Macau recorded a satisfactory sales result of HK\$4.38 billion.

Management Discussion & Analysis (Continued)



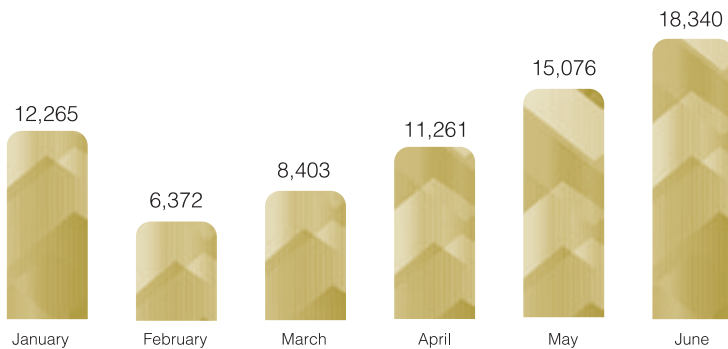
Property Development (Continued)

1H 2015 THE GROUP'S CONTRACTED SALES AMOUNT BY REGION
HK\$ million



- Hua Nan Region:** Shenzhen, Foshan, Zhongshan, Guangzhou, Changsha, Xiamen, Fuzhou, Zhuhai
- Hua Dong Region:** Suzhou, Nanjing, Ningbo, Hangzhou, Nanchang, Shanghai, Wuxi
- Hua Bei Region:** Beijing, Tianjin, Jinan, Wuhan, Zhengzhou, Taiyuan, Zibo, Weifeng
- Northern Region:** Changchun, Qingdao, Dalian, Shenyang, Yantai, Harbin
- Western Region:** Chengdu, Xi'an, Chongqing, Kunming, Urumqi

1H 2015 THE GROUP'S CONTRACTED SALES AMOUNT BY MONTH
HK\$ million



Management Discussion & Analysis (Continued)

Property Development (Continued)

During the period, 44 projects (including those by the joint ventures) with aggregate GFA of 5.76 million sq m were completed in 21 cities in mainland China and Hong Kong and Macau.

The major projects completed for occupation were:

City	Name of Project	GFA ('000 sq m)
Changchun	Orchid Garden	211
Qingdao	The Peaceland	131
Qingdao	International Community	179
Shenyang	Olympic City	147
Shenyang	La Cite	237
Shenyang	International Community	120
Jinan	Luxurious Residence	224
Jinan	International Community	344
Nanjing	The Phoenix	196
Suzhou	The Phoenix	363
Ningbo	The Rosary	153
Guangzhou	Glory City	197
Foshan	Zhongshan Glorious City	242
Beijing	Redwood Valley	116
Shanghai	Riverside Palace	128
Changsha	Meixi Lake Era	117
Chengdu	Residence Nine	391
Nanchang	Sunrise Manor	140
Xi'an	COLI City	345
Xi'an	The New Times	117
Suzhou	The Lagoon [#]	173
Chengdu	One Tongzilin [#]	256
		4,527

[#] Joint venture projects on 100% basis

The Group's sales of properties completed before the end of 2014 amounting to HK\$14.54 billion was considered satisfactory. Due to the fact that many projects were completed for occupation in the first half of the year, properties completed and held for sale at end June increased to 3.13 million sq m.

Management Discussion & Analysis (Continued)



Property Development (Continued)

To ensure sustainable rapid growth, the Group continues to expand sources in getting high quality land reserve through various means and ways. In the first half of the year, the Group incurred HK\$10.46 billion and acquired five land parcels in Xiamen, Jinan, Qingdao, Guangzhou and Nanjing, adding GFA of 2.26 million sq m to its land reserve. In the first half of the year, the Group has only completed less than one-quarter of its annual land replenishment target. This is mainly due to the 9 million sq m land resources brought by the Assets Acquisition and that the land market was relatively slow.

The land parcels added in the first half of year 2015 were:

City	Name of Project	Attributable Interest	Land Area ('000 sq m)	Total GFA ('000 sq m)
Land acquisitions by the Group				
Xiamen	Tong'an District Project	100%	44	150
Jinan	Licheng District Huashan Project	100%	431	1,475
Qingdao	Binhai New District Hai'an Project	100%	71	266
Guangzhou	Liwan District Project	100%	7	26
Nanjing	Xuanwu District Project	100%	119	344
Total			672	2,261

It is expected that there will be additional policy supports on the development of the property market by the Chinese government and the property market will improve moderately. A better regulated market is beneficial to big players in increasing their market shares. However, operation environment for medium to small property developers is expected to be tougher and this will lead to market consolidation in a faster manner. The Group is optimistic about the medium and long term development of the mainland China property market. The Group will adhere strictly to prudent financial management and the strategy of sustainable development. Maintaining a reasonable level of high value land bank, faster development, more effective sales and cash collection, and strict risk control will help ensure the stable growth in the profit and the satisfactory return on the shareholders' funds.

Management Discussion & Analysis (Continued)

Property Development (Continued)

Barring any significant unforeseen and unfavorable circumstances, the Group is confident about its result performance for the whole year.

Liquidity, Financial Resources and Debt Structure

The Group continues to adopt prudent financial policies. Finance, fund utilization and fundraising activities are subject to effective centralized management and supervision. The Group maintains reasonable gearing level and adequate cash balances.

Given the significant amount of bank debts due to mature in the first half of the year, the Group has made refinancing arrangement as early as end of last year. The debt maturity profile of the Group was greatly improved by end of June this year. Due to improvement in getting the approval for mortgages and also money release from banks in China, cash collection from sales of the Group (not including those from projects in the Assets Acquisition) was as high as HK\$55.34 billion for the first half of the year. Coupled with the combined positive impact on the financial position caused by the Assets Acquisition and Shares Issue, the net gearing ratio (calculated by the total borrowings less bank balances and cash and divided by the shareholders' equity, whereas total borrowings exclude amounts due to holding companies) of the Group decreased from 28.0% as at the end of last year to 13.4% as at the end of June this year.

The overall financial position of the Group was satisfactory. Interest cover (measured by the ratio of operating profit less interest income to the total interest expenses) decreased from 11.1 times during the six months ended 30 June 2014 to 9.9 times, still at a satisfactory level. The weighted average borrowing costs of the Group was maintained at around 4.3% (total finance costs excluding interest on amounts due to holding companies divided by the weighted average borrowings), but could still be at the lowest level for the industry. Mainly due to the combined effect of increased borrowings and increased bond issues, the total finance costs increased to HK\$2.32 billion and by 33.1% as compared to the corresponding period of the last year. At end June 2015, there was unpaid land premium of HK\$8.41 billion while bank borrowings due to mature in the second half of the year amounted to HK\$3.58 billion. Taking into account that sales proceeds collection will continue to be improved in the second half of the year, the Group's financial position at year end should maintained at a satisfactory level.

Management Discussion & Analysis (Continued)



Liquidity, Financial Resources and Debt Structure (Continued)

As at 30 June 2015, consolidated bank borrowings and guaranteed notes of the Group amounted to HK\$55.46 billion (31 December 2014: HK\$49.18 billion) and HK\$48.19 billion (31 December 2014: HK\$48.18 billion) respectively, of which 31.8% was denominated in Hong Kong dollars, 46.5% was denominated in US dollars, 19.4% was denominated in Renminbi and 2.3% was denominated in Pound.

As at 30 June 2015, the Group had bank balances and cash amounting to HK\$78.61 billion (of which 26.8% was denominated in Hong Kong dollars, 3.8% was denominated in US dollars, 69.0% was denominated in Renminbi and minimal amounts were denominated in other currencies) and unutilized banking facilities amounting to HK\$9.57 billion.

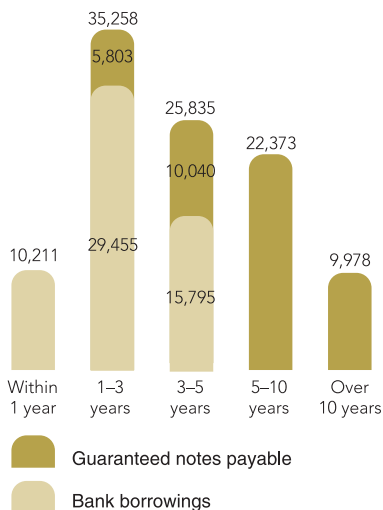
Except for the offshore RMB loan amount to RMB3.85 billion, all the bank borrowings (either in Hong Kong dollars, US dollars, Pounds or Renminbi) of the Group are at floating rates while all the bonds are in US dollars and at fixed interest rates as at end June this year. The Group has not entered into any financial derivatives either for hedging or speculative purposes. Taking into account of the potential increase in interest rates and the possible fluctuations in the exchange rate of Renminbi, the Group will prudently consider entering into currency and interest rate swap arrangements to minimize such exposures if and when appropriate.

Liquidity, Financial Resources and Debt Structure (Continued)

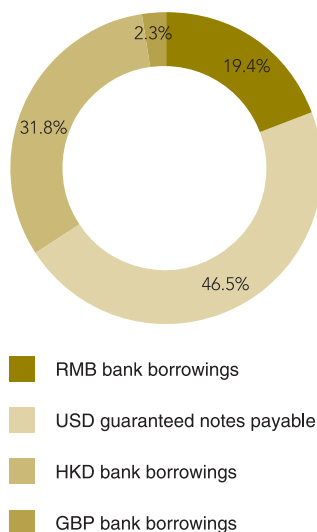
It is expected that more investment and acquisition opportunities will be available as the consolidation of the China property industry accelerate. The Group will continue to take full advantage of its competitive edge in having various fundraising platforms in and outside China. Under the prudent financial management principle, the Group will seek opportunities to increase its financial resources so as to provide solid support to the rapid development of the Group. In July, the Group has its first issue of 600 million Euro bond, 4-year tenor with fixed coupon rate at only 1.75%. This is an attempt by the Company to explore a new channel for fund raising in response to the strong US dollars.

**DEBT MATURITY PROFILE
AT 30 JUNE 2015**

HK\$ million



**INTEREST BEARING DEBTS
BY CURRENCY AT 30 JUNE 2015**



Management Discussion & Analysis (Continued)



Corporate Citizenship

“To serve the community” has always been the corporate motto, philosophy and mission of the Group. The Group has always tried its utmost to commit its corporate social responsibilities and share its success with the community. Through its hearty and active involvement in charitable activities, educational contributions, environmental protection, improvement of life quality, customer service and staff development, the Group succeeds in promoting a harmonious and balanced community.

The Group continues to promote its charitable commitment along with its well-established brand of “海無涯·愛無疆” (“The sea has no limit and love has no boundary”) and put in place medium to long term planning to meet its corporate social responsibility, including an ongoing campaign of sponsoring and soliciting donations for the construction of one China Overseas Hope School every year. The Group has so far built nine Hope Schools in Hanzhong of Shaanxi, Nanchuan and Yunyang of Chongqing, Changchun of Jilin, Dujiangyan of Sichuan, Shenyang of Liaoning, Jinan of Shandong, Quzhou of Zhejiang and Huaihua of Hunan, respectively; while another Hope school is under construction in Qixia of Shandong.

As a leading property developer in China, while developing quality residences, the Group has placed great emphasis on environmental protection and energy conservation, affirmed its value to sustainable ecological concepts, implementing low-carbon buildings and to cultivate a quality and green society.

Human Resources

As at the end of June, the Group has a total of over 26,000 staff, of which about 21,000 staff are working in the property management sector. The Group has always regarded the talent strategy as one of its most important strategy and human resources as its most precious resources. Taking into account its current business environment and development stage, the Group persists in the principle of “quality building” in terms of management strategy and seeks to achieve a balanced development of the Group and the staff, with a view to enhancing the overall quality of its human resource management. Day-to-day in-service training is provided for employees primarily through the “海無涯網絡學院” and shared videos which enables the sharing of knowledge and experiences within the Group across regions, business segments and organizational hierarchies.

Condensed Consolidated Income Statement

The unaudited consolidated results of the Group for the six months ended 30 June 2015 and the comparative figures for the corresponding period in 2014 are as follows:

	<i>Notes</i>	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
Revenue	5	64,848,644	54,275,298
Cost of sales		(42,691,298)	(35,829,335)
Direct operating expenses		(1,247,137)	(925,487)
		20,910,209	17,520,476
Other income and gains, net		786,938	669,369
Gain arising from changes in fair value of investment properties		3,551,483	2,992,137
Selling and distribution costs		(937,363)	(529,366)
Administrative expenses		(1,016,964)	(961,651)
Operating profit		23,294,303	19,690,965
Share of profits of			
Associates		225,974	624,454
Joint ventures		317,943	481,157
Finance costs	6	(282,084)	(240,704)
Profit before tax		23,556,136	20,555,872
Income tax expenses	7	(6,839,247)	(6,798,416)
Profit for the period	8	16,716,889	13,757,456
Attributable to:			
Owners of the Company		16,317,238	13,583,631
Non-controlling interests		399,651	173,825
		16,716,889	13,757,456
		HK\$	HK\$
EARNINGS PER SHARE	9		
Basic		1.90	1.66
Diluted		1.90	1.66

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
Profit for the period	16,716,889	13,757,456
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of the Company and its subsidiaries	63,626	(1,131,620)
Exchange differences on translation of joint ventures	5,032	(136,571)
	68,658	(1,268,191)
<i>Item that may be reclassified to profit or loss</i>		
Exchange differences on translation of associates	2,843	(96,238)
Other comprehensive income for the period	71,501	(1,364,429)
Total comprehensive income for the period	16,788,390	12,393,027
Total comprehensive income attributable to:		
Owners of the Company	16,387,314	12,215,871
Non-controlling interests	401,076	177,156
	16,788,390	12,393,027

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
Non-current Assets			
Investment properties	11	62,025,357	54,920,548
Property, plant and equipment		1,365,426	1,377,552
Prepaid lease payments for land		140,827	147,564
Interests in associates		6,260,168	6,176,612
Interests in joint ventures		10,883,708	10,775,156
Investments in syndicated property project companies		20,873	20,873
Available-for-sale investments		47,602	47,584
Amounts due from joint ventures		1,895,193	1,895,513
Pledged bank deposits		–	67,249
Goodwill		64,525	109,021
Deferred tax assets		2,805,429	2,967,929
		85,509,108	78,505,601
Current Assets			
Inventories		71,357	80,957
Stock of properties		233,003,842	230,483,699
Land development expenditure		2,257,375	1,428,682
Prepaid lease payments for land		4,876	8,112
Trade and other receivables	12	9,646,482	8,449,656
Deposits and prepayments		7,180,886	6,289,407
Deposits for land use rights for property development		6,335,791	15,124,018
Amount due from a fellow subsidiary		233,113	233,215
Amounts due from associates		185,949	237,951
Amounts due from joint ventures		5,503,489	5,053,590
Amounts due from non-controlling interests		983,135	982,761
Tax prepaid		3,505,206	2,480,014
Bank balances and cash		78,610,721	59,847,580
		347,522,222	330,699,642
Assets held for sale		958,264	957,903
		348,480,486	331,657,545

Condensed Consolidated Statement of Financial Position (Continued)

		30 June 2015	31 December 2014
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Unaudited) (Restated)
Current Liabilities			
Trade and other payables	13	36,884,832	42,817,746
Dividend payable	10	3,451,203	—
Pre-sales deposits		54,581,448	55,950,373
Rental and other deposits		2,076,430	1,748,764
Amounts due to holding companies	1	10,652,205	40,576,725
Amounts due to fellow subsidiaries		606,933	372,923
Amounts due to associates		1,243,475	1,243,002
Amounts due to joint ventures		1,734,514	1,686,876
Amounts due to non-controlling interests		1,237,184	1,029,030
Tax liabilities		17,435,207	21,116,314
Bank borrowings — due within one year		10,210,605	22,541,806
		140,114,036	189,083,559
Net Current Assets		208,366,450	142,573,986
Total Assets Less Current Liabilities		293,875,558	221,079,587
Capital and Reserves			
Share capital	14	62,434,116	19,634,031
Reserves		124,527,200	114,036,452
Equity attributable to owners of the Company		186,961,316	133,670,483
Non-controlling interests		5,017,471	4,886,320
Total Equity		191,978,787	138,556,803
Non-current Liabilities			
Bank borrowings — due after one year		45,250,386	26,638,546
Guaranteed notes payable		48,194,021	48,177,442
Amounts due to non-controlling interests		1,338,937	1,321,743
Deferred tax liabilities		7,113,427	6,385,053
		101,896,771	82,522,784
		293,875,558	221,079,587

Condensed Consolidated Cash Flow Statement

	Six months ended 30 June	
	2015	2014
<i>Note</i>	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Operating cash flows before movements in working capital	18,827,433	16,533,839
Decrease/(increase) in stock of properties and deposits for land use rights for property development	5,009,671	(13,375,325)
Increase in trade and other receivables, deposits and prepayments	(2,161,290)	(1,183,113)
Decrease in trade and other payables, pre-sales deposits and rental and other deposits	(6,999,438)	(8,210,682)
Other movements in working capital	405,534	876,453
Cash generated/(used in) from operations	15,081,910	(5,358,828)
Income taxes paid	(10,655,362)	(7,963,965)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	4,426,548	(13,322,793)
INVESTING ACTIVITIES		
Dividends received from joint ventures	214,430	222,558
Additions of investment properties	(606,557)	(3,181,849)
Advances to joint ventures	(447,657)	(749,991)
Acquisition of the Acquired Group	(2,308,770)	–
Acquisition of subsidiaries	(33,626)	–
Other investing cash flows	757,632	64,363
NET CASH USED IN INVESTING ACTIVITIES	(2,424,548)	(3,644,919)

Condensed Consolidated Cash Flow Statement (Continued)

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
FINANCING ACTIVITIES		
Interest paid	(2,202,948)	(1,429,305)
Issue of shares	42,800,085	–
New bank borrowings raised	25,580,603	8,919,767
Repayment of bank borrowings	(19,336,420)	(2,350,949)
Issues of guaranteed notes	–	15,458,447
(Repayment to)/advance from holding companies	(29,939,956)	2,567,090
Advances from an associate	–	726,656
Advances from/(repayment to) non-controlling shareholders	224,454	(588,890)
Other financing cash flows	(323,823)	(292,532)
NET CASH FROM FINANCING ACTIVITIES	16,801,995	23,010,284
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,803,995	6,042,572
CASH AND CASH EQUIVALENTS AT 1 JANUARY (RESTATED)	58,280,945	51,139,147
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	23,346	(383,569)
CASH AND CASH EQUIVALENTS AT 30 JUNE	77,108,286	56,798,150
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	78,610,721	58,192,140
Less: restricted bank balances	(1,502,435)	(1,393,990)
	77,108,286	56,798,150

Condensed Consolidated Statement of Changes in Equity

	Unaudited										
	Attributable to owners of the Company										
	Share capital	Share premium	Capital redemption reserve	Translation reserve	Merger reserve	Other reserves	PRC statutory reserve	Retained profits	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014, as previously reported	817,262	18,796,190	18,798	10,495,239	-	42,313	2,060,638	77,740,143	109,970,583	1,079,813	111,050,396
Acquisition of the Acquired Group (Note 1)	-	-	-	167,024	1,447,788	-	273,572	1,358,821	3,247,205	1,560,970	4,808,175
At 1 January 2014, as restated	817,262	18,796,190	18,798	10,662,263	1,447,788	42,313	2,334,210	79,098,964	113,217,788	2,640,783	115,858,571
Profit for the period	-	-	-	-	-	-	-	13,583,631	13,583,631	173,825	13,757,456
Exchange differences on translation of the Company and its subsidiaries	-	-	-	(1,134,951)	-	-	-	-	(1,134,951)	3,331	(1,131,620)
Exchange differences on translation of joint ventures	-	-	-	(136,571)	-	-	-	-	(136,571)	-	(136,571)
Exchange differences on translation of associates	-	-	-	(96,238)	-	-	-	-	(96,238)	-	(96,238)
Total comprehensive income for the period	-	-	-	(1,367,760)	-	-	-	13,583,631	12,215,871	177,156	12,393,027
Transfers on 3 March 2014	18,814,988	(18,796,190)	(18,798)	-	-	-	-	-	-	-	-
2013 final dividend payable (Note 10)	-	-	-	-	-	-	-	(2,370,453)	(2,370,453)	-	(2,370,453)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(70,669)	(70,669)
Issue of shares upon exercise of share options	1,781	-	-	-	-	(262)	-	-	1,519	-	1,519
Share options expired	-	-	-	-	-	(238)	-	238	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	1,203,913	1,203,913
Release of exchange reserve upon liquidation of subsidiaries	-	-	-	(619)	-	-	-	619	-	-	-
Transfer to PRC statutory reserve	-	-	-	-	-	-	137,189	(137,189)	-	-	-
At 30 June 2014, as restated	19,634,031	-	-	9,293,884	1,447,788	41,813	2,471,399	90,175,810	123,064,725	3,951,183	127,015,908

Condensed Consolidated Statement of Changes in Equity (Continued)

	Unaudited								
	Attributable to owners of the Company								
	Share capital	Translation reserve	Merger reserve	Other reserves	PRC	Retained profits	Total	Non-controlling interests	Total
					statutory reserve				
HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	
(Note)									
At 1 January 2015, as previously reported	19,634,031	10,179,223	-	43,779	2,874,435	100,602,115	133,333,583	3,474,112	136,807,695
Acquisition of the Acquired Group (Note 1)	-	165,980	786,598	-	489,945	(1,105,623)	336,900	1,412,208	1,749,108
At 1 January 2015, as restated	19,634,031	10,345,203	786,598	43,779	3,364,380	99,496,492	133,670,483	4,886,320	138,556,803
Profit for the period	-	-	-	-	-	16,317,238	16,317,238	399,651	16,716,889
Exchange differences on translation of the Company and its subsidiaries	-	62,201	-	-	-	-	62,201	1,425	63,626
Exchange differences on translation of joint ventures	-	5,032	-	-	-	-	5,032	-	5,032
Exchange differences on translation of associates	-	2,843	-	-	-	-	2,843	-	2,843
Total comprehensive income for the period	-	70,076	-	-	-	16,317,238	16,387,314	401,076	16,788,390
2014 final dividend payable (Note 10)	-	-	-	-	-	(3,451,203)	(3,451,203)	-	(3,451,203)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(180,406)	(180,406)
Issue of shares (Note 14)	42,800,085	-	-	-	-	-	42,800,085	-	42,800,085
Acquisition of the Acquired Group (Note 1)	-	-	(2,308,770)	-	-	-	(2,308,770)	-	(2,308,770)
Share of reserve of an associate	-	1	-	(136,593)	-	(1)	(136,593)	-	(136,593)
Return of capital to non-controlling interests	-	-	-	-	-	-	-	(89,519)	(89,519)
Transfer to PRC statutory reserve	-	-	-	-	617,441	(617,441)	-	-	-
At 30 June 2015	62,434,116	10,415,280	(1,522,172)	(92,814)	3,981,821	111,745,085	186,961,316	5,017,471	191,978,787

Note: PRC statutory reserve of the Group represents general and development fund reserve applicable to subsidiaries which was established in accordance with the relevant People's Republic of China (the "PRC") regulations.

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Application of common control combination

Acquisition of the Acquired Group

On 7 May 2015, Alpha Progress Global Limited ("Alpha Progress"), a wholly-owned subsidiary of the Company, completed the acquisition of the entire issued share capital of Celestial Domain Investments Limited and its subsidiaries (the "Acquired Group") from King Praise Limited, a wholly owned subsidiary of China Overseas Holdings Limited ("COHL"), immediate holding company of the Company (the "Assets Acquisition"). The consideration of the Assets Acquisition is RMB1,824,000,000 (equivalent to approximately HK\$2,308,800,000) which is determined by reference to the unaudited combined reassessed net assets value of the Acquired Group as at 31 January 2015. In addition, Alpha Progress will also assume shareholder loans of approximately RMB31,992,900,000 (equivalent to approximately HK\$40,497,300,000) owing by the Acquired Group to China State Construction Engineering Corporation Limited ("CSCECL", the intermediate holding company of the Company) and its subsidiaries upon completion of the Assets Acquisition.

The Acquired Group is engaged in property development and investment and also own 20% equity interest in an associate, 金茂投資(長沙)有限公司, and own three joint ventures, 41% equity interest in 成都錦城中建地產開發有限公司, 50% equity interest in 成都錦府中建房地產開發有限公司 and 50% equity interest in 上海海創房地產開發有限公司 ("上海海創"), which are principally engaged in property development in the PRC. As the remaining 50% equity interest in 上海海創 is originally held by the Company prior to the Assets Acquisition, 上海海創 becomes a subsidiary of the Company after the Assets Acquisition.



1. Basis of Preparation (Continued)

Application of common control combination (Continued)

Acquisition of the Acquired Group (Continued)

As the Company and the Acquired Group were under common control of CSCECL, the transfer of the interests in the Acquired Group was considered as common control combinations. Accordingly, the interim financial information of the Group for the six months ended 30 June 2015, together with the comparative figures, 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 Acquired Group had been combined from the date when the Acquired Group first came under the control of the Group and CSCECL.

Accounting policies for merger accounting for common control combination

The condensed consolidated financial statements incorporate the financial statements of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are combined using the existing book values from the controlling parties’ perspective. No amount is recognised in consideration for goodwill or excess of acquirers’ interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party’s interest.

The condensed consolidated income statement includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

Notes to the Financial Statements (Continued)

1. Basis of Preparation (Continued)

Application of common control combination (Continued)

Accounting policies for merger accounting for common control combination (Continued)

The comparative amounts in the condensed consolidated financial statements are presented as if the entities had been combined at the previous year end date or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities are eliminated on consolidation.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

Notes to the Financial Statements (Continued)



1. Basis of Preparation (Continued)

The following is a reconciliation of the effect arising from the common control combination on the consolidated statement of financial position.

The consolidated statement of financial position as at 31 December 2014:

	The Group HK\$'000	Effect of Acquisition of the Acquired Group HK\$'000	Consolidated HK\$'000
Total assets less liabilities	136,807,695	1,749,108	138,556,803
Share capital	19,634,031	–	19,634,031
Translation reserve	10,179,223	165,980	10,345,203
Merger reserve	–	786,598	786,598
Other reserves	43,779	–	43,779
PRC statutory reserve	2,874,435	489,945	3,364,380
Retained profits	100,602,115	(1,105,623)	99,496,492
Equity attributable to			
owners of the Company	133,333,583	336,900	133,670,483
Non-controlling interests	3,474,112	1,412,208	4,886,320
Total equity	136,807,695	1,749,108	138,556,803

Notes to the Financial Statements (Continued)

1. Basis of Preparation (Continued)

The consolidated statement of financial position as at 30 June 2015:

	The Group HK\$'000	Effect of Acquisition of the Acquired Group HK\$'000	Consolidated HK\$'000
Investment in the Acquired Group	2,308,770	(2,308,770)	–
Other assets less liabilities	187,062,980	4,915,807	191,978,787
Total assets less liabilities	189,371,750	2,607,037	191,978,787
Share capital	62,434,116	–	62,434,116
Translation reserve	10,216,248	199,032	10,415,280
Merger reserve	–	(1,522,172)	(1,522,172)
Other reserves	(92,814)	–	(92,814)
PRC statutory reserve	3,427,711	554,110	3,981,821
Retained profits	109,838,203	1,906,882	111,745,085
Equity attributable to owners of the Company	185,823,464	1,137,852	186,961,316
Non-controlling interests	3,548,286	1,469,185	5,017,471
Total equity	189,371,750	2,607,037	191,978,787

No other significant adjustments were made to the net assets and net profit or loss of any entities as a result of the common control combination to achieve consistency of accounting policies.



2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”)

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014 except for the application of the new or revised standards, amendments or interpretation (“new or revised HKFRSs”).

In the current interim period, the Group has applied, for the first time, the following new or revised HKFRSs issued by the HKICPA.

Amendments to HKAS 19	Employee Benefits: Defined Benefit Plans – Employees Contributions
Annual Improvements Project	Annual Improvements 2010 – 2012 Cycle
Annual Improvements Project	Annual Improvements 2011 – 2013 Cycle

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation in the current interim period in accordance with section 358 of that Ordinance.

The application of the above new or revised HKFRSs and the new Hong Kong Companies Ordinance has had no material effect on the Group’s results and financial position.

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

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

Amendments to HKAS 1	Disclosure Initiative ¹
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
HKFRS 9 (2014)	Financial Instruments ²
HKFRS 14	Regulatory Deferral Accounts ¹
HKFRS 15	Revenue from Contracts with Customers ²
Annual Improvements Project	Annual Improvements 2012 – 2014 Cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

The Group is in progress of assessing the impact of these new or revised standards, amendments and interpretations, certain of which may be relevant to the Group’s operations and may give rise to changes in disclosure and remeasurement of certain items in the condensed consolidated financial statements.



3. Financial Risk Management

In the normal course of business, the Group is exposed to financial risks attributable to interest rates, foreign currency, credit, liquidity and fair value.

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2014 annual financial statements.

There have been no significant changes in the risk management department, policies and procedures since the year end.

4. Key Sources of Estimation Uncertainty

The preparation of condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

Notes to the Financial Statements (Continued)

5. 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 real estate agency and management services, construction and building design consultancy services

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments.

Six months ended 30 June 2015

	Property development HK\$'000	Property investment HK\$'000	Other operations HK\$'000	Segments total HK\$'000
Segment revenue – from external customers	62,545,866	917,883	1,384,895	64,848,644
Segment profit (including share of profits of associates and joint ventures)	19,060,467	4,264,329	102,950	23,427,746

Notes to the Financial Statements (Continued)



5. Revenue and Contribution (Continued)

Segment revenue and results (Continued)

Six months ended 30 June 2014

	Property development HK\$'000 (Restated)	Property investment HK\$'000 (Restated)	Other operations HK\$'000 (Restated)	Segments total HK\$'000 (Restated)
Segment revenue — from external customers	52,485,431	744,107	1,045,760	54,275,298
Segment profit (including share of profits of associates and joint ventures)	16,956,900	3,606,993	33,366	20,597,259

Reconciliation of reportable segment profit to the consolidated profit before tax

Segment profit includes profits from subsidiaries, share of profits of joint ventures and share of profits of associates. This represents the profit earned by each segment without allocation of interest income on bank deposits, corporate expenses, finance costs and net foreign exchange gains. This is the measure reported to the management of the Group for the purposes of resource allocation and performance assessment.

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000 (Restated)
Reportable segment profits	23,427,746	20,597,259
Unallocated items:		
Interest income on bank deposits	365,167	270,534
Corporate expenses	(108,167)	(100,525)
Finance costs	(282,084)	(240,704)
Net foreign exchange gains	153,474	29,308
Profit before tax	23,556,136	20,555,872

Notes to the Financial Statements (Continued)

6. Finance Costs

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
		(Restated)
Interest on bank loans and guaranteed notes wholly repayable within five years	1,150,220	895,783
Interest on guaranteed notes not wholly repayable within five years	903,481	673,071
Interest on amounts due to holding companies	165,826	123,292
Other finance costs	95,743	47,882
Total finance costs	2,315,270	1,740,028
Less: Amount capitalised	(2,033,186)	(1,499,324)
	282,084	240,704



7. Income Tax Expenses

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000 (Restated)
Current tax:		
Hong Kong profits tax	30,048	11,729
Macau income tax	432,177	119
PRC Enterprise Income Tax ("EIT")	3,304,507	3,566,795
PRC withholding income tax	183,955	1,893
PRC Land Appreciation Tax ("LAT")	1,894,854	2,710,992
Others	2,045	3
	5,847,586	6,291,531
Over provision in prior years:		
Hong Kong profits tax	(10)	(89)
EIT	(2,659)	(4,886)
	(2,669)	(4,975)
Deferred tax:		
Current period	994,330	511,860
Total	6,839,247	6,798,416

Hong Kong profits tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profit for the period.

Under the Law of the People's Republic of China an Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% (2014: 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.

Macau income tax is calculated at the prevailing tax rate of 12% (2014: 12%) in Macau.

Notes to the Financial Statements (Continued)

8. Profit for the Period

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
		(Restated)
Profit for the period has been arrived at after charging/(crediting):		
Business taxes and other levies	3,264,137	3,224,099
Depreciation of property, plant and equipment	43,023	56,517
Amortisation of prepaid lease payments for land	2,438	4,056
Interest income	(405,537)	(309,532)
Net foreign exchange gains	(153,474)	(29,308)

9. Earnings Per Share

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

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
		(Restated)
Earnings		
Earnings for the purpose of basic and diluted earnings per share		
Profit for the period attributable to the owners of the Company	16,317,238	13,583,631



9. Earnings Per Share (Continued)

	Six months ended 30 June	
	2015	2014
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	8,583,979	8,173,022
Effect of dilutive potential ordinary shares		
Share options	–	2,086
Weighted average number of ordinary shares for the purpose of diluted earnings per share	8,583,979	8,175,108

10. Dividends

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Dividend recognised as distribution during the period		
2014 final dividend of HK35 cents per share paid on 8 July 2015 (six months ended 30 June 2014: 2013 final dividend paid of HK29 cents per share)	3,451,203	2,370,453

The Board has determined that an interim dividend of HK20 cents (2014: HK20 cents) per share, amounting to HK\$1,972,116,000 (2014: HK\$1,634,795,000) will be paid to the shareholders of the Company whose names appear in the Register of Members on 11 September 2015 (2014: 29 August 2014). The amount of interim dividend declared, which was calculated based on the number of ordinary shares in issue at the date of approval of the condensed consolidated financial statements, has not been recognised as a liability in this condensed consolidated financial statements. It will be recognised in the shareholders' equity in the year ending 31 December 2015.

11. Investment Properties

The increase in investment properties was mainly attributable to the gain arising from changes in fair value of investment properties of HK\$3,551 million, and reclassification from properties under development to investment properties of HK\$3,099 million attributable to the Acquired Group.

12. 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 aging analysis of trade and other receivables presented at the end of the reporting period:

	30 June 2015 HK\$'000	31 December 2014 HK\$'000 (Restated)
Trade receivables, aged		
0–30 days	6,544,314	5,731,418
31–90 days	271,671	255,188
Over 90 days	716,420	498,194
	7,532,405	6,484,800
Other receivables	2,114,077	1,964,856
	9,646,482	8,449,656



13. Trade and Other Payables

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

	30 June 2015 HK\$'000	31 December 2014 HK\$'000 (Restated)
Trade payables, aged		
0–30 days	7,922,003	10,259,865
31–90 days	1,959,451	3,794,375
Over 90 days	8,277,820	13,298,273
	18,159,274	27,352,513
Other payables	3,888,729	5,183,914
Retentions payable	14,836,829	10,281,319
	36,884,832	42,817,746

Other payables mainly include other taxes payable and accrued charges.

14. Share Capital

	Number of Shares '000	HK\$'000
Issued and fully paid		
At 1 January 2015	8,173,976	19,634,031
Issue of shares	1,686,605	42,800,085
At 30 June 2015	9,860,581	62,434,116

In connection with the Assets Acquisition and to replenish the capital resources and support future property development business of the Group and the Acquired Group after completion of the Assets Acquisition, COHL entered into a share subscription agreement to subscribe for 1,686,605,875 ordinary shares of the Company at HK\$25.38 per share, with a net proceed of approximately HK\$42,800,085,000.

15. Contingent Liabilities

At 30 June 2015, the Group had counter indemnities accounting to approximately HK\$668 million (31 December 2014: HK\$751 million) for guarantees issued in respect of certain construction contracts and property management contracts undertaken by the Group.

At 30 June 2015, the Group provided guarantees amounted to HK\$25,745 million (31 December 2014 restated: HK\$20,559 million) for the repayment of the mortgage bank loans granted to purchasers of the Group's properties.

At 30 June 2015, the Group also provide guarantees amounted to HK\$970 million (31 December 2014: HK\$1,647 million) for the loan facilities granted by the banks to joint ventures, of which HK\$970 million has been utilised by the joint ventures (31 December 2014: HK\$1,647 million).

Notes to the Financial Statements (Continued)



15. Contingent Liabilities (Continued)

The directors of the Company considered that the fair values of these financial guarantee contracts at their initial recognition and at the end of the reporting period are insignificant on the basis of short maturity periods and low applicable default rates.

16. Pledged Assets

At the end of the reporting period, certain assets of subsidiaries of the Group with an aggregate carrying value of approximately HK\$5,424 million (31 December 2014 restated: \$5,386 million) have been pledged to secure their bank borrowings.

17. Capital Commitment

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Capital expenditure in respect of investment properties:		
Authorised but not contracted for	6,501,475	7,363,888
Contracted but not provided for	3,918,772	1,459,993
	10,420,247	8,823,881

Notes to the Financial Statements (Continued)

18. Related Party Transactions

- (a) Apart from the related balances as stated in the condensed consolidated statement of financial position, the Group also had the following significant transactions with related parties during the period:

Nature of transaction	Notes	Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000 (Restated)
Fellow subsidiaries			
Property development			
project construction fee	(a)	1,483,934	1,158,885
Rental income	(b)	6,671	7,412
Insurance fee	(c)	633	740
Security income	(a)	7,957	9,101
Heating pipes connection			
service cost	(a)	26,825	–
Building design			
consultancy income	(c)	1,877	724
Holding companies			
Interest expense	(g)	165,826	123,292
Associates			
Royalty income	(e)	72,341	78,453
Rental expenses	(b)	8,860	7,871
Property management income	(f)	1,329	–
Joint ventures			
Interest income	(d)	39,216	38,999
Property management income	(f)	11,966	10,189



18. Related Party Transactions (Continued)

(a) (Continued)

Notes:

- (a) *Property development project construction fee, security income and heating pipes connection service cost are charged in accordance with respective contracts. The amounts represent aggregated transaction amounts during the period in relation to contracts signed in current and prior years.*
- (b) *Rental income and expenses are charged in accordance with respective tenancy agreements.*
- (c) *Insurance fee and building design consultancy income are charged in accordance with respective contracts.*
- (d) *Interest income is charged at interest rates as specified on the outstanding amounts.*
- (e) *Royalty income is charged at annual fee as specified in the contract.*
- (f) *Property management income is charged at rates in accordance with respective contracts.*
- (g) *The loans carry interest ranging from 5.04% to 5.54% per annum.*

(b) The remuneration of the Company's directors and other members of key management of the Group during the period were as follows:

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Short-term benefits	43,621	74,274
Mandatory Provident Fund contribution	156	124
	43,777	74,398

Interim Dividend

The Board declared the payment of an interim dividend for the six months ended 30 June 2015 of HK20 cents per share (2014: HK20 cents per share) to shareholders whose names appear on the register of members of the Company on Friday, 11 September 2015. The interim dividend will be payable on Friday, 25 September 2015.

Closure of Register of Members

To ascertain the shareholders' entitlement to the interim dividend, the register of members of the Company will be closed on Friday, 11 September 2015, during which time no transfer of shares will be registered.

In order to qualify for the interim dividend, all properly completed and duly stamped transfer forms accompanied by the relevant share certificates should be lodged with the Company's registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 10 September 2015.

Share Capital

The Company's total number of issued shares as at 30 June 2015 was 9,860,581,381 ordinary shares.

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 "**Listing Rules**"). The directors have confirmed, following specific enquiry by the Company, that they have complied with the requirements set out in the Securities Code during the six months ended 30 June 2015.



Directors' and Chief Executive's Interests in Securities

At 30 June 2015, the Directors, the Chief Executive of the Company and their respective associates had the following interests in the Shares and underlying Shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Securities Code adopted by the Company:

(a) **Long Positions in Shares and Underlying Shares of the Company**
(all being personal interest and being held in the capacity of beneficial owner)

Name of director	Number of shares held	Total	% of shares
			in issue <i>(Note 1)</i>
Mr. Hao Jian Min	3,353,172	3,353,172	0.034%
Mr. Xiao Xiao	1,022,064	1,022,064	0.010%
Mr. Guo Yong	200,000	200,000	0.002%
Mr. Kan Hongbo	696,800	696,800	0.007%
Mr. Li Man Bun, Brian David	5,460,000	5,460,000	0.055%

(b) **Long Positions in Shares and Underlying Shares of the Associated Corporation**
(all being personal interest and being held in the capacity of beneficial owner)

Name of director	Number of shares held	Total	% of shares
			in issue <i>(Notes 4 and 5)</i>

— *China State Construction Engineering Corporation Limited*

Mr. Zheng Xuexuan	360,000	360,000	0.001%
Mr. Chen Yi	320,000	320,000	0.001%

— *China Overseas Grand Oceans Group Limited*

Mr. Luo Liang	70,000	70,000	0.003%
---------------	--------	--------	--------

Directors' and Chief Executive's Interests in Securities (Continued)**(b) Long Positions in Shares and Underlying Shares of the Associated Corporation**

(Continued)

Notes:

1. *The percentage has been adjusted, where applicable, based on the total number of shares of the Company in issue as at 30 June 2015 (i.e. 9,860,581,381 shares).*
2. *The share options were granted on 14 September 2005 and the adjusted exercise price per share option is currently HK\$0.2254 (particulars of adjustments: the exercise price per option was HK\$1.03 at the time of grant on 14 September 2005; the exercise price was adjusted to HK\$0.99 immediately after the completion of open offer on 10 September 2007 and further adjusted to HK\$0.2475 immediately after the share subdivision approved on 12 June 2008; the exercise price was then adjusted to HK\$0.2345 immediately after the completion of rights issue on 1 September 2009 and to HK\$0.2254 immediately after the completion of rights issue on 16 May 2011). The vesting period is from 14 September 2005 to 13 September 2010 (both days inclusive) and the exercise period is from 14 September 2006 to 13 September 2015 (both days inclusive). 20% can be exercised annually ("Limit") from 14 September 2006. Unexercised portion of the Limit (if any) can be exercised in the remaining exercise period and will not be included in calculating the Limit of the relevant year. It can be fully exercised from 14 September 2010 to 13 September 2015 (both days inclusive).*
3. *The percentage has been adjusted, where applicable, based on the total number of shares of China State Construction International Holdings Limited in issue as at 30 June 2015 (i.e. 4,012,417,632 shares).*
4. *The percentage has been adjusted, where applicable, based on the total number of shares of China State Construction Engineering Corporation Limited in issue as at 30 June 2015 (i.e. 30,000,000,000 shares).*
5. *The percentage has been adjusted, where applicable, based on the total number of shares of China Overseas Grand Oceans Group Limited in issue as at 30 June 2015 (i.e. 2,282,239,894 shares).*

Others (Continued)



Directors' and Chief Executive's Interests in Securities (Continued)

Besides, Messrs. Xiao Xiao and Luo Liang held respectively 1,879,278 and 3,531,469 shares in China State Construction International Holdings Limited ("CSCIHL"), associated corporation of the Company. Mr. Xiao Xiao also held 959,247 underlying shares comprised in Options (Note 2 above) in CSCIHL. All of the shares and underlying shares comprised in Options of CSCIHL held by the directors are being personal interest and being held in the capacity of beneficial owner.

The aggregate of shares and underlying shares comprised in Options of CSCIHL held by Messrs. Xiao Xiao and Luo Liang respectively are 2,838,525 and 3,531,469, representing 0.071% and 0.088% of shares in issue of CSCIHL (particulars refer to Note 3 above).

Save as disclosed above, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any director or chief executive of the Company or their respective associates in the Shares and underlying Shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Securities Code adopted by the Company or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein. Nor any of the directors and chief executive of the Company (including their spouses and children under the age of 18) had, as at 30 June 2015, any interest in, or had been granted any right to subscribe for the Shares and options of the Company and its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

Substantial Shareholders' Interests in Securities

At 30 June 2015, the following parties (other than directors or the chief executive of the Company) were the substantial shareholders of the Company (as defined in the Listing Rules) and had interests in the Shares and underlying Shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Number of shares and underlying shares held			% of shares in issue (Note 1)			Capacity
	(Long Position)	(Short Position)	(Lending Pool)	(Long Position)	(Short Position)	(Lending Pool)	
Silver Lot Development Limited ("Silver Lot")	509,136,928	-	-	5.16%	-	-	Beneficial owner
China Overseas Holdings Limited ("COHL")	5,523,986,255	-	-	56.02%	-	-	Beneficial owner
	509,136,928 (Note 2)	175,690,923	-	5.16%	1.78%	-	Interest of controlled corporation
China State Construction Engineering Corporation Limited ("CSCECL")	6,033,123,183 (Note 3)	175,690,923	-	61.18%	1.78%	-	Interest of controlled corporation
China State Construction Engineering Corporation ("CSCEC")	6,033,123,183 (Note 3)	175,690,923	-	61.18%	1.78%	-	Interest of controlled corporation
JP Morgan Chase & Co.	86,319,761 130,078,906 336,925,917	16,067,392 -	336,925,917 -	5.61%	0.16%	3.41%	Beneficial owner Investment manager Custodian corporation/ approved lending agent

Notes:

1. The percentage has been adjusted based on the total number of shares of the Company in issue as at 30 June 2015 (i.e. 9,860,581,381 shares).
2. Silver Lot is a direct wholly owned subsidiary of COHL, thus COHL is deemed by the SFO to be interested in Shares (including long position, short position and lending pool (if any)) in which Silver Lot is or is taken to be interested.
3. COHL is a direct wholly owned subsidiary of CSCECL, which in turn is a direct non-wholly owned subsidiary of CSCEC, thus CSCECL and CSCEC are deemed by the SFO to be interested in Shares (including long position, short position and lending pool (if any)) in which COHL is or is taken to be interested.

Save as disclosed above, the Company had not been notified by any other person (other than directors or the chief executive of the Company) who had an interest in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2015.

Others (Continued)



Corporate Governance

The Company has complied throughout the period ended 30 June 2015 with all the code provisions (except A.2.1, A.4.1, A.4.2 and A.6.7 as stated below) of the Corporate Governance Code ("**Code Provision**") from time to time as set out in Appendix 14 to the Listing Rules and with most of the recommended best practices contained therein.

Code Provision A.2.1 — This Code Provision stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company has complied with the second part of this Code Provision (i.e. the division of responsibilities between the chairman and chief executive should be clearly established and set out in writing) throughout the period, but not the first part of this Code Provision.

During the six months ended 30 June 2015, Mr. Hao Jian Min ("**Mr. Hao**") 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 gravely compromised. Based on the experience and qualification of Mr. Hao, the Board believes that the vesting of two roles to Mr. Hao 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.

Code Provision A.4.1 — This Code Provision stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Corporate Governance (Continued)

Code Provision A.4.2 — This Code Provision stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Articles of Association of the Company provides that:

- (a) any director appointed to fill a casual vacancy shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the directors who are to retire by rotation at such meeting; and
- (b) at each annual general meeting, one-third of the directors for the time being or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office, provided that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years at an annual general meeting of the Company.

The non-executive directors (as well as all other directors) of the Company are not appointed for a specific term as required by the first part of Code Provision A.4.1. 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. The Articles of Association of the Company provides that directors appointed to fill a casual vacancy shall hold office only until the next following annual general meeting (not general meeting as specified in the first part of Code Provision A.4.2, thus not complied with the first part of Code Provision A.4.2) of the Company and shall then be eligible for re-election and every Director should be subject to retirement by rotation at least once every three years at an annual general meeting of the Company. As a result of which, every director are in fact has a specific term of three years (up to the date of annual general meeting) and thus is technically not in compliance with the first part of Code Provision A.4.1.

Others (Continued)



Corporate Governance (Continued)

Code Provision A.6.7 — This Code Provision stipulates that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

All the directors of the Company have given the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. The Company has convened one general meeting, other than the annual general meeting, during the period under review and all the directors (including most of the independent non-executive directors) except those mentioned below were present in the general meeting and the annual general meeting for exchanging views with the shareholders.

Due to commitment in the mainland China, Messrs. Guo Yong and Zheng Xuexuan and Madam Fan Hsu Lai Tai, Rita, were unable to attend the general meeting of the Company held on 5 May 2015 and Messrs. Guo Yong, Zheng Xuexuan and Wong Ying Ho, Kennedy were unable to attend the annual general meeting of the Company held on 16 June 2015. Thus, the Company has not complied with the whole Code Provision A.6.7.

Changes in Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in Directors' information since the date of the 2014 Annual Report up to 19 August 2015 (the date of this Interim Report) are set out as below:

Changes in Directors' Information (Continued)

- Dr. Wong Ying Ho, Kennedy has resigned as independent non-executive director of the Company with effect from 3 August 2015 and consequently ceased to be the Chairman and a member of the Remuneration Committee, and a member of each of the Audit Committee and Nomination Committee of the Company upon the effective of such resignation.

- Mr. Lam Kwong Siu has been appointed the Chairman of the Remuneration Committee of the Company with effect from 3 August 2015 and his director's fee be adjusted from HKD390,000 per annum to HKD500,000 per annum with effect from the date of the appointment.

- Mr. Brian David Li Man Bun has been appointed a member of Market Development Committee, Financial Services Development Council of the Government of the Hong Kong Special Administrative Region ("**HKSARG**") and a member of the Aviation Development and Three-runway System Advisory Committee of the HKSARG. He ceased to be a member of the HKSARG Harbourfront Commission and a member of the Aviation Development Advisory Committee of the HKSARG.

Others (Continued)



Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Review of Interim Report by Audit Committee

The Audit Committee of the Board of Directors has reviewed the Company's unaudited interim results for the six months ended 30 June 2015, and discussed with the Company's management regarding internal control and other important matters.



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

香港皇后大道東一號太古廣場三座十樓
10/F, Three Pacific Place
1 Queen's Road East, Hong Kong
電話 Tel : 2823 7888
傳真 Fax : 2865 5939
網頁 Website : www.coli.com.hk

