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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

FINANCIAL HIGHLIGHTS

1. Revenue increased by 3.5% to HK$87.20 billion.

2. Operating profit increased by 18.0% to HK$32.13 billion.

3. Profit attributable to equity shareholders of the Company increased by 25.2% to HK$21.65 billion, of which HK$2.74 billion was related to the net gain after tax arising from changes in fair value of investment properties. In addition, there was 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$2.14 billion.

4. Basic earnings per share increased by 13.1% to HK$1.98.

5. The contracted sales of properties increased by 33.7% to HK$127.32 billion and the corresponding sales area was 7.80 million sq m.

6. During the period, 27 land parcels were acquired by the Group in mainland China and Hong Kong adding a total area of 6.33 million sq m to the land reserve. As at end of June 2017, the total land bank of the Group was 58.53 million sq m (attributable interest of 49.48 million sq m).

7. As at 30 June 2017, the Group had bank and other borrowings and notes payable amounted to HK$85.53 billion and HK$73.23 billion respectively; bank balances and cash amounted to HK$119.50 billion; the net gearing of the Group was at an industry low level of 16.1%.

8. The shareholders' equity of the Company increased from HK$222.25 billion at last year end to HK$243.44 billion, an increase of 9.5%. The book value of net asset per share was HK$22.22.

9. An interim dividend of HK35 cents per share was declared (2016: HK35 cents per share).

SEEKING PROGRESS AMID STABILITY
OPERATING UNDER A TRUSTED BRAND

The board of directors (the "**Board**") of China Overseas Land & Investment Limited (the "**Company**") hereby announces the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2017. The consolidated profit after tax attributable to equity shareholders of the Company amounted to HK$21.65 billion, representing an increase of 25.2% as compared to the corresponding period in 2016. The earnings per share is HK$1.98, representing an increase of 13.1% as compared to the corresponding period in 2016.

CONDENSED CONSOLIDATED INCOME STATEMENT

The unaudited consolidated results of the Group for the six months ended 30 June 2017 and the comparative figures for the corresponding period in 2016 are as follows:

		Six months ended 30 June	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	*(Unaudited)*
			(Restated)
Revenue	*3*	**87,199,418**	84,266,510
Business tax		**(1,425,103)**	(3,764,055)
Net revenue	*3*	**85,774,315**	80,502,455
Direct operating costs, exclude business tax above		**(59,178,892)**	(57,321,416)
		26,595,423	23,181,039
Other income and gains, net		**1,553,774**	994,098
Gain arising from changes in fair value of investment properties		**3,772,309**	5,377,754
Gain on disposal of investment properties		**38,634**	837,759
Gain on disposal of subsidiaries		**-**	1,640,289
Gain arising from fair value remeasurement of the Group's previously held equity interest in a joint venture immediately prior to acquisition	*10*	**2,140,171**	-
Gain on acquisition of subsidiaries	*10*	**326,267**	-
Impairment loss in respect of goodwill		**-**	(1,903,104)
Selling and distribution costs		**(1,060,692)**	(1,263,205)
Administrative expenses		**(1,234,531)**	(1,625,051)
Operating profit		**32,131,355**	27,239,579
Share of profits of			
Associates		**651,500**	254,657
Joint ventures		**738,484**	503,621
Finance costs	*4*	**(650,983)**	(1,155,635)
Profit before tax		**32,870,356**	26,842,222
Income tax expenses	*5*	**(10,383,437)**	(9,055,699)
Profit for the period		**22,486,919**	17,786,523
Attributable to:			
Owners of the Company		**21,654,474**	17,293,458
Non-controlling interests		**832,445**	493,065
		22,486,919	17,786,523
		HK$	*HK$*
EARNINGS PER SHARE	*6*		
Basic and diluted		**1.98**	1.75
		HK$'000	*HK$'000*
DIVIDENDS	*7*		
Interim dividend of HK35 cents per share (2016: HK35 cents per share)		**3,834,671**	3,834,671

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
		(Restated)
Profit for the period	**22,486,919**	17,786,523
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Exchange differences on translation of the Company and its subsidiaries	**3,648,491**	(5,212,850)
Exchange differences on translation of joint ventures	**330,750**	(532,234)
	3,979,241	(5,745,084)
Item that may be reclassified to profit or loss		
Exchange differences on translation of associates	**436,677**	(241,592)
Other comprehensive income for the period	**4,415,918**	(5,986,676)
Total comprehensive income for the period	**26,902,837**	11,799,847
Total comprehensive income attributable to:		
Owners of the Company	**25,791,843**	11,411,880
Non-controlling interests	**1,110,994**	387,967
	26,902,837	11,799,847

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2017** **HK$'000** **(Unaudited)**	31 December 2016 HK$'000 (Audited)
Non-current Assets			
Investment properties		**89,823,376**	67,093,181
Property, plant and equipment		**3,873,471**	3,886,507
Prepaid lease payments for land		**577,741**	567,873
Interests in associates		**7,299,377**	5,512,064
Interests in joint ventures		**11,803,185**	10,526,289
Investments in syndicated property project companies		**24,212**	24,212
Available-for-sale investments		**151,621**	147,211
Amounts due from associates		**4,088,578**	2,728,181
Amounts due from joint ventures		**2,779,578**	2,058,017
Goodwill		**64,525**	64,525
Deferred tax assets		**4,176,180**	3,767,912
		124,661,844	96,375,972
Current Assets			
Inventories		**95,878**	88,711
Stock of properties		**278,791,525**	261,689,777
Land development expenditure		**7,459,208**	7,631,262
Prepaid lease payments for land		**18,675**	18,397
Trade and other receivables	8	**12,265,478**	11,341,431
Deposits and prepayments		**20,518,292**	6,897,193
Deposits for land use rights for property development		**6,425,589**	5,166,601
Amounts due from fellow subsidiaries		**124,323**	214,442
Amounts due from associates		**6,969,721**	11,801,798
Amounts due from joint ventures		**4,559,018**	5,512,861
Amounts due from non-controlling shareholders		**1,058,892**	817,806
Amounts due from CITIC Group		**335,379**	839,050
Tax prepaid		**5,334,262**	5,732,244
Bank balances and cash		**119,504,929**	157,161,732
		463,461,169	474,913,305
Current Liabilities			
Trade and other payables	9	**48,546,881**	44,815,201
Dividend payable	7	**4,601,605**	-
Pre-sales deposits		**79,319,554**	82,255,805
Rental and other deposits		**3,056,144**	2,887,399
Amounts due to fellow subsidiaries		**737,937**	678,296
Amounts due to associates		**1,533,901**	1,400,177
Amounts due to joint ventures		**2,748,195**	2,158,084
Amounts due to non-controlling shareholders		**2,682,715**	2,969,183
Amounts due to CITIC Group		**130,476**	265,845
Tax liabilities		**23,072,921**	21,888,194
Bank and other borrowings - due within one year		**29,569,048**	34,471,679
Notes payable - due within one year		**-**	5,814,611
		195,999,377	199,604,474
Net Current Assets		**267,461,792**	275,308,831
Total Assets Less Current Liabilities		**392,123,636**	371,684,803

	30 June 2017	31 December 2016
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Capital and Reserves		
Share capital	**90,420,438**	90,420,438
Reserves	**153,021,644**	131,828,004
Equity attributable to owners of the Company	**243,442,082**	222,248,442
Non-controlling interests	**5,932,161**	5,174,917
Total Equity	**249,374,243**	227,423,359
Non-current Liabilities		
Bank and other borrowings - due after one year	**55,960,229**	61,773,449
Notes payable - due after one year	**73,227,828**	71,760,801
Amounts due to non-controlling shareholders	**812,766**	869,939
Deferred tax liabilities	**12,748,570**	9,857,255
	142,749,393	144,261,444
	392,123,636	371,684,803

Notes:

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 and Hong Kong Accounting Standard ("HKAS") 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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 financial information relating to the year ended 31 December 2016 that is included in the condensed consolidated financial statements for the six months ended 30 June 2017 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year 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 (Cap. 622). The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under Sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

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 comparative figures of the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and related notes were restated 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.

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

The accounting policies applied are consistent with those of the Group's annual financial statements for the year ended 31 December 2016, as described in those annual financial statements except for the adoption of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") effective for the financial year ending 31 December 2017.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are relevant to the Group:

Amendments to 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 will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. HKFRS 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer. Management is currently assessing the effects of the adoption of HKFRS 15 on the Group's financial statements and anticipated that the timing of the recognition of revenue is likely to be affected.

The Group has already commenced an assessment of 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 condensed consolidated financial statements.

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, 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.

Six months ended 30 June 2017 - unaudited

	Property development *HK$'000*	**Property investment** *HK$'000*	**Other operations** *HK$'000*	**Segment total** *HK$'000*
Segment revenue				
- from external customers	**85,327,970**	**1,158,340**	**713,108**	**87,199,418**
Business tax	**(1,378,466)**	**(19,250)**	**(27,387)**	**(1,425,103)**
Net revenue	**83,949,504**	**1,139,090**	**685,721**	**85,774,315**
Segment profit/(loss) (including share of profits of associates and joint ventures)	**25,577,490**	**7,066,430**	**(46,089)**	**32,597,831**

Six months ended 30 June 2016 – unaudited (Restated)

	Property development *HK$'000*	Property investment *HK$'000*	Other operations *HK$'000*	Segment total *HK$'000*
Segment revenue				
- from external customers	82,389,112	1,063,828	813,570	84,266,510
Business tax	(3,690,079)	(43,623)	(30,353)	(3,764,055)
Net revenue	78,699,033	1,020,205	783,217	80,502,455
Segment profit/(loss) (including share of profits of associates and joint ventures)	19,114,958	8,637,460	(44,554)	27,707,864

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 condensed consolidated income statement. 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	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
		(Restated)
Reportable segment profits	**32,597,831**	27,707,864
Unallocated items:		
Interest income on bank deposits and receivables	**693,631**	968,830
Corporate expenses	**(151,486)**	(211,641)
Finance costs	**(650,983)**	(1,155,635)
Net foreign exchange gains/(losses) credited/(charged) to the condensed consolidated income statement	**381,363**	(467,196)
Consolidated profit before tax	**32,870,356**	26,842,222

4. Finance costs

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
		(Restated)
Interest on bank and other borrowings and notes	**3,606,030**	4,739,743
Other finance costs	**60,564**	62,218
Total finance costs	**3,666,594**	4,801,961
Less: Amount capitalised	**(3,015,611)**	(3,646,326)
	650,983	1,155,635

5. Income tax expenses

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
		(Restated)
Current tax:		
PRC Corporate Income Tax ("CIT")	**5,614,941**	4,825,525
PRC Land Appreciation Tax ("LAT")	**3,856,971**	3,201,238
PRC withholding income tax	**134,451**	160,856
Hong Kong profits tax	**82,342**	-
Others	**3,574**	3,784
	9,692,279	8,191,403
(Over)/under provision in prior periods:		
CIT	**(1,380)**	-
Hong Kong profits tax	**38,097**	-
Macau income tax	**(2,522)**	(2,867)
	34,195	(2,867)
Deferred tax:		
Current period	**656,963**	867,163
Total	**10,383,437**	9,055,699

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 period.

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

6. 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:

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
		(Restated)
Earnings		
Earnings for the purpose of basic and diluted earnings per share		
Profit for the period attributable to owners of the Company	**21,654,474**	17,293,458

	Six months ended 30 June	
	2017	2016
	'000	*'000*
	(Unaudited)	*(Unaudited)*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**10,956,201**	9,860,581

Diluted earnings per share were the same as the basic earnings per share for the six months ended 30 June 2017 and 2016 as there were no dilutive potential ordinary shares in existence during both periods.

7. Dividends

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Dividends recognised as distribution during the period		
2016 final dividend of HK42 cents per share paid on 7 July 2017 (six months ended 30 June 2016: 2015 final dividend of HK41 cents per share paid on 31 May 2016)	**4,601,605**	4,042,838

The Board has determined that an interim dividend of HK35 cents (2016: HK35 cents) per share, amounting to HK$3,834,671,000 (2016: HK$3,834,671,000) will be paid to owners of the Company whose names appear in the Register of Members on 15 September 2017. 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 the condensed consolidated financial statements. It will be recognised in the owners' equity for the year ending 31 December 2017.

8. 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:

	30 June 2017	31 December 2016
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Trade receivables, aged		
0–30 days	**6,979,565**	6,789,334
31–90 days	**512,607**	297,355
Over 90 days	**772,157**	695,944
	8,264,329	7,782,633
Other receivables	**4,001,149**	3,558,798
	12,265,478	11,341,431

9. 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:

	30 June 2017	31 December 2016
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Trade payables, aged		
0–30 days	**11,673,796**	9,481,660
31–90 days	**1,606,354**	697,096
Over 90 days	**18,167,598**	18,219,961
	31,447,748	28,398,717
Other payables	**6,445,770**	4,900,652
Retentions payable	**10,653,363**	11,515,832
	48,546,881	44,815,201

Other payables mainly include other taxes payable and accrued charges.

10. 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 re-measured 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.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

World economic growth strengthened moderately in the first half of 2017. In the United States, recovery in the economy continued amid mild inflation, softening the market's expectations of an interest rate hike and reduction in the balance sheet; moderate economic growth was recorded in the Eurozone and in Japan, with no sign of any tapering of easing measures in the near future; while in emerging markets, capital inflows and weaker pressure for currency devaluation led to improved economic development. During the first half of the year, RMB exchange rates stabilised. China's imports and exports recorded 20% growth and together with increased capital investment and domestic consumption provided momentum for economic growth. First-half GDP growth in China increased to 6.9%, better than the target for the whole year.

In response to the better-than-expected economic growth, China tightened its monetary policy during the first half of the year. Through various measures, the Central Government strengthened its control over the financial markets and tightened liquidity, including the property sector. As a result of regulatory tightening, increases in home prices and transaction volumes continued but at a slowing pace. The land market was active and increases in new investment and newly developed areas were generally seen.

Economic growth in Hong Kong and Macau was mild. The property markets there were generally stable, showing a moderate rise over the period. Active participation of some mainland property developers in land bidding pushed land prices firmly upward.

During the period, the business performance of the Group was satisfactory. Key performance indicators showed that the Group achieved its strategic and operational targets and that industry risks were under proper control. The consolidation work subsequent to the CITIC Assets Acquisition was carried out in a satisfactory manner, strengthening the Group's leading status in the industry.

The Group together with its joint ventures and associates recorded contracted property sales amounting to HK$127.32 billion for the first half of the year (an increase of 33.7%) while the corresponding sales area was 7.80 million sq m.

The profit attributable to equity shareholders of the Company increased by 25.2% to HK$21.65 billion, and the net profit, after deducting HK$2.74 billion in the net gain after tax arising from changes in fair value of the 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, increased by 26.0% to HK$16.77 billion. The average return on shareholders' funds for the period was 9.3%.

The revenue of the Group was HK$87.20 billion, representing an increase of 3.5% as compared with the corresponding period last year. The operating profit of the Group was HK$32.13 billion, an increase of 18.0% compared with the corresponding period of last year.

Projects (including those by the joint ventures and associates other than China Overseas Grand Oceans Group Limited ("COGO")) with a total area of 5.49 million sq m were completed. The sales value of these projects, recognised as the Group's revenue in the first half of 2017, was HK$58.12 billion, while the Group's sales of properties completed before the end of 2016 amounted to HK$27.21 billion.

The total income from the Group’s commercial properties was HK$1.39 billion, coming mainly from 32 Grade A office buildings, 6 shopping malls and 6 hotels. The overall occupancy rate of the Group’s investment properties was satisfactory with rental income for the period increased by 8.9% to HK$1.16 billion. Income generated by hotels and other commercial properties amounted to HK$230 million.

In light of the current land market situation, opportunities to cooperate increased significantly. The details of such cooperation projects will be disclosed at a later stage when the cooperation projects are formally incorporated. At end of June 2017, the net amount invested by the Group in its joint ventures had increased to HK$16.39 billion. The profit contribution from joint ventures increased by 46.6% to HK$740 million for the first half of the year. All joint ventures are financially sound. At the end of June, there were bank balances and cash of HK$10.32 billion in aggregate, against aggregate bank borrowings of only HK$2.97 billion. The profit contribution from associates increased by 155.8% to HK$650 million. COGO is the major associate of the Group and contributed profit of HK$270 million to the Group.

In the first half of the year, the Group acquired 27 land parcels in 18 mainland cities and Hong Kong, adding a total gross floor area of 6.33 million sq m to the land reserve. At end of June 2017, the total land bank of the Group was 58.53 million sq m (attributable interest of 49.48 million sq m) and the total land bank of COGO was 17.84 million sq m (attributable interest of 16.63 million sq m).

The Group adheres to the principle of prudent financial management. During the period, total capital expenditure payments for the Group were HK$72.14 billion (HK$53.62 billion was spent on land premiums and HK$18.52 billion was spent on construction-related expenditure). About HK$18.52 billion was paid in taxes, selling and distribution expenses and financing expenses. During the period, the Group drew down HK$9.48 billion. Total repayment of matured bank and other borrowings and notes amounted to HK$29.13 billion, including RMB5.89 billion of high interest rate onshore loans related to the CITIC Assets Acquisition. Also, even confronted with tightened liquidity in China, sales proceeds collection still improved as comparing to the corresponding period last year and increased to HK$84.89 billion. As a result of such combined effects, the Group’s net gearing increased from 7.5% as at end of last year to 16.1% at end of June 2017. At end of June 2017, the financial position of the Group was satisfactory; the equity attributable to the shareholders of the Company increased to HK$243.44 billion; the Group had bank and other borrowings and notes payable amounting to HK$85.53 billion and HK$73.23 billion respectively; and bank balances and cash amounting to HK$119.50 billion.

PROSPECT

Entering the second half of the year, it is expected that the global economy will maintain steady growth. The US economy will recover mildly while the pressure of a strong US dollar on emerging markets will be tempered. Continued easing measures by the European Central Bank will support economic strengthening in the Eurozone. Asia will be the major driving engine for global economic growth. The economy in China should remain firm, improving moderately to surpass its annual GDP growth target of about 6.5%.

In the second half of 2017, in order to ensure the stable and healthy development of the property industry, it is expected that the current stringent controls and deleveraging policies will be maintained and further policies with long-term positive impacts will be launched by the Chinese Government, covering the property market, the financial markets and taxation aspects. The property market in China will continue to grow moderately. However, market consolidation will proceed at a faster pace and increased centralisation of the industry will be seen. Such trends present more opportunities than challenges for the Group.

Core demand is strong and it is expected that the property market in Hong Kong and Macau will continue to operate steadily at a high level. The Group will stick to the strategy of closely monitoring the market and engaging in market activity when appropriate.

During the reported period, the Group pursued multiple investment channels and accelerated the pace of its land replenishment and project development. The Group had a total of 9.32 million sq m of new starts. In July, the Group acquired nine land parcels, thus adding land resources amounting to 1.10 million sq m in gross floor area. The Group is confident of completing the annual target of 19.00 million sq m in new starts, which will provide more saleable resources for 2017 and ample for the coming two years. Based on the expected market changes and increase of saleable resources, the Group has decided to revise upward the 2017 contracted sales target (including joint ventures and associates) by 10%.

The Board is very confident in the future of the Group, with bright and promising prospects for its property development business in China and a good outlook for Hong Kong and Macau. The Group is of the view that the China property market is undergoing major change. There is still huge room for growth though at a slower growth rate. Increased centralisation of the industry will be seen while upgrade demand will gradually become the major component of the market. High quality homes that meet customers' requirements will fetch premium prices. The success or failure of developers will be determined by their access to land resources, funding and talent and also the operational capability to control and attend to details. The Group will try its utmost to pursue sustainable growth in business development and in profit. It will align its own capacity and resources with the external environment and balance its scale with shareholders' returns, and opportunities with risks, in order to maintain its pioneering 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.

This year is the 25th anniversary for the listing of the Company. How should the Company better position itself for the next 25-year in order to achieve quality sustainable increase in the return to the shareholders? I would like to write to the shareholders of the Company sharing with you the Group's thoughts on its future. Please refer to the website of the Company for the relevant letter.

MANAGEMENT DISCUSSION & ANALYSIS

Overall Performance

The management of the Group is pleased to report that the Group performed satisfactorily in the first half of 2017. The results of various key performance indicators demonstrated the accomplishment of the Group's strategic and operational targets. The gross profit and net profit margin was 30.5% and 24.8% respectively, which were at industry leading level. The revenue of the Group was HK$87.20 billion (corresponding period in 2016: HK$84.27 billion), representing an increase of 3.5%. The operating profit was HK$32.13 billion (corresponding period in 2016: HK$27.24 billion), representing an increase of 18.0%. Profit attributable to equity shareholders of the Company amounted to HK$21.65 billion (corresponding period in 2016: HK$17.29 billion), representing an increase of 25.2%. Basic earnings per share was HK$1.98 (corresponding period in 2016: HK$1.75), an increase of 13.1%.

As at 30 June 2017, the equity attributable to shareholders of the Company was HK$243.44 billion (31 December 2016: HK$222.25 billion), an increase of 9.5% compared with the end of the previous year, while the book value of net assets per share was HK$22.22 (31 December 2016: HK$20.29). At end of June, the Group's financial position was good with ample cash resources of almost HK$120 billion and net gearing ratio of only 16.1%.

Property Development

Revenue from property sales increased by 3.6% to HK$85.33 billion. This revenue mainly related to property projects including One Blossom Cove in Guangzhou, Mangrove Bay and The Seaside in Zhuhai, La Cite and Lane No.9 in Tianjin, King's Mansion and CITIC Villa in Beijing, The Grace in Nanjing, La Cite in Taiyuan, La Cite in Qingdao and One Regent in Hangzhou.

Segment profit from property sales (including the Group's share of profits of associates and joint ventures) amounted to HK$25.58 billion, an increase of 33.8% compared with the corresponding period last year. It was benefited from the improvement in gross profit margin. There was also a one-off impairment loss in respect of goodwill amounting to HK$1.90 billion in the corresponding period of last year.

Due to tightening of property regulatory policies in the first half of the year, rises in land prices, property prices and sales volume continued but at a slowing rate. The property market in Hong Kong and Macau operated in a high level with the land prices maintaining their upward trend.

As the leader in the mainland property sector, China Overseas Property（中海地產）has been pursuing sustainable and balanced development while emphasising cash flow management and return on shareholders' funds as well as risk management. Hence, the Group will not blindly pursue growth in scale. Contracted sales (including those of the joint ventures and associates) of HK$127.32 billion was reported in the first half of 2017, an increase of 33.7% compared with the corresponding period last year. Hong Kong and Macau recorded a satisfactory sales result of HK$5.70 billion.

During the period, 39 projects (including those by the joint ventures and associates, except for COGO) with a total area of 5.49 million sq m were completed in 22 cities in mainland China.

The major projects completed were:

City	Name of Project	Total Area ('000 sq m)
Qingdao	The Auzre	206
Qingdao	La Cite	190
Yantai	International Community	127
Shenyang	Gate Of Peace	226
Zhuhai	The Seaside	186
Zhuhai	Mangrove Bay	299
Beijing	King's Mansion	259
Beijing	CITIC Villa	130
Tianjin	La Cite	185
Taiyuan	La Cite	338
Nanjing	The Grace	119
Wuxi	The Imperial	150
Foshan	The Phoenix	171
Foshan	Noble Riviera	166
Guangzhou	One Blossom Cove	862
Taiyuan	Mansion By The River*	226
Chongqing	Chongqing International Finance Square*	168
Suzhou	Huan Xiu Hu Garden*	153
Guangzhou	Asian Games City*	264
		4,425

*Joint venture and associates projects are presented on 100% basis

The Group's sales of properties completed before the end of 2016 was satisfactory and the amount recognised as revenue amounted to HK$27.21 billion. The book costs of the properties completed at end of June 2017 were HK$44.23 billion, a low level for the industry.

In the first half of the year, the Group incurred approximately HK$41.0 billion to acquire 27 land parcels in 18 mainland cities and Hong Kong, adding a total area of 6.33 million sq m to its land reserve. To ensure stable growth, the Group will continue to participate actively in the open land market but will be very detailed in analysing the value of the potential land parcels and be prudent in determining the bidding price. It will also explore additional channels to replenish its land reserve in the second half of the year.

The land parcels added in the first half of year 2017 were:

City	Name of Project	Attributable Interest	Land Area ('000 sq m)	Total Area ('000 sq m)
Land acquisitions by the Group				
Harbin	Songbei District Project	100%	93	259
Dongguan	Fenggang Town Project	100%	73	218
Wuhan	Jianghan District Project	100%	27	192
Xi'an	Qujiang District Project	50%	444	1,327
Zhengzhou	Huiji District Project#1	100%	48	312
Zhengzhou	Huiji District Project#2	100%	42	199
Zhengzhou	Huiji District Project#3	100%	8	38
Beijing	Fangshan District	40%	76	189
Suzhou	Wuzhong District Project	100%	15	78
Yantai	Fushan District Project	100%	55	129
Wuxi	Binhu District Project	100%	60	126
Chengdu	Shuangliu District Project	100%	101	437
Xi'an	Fengcheng sanlu Project	100%	53	200
Chongqing	Jiulongpo District Project	100%	47	189
Shanghai	Songjiang District Project	100%	139	241
Foshan	Nanhai District Project	100%	24	90
Suzhou	Wujiang District Project	100%	69	183
Zhongshan	Gangkou Town Project	100%	48	175
Wuhan	Caidian District Project	100%	35	135
Beijing	Fengtai District Project	35%	75	261
Fuzhou	Yingqian New District Project	100%	40	135
Hong Kong	West Rail Kam Sheung Road Project	$33\frac{1}{3}$%	42	115
Zhenjiang	Huangshan Xilu Project	100%	163	336
Shanghai	Fengxian District Project	100%	75	186
Urumqi	Shuimogou District Project	100%	74	264
Zhangzhou	Longwen District Project	100%	41	130
Chengdu	Longquanyi District Project	100%	66	191
Total			**2,033**	**6,335**

The Group is optimistic about the medium- to long-term prospects of the property market in China and will focus its efforts on four key areas in order to achieve sustainable satisfactory returns for shareholders while increasing its operational scale.

1. Identifying and focusing on the demands of upgraders and high-value target customer segment is a core competence of the Group. At the same time, the Group is working hard to penetrate the high-value end of markets in 1st and 2nd tier cities and following rail transport development to accelerate its development in core metropolitan cities. The Group will maintain a land reserve sufficient to respond to a rolling development cycle of three years. The Group will adopt a more flexible and effective multi-channel investment mode and seize merger and acquisition opportunities so as to accelerate growth in operational scale and increase in market share.

2. In order to enhance its lean management capability, the Group will establish an information platform that embraces all aspects of the value chain.

3. The Group will continuously strive to sharpen its cost competitive edge and to improve its value-creation capability through appropriate standardisation and differentiation.

4. The Group will continue to adopt prudent financial policies so as to ensure that it has ample financial resources to fence off liquidity risks and support business development.

Property Investment

Revenue from property investment of the Group amounted to HK$1.16 billion, an increase of 8.9% compared with the corresponding period last year. The rise in rental income was mainly due to higher market rents and occupancy rates. Segment profit amounted to HK$7.07 billion, which includes the gain arising from changes in fair value of investment properties amounting to HK$3.77 billion (net gain attributable to the Group after deferred tax was HK$2.74 billion). There was a gain arising from fair value remeasurement of the Group's previously held equity interest in a joint venture immediately prior to acquisition amounting to HK$2.14 billion. The Group has more than 5.00 million sq m of commercial properties under development or to be developed, thus providing a solid foundation to the increase in stable income.

Other Operations

Revenue from other operations amounted to HK$710 million, a decrease of 12.3% compared with the corresponding period of last year. Income from hotels and other commercial properties was HK$230 million.

Liquidity, Financial Resources and Debt Structure

The Group continues to adopt prudent financial policies. Finance, fund utilisation and fundraising activities are subject to effective centralised management and supervision. The Group considers carefully the cost of funding onshore and offshore and strives to maintain reasonable gearing level and cash balances.

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) increased from 5.4 times for the six months ended 30 June 2016 to 8.5 times, at relatively high level for the industry. The weighted average borrowing costs of the Group were maintained at around 4.2% (total finance costs divided by the weighted average borrowings), among the lowest levels in the industry.

At end of June 2017, there were unpaid land premiums of HK$16.46 billion while bank borrowings due to mature in the second half of the year amounted to HK$16.04 billion. Taking into account that sales proceeds collection will continue to improve in the second half of the year and even though the Group will continue to purchase land actively and accelerate the commencement of new projects, it is expected that the Group's financial position at end of the year will hold at a level satisfactory for the industry. Although there is ample cash on hand, the Group will also consider to raise funds at appropriate times in the second half of the year.

As at 30 June 2017, bank and other borrowings and notes payable of the Group amounted to HK$85.53 billion (31 December 2016: HK$96.25 billion) and HK$73.23 billion (31 December 2016: HK$77.57 billion) respectively, of which 17.3% was denominated in Hong Kong dollars, 26.7% was denominated in US dollars, 49.2% was denominated in renminbi, 5.6% was denominated in euros and 1.2% was denominated in pounds sterling.

As at 30 June 2017, the Group had bank balances and cash amounting to HK$119.5 billion (of which 23.6% was denominated in Hong Kong dollars, 12.4% was denominated in US dollars, 63.4% was denominated in renminbi, 0.5% was denominated in pounds sterling and minimal amounts were denominated in other currencies) together with unutilised banking facilities amounting to HK$44.17 billion.

At the end of June, the Group's bank and other borrowings (in HKD, GBP or RMB) totalled HK$85.53 billion, of which 27.2% were fixed-rate borrowings and the rest were floating-rate borrowings. In addition, all USD, EUR or RMB bonds bear interest at fixed rates. Together with fixed-rate loans, fixed-rate debt accounted for 60.8% of overall interest-bearing debt. The Group's non-renminbi interest-bearing debts stand at approximately HK$80.73 billion. With the slight appreciation of the yuan in the first half of the year and expectation that it will remain stable in the second half, the Board considers that the Group's exposure to foreign exchange risk is relatively controllable. The Group has not entered into any financial derivatives for either hedging or speculative purposes. Taking account of potential increases in interest rates and possible fluctuations in renminbi exchange rates, the Group will prudently consider entering into currency and interest rate swap arrangements to minimise such exposures if and when appropriate.

Corporate Citizenship

"To serve the community" has always been the corporate motto, philosophy and mission of the Group. The Group has always striven to execute 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 obligations, including an ongoing campaign of sponsoring and soliciting donations for the construction of one China Overseas Hope School every year.

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 to cultivate a quality and green society.

Human Resources

The Group always regard talent strategy as one of the most important strategies and human resources as its most precious resources. At end of June, the Group had about 5,500 employees. The Group has established a comprehensive training and cultivation system, providing staff with security through an all-round mechanism as well as resources to support them to understand the Group's strategies, adapt to the corporate culture, enrich their professional knowledge and strengthen their management capability. The Group has completed reform in its remuneration structure, which will increase employee motivation and enhance its competitiveness in retaining talent.

To further enhance the continuity and sustainability of the business, the Group has adhered to the two-pronged recruitment strategy of "Sons of the Sea" and "Sea's Recruits" while continuing to expand the recruitment network to secure abundant supply of high-calibre staff to support the Group's rapid development.

INTERIM DIVIDEND

The Board declared the payment of an interim dividend for the six months ended 30 June 2017 of HK35 cents per share (2016: HK35 cents per share) to shareholders whose names appear on the register of members of the Company on Friday, 15 September 2017. The interim dividend will be payable on Friday, 6 October 2017.

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, 15 September 2017, 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 and transfer office, 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, 14 September 2017.

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

During the six months ended 30 June 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 six months ended 30 June 2017 with all the code provisions (except A.2.1, A.4.1 and A.4.2 as stated below) of the Corporate Governance Code ("**Code Provision**") 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.

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 for certain time of the period.

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 gravely 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.

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

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 (upto the date of annual general meeting) and thus is technically not in compliance with the first part of Code Provision A.4.1.

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 during the six months ended 30 June 2017.

REVIEW OF INTERIM REPORT BY AUDIT AND RISK MANAGEMENT COMMITTEE

The Company's Audit and Risk Management Committee has reviewed the unaudited interim results of the Company for the six months ended 30 June 2017, and discussed with the Company's management regarding risk management, internal control and other important matters.

APPRECIATION

Lastly, I wish to express my sincere appreciation to the shareholders and business associates for their support and trust and the entire staff for their dedication. I would also like to express my gratitude to my fellow Directors for their guidance and wise counsel.

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

Hong Kong, 21 August 2017

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 of the Company; Mr. Chang Ying is the non-executive director of the Company; 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 interim 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 Interim Report will also be available at the aforementioned websites on/about 15 September 2017 and will be despatched to shareholders of the Company thereafter.