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

(incorporated in Hong Kong with limited liability)

(Stock code: 688)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

FINANCIAL HIGHLIGHTS

1. Turnover increased by 52% to HK$16.63 billion, with PRC Property Development business making up the greatest proportion of about 74% of the turnover. Business in the PRC contributed 80% of the turnover.
2. Operating profits increased by 108% to HK$7,102 million. Business in the PRC contributed 74% of the operating profits.
3. Profits attributable to shareholders increased by 76% to HK$4,180 million.
4. Basic earnings per share increased by 60% to HK56.9 cents.
5. Total assets increased by 80% to HK$64.52 billion.
6. Shareholders' funds up 70% to HK$26.28 billion.
7. Average return on shareholders' funds exceeded 20%.
8. Sale of properties in the PRC recorded sales proceeds of HK$21.84 billion, increases 71% over that of last year, and sold area over 2,152,000 sq m, increases 29%.
9. PRC Property Development contributed HK$4,821 million, an increase of 80% and making up about 68% of operating profits HK$7,102 million. Gross profit margin for project increased to 45.1% as compared to 34.4% in 2006.
10. Increase in fair value of investment properties amounts to HK$443 million (net of deferred tax amounts to HK$319 million) based on professional valuation at the balance sheet date.
11. During the year, newly acquired property land reserve added GFA 8.85 million sq m for development. GFA of properties for short term and under development increased by 55% to 23.6 million sq m (15.2 million sq m in 2006).
12. In August 2007, the Group issued another bonus warrants to its shareholders which if exercised in full will raise HK$7.69 billion equity fund to the Group. As at end of current year, HK$4.54 billion was raised, of which HK$3.85 billion was coming from the Company's controlling shareholder China Overseas Holdings Limited.
13. Net gearing decreased from 34% to 30% due to HK$6.06 billion equity fund raised by exercise of bonus warrants and increase in proceeds from sales of development properties. At the balance sheet date, we have cash on hand of about HK$8.57 billion, bank loans of about HK$14.17 billion and guaranteed notes payable of about HK$2.33 billion. Together with unutilized banking facilities of about HK$5.44 billion, we have about HK$14.01 billion financial resources available.
14. Final dividend proposed is HK7 cents per share, together with the interim dividend of HK5 cents, dividends declared for the year was HK12 cents per share.

Sharpening capabilities for sustained growth

穩中求進　厚積薄發

The board of directors (the “**Board**”) of China Overseas Land & Investment Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2007. The consolidated profit after tax attributable to equity shareholders of the Company amounted to HK$4.18 billion, representing an increase of 76% as compared to 2006. The earnings per share are HK56.9 cents, representing an increase of 60% as compared to 2006.

CONSOLIDATED INCOME STATEMENT

The audited consolidated results of the Group for the year ended 31 December 2007 and the comparative figures for 2006 are as follows:

	Notes	**2007** *HK$'000*	2006 *HK$'000*
Turnover	*3*	**16,632,553**	10,910,234
Cost of sales		**(8,226,249)**	(6,639,063)
Direct operating expenses		**(667,833)**	(688,617)
		7,738,471	3,582,554
Increase in fair value of investment properties		**443,262**	205,440
Loss on disposal of investments in syndicated property project companies		**(214,514)**	-
(Loss) gain on disposal of subsidiaries		**(201,449)**	23,679
Increase in fair value of investments held-for-trading		**72,918**	152,284
Other income		**411,607**	220,104
Selling and distribution costs		**(463,281)**	(284,750)
Administrative expenses		**(685,381)**	(478,537)
Operating profit		**7,101,633**	3,420,774
Share of (losses) profits of			
Associates		**(27,911)**	(6,933)
Jointly controlled entities		**386,276**	433,649
Finance costs		**(500,911)**	(361,461)
Profit before tax		**6,959,087**	3,486,029
Income tax expense	*4*	**(2,741,936)**	(1,174,070)
Profit for the year		**4,217,151**	2,311,959
Attributable to:			
Equity shareholders of the Company		**4,179,579**	2,370,750
Minority interests		**37,572**	(58,791)
		4,217,151	2,311,959
		HK cents	HK cents
EARNINGS PER SHARE	*6*		
Basic		**56.9**	35.5
Diluted		**56.1**	35.0

CONSOLIDATED BALANCE SHEET

	2007	2006
	HK$'000	*HK$'000*
Non-current Assets		
Investment properties	**2,634,750**	1,638,580
Property, plant and equipment	**1,212,085**	1,504,331
Prepaid lease payments for land	**95,736**	76,861
Investments in associates	**56,907**	141,288
Investments in jointly controlled entities	**2,588,406**	1,753,783
Investments in syndicated property project companies	**15,274**	143,895
Investments in infrastructure projects	**-**	127,891
Amounts due from associates	**271,697**	187,227
Amounts due from jointly controlled entities	**2,612,797**	439
Amounts due from syndicated property project companies	**1,873**	490,954
Other financial assets	**95,781**	33,720
Goodwill	**109,021**	64,525
	9,694,327	6,163,494
Current Assets		
Inventories	**7,636**	32,279
Stock of properties	**39,890,087**	22,486,481
Investments held-for-trading	**73,340**	362,563
Prepaid lease payments for land	**3,713**	3,674
Trade and other receivables	**1,454,511**	1,470,435
Deposits and prepayments	**3,506,912**	637,251
Amount due from an associate	**827,958**	857,662
Amounts due from jointly controlled entities	**425,638**	-
Amounts due from infrastructure projects	**-**	20,240
Amounts due from minority shareholders	**119,808**	-
Other financial assets	**-**	3,080
Tax prepaid	**39,082**	56,297
Bank balances and cash	**8,478,160**	3,760,165
	54,826,845	29,690,127
Current Liabilities		
Trade and other payables	**7,201,887**	5,026,436
Pre-sales deposits	**8,982,528**	3,503,362
Rental and other deposits	**251,877**	210,254
Amounts due to associates	**162,651**	154,356
Amounts due to jointly controlled entities	**1,358,497**	666,591
Tax liabilities	**2,789,968**	1,167,135
Bank loans - due within one year	**2,884,996**	673,431
	23,632,404	11,401,565
Net Current Assets	**31,194,441**	18,288,562
	40,888,768	24,452,056

	2007	2006
	HK$'000	*HK$'000*
Capital and Reserves		
Share capital	**774,371**	700,606
Share premium and reserves	**25,507,669**	14,748,839
Equity attributable to equity shareholders of the Company	**26,282,040**	15,449,445
Minority interests	**(491,938)**	(560,036)
Total Equity	**25,790,102**	14,889,409
Non-current Liabilities		
Bank loans - due after one year	**11,289,021**	6,047,000
Guaranteed notes payable	**2,326,435**	2,323,440
Amount due to a fellow subsidiary	**135,864**	-
Amounts due to minority shareholders	**873,557**	781,020
Deferred tax liabilities	**473,789**	411,187
	15,098,666	9,562,647
	40,888,768	24,452,056

Notes:

1. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) - Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) - Int 8	Scope of HKFRS 2
HK(IFRIC) - Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) - Int 10	Interim Financial Reporting and Impairment

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

2. Potential impact on new or revised standards, amendment and interpretations

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective. The Group is in the process of making an assessment of the potential impact of these standards or interpretations. Other than the adoption of HK(IFRIC) - Int 12 "Service Concession Arrangements" which may have potential impact to the financial statements, the directors of the Company so far concluded that the application of these standards or interpretations will have no material impact on the financial statements of the Group. The Group is still not in the position to reasonably estimate the impact that may arise from the HK(IFRIC) - Int 12.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) - Int 11	HKFRS 2: Group and Treasury Share Transactions[2]
HK(IFRIC) - Int 12	Service Concession Arrangements[3]
HK(IFRIC) - Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) - Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 March 2007
[3] Effective for annual periods beginning on or after 1 January 2008
[4] Effective for annual periods beginning on or after 1 July 2008

3. TURNOVER AND CONTRIBUTION

Turnover represents proceeds from sales of properties, property rentals, revenue from supply of heat and electricity, revenue from infrastructure project investments, real estate agency and management service fees and other income.

Segment information about revenue and results are listed below:

Business Segments
Year ended 31 December 2007

	Property development	Property investment	Infrastructure	Other Operations	Intragroup eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER						
External	15,438,311	123,616	12,004	1,058,622	-	16,632,553
Inter-segment	-	1,888	-	102,136	(104,024)	-
Total turnover	15,438,311	125,504	12,004	1,160,758	(104,024)	16,632,553

Inter-segment revenue was charged at prices determined by management with reference to market prices.

	Property development	Property investment	Infrastructure	Other Operations	Intragroup eliminations	Consolidated
RESULTS						
Segment results	6,528,048	550,215	18,637	421,163	(52,779)	7,465,284
Loss on disposal of investments in syndicated property project companies	(214,514)	-	-	-	-	(214,514)
Loss on disposal of subsidiaries	-	-	-	(201,449)	-	(201,449)
Interest income						197,440
Unallocated corporate expenses						(145,128)
						7,101,633
Share of (losses) profits of						
Associates	(27,968)	-	-	57	-	(27,911)
Jointly controlled entities	227,468	-	158,527	281	-	386,276
Finance costs						(500,911)
Profit before tax						6,959,087
Income tax expense						(2,741,936)
Profit for the year						4,217,151

Year ended 31 December 2006

	Property development	Property investment	Infrastructure	Other operations	Intragroup eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER						
External	9,773,279	104,168	23,835	1,008,952	-	10,910,234
Inter-segment	-	1,619	-	184,670	(186,289)	-
Total turnover	9,773,279	105,787	23,835	1,193,622	(186,289)	10,910,234

Inter-segment revenue was charged at prices determined by management with reference to market prices.

	Property development	Property investment	Infrastructure	Other operations	Intragroup eliminations	Consolidated
RESULTS						
Segment results	2,694,067	293,530	13,807	377,860	(19,977)	3,359,287
Gain on disposal of subsidiaries	-	-	-	23,679	-	23,679
Interest income						135,132
Unallocated corporate expenses						(97,324)
						3,420,774
Share of (losses) profits of						
Associates	(5,925)	-	-	(1,008)	-	(6,933)
Jointly controlled entities	382,297	-	50,925	427	-	433,649
Finance costs						(361,461)
Profit before tax						3,486,029
Income tax expense						(1,174,070)
Profit for the year						2,311,959

4. INCOME TAX EXPENSE

	2007	2006
	HK$'000	HK$'000
Current tax:		
Hong Kong Profits Tax	**44,355**	17,566
Macau income tax	**194,461**	-
PRC Enterprise income tax	**1,190,231**	861,350
PRC Land appreciation tax ("LAT")	**1,188,673**	309,410
	2,617,720	1,188,326
Under(over) provision in prior years:		
Hong Kong Profits Tax	**(6)**	(5,139)
PRC Enterprise income tax	**16,901**	(885)
	16,895	(6,024)
Deferred tax		
Current year	**131,436**	(8,232)
Attributable to a change in tax rate	**(24,115)**	-
	107,321	(8,232)
Total	**2,741,936**	1,174,070

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profit for the year.

Macau income tax is calculated at the rate prevailing in Macau.

PRC enterprise income tax is calculated at the prevailing PRC tax rates on the estimated assessable profits for the year.

The provision of 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. LAT for 2006 has been reclassified from cost of sales to conform with the current year's presentation. Accordingly, LAT payable for 2006 has been reclassified from other payable to tax liabilities.

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will generally change the enterprise income tax rate from 33% to 25% for certain subsidiaries from 1 January 2008. For those subsidiaries enjoying privilege rate of 15%, the new tax rate is progressively increasing to 25% over five years as grandfathering provision. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

5. DIVIDENDS

	2007	2006
	HK$'000	*HK$'000*
Dividends recognised as distributions during the year:		
Interim dividend paid in respect of 2007 of HK5 cents (2006: HK4 cents) per share	**386,970**	278,729
Final dividend paid in respect of 2006 of HK6 cents (2005: HK4 cents) per share	**436,490**	257,390
	823,460	536,119

The final dividend of HK7 cents (2006: HK6 cents) per ordinary share has been proposed by the directors and is subject to approval by the shareholders at the forthcoming Annual General Meeting. The amount of final dividend proposed was calculated based on the number of ordinary shares in issue at the date of approval of the financial statements.

6. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year attributable to equity shareholders of the Company of HK$4,179,579,000 (2006: HK$2,370,750,000) and on the weighted average number of 7,343,858,000 (2006: 6,672,210,000) ordinary shares in issue during the year.

The calculation of the diluted earnings per share is based on the profit for the year attributable to equity shareholders of the Company of HK$4,179,579,000 (2006: HK$2,370,750,000) and on the weighted average number of 7,455,360,000 (2006: 6,779,372,000) ordinary shares in issue and issuable after adjusting for the weighted average number of dilutive potential ordinary shares in respect of share options and bonus warrants granted of 30,481,000 (2006: 79,036,000) and 81,021,000 (2006: 28,126,000) ordinary shares respectively on the assumption that all share options and bonus warrants were exercised during the year.

PAYMENT OF DIVIDEND

The Board has recommended the payment of a final dividend of HK7 cents per share. Together with the interim dividend of HK5 cents per share, the total dividend for the year 2007 amounts to HK12 cents per share, representing an increase of 20% compared with the total dividend of HK10 cents per share for the previous year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 6 June 2008 (Friday) to 12 June 2008 (Thursday), both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s registrar, Tricor Standard Limited at 26/F Tesbury Centre, 28 Queen’s Road East, Hong Kong no later than 4:00 p.m. on 5 June 2008 (Thursday).

Warrant holders who wish to convert their warrants into shares in order to qualify for the final dividend must lodge the duly completed subscription form together with the relevant warrant certificates accompanied by the subscription monies with the Company's registrar not later than 4:00 p.m. on 5 June 2008 (Thursday).

BUSINESS REVIEW

The world economy remained strong during 2007 although uncertainty arose in the middle of the year. Economic development in China continued rapidly with GDP growth of 11%. Economic development in Hong Kong and Macau was also good.

In 2007, the Group adhered to its strategic plan and devoted its efforts and resources to accelerating the development of its real estate business in China, achieving historic highs for its various major business benchmarks. The turnover of the China real estate business increased by 29.4% to HK$12.30 billion, the gross profit margin increased to 45.1% resulting in a 79.9% improvement in the profit contribution of HK$4.82 billion. The completion of the La Cité project in Macau brought in profit contribution of HK$1.71 billion. The performances of other businesses in the Group were also good. The Group’s turnover was increased by 52.4% to HK$16.63 billion, and the consolidated net profit was increased by 76.3% to HK$4.18 billion. The consolidated net profit of the Group has sustained an increase of over 40% for five consecutive years, fulfilling its commitments to its investors. During the year, the Company’s share price performed well and at one point reached a historic high of HK$21.00 (equivalent to a market capitalisation of HK$160 billion), thus enhancing shareholder value. The share of the Company was the first PRC property development stock admitted to the Hang Seng Index, demonstrating the recognition by investors of the Group’s brand value and industry leadership.

Land

The Group continues to be optimistic about the China real estate market. As at 31 December 2007, the Group had total land for development of over 23.6 million sq m (attributable interest of 21.8 million sq m) to be developed in the near future or under development in 21 cities/districts including mainland cities, Hong Kong and Macau, enough to meet its development requirements which are set so as to ensure annual profit increases of over 20% in the next four to five years.

With the improvement in the capital and debt structure of the Group, 27 parcels of land were newly acquired in 2007 in 14 cities in China, mostly located in Chengdu, Changchun, Chongqing, Hangzhou, Shengyang and Qingdao. These newly acquired land parcels provide an aggregate gross floor area (GFA) of 10.30 million sq m (attributable interest of 8.84 million sq m). By entering Zhuhai, Dalian, Qingtao, Shenyang and Tianjin – major cities considered having good potential – the Group has further consolidated its establishment in the Pearl River Delta Economic Zone and Yangzi River Delta Economic Zone, and has strengthened its establishment in the Bohai Rim Region.

In Hong Kong, the Group acquired a piece of land in Stanley at a price of HK$525 million. The site will be used for the development of luxury houses with a total GFA of 3,530 sq m.

Management philosophy and brand value

The operational scale and territory of the Group continue to increase to meet the strong market demand. The Group's development philosophy will adapt accordingly. By improving every detail in each and every phase of the development cycle, the development rate of projects can be accelerated while the quality of products is enhanced. Furthermore, the Group will also include different cooperation models such as joint ventures, cooperation with funds, or mergers and acquisitions as supplements to its organic growth. These new strategies aim to attain sustainable growth in an ever-changing and increasingly competitive market. Joint ventures with big property developers and real estate funds outside China are applicable to influential big projects and that will result in teaming up with strong parties and the integration of strengths. During the year, cooperation with the JP Morgan Real Estate Fund in the Shanghai Jian Guo Dong Ru #65 project and cooperation with the Wharf (Holdings) Limited in the two Chongqing projects confirmed the favourable result of such a strategy. The investment vehicles of the Group in these projects are treated as jointly controlled entities.

Holding to the Company's philosophy of Excellent Integrity, Eternal and Excellent Products (誠信卓越、精品永恒), the Group continues to implement its nationwide business development strategy in major Chinese cities, and to strengthen its brand influence. In every market in which it operates, the Group seeks to provide quality products and services to customers.

Property development

The Group again achieved record sales, of HK$22.30 billion in 2007 (including share of sales in syndicated projects), an increase of 57.2% on 2006. Total GFA of properties sold was 2.16 million sq m, an increase of 25.3% on 2006.

Total sales of properties in China remained robust, amounting to HK$21.83 billion, an increase of 70.7% on the previous year; the GFA sold was 2.15 million sq m, representing an increase of 29.0% on 2006.

During the year, 24 projects were completed in China for occupation. Total GFA of these projects were 1.65 million sq m, of which 73.2% had been sold by the end of 2007, corresponding to an area of 1.20 million sq m, and raising HK$11.02 billion.

Furthermore, sales of properties held for sale was satisfactory. During the year, 340,000 sq m was sold for approximately HK$4.69 billion and, at the end of 2007, properties held for sale remained at a low level of 620,000 sq m.

The La Cité project in Macau was completed for occupation. 87.9% of the GFA was sold resulting in sales turnover of HK$3.03 billion. Property sales in Macau and Hong Kong amounted to approximately HK$462 million, including pre-sales of HK$233 million from the project In-house and Hey Home in Hong Kong.

Investment properties

The occupancy rate of the Group's properties in Hong Kong and Guangzhou was satisfactory. The Group has 100,000 sq m of investment properties. The total rental income for the period was HK$124 million, representing an increase of 18.7% on 2006; segment result amounted to HK$550 million which included an increase in fair value of properties of HK$443 million. Operating profit was HK$105 million, representing an increase of 21.5% as compared with 2006.

Property-related businesses

Following the acquisition of both Hua Yi Designing Consultants Company Limited and China Overseas Property Management Company Limited in China, the Group has completed its one-stop business chain which now comprises everything from design, development, sales and property management to customer service. This enables the Group to provide comprehensive and integrated premium quality services.

Group finance

The Group adheres strictly to the principle of prudent financial policy. Finance, treasury and fund-raising activities of the Group are subject to centralised management and supervision. The Group aims to lower financing costs while maintaining a reasonable gearing ratio. The bonus warrants issued in 2006 to the shareholders of the Company were exercised by July 2007 and raised about HK$3.60 billion in equity. In August 2007, further bonus warrants were issued to shareholders which if exercised in full will raise HK$7.69 billion in equity. As at the end of 2007, HK$4.54 billion had been raised, of which HK$3.85 billion was from the Group's controlling shareholder, China Overseas Holdings Limited. In August 2007, the Group arranged a five-year clean syndication loan to raise HK$3.50 billion in Hong Kong. As at 31 December 2007, outstanding bank loans and guaranteed notes payable by the Group were about HK$14.17 billion and about HK$2.33 billion (US$300 million) respectively; cash on hand amounted to approximately HK$8.57 billion. Together with available banking facilities of about HK$5.44 billion, the total funds available to the Group amounted to approximately HK$14.01 billion. Shareholders' funds in the Company increased from HK$15.45 billion at the end of 2006 to HK$26.28 billion at the end of 2007. Notwithstanding the fact that the Group has been growing rapidly and increasing its land reserve significantly, the net gearing ratio showed a slight decrease from the previous year's ratio of 34% to a lower level of about 30%. This demonstrates that the Group is able to strike a balance between prudent financial management and business expansion.

Human resources

The Group firmly believes that its human resources are the most valuable asset in the organisation. The human resources department has formulated a system that promotes personal development and a constructive working atmosphere and ensures appropriate motivation for the staff. The Group aims to be a learning enterprise that creates a challenging yet harmonious and caring working environment for its staff. It promotes life-long learning and provides training, promotion and development opportunities for all staff.

During the year, the Group continued to recruit fresh graduates from leading universities in the mainland under the Sons of the Sea scheme (“海之子” 計劃). Over 1,000 staff have been recruited in the past seven years, with some now promoted to management. The China Overseas Management School is currently providing a one-year business management course for 44 middle management staff. The course will effectively enhance their skills and techniques as well as their management capability and ultimately their work effectiveness.

The Group believes that people are the key element in an organisation and is always willing to share its operational results with staff. To take care of the health of staff and to improve their quality of family life, the Group has implemented a five-day working week.

Corporate governance

The Group strives to improve corporate governance standards in order to protect the interests of all the Group’s stakeholders to the maximum. In the past year, the Group has done its best to promote corporate transparency, to enhance the efficiency of the Board and the various committees under the Board, and to improve the Group’s internal controls and risk management.

The Group will continue to take any action beneficial to the interests of its shareholders, such as increasing the participation of independent non-executive directors in Board meetings and ensuring that all directors properly discharge their duties.

Corporate citizenship

The Group places great emphasis on its corporate social responsibilities. It strives to maintain a structure for the corporation that fully serves its shareholders, business associates, staff members and the community.

In the course of developing a property project, at the design stage and during construction, great emphasis is placed on environmental protection and safety. The core design concept for the fourth generation products of China Overseas Property are based on environment protection, leading technology and merging into the local culture and behaviour. The Group continues to adhere to the concepts of energy and resources conservation, environmental protection and sustainable development. The Group will do its best to build a greener community and has started several research projects on green construction. As a property developer, the Group can make a major contribution towards the economic development, infrastructure building, environment enhancement and provision of job opportunities in urban areas.

Following our 2006 donation to build the China Overseas Qinglong Hope School in Xian, the Group donated money to build the second China Overseas Hope School in Chongqing in 2007. Also, the Group organises and supports the participation of staff members in community services and charitable activities. Volunteer teams take care of the aged and the poor by visiting them, enriching their social lives with entertainment and activities.

In recognition of its outstanding contribution to corporate citizenship, China Overseas (中國海外) received an award from the Steering Committee of the Third Chinese Enterprises Corporate Citizenship Forum (第三屆中國企業社會責任高峰論壇組織委員會).

Awards

In 2007, the Group received numerous awards. Among them, China Overseas Property (中海地產) was acknowledged for the fourth year in a row by the China Real Estate Top 10 Research Team as No.1 in terms of integrated strength among the top 100 China real estate enterprises. The brand value of China Overseas Property increased by 80% to 8.6 billion Renminbi, and the company was also recognised as No.1 China Blue Chip Real Estate Developer and as one of the Top 20 Branded Enterprises. Ten projects developed by China Overseas Property were awarded Jian Tian Yao (詹天佑) awards for their excellent quality, design and management.

PROSPECTS

Macro economy

The Group believes that the global economy will maintain steady growth amid some uncertain factors. The sub-prime crisis will lead to a credit crunch and will intensify stock market volatility. But economic development in emerging markets will continue to grow rapidly in 2008 and the long-term fundamentals remain intact. In 2008 the Chinese Government has shifted its monetary policy from prudent to tight. That will also stimulate market volatility, tighten funding and increase the cost of funds. In the long term however, this is beneficial to the stable development of the mainland property market.

Economic development in both Hong Kong and Macau will continue to benefit from the booming economy in China and also the respective successful economic transformations of Hong Kong as an international financial and trading centre and Macau as an entertainment and leisure centre.

In this market situation, the Group will continue to grow rapidly and to surpass its earlier successes. At the same time it will continue to actively take up its corporate social responsibilities by allocating more resources and assistance to poverty alleviation, educational subsidies, environmental protection, customer service and staff welfare. Better internal and external business environments will hence be created. The Group was the first Hong Kong corporation to respond to the call of Oxfam, and donated HK$2 million to the China snowstorm victims in January 2008. Group staff were also encouraged to show their support.

Business growth

The China economy has been strong, with GDP growth of over 10 percent for five consecutive years. Urbanisation and modernisation create strong effective demand for houses, so the future of the China property market is promising. The widespread effects of the macro-control measures are gradually being seen and, together with the implementation of the National Public Housing policy, these will bring new challenges to mainland property developers. Strong mainland property developers manage to enhance their financial capabilities through fund raising in the A share market in the mainland or through IPOs in Hong Kong. With the property market becoming more regulated, Hong Kong property developers have speeded up their work in developing the mainland property market, and so the overall market is getting more competitive. Overall, the elimination process will become more obvious, and this is beneficial in the long term for property developers with strong consolidated capabilities.

It is expected that the Hong Kong property market will continue to perform well, particularly in the luxury sector. The Group will develop its existing projects in Hong Kong and Macau while actively looking for new investment opportunities.

Market leadership

The Group will continue to excel and balance its nationwide development strategy, seek to expand its leading status in terms of turnover, profit and brand value, and increase its market share in all territories. Through various effective corporate and brand promotion activities, the image of the Group as a market leader in elite and high-end products will be enhanced.

Sustainable project development

The Group will continue to implement innovative sales concepts to strengthen sales performance and enhance cash flow. It is expected that 86 projects with a total GFA of about 9 million sq m will be developed in 2008, of which 53 projects with a total GFA of 3.5 million sq m will be available for pre-sale in 2008. It is planned that total GFA sales for 2008 will be about 4 million sq m.

Better business structure

The Group will continue to enhance the competitiveness of its business structure, focusing on residential development and supplemented by investment property. A greater emphasis on investment property will provide a stable long-term return and increase the Group's capability to balance market risk. It will balance resources allocation for short-term and long-term investment and increase gradually its weighting on investment property. A professional investment property team will gradually be built up to ensure stable growth of income from investment property and enhancement in the value of investment properties. The target is to have the profit contribution from investment property exceeding 20% of the total profit by year 2010. The Beijing China Overseas Property Tower was completed in June 2007 and the shopping area was fully leased. The Beijing China Overseas Plaza will be completed in 2009. The GFA of investment property held by the Group will then be increased by 170,000 sq m.

Infrastructure business restructuring

The Group will continue to honour its commitments and look for the most appropriate way to dispose of its infrastructure businesses at reasonable prices.

Land replenishment

As a leading enterprise in property development, the Group has set up a development plan and goals for long-term growth. It will focus its resources to increase its prime land bank through various channels and to improve its territorial expansion and business structure. The existing ample high-quality land for development is an important element for the Group's profit growth and sustainable development.

It is intended that the replenishment of land for development for 2008 will be not less than 4,500,000 sq m. In 2008, the Group acquired six pieces of land in five cities with GFA of 1.96 million sq m (attributable interest of 1.43 million sq m). The Group's attributable interest in the total land reserve has been increased to over 23 million sq m. The Group will take into account its funding capability, market opportunities and the impact of macro-control measures on the China real estate market to adjust its land policy accordingly.

Multi-growth models

In addition to promoting multi-growth models, the Group is exploring the possibility of setting up its own real estate fund. Through the establishment of a new fund-raising platform and a new cooperation model with real estate investors, the Group can enhance its capability to develop major projects.

Effective management

As the operational scale and market competition increase, conflict between operational management, resource allocation and risk control will intensify. Resource protection, team-building and risk management will become more important. In the past few years, the Group has established effective and systematic models to manage its strategy planning, operations, finance and human resources. These are beneficial in centralising resources, developing the main business, enhancing management capability and competitiveness and in team-building. The core competitiveness of the Group has thus been significantly enhanced. In accelerating the pace of development, at the same time the Group will improve its internal controls and better regulate its business behaviour. To cope with the complicated and ever-changing market environment, the Group is actively studying ways to perfect its risk management system (including the establishment of a Joint Risk Management Committee).

Prudent financial management

The Group will continue to improve its financial and treasury management capability and be innovative in its financing to capture opportunities that arise in the international and Hong Kong capital markets as well as in the China capital markets. More attention will be paid to asset protection, accelerating sales, cash flow management and effective liquidity risk control.

The Group will continue to promote the implementation of the ERP system and to enhance communications between the project and financial departments. These are all aimed at boosting operational efficiency.

Business prospects

The Board is confident about the prospects for the Group. Through its diligent work in the last few years, the Group has moved closer to its goal of becoming a fully sustainable enterprise. Strong and persistent profit growth over six consecutive years, excellent share price performance and the admission of the Company's share to the Hang Seng Index demonstrate the recognition of the investment community of the Group's performance and capability. Such recognition makes the Group more aware of its responsibility to accomplish its mission. The Group foresees exciting growth in the future. With its solid foundations, international vision and exposure plus excellent brand name and financial strength, the Group is well positioned to capitalise on opportunities that arise. Through diligent effort and continuous innovation, the Group can maintain its pioneering position in the China real estate industry, as we seek our target of over 20% annual increases in net profit. After analysing the trends of the global economy, the market situation and internal state of the business, the Board has decided that the optimum immediate approach for the Group is to strengthen and consolidate its well-established base and competitive edge in order to achieve sustainable high quality and balanced long-term growth.

Mission

The Group strives to bring out the best value from its human resources. The Group emphasises establishing a satisfactory operational and working environment, and is committed to enhancing shareholder value, raising its standards of corporate governance, moral values and corporate citizenship, and improving its core competitiveness through continuous innovation. The ultimate goal is to attain a win-win outcome for the Group, its shareholders, business associates, staff members and the community. The Board will endeavour to develop the Group as a fully sustainable enterprise.

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

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

MODEL CODE FOR DIRECTORS' SHARE DEALING

The Company has adopted a set of model code for directors' share dealing on terms no less exacting than those set out in Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Rules Governing the Listing of Securities (**"Securities Code"**). Directors receive a set of Securities Code when they are newly appointed. All directors have confirmed, following enquiry made by the Company, that they have complied with the required standards set out in the Securities Code throughout the year ended 31 December 2007.

CORPORATE GOVERNANCE

The Company has complied with all the provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules throughout the year, except for the deviations from Code Provisions A.2.1, A.4.1 and A.4.2 set out in detail below.

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

During the reporting period, Mr. Kong Qingping, the Company's Chairman, decided to not concurrently act as the chief executive officer of the Company anymore so as to enhance corporate governance standard of the Company. At the recommendation of the Nomination Committee of the

Company, the Board of Directors appointed Mr. Hao Jian Min, the Company's Vice Chairman, to fill the vacancy of chief executive officer, with effect from 1 June 2007. Thereafter, the Company has fully complied with the Code Provision A.2.1 set out in Appendix 14 to the Listing Rules as the roles of chairman and chief executive officer of the Company have been separate and performed by different individuals.

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 (**"Articles"**) provides that any director appointed to fill a casual vacancy shall hold office only until the next following annual general meeting (**"AGM"**) 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. The Articles further provides that at each AGM, 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 no director holding office as Executive Chairman or as a Managing Director shall be subject to retirement by rotation or taken into account in determining the number of directors to retire.

Though the independent non-executive directors of the Company have not been appointed for a specific term, they are subject to retirement and re-election in accordance with the Articles.

To comply with Code Provisions A.4.1 and A.4.2, an internal mechanism has been adopted by the Company whereby (1) the newly appointed director will retire and be eligible for re-election at the next following AGM or the extraordinary general meeting held before the next following AGM; and (2) any director (including Executive Chairman or Managing Director), who is not required to retire by rotation at the AGM in the third year since his appointment or last election, will be reminded to retire from office voluntarily.

REVIEW OF ACCOUNTS

The Company's Audit Committee has reviewed the accounting policies adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31 December 2007.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2007 as set out in the Preliminary Announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong

Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE AND OF THE COMPANY

The Company's 2007 Annual Report, as well as this announcement of annual results, containing the relevant information required by the Listing Rules will be published on the website of the Stock Exchange (http://www.hkexnews.hk) and the website of the Company (http://www.coli.com.hk) in due course.

APPRECIATION

Finally, I would like to thank 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 Ltd.
Kong Qingping
Chairman

Hong Kong, 20 March 2008

As at the date of this announcement, Messrs. Kong Qingping (Chairman), Hao Jian Min (Vice Chairman and Chief Executive Officer), Xiao Xiao (Vice Chairman),Wu Jianbin, Chen Bin, Zhu Yijian, Luo Liang and Wang Man Kwan, Paul are executive Directors and Messrs. Li Kwok Po, David, Lam Kwong Siu and Wong Ying Ho, Kennedy are the independent non-executive Directors of the Company.