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 2008

FINANCIAL HIGHLIGHTS

1. Turnover increased by 14% to HK$18.89 billion, with PRC Property Development business making up the greatest proportion of about 91% of the turnover.
2. Operating profits increased by 27% to HK$9,040 million. PRC Property business contributed 90% of the operating profits.
3. Profits attributable to shareholders increased by 21% to HK$5,050 million, of which HK$1,070 million was related to investment properties revaluation.
4. Basic earnings per share increased by 14% to HK64.8 cents.
5. Total assets increased by 33% to HK$85.58 billion.
6. Shareholders' funds up 26% to HK$33.22 billion. Net asset per share increased by 24% to HK$4.2.
7. Average return on shareholders' funds is 17%, slightly decreased as compared to that of last year.
8. Sale of properties in the PRC amounted to HK$25.90 billion, an increase of 19% over that of last year, and sold area increased by 25% to over 2,700,000 sq m.
9. PRC Property Development contributed operating profits of HK$6,320 million, an increase of 31% and making up about 70% of the operating profits. The gross profit margin held steady at the high level of 43.7%.
10. During the year, newly acquired property land reserve added 2.79 million sq m GFA for development. GFA of properties for short term and under development increased slightly to 24.8 million sq m (23.6 million sq m in 2007).
11. HK$2.5 billion equity was raised in February 2009 pursuant to the Open Offer announced in December 2008. The shareholders' fund of the Company following receipt of fund in February 2009 was then increased to over HK$35 billion.
12. Facing such a tough economic and operating environment, the net gearing stayed at 46.8% (reduced to about 40% after the Open Offer). At the end of 2008, outstanding bank loans and guaranteed notes payable was about HK$22.27 billion and about HK$2.33 billion respectively; and there was cash on hand of about HK$9.05 billion. Together with unutilized banking facilities of about HK$4.45 billion, we have about HK$13.4 billion financial resources available.
13. The Board proposed a final dividend of HK7 cents per share. Together with the interim dividend of HK6 cents, dividends declared for the year was HK13 cents per share, a moderate increase comparing with last year.

EXERCISE CAUTION IN DETAILS AND IMPLEMENTATION
BUILD A STRONG FOUNDATION TO SEEK GREATER SUCCESS

The board of directors (the "**Board**") of China Overseas Land & Investment Ltd. (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2008. The consolidated profit after tax attributable to equity shareholders of the Company amounted to HK$5.05 billion, representing an increase of 21% as compared to 2007. The earnings per share is HK64.8 cents, representing an increase of 14% as compared to 2007.

CONSOLIDATED INCOME STATEMENT

The audited consolidated results of the Group for the year ended 31 December 2008 and the comparative figures in 2007 are as follows:

	Notes	**2008** *HK$'000*	2007 *HK$'000*
Turnover	*3*	**18,892,373**	16,632,553
Cost of sales		**(10,158,765)**	(8,226,249)
Direct operating expenses		**(562,909)**	(667,833)
		8,170,699	7,738,471
Gain arising from changes in fair value of investment properties		**1,666,701**	443,262
Loss on disposal of investments in syndicated property project companies		**-**	(214,514)
Gain (loss) on disposal of subsidiaries		**276,350**	(201,449)
(Loss) gain arising from changes in fair value of investments held-for-trading		**(24,049)**	72,918
Other income		**525,875**	411,607
Selling and distribution costs		**(677,754)**	(463,281)
Administrative expenses		**(897,010)**	(685,381)
Operating profit		**9,040,812**	7,101,633
Share of (losses) profits of			
Associates		**(10,982)**	(27,911)
Jointly controlled entities		**(26,848)**	386,276
Finance costs		**(417,682)**	(500,911)
Profit before tax		**8,585,300**	6,959,087
Income tax expense	*4*	**(3,513,018)**	(2,741,936)
Profit for the year		**5,072,282**	4,217,151
Attributable to:			
Equity holders of the Company		**5,048,637**	4,179,579
Minority interests		**23,645**	37,572
		5,072,282	4,217,151
		HK cents	*HK cents*
EARNINGS PER SHARE	*6*		
Basic		**64.8**	56.9
Diluted		**64.6**	56.1

CONSOLIDATED BALANCE SHEET

	Notes	**2008**	2007
		HK$'000	*HK$'000*
Non-current Assets			
Investment properties		**6,428,067**	2,634,750
Property, plant and equipment		**275,520**	2,232,366
Prepaid lease payments for land		**63,465**	95,736
Interests in associates		**164,581**	56,907
Interests in jointly controlled entities		**1,947,655**	2,588,406
Investments in syndicated property project companies		**18,654**	15,274
Amounts due from associates		**90,108**	271,697
Amounts due from jointly controlled entities		**4,071,170**	2,612,797
Amounts due from syndicated property project companies		**1,056**	1,873
Other financial assets		**42,443**	95,781
Goodwill		**109,021**	109,021
Deferred tax assets		**485,090**	-
		13,696,830	10,714,608
Current Assets			
Inventories		**2,999**	7,636
Stock of properties		**53,978,804**	38,869,806
Investments held-for-trading		**9,506**	73,340
Prepaid lease payments for land		**3,846**	3,713
Trade and other receivables	*7*	**1,044,655**	1,454,511
Deposits and prepayments		**2,920,074**	3,506,912
Amount due from immediate holding company		**618,249**	-
Amount due from an associate		**613,246**	827,958
Amounts due from jointly controlled entities		**3,312,030**	425,638
Amounts due from minority shareholders		**138,647**	119,808
Tax prepaid		**231,407**	39,082
Bank balances and cash		**9,006,148**	8,478,160
		71,879,611	53,806,564
Current Liabilities			
Trade and other payables	*8*	**7,824,472**	7,201,887
Deposits for proposed open offer		**1,214,275**	-
Pre-sales deposits		**11,846,616**	8,982,528
Rental and other deposits		**434,248**	251,877
Amount due to a fellow subsidiary		**174,934**	-
Amounts due to associates		**181,905**	162,651
Amounts due to jointly controlled entities		**483,658**	1,358,497
Tax liabilities		**3,829,624**	2,789,968
Bank loans - due within one year		**3,946,026**	2,884,996
		29,935,758	23,632,404
Net Current Assets		**41,943,853**	30,174,160
		55,640,683	40,888,768

	2008	2007
	HK$'000	*HK$'000*
Capital and Reserves		
Share capital	**785,070**	774,371
Share premium and reserves	**32,434,712**	25,507,669
Equity attributable to equity holders of the Company	**33,219,782**	26,282,040
Minority interests	**(335,394)**	(491,938)
Total Equity	**32,884,388**	25,790,102
Non-current Liabilities		
Bank loans - due after one year	**18,320,005**	11,289,021
Guaranteed notes payable	**2,329,431**	2,326,435
Amount due to a fellow subsidiary	**-**	135,864
Amounts due to minority shareholders	**850,983**	873,557
Deferred tax liabilities	**1,255,876**	473,789
	22,756,295	15,098,666
	55,640,683	40,888,768

Notes:

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

In the current year, the Group has applied the following amendments and new interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) - Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC) - Int 12	Service Concession Arrangements
HK(IFRIC) - Int 14	HKAS 19 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The directors have made an assessment on the impact of the new HKFRSs, especially the HK(IFRIC) – Int 12 "Service Concession Arrangements". Upon the adoption of HK(IFRIC) – Int 12, the service concession rights held by the Group's jointly controlled entities are no longer recognised as property, plant and equipment and are recorded as intangible assets. There is no change in the method of amortisation of concession intangible assets before and after the adoption of HK(IFRIC) – Int 12. The directors concluded that the adoption of these new HKFRSs had no material effects on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

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

HKFRSs (Amendments)	Improvements to HKFRS[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]

HKAS 23 (Revised)	Borrowing costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendments)	Eligible Hedged Items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC) - Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[4]
HK(IFRIC) - Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners[3]
HK(IFRIC) - Int 18	Transfers of Assets from Customers[7]

[1] **Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009**
[2] **Effective for annual periods beginning on or after 1 January 2009**
[3] **Effective for annual periods beginning on or after 1 July 2009**
[4] **Effective for annual periods ending on or after 30 June 2009**
[5] **Effective for annual periods beginning on or after 1 July 2008**
[6] **Effective for annual periods beginning on or after 1 October 2008**
[7] **Effective for transfers on or after 1 July 2009**

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The application of the amendment to HKAS 40 Investment Property arising from improvements to HKFRSs may affect the accounting for property under construction or development for future use as an investment property of the Group. The amendment to HKAS 40 brings such property within the scope of HKAS 40 which, therefore, shall be accounted for under the fair value model in accordance with the Group's accounting policy. Such property is currently accounted for at cost less impairment in accordance with HKAS 16 Property, Plant and Equipment. The amendment is to be applied prospectively and is effective for the Group's financial year beginning 1 January 2009.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. Change of functional currency

In prior years, the Company's functional currency was Hong Kong dollars ("HKD"). Due to the continuing expansion of the Group's business operations in the PRC, the directors have determined that the functional currency of the Company has changed from HKD to Renminbi ("RMB") during the year. The directors have made an assessment on the impact of the change of the functional currency of the Company and concluded that there was no material effect on the results and financial position of the Group.

The consolidated financial information are presented in HKD as the directors consider that HKD is the appropriate presentation currency as the management of the Company control and monitor the performance and financial position of the Group by using HKD.

3. TURNOVER AND CONTRIBUTION

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

Segment information about turnover and results are listed below:

Business Segment

Year ended 31 December 2008

	Property development	Property investment	Other Operations	Intragroup eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TURNOVER					
External	17,891,210	201,792	799,371	-	18,892,373
Inter-segment	-	2,191	57,416	(59,607)	-
Total turnover	17,891,210	203,983	856,787	(59,607)	18,892,373

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

	Property development	Property investment	Other Operations	Intragroup eliminations	Consolidated
RESULTS					
Segment results	6,730,746	1,842,145	172,985	(36,559)	8,709,317
Gain on disposal of subsidiaries					276,350
Interest income					231,292
Unallocated corporate expenses					(176,147)
Operating profit					9,040,812
Share of losses of					
Associates					(10,982)
Jointly controlled entities					(26,848)
Finance costs					(417,682)
Profit before tax					8,585,300
Income tax expense					(3,513,018)
Profit for the year					5,072,282

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.

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)
Loss on disposal of subsidiaries						(201,449)
Interest income						197,440
Unallocated corporate expenses						(145,128)
Operating profit						7,101,633
Share of (losses) profits of						
Associates						(27,911)
Jointly controlled entities						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

4. INCOME TAX EXPENSE

	2008	2007
	HK$'000	HK$'000
Current tax:		
Hong Kong Profits Tax	36,888	44,355
Macau income tax	20,196	194,461
PRC Enterprise income tax ("EIT")	1,661,884	1,190,231
PRC Land appreciation tax ("LAT")	1,464,857	1,188,673
	3,183,825	2,617,720
Under(over)provision in prior years:		
Hong Kong Profits Tax	3,179	(6)
Macau income tax	7,861	-
LAT	360	-
EIT	17,295	16,901
	28,695	16,895
Deferred tax:		
Current year	324,723	131,436
Attributable to a change in tax rate	(24,225)	(24,115)
	300,498	107,321
Total	3,513,018	2,741,936

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 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.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. Under the New Law and Implementation Regulation, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC was generally reduced from 33% to 25% from 1 January 2008 onwards. For those subsidiaries enjoying privilege rate of 15%, the new tax rate was progressively increasing to 25% over five years as grandfathering provision.

According to a joint circular of Ministry of Finance and State Administration of Taxation, Cai Shui [2008] No. 1, dividend distributed out of the profits generated since 1 January 2008 held by the PRC entity shall be subject to EIT pursuant to Articles 3 and 27 of the Income Tax Law Concerning Foreign Investment Enterprises and Foreign Enterprises and Article 91 of the Detailed Rules for the Implementation of the Income Tax Law for Enterprises with Foreign Investment and Foreign Enterprises. Deferred tax liability of HK$217,688,000 (2007: nil) on the undistributed earnings of subsidiaries has been charged to the consolidated income statement for the year.

5. DIVIDENDS

	2008	2007
	HK$'000	*HK$'000*
Dividends recognised as distributions during the year:		
Interim dividend paid in respect of 2008 of HK6 cents (2007: HK5 cents) per share	**470,995**	386,970
Final dividend paid in respect of 2007 of HK7 cents (2007: HK6 cents for 2006) per share	**543,799**	436,490
	1,014,794	823,460

The final dividend of HK7 cents (2007: HK7 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 holders of the Company of HK$5,048,637,000 (2007: HK$4,179,579,000) and on the weighted average number of 7,791,807,000 (2007: 7,343,858,000) 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 holders of the Company of HK$5,048,637,000 (2007: HK$4,179,579,000) and on the weighted average number of 7,812,921,000 (2007: 7,455,360,000) 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 14,625,000 (2007: 30,481,000) and 6,489,000 (2007: 81,021,000) ordinary shares respectively on the assumption that all share options and bonus warrants were exercised during the year.

7. TRADE AND OTHER RECEIVABLES

The following is an analysis of trade and other receivables at the balance sheet date:

	2008 HK$'000	2007 HK$'000
Trade receivable, aged		
0-30 days	465,073	687,582
31-90 days	208,288	123,268
Over 90 days	239,959	308,320
	913,320	1,119,170
Other receivables	131,335	335,341
	1,044,655	1,454,511

8. TRADE AND OTHER PAYABLES

The following is an analysis of trade and other payables at the balance sheet date:

	2008 HK$'000	2007 HK$'000
Trade payables, aged		
0-30 days	4,076,519	2,792,731
31-90 days	401,001	83,110
Over 90 days	1,415,166	1,940,770
	5,892,686	4,816,611
Other payables	960,452	1,770,851
Retentions payable	971,334	614,425
	7,824,472	7,201,887

Of the retentions payable, an amount of HK$505 million (2007: HK$254 million) is due beyond twelve months.

9. POST BALANCE SHEET EVENT

On 10 December 2008, the Company announced an open offer proposal to raise not less than HK$2,512,099,584, before expenses, by issuing not less than 314,012,448 new shares and not more than 314,083,488 new shares by way of open offer at a price of HK$8 each in the proportion of 1 offer share for every 25 shares held on 31 December 2008 (the "Offer Shares"). The net proceeds will be used to strengthen the Company's capital base and to enhance its financial position and net assets base. The details of the open offer are set out in a prospectus to shareholders dated 6 January 2009. The open offer is under written by China Overseas Finance Investment Limited, a wholly owned subsidiary of the Company's immediate holding company, China Overseas Holdings Limited.

An aggregate sum of HK$1,214,275,000 has been received by the Company from China Overseas Finance Investment Limited for the underwriting, which remains as deposits on the consolidated and the Company's balance sheet at 31 December 2008.

Valid applications had been received for assured allotments of 294,355,721 Offer Shares up to 21 January 2009, the latest time for acceptance of and payment for Offer Shares, representing approximately 93.74% of the total number of 314,027,968 Offer Shares offered under the open offer. There were 19,672,247 Offer Shares available for excess application and the Directors have resolved to allot all the 19,672,247 Offer Shares available for excess application on a pro-rata basis to such excess Offer Shares applied for by the qualifying shareholders at a flat rate of approximately 6.012%.

Share certificates for the Offer Shares were posted to successful applicants on 3 February 2009 and the Group has received approximately HK$2,500 million from the issue of the Offer Shares.

Following the issue of the Offer Shares on 3 February 2009, the exercise price of the outstanding Options granted under the Company's Share Option Scheme has been adjusted from HK$1.13 per Share to HK$1.118 per Share, and the number of Shares to be issued upon full exercise of the outstanding Options has been adjusted from 10,488,000 Shares to 10,607,657 Shares.

PAYMENT OF DIVIDEND

The Board has recommended the payment of a final dividend of HK7 cents per share for the year ended 31 December 2008. Together with an interim dividend of HK6 cents per share, the total dividend for the whole year amounted to HK13 cents per share, HK1 cent increase compared with the total dividend of HK12 cents per share for the previous year.

Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the dividend warrants will be dispatched on Monday, 8 June 2009 to shareholders whose names appear on the Register of Members of the Company as at the close of business on Wednesday, 27 May 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 26 May 2009 to Wednesday, 27 May 2009 (both days inclusive) (the "Book Close Period") to ascertain shareholders qualified for the final dividend and the right to attend and vote at the forthcoming Annual General Meeting to be held on Wednesday, 27 May 2009 (or any adjournment thereof). To qualify for the abovementioned rights, all properly completed and duly stamped transfer forms accompanied by the relevant share certificates should be lodged with the Company's registrar, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 25 May 2009. No transfer of shares will be registered during the Book Close Period.

BUSINESS REVIEW

During 2008, the US sub-prime mortgage crisis led eventually to a global financial crisis, and the world economy experienced an unprecedented adjustment. Economic development in various countries was adversely affected to different extents, although China still achieved a high GDP growth of 9%. However, as the effects of the global financial crisis intensified and the economies of the US, Europe and Japan entered into recession China's economic growth was adversely impacted. Economic development in Hong Kong and Macau was also badly affected.

In 2008, the Group adhered to its operational watchword: Sharpening Capabilities for Sustained Growth. By working diligently in such difficult market conditions, the Group achieved historic highs for its various major business benchmarks. Turnover increased by about 14% to HK$18.89 billion, and consolidated net profit increased by 20.8% to HK$5.05 billion. The consolidated net profit of the Group has sustained a compound increase of more than 48.6% in the past five years. This comprises annual increases of over 20%, fulfilling the Group's commitments to its shareholders and investors.

The turnover of the Group's China real estate business increased by 39.5% to HK$17.16 billion, and the gross profit margin held steady at the high level of 43.7% resulting in a 35.1% improvement in the profit contribution to HK$7.50 billion. Such excellent performance was a result of targeted and innovative sales and marketing measures backed by effective management. Through the timely adoption of flexible sales techniques, the two new projects in Hong Kong and the stock of the La Cité project in Macau were sold at good prices, generating turnover of HK$734 million. Hong Kong and Macau operations brought in a profit contribution of HK$297 million and the gross profit margin was 40.5%.

Notwithstanding the volatility of the global financial market, as a Hang Seng Index constituent stock the Company's shares traded actively and held relatively firm against the downward pressure on prices. This demonstrates the recognition by investors of the Company's financial performance, sound financial position and professional management.

Land

The Group continues to be optimistic about the long-term development of the China real estate market. As at 31 December 2008, the Group had total land for development of about 24.8 million sq m (attributable interest of about 21.8 million sq m to be developed in the near future or under development in 22 cities / districts including mainland cities, Hong Kong and Macau. This is enough to meet its development requirements which are set to ensure annual profit increases of over 20% in the next four to five years.

Taking into consideration the economic conditions, the trend of the real estate market, the funding capabilities of the Group, the land bank on hand and the quality and cost of new land parcels, ten parcels of land were acquired in 2008 in six cities in China – Suzhou, Shanghai, Jinan, Hangzhou, Zhuhai and Tianjin. These land parcels provide an aggregate gross floor area (GFA) of 2.79 million sq m (attributable interest of 2.07 million sq m). By entering Jinan, the Group has strengthened its position in the Bohai Rim Region, complementing its existing success in the Pearl River Delta Economic Zone and Yangtze River Delta Economic Zone.

Management Philosophy and Brand Value

Holding to the 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. At the beginning of 2008, the Group foresaw changes in both the economy and real estate market of mainland China. In order to sustain expansion in operational scale and territory and to achieve stable, high-quality balanced growth, the Group must continue to excel with its management structure and style as well as enhance its already well-established base and competitiveness. To this end a regional management model has been established. Furthermore, the Group will also adopt a range of cooperation models including joint ventures, cooperation with funds, and mergers and acquisitions as supplements to its organic growth. These strategies aim to achieve sustainable growth in an ever-changing and increasingly competitive market.

The Group continues to strengthen the influence of its nationwide branded products. In every market in which it operates, the Group seeks to provide top quality products and services to customers.

Property Development

In the fluctuating market, the Group achieved another sales record, of HK$26.61 billion, in 2008 (including share of sales in syndicated projects), an increase of 19.3% on 2007. Total area of properties sold was 2.71 million sq m, an increase of 25.3% on 2007. Pre-sales amounted to about HK$14.15 billion as at end of 2008 (of which HK$11.85 billion has been received), an increase of 56%.

Total sales of properties in China remained robust, amounting to HK$25.9 billion, an increase of 18.6% on the previous year; the area sold was 2.70 million sq m, representing an increase of 25.3% on 2007.

During the year, 27 projects with GFA of 2.58 million sq m were completed in China for occupation (including 150,000 sq m related to Beijing Zhonghai Square which is an investment property). Total saleable area of these residential projects was 2.03 million sq m, of which 70% had been sold by the end of 2008, corresponding to an area of 1.41 million sq m and raising HK$14.91 billion.

Furthermore, sales of properties held for sale was satisfactory. During the year, 399,000 sq m was sold for approximately HK$3.98 billion and, at the end of 2008, about 1 million sq m of properties were held for sale.

Most of the stock for the La Cité project in Macau was sold, resulting in sales turnover of HK$230 million. Property sales turnover in Hong Kong amounted to approximately HK$480 million. The In-house and Hey Home projects were completed for occupation in 2008 with 85% sold by the end of the year.

Investment Properties
With the completion of the Beijing China Overseas Plaza, the Group has over 200,000 sq m of investment properties. The occupancy rate of the Group's properties in Hong Kong and Guangzhou was satisfactory. The total rental income for the period was HK$202 million, representing an increase of 63.2% on 2007; segment results amounted to HK$1.84 billion which included an increase in fair value of properties of HK$1.67 billion (the net income after tax was HK$1.07 billion). Operating profit was HK$175 million, representing an increase of 63.6% as compared with 2007.

Group Finance
The Group adheres strictly to the principle of a prudent financial management policy. Finance, treasury and fund-raising activities of the Group are subject to centralised management and supervision. During the year, the Group further refined its funding structure while liquidity in the financial market was tight. New banking facilities amounting to HK$6.84 billion and 6.92 billion yuan were secured while loans amounting to HK$2.30 billion and 3.55 billion yuan were repaid. Given that the Group has been growing rapidly and the real estate market situation has changed significantly, the net gearing ratio showed an increase from the previous year's ratio of 30.2% to about 46.8%. About 74% of the bonus warrants issued in 2007 to shareholders of the Company were exercised by August 2008 and raised approximately HK$5.7 billion in equity, of which HK$4.5 billion was from the Group's controlling shareholder, China Overseas Holdings Limited. Shareholders' funds in the Company increased from HK$26.28 billion at the end of 2007 to HK$33.22 billion at the end of 2008. As at 31 December 2008, outstanding bank loans and guaranteed notes payable by the Group were about HK$22.27 billion and about HK$2.33 billion (US$300 million) respectively; and cash on hand amounted to approximately HK$9.05 billion. Together with available banking facilities of about HK$4.45 billion, the total funds available amounted to approximately HK$13.4 billion. Amid the global financial crisis, the Group launched several measures to effectively combat liquidity shortage. These have ensured that the Group is financially sound at all times and has ample financial resources to meet business expansion while maintaining a reasonable gearing ratio.

Human Resources
The Group firmly believes in the importance of human resources management. Systematic staff recruitment, training and incentive schemes are the key drivers for the healthy and sustainable development of any organisation. They are also useful for the enhancement of personal capability and development. Long-term development of the Group and staff's personal development are closely inter-related. This is a pre-eminent feature of the Group's corporate culture and human resource management style.

During the year, the Group provided numerous training programmes tailored for new staff, technical staff and middle to senior core managerial staff, thus enhancing significantly the human resources of the Group. Fresh graduates continued to be recruited from leading universities in the mainland under the Sons of the Sea scheme ("海之子" 計劃); 214 staff was recruited, the most for the past eight years.

The Group believes that people are key elements in any organisation and is always willing to share its operational results with staff. Confronted by the deepening global financial crisis and deteriorating economy, the Group encouraged its staff to make new commitments to building a brighter future under such tough conditions.

Corporate Governance
The Group strives to improve corporate governance standards in order to protect the interests of all the Group’s stakeholders. The Board recognises its prime duty is to protect and best utilise resources in the Group and to enhance shareholder value. Good corporate governance is the key to improving corporate profit and enhancing sustainable development. The Board strives to strike a balance between compliance with rules and regulations and flexibility in doing business, and the interests of the controlling shareholder and minority shareholders. 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 Strategy and Risk Management Department was established in July 2008 to enhance the Group’s capability in risk management. To improve communication with investors, starting from July 2007 the Group has released monthly data on sales and its land bank in China. The annual report is one of the major tools for communication with investors, and the Group continues to improve its quality. The 2007 annual report was recognised in the renowned international ARC Awards and Mercury Awards. This demonstrates the Group’s achievements in its communications with investors.

Corporate Citizenship
The Group places great emphasis on its corporate social responsibilities and is active in social and charitable activities. The Group pays attention to environmental, arts and staff welfare issues, and strives to maintain a culture for the corporation that fully serves its shareholders, business associates, staff members and the community.

The Group participated actively in many social and charitable activities in 2008. It was the first organisation to respond to the call of Oxfam and donated HK$2 million to help the victims of the China snowstorms. The Group also reacted quickly to the Sichuan earthquake; a special team was set up to attend to the disaster relief work and over 20 million yuan worth of cash and materials was raised by the Group.

Subsequent to the Sichuan earthquake, the Group accelerated and increased the Zhong Hai Hope School programme. The construction of two new China Overseas Hope Schools and the rebuilding of the Du Jiang Yan Special Education School were both started in 2008.

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 Group will do its best to build a greener community. As a property developer, the Group can make a major contribution towards the economy, infrastructure development, environmental enhancement and provision of job opportunities in urban areas.

Awards
In 2008, the Group received numerous awards. Among them, China Overseas Property (中海地產) was acknowledged for the fifth year in a row by the China Real Estate Top 10 Research Team as number one in terms of integrated strength among the top 100 China real estate enterprises. The brand value of China Overseas Property increased to 9.9 billion yuan, and the company was also recognised as number one China Blue Chip Real Estate Developer and as one of the Top 20 Branded Enterprises. China Overseas Property was awarded six Jian Tian Yao (詹天佑) awards for excellence in its quality, design and management, five CNBC international real estate awards, two National Guang Xia awards and one Global Best Environment Estate award.

PROSPECT

Macro Economy

The negative impact of the global financial crisis on the world economy will be more evident in 2009. Major developed countries including USA, UK and Japan have entered into recession. The economies of emerging markets, including China, will also be heavily affected. Governments in many countries have developed stimulus measures aimed at boosting credit liquidity in the financial markets, stimulating consumption and finally regaining economic momentum, but it will take a while for these measures to take effect. In the second half of 2008, China made major adjustments to its macro-control policies by adopting active fiscal policies and moderately loose monetary policies, aiming to maintain steady economic growth, mainly by increasing domestic demand. The global financial crisis has also resulted in severe damage to the economies of Hong Kong and Macau, and both entered into recession in 2009. In response the respective governments have launched various stimulus packages.

It is estimated that this financial crisis will have a long and deep impact on the world economy and financial markets and that most enterprises will face tremendous challenges in 2009.

In such tough operating conditions, the Group will strive to maintain healthy development, and at the same time will continue to improve its corporate governance standards and to actively take up more corporate social responsibility.

Business Growth

After rapid growth for so many years, the China economy has slowed down due to the impact of the global financial crisis. Under the government's proactive fiscal policies and moderately loose monetary policies, the stimulus package – comprising interest rate cuts, tax rebates, tax cuts and mortgage interest rate reductions – will be beneficial for the recovery and development of the property market in China. The Group is confident about the long-term development of the mainland China property market, though in 2009 it will follow a pattern of "survival of the fittest and elimination of the weakest". Property developers with strong brand names, scale, adequate financial resources and effective management will have opportunities to enlarge their development scale, increase their land banks, accelerate their rate of development and expand their market shares.

It is expected that the property markets in Hong Kong and Macau, especially the high-end segment, will be under continued pressure. In 2009, the Group will concentrate on developing the two current projects and actively procure the completion of the land premium compensation work for the Fan Ling Project.

Market Leading Status

China is a vast country whose economy is developing at varying rates, and its property markets are also at various stages at any one time. However, comprehensive nationwide strategic coverage enables the Group to balance risks caused by volatility in economic and market cycles. The Group will continue to excel and balance its nationwide development strategy by actively exploring new markets with strong potential. This will help to increase its leadership of the industry in terms of turnover, net profit and brand value. In this way the reputation of the Group as a market leader in the high-end market will be enhanced. The Group will adhere to its professionalism and strive to maintain its philosophy of attention to detail to deliver outstanding quality and value-for-money products and services, in order to consolidate its status as market leader.

Sustainable Project Development

With the market turnover in China slowing and prices falling, the Group will control the pace of its development appropriately and launch scarce, highly differentiated and top-quality products. By fully utilising the strength of its brand name, backed by additional marketing and sales resources, the Group can improve its cash flow and maximise the return on its assets. After taking into consideration the economic conditions, market trends and the Group's situation, it is planned that in 2009 43 projects with GFA of 5.0 million sq m will be completed for occupation. The Group will aim to achieve total sales area of not less than 3.5 million sq m for 2009, an increase of 30% on 2008.

Better Business Structure

The Group will continue to strengthen the competitiveness of its business structure with residential development as the main element and investment property in a supplemental role. It will balance resources allocation for short-term and long-term investment and gradually increase its weighting on investment property so as to obtain stable long-term returns. A professional investment property team has been steadily built up to ensure stable growth of income from investment property and enhancement in the value of investment properties, thus strengthening its capability to balance market risk. The Group will strive to generate a profit contribution from investment property that exceeds 20% of the total profit by 2010. The completion of the Beijing China Overseas Plaza has added more than 150,000 sq m of investment property to the Group, and currently the commercial property area being developed and yet to be developed exceeds 1.2 million sq m, with most to be completed by the end of 2011.

Withdrawal from Infrastructure Business

The Group has disposed of all its infrastructure investment businesses except for the Nanjing Yangtze River II Bridge. In 2008, the Group successfully sold the Nanchang Bridge and Laizhou Port for a total sum of HK$1.53 billion. The Group will look for the best timing to dispose of the Nanjing Yangtze River II Bridge in the most appropriate way.

Land Replenishment

Under less favourable macroeconomic conditions, the Group will calmly meet the challenges ahead. It will maintain an appropriate scale of investment, monitor the pace of its development and maintain a reasonable gearing ratio. To capture opportunities offered by market adjustments, the Group will enter into projects with good earning prospects, government support, moderate financial requirement and high cash turnover rate, either by public auction or merger and acquisition. The Group will also enhance cooperation with large state-owned enterprises to acquire new land resources at relatively lower funding levels. Subject to the improvement in the financial position of the Group, it is intended that the replenishment of land for development for 2009 will not be less than 4 million sq m.

Multi-Growth Models

Many property developers will face severe sales pressure and funding deficiencies amid the financial crisis. Under such depressed market conditions, merger and acquisition opportunities will arise. The Group will strive to make real progress in the setting up of a real estate fund and also in merger and acquisition activities so as to expedite its development and expand its development scale.

Effective Management

Facing such a tough economic and operating environment, and in order to meet the challenges and seize the opportunities, the Group needs to enhance its overall capabilities including its competitiveness and risk control capability. The Group will continue to focus on policies and regulations, resource protection, risk management and operating efficiency enhancement. The last can be achieved through actively acquiring high-value land reserves at low cost, continued improvement of product quality and reduction of costs and expenses in project development, sales and marketing.

Prudent Financial Management

The financial crisis poses various challenges, creating unprecedented pressure on financial and funds management in every corporation. The Group will continue to adhere to prudent financial management while it strives to improve its funds management capability. The Group will make full use of its fund-raising platforms in the international, Hong Kong and mainland China financial markets to explore new channels so as to enhance its financial strength and resources and to increase its asset protection capabilities. The Open Offer announced by the Group on 10 December 2008 gained support from the Group's controlling shareholder, China Overseas Holdings Limited, who agreed to underwrite the whole Open Offer. The Open Offer was heavily oversubscribed and HK$2.5 billion in equity was raised in February 2009. After the Open Offer, the shareholder equity of the Group was increased to over HK$35 billion and the gearing ratio was decreased to about 40%. The Group is indeed the mainland China property developer with the strongest financial capabilities, with little debt repayment pressure due to the fact that most of its bank loans and guarantee bills are long term with maturity falling after 2010. The Group will continue to upgrade and promote its ERP system to enhance project and financial information communication, intensify cash flow control for all regions, increase cash inflow and effectively combat the risks brought about by any shortage in liquidity.

Prudent financial management and strong financial capabilities can enable the Group to handle the financial crisis and position itself to seize business opportunities.

Business Prospects

The Board is confident about prospects for the Group. In the last few years, the Group has diligently built a solid foundation, and has stepped up to new heights as an evergreen enterprise. Strong, persistent profit growth has continued for six consecutive years, and excellent share price performance demonstrates the Group's strength and capability. This year, 2009, will be full of opportunities and challenges. The Group will continue to apply the long-standing maxim of "Exercise caution in details and implementation Build a strong foundation to seek greater success". Through its hard work and persistent innovation and by continually enhancing its operating and management capability, the Group is fully confident of its performance in 2009. Furthermore, with its solid foundation, international vision and exposure, appropriate nationwide development strategy plus excellent brand name and financial strength, the Group is capable of converting Crisis to Opportunity and Pressure to Dynamism. The Group is very confident that it can maintain its leadership position in the China real estate industry and achieve steady high-quality balanced growth.

Mission

The Group strives to bring out the best value in its human resources, and places great emphasis on establishing a satisfactory operational and working environment. The Group is committed to enhancing shareholder value, raising its standards of corporate governance, moral integrity and corporate citizenship, and improving its core competitiveness through continuous innovation. The ultimate goal is to attain an outcome that is mutually beneficial for the Group, its shareholders, business associates, staff members and the community. The Board will endeavour to develop the Group into an evergreen 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 Code of Conduct on Directors' Securities Transactions (the "Securities Code") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules. The directors have confirmed that they have complied with the requirements set out in the Securities Code throughout the year ended 31 December 2008.

CORPORATE GOVERNANCE

The Company has complied throughout the year with all the provisions (except Code Provision A.4.1 and A.4.2 as stated below) of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules, and with most of the Recommended Best Practices.

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 directors of the Company were appointed, for a term subject to retirement in accordance with the Articles of Association of the Company (**"Articles"**). Effectively, their terms of appointment are three years or less as the Company has adopted the internal mechanism mentioned below ("**Internal Mechanism**").

The Articles provide, amongst other things, the following:

(a) 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; and

(b) 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.

To ensure that all directors will be subject to retirement by rotation at least once every three years or their terms of appointment are three years or less, the Internal Mechanism adopted by the Company has the following additional requirements:-

(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 and Managing Director), who is not required by the Articles to retire by rotation at the AGM in the third year since his 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 2008.

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 2008 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.

APPRECIATION

Lastly, 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, 23 March 2009

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, Wong Ying Ho, Kennedy and Madam Fan Hsu Lai Tai, Rita are the independent non-executive directors of the Company.

This final results announcement is published on the Company's website (http://www.coli.com.hk) and the website of the Stock Exchange (http://www.hkexnews.hk). The 2008 Annual Report will also be available at the aforementioned websites on/about 23 April 2009 and will be despatched to shareholders of the Company thereafter.