中國海外發展有限公司
CHINA OVERSEAS LAND & INVESTMENT LTD.
(incorporated in Hong Kong with limited liability)
(Stock code: 688)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

FINANCIAL HIGHLIGHTS

1. Turnover increased by 13.4% to HK$17.55 billion, with PRC Property Development business making up the greatest proportion and increased to about 96.6% of the turnover.

2. The gross profit margin of PRC property development increased from 37.3% of the corresponding period last year or 31.1% of 2009 to a higher level of 40.5%.

3. Operating profits increased by 48.4% to HK$7.98 billion. PRC Property Development contributed HK$6.44 billion, an increase of 27.3% and making up about 80.7% of the operating profits. There was no provision write-back for properties and no revaluation surplus on investment properties during the period and the corresponding period in year 2009. However, the Group recorded profits of about HK$1.20 billion from the 2 transactions related to the sale of certain interests in 3 projects to a real estate fund and to the acquiring the control of China Overseas Grand Oceans Group Limited.

4. Profits attributable to equity shareholders of the Company increased by 66.7% to HK$5.07 billion (equivalent to RMB4.46 billion).

5. Basic earnings per share increased by 66.2% to HK62.0 cents.

6. Sale of properties in the PRC is another record high of HK$28.07 billion, an increase of 9.5% over the corresponding period last year. Sold area was over 2.22 million sq m, a decrease of 21.1%.

7. During the period, the Group has acquired 9 parcels of land in mainland China adding GFA of about 2.80 million sq m to our land reserve; acquisition of China Overseas Grand Oceans Group Limited added GFA of about 2.30 million sq m to our land reserve; the Group also acquired 2 parcels of land in Hong Kong and Macau. As at end June, the total land bank of the Group was 34.50 million sq m (attributable interest of 30.50 million sq m). The Group is confident that the target on replenishing not less than 6 million sq m of land can be achieved.

8. The Group's consolidated net gearing increased from 22.4% as at the end of 2009 to 48.4% as at end of June. As at 30 June 2010, the Group had bank loans and guaranteed notes payable amounted respectively to HK$34.66 billion and HK$2.33 billion; bank balances and cash amounted to approximately HK$14.56 billion and unutilized banking facilities amounted to approximately HK$3.57 billion and hence HK$18.13 billion financial resources available.

9. The shareholders' equity of the Company increased from HK$42.09 billion of last year end to HK$46.38 billion, an increase of 10.2%. The book value of net asset per share was HK$5.68.

10. Interim dividend of HK10 cents per share was declared, an increase of 42.9% from HK7 cents of last year.

A TRUSTED BRAND GROWING THROUGH DILIGENCE AND CARE

The board of directors (the "**Board**") of China Overseas Land & Investment Limited (the "**Company**") hereby announces the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2010. The consolidated profit after tax attributable to equity shareholders of the Company amounted to HK$5.07 billion, representing an increase of 66.7% as compared to the corresponding period in 2009. The earnings per share is HK62.0 cents, representing an increase of 66.2% as compared to the corresponding period in 2009.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The unaudited consolidated results of the Group for the six months ended 30 June 2010 and the comparative figures for the corresponding period in 2009 are as follows:

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Turnover	**17,550,310**	15,478,979
Cost of sales	**(10,098,941)**	(9,420,274)
Direct operating expenses	**(300,651)**	(246,387)
	7,150,718	5,812,318
Gain on disposal of subsidiaries	**296,966**	-
Discount on acquisition of subsidiaries	**905,718**	-
Other income	**334,065**	226,218
Selling and distribution costs	**(193,908)**	(255,167)
Administrative expenses	**(514,196)**	(405,208)
Operating profit	**7,979,363**	5,378,161
Share of profits(losses) of		
Associates	**(4,156)**	(6,306)
Jointly controlled entities	**24,239**	(10,927)
Finance costs	**(187,300)**	(220,361)
Profit before tax	**7,812,146**	5,140,567
Income tax expense	**(2,570,858)**	(2,072,150)
Profit for the period	**5,241,288**	3,068,417
Other comprehensive income		
Exchange differences arising on translation	**331,667**	(85,756)
Share of exchange difference jointly controlled entities	**72,850**	1,383
Change in fair value of investments in syndicated property project companies	**970**	4,963
Reclassification adjustment of other reserve upon realization of assets	**-**	10,634
Other comprehensive income for the period (net of tax)	**405,487**	(68,776)
Total comprehensive income for the period	**5,646,775**	2,999,641

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Profit for the period attributable to:		
Owners of the Company	**5,065,746**	3,038,543
Non-controlling interests	**175,542**	29,874
	5,241,288	3,068,417
Total comprehensive income attributable to:		
Owners of the Company	**5,467,725**	3,004,543
Non-controlling interests	**179,050**	(4,902)
	5,646,775	2,999,641
EARNINGS PER SHARE	**HK cents**	**HK cents**
Basic	**62.0**	37.3
Diluted	**62.0**	37.3

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2010 *HK$'000* **(unaudited)**	31 December 2009 *HK$'000* (audited)
Non-current Assets		
Investment properties	**8,475,612**	7,747,599
Property, plant and equipment	**281,576**	248,500
Prepaid lease payments for land	**57,075**	52,379
Interests in associates	**174,947**	180,600
Interests in jointly controlled entities	**5,896,984**	2,558,944
Investments in syndicated property project companies	**21,943**	20,971
Amounts due from associates	**91,589**	87,424
Amounts due from jointly controlled entities	**12,567,893**	9,172,006
Amounts due from syndicated property project companies	**436**	436
Other intangible assets	**41,110**	-
Other financial assets	**139,935**	30,161
Goodwill	**109,021**	109,021
Deferred tax assets	**831,359**	650,791
	28,689,480	20,858,832
Current Assets		
Inventories	**4,697**	3,718
Stock of properties	**80,990,509**	50,447,028
Prepaid lease payments for land	**2,214**	4,013
Trade and other receivables	**994,427**	1,120,299
Deposits and prepayments	**1,858,179**	1,059,712
Deposits for land to be developed for sale	**6,729,203**	15,934,835
Amount due from an associate	**76,227**	142,929
Amounts due from jointly controlled entities	**2,516,172**	276,369
Amounts due from non-controlling shareholders	**129,773**	75,007
Tax prepaid	**601,853**	331,926
Bank balances and cash	**14,423,238**	23,862,725
	108,326,492	93,258,561
Current Liabilities		
Trade and other payables	**11,746,426**	10,963,564
Pre-sales deposits	**20,232,990**	17,522,447
Rental and other deposits	**706,838**	1,240,783
Amount due to immediate holding company	**-**	9,659,281
Amount due to a fellow subsidiary	**251,219**	251,292
Amounts due to associates	**213,326**	209,906
Amounts due to jointly controlled entities	**1,751,668**	524,249
Amounts due to non-controlling shareholders	**69,777**	-
Tax liabilities	**6,945,729**	5,459,135
Bank loans - due within one year	**5,737,001**	4,364,155
	47,654,974	50,194,812
Net Current Assets	**60,671,518**	43,063,749
	89,360,998	63,922,581

	30 June 2010 HK$'000 (unaudited)	31 December 2009 HK$'000 (audited)
Capital and Reserves		
Share capital	**817,209**	816,902
Reserves	**45,559,614**	41,276,170
Equity attributable to owners of the Company	**46,376,823**	42,093,072
Non-controlling interests	**4,294,164**	(283,441)
Total Equity	**50,670,987**	41,809,631
Non-current Liabilities		
Bank loans - due after one year	**28,919,896**	16,969,870
Guaranteed notes payable	**2,333,923**	2,332,426
Amounts due to non-controlling shareholders	**838,420**	820,310
Deferred tax liabilities	**6,597,772**	1,990,344
	38,690,011	22,112,950
	89,360,998	63,922,581

Notes:

1. Basis of Preparation

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

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

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

The accounting polices used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009.

In the current interim period, the Group has applied, for the first time, the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items

HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

HKFRS 3 (Revised 2008) Business Combinations

The Group applies HKFRS 3 (Revised 2008) prospectively to business combinations for which the acquisition date is on or after 1 January 2010 has had no material effect on the condensed consolidated financial statements of the Group for the current and prior periods

HKAS 27 (Revised 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (Revised 2008) has resulted in a change in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Group. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a discount on acquisition being recognised where appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the carrying amount of the share of net assets disposed of, was recognised in profit or loss. Under HKAS 27 (Revised 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss. As a result, the Group has recognised discount on acquisition of approximately HK$49,888,000 and loss of approximately HK$174,815,000 in respect of acquisition of additional interest in subsidiaries and deem disposal of subsidiaries respectively in equity for the period ended 30 June 2010.

When control of a subsidiary is lost as a result of a transaction, event or other circumstances, the revised Standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date the control is lost. A gain or loss on loss of control is recognised in profit or loss as the difference between the proceeds, if any, and these adjustments. The Group disposed of certain subsidiaries which become jointly controlled entities after disposal. The retained interests in these subsidiaries are recognized at its fair value of approximately HK$1,179,060,000. Gain on loss of control of approximately HK$296,966,000 has been recorded for the period ended 30 June 2010. Had the previous accounting policy been applied, the profit for the six months period ended 30 June 2010 would have been decreased by approximately HK$215,046,000.

Except as described above the adoption of these new and revised HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current and prior periods.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 9	Financial Instruments[5]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

[1] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

[2] Effective for annual periods beginning on or after 1 February 2010

[3] Effective for annual periods beginning on or after 1 July 2010

[4] Effective for annual periods beginning on or after 1 January 2011

[5] Effective for annual periods beginning on or after 1 January 2013

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

3. Turnover and contribution

The Group has adopted HKFRS 8 Operating Segment with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segment to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

The Group is organized into business units based on their products and services, based on which information is prepared and reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of performance. The Group's operating and reportable segments under HKFRS 8 are as follows:

Property development	-	development and sales of properties
Property investment	-	property letting
Other operations	-	mainly represent property management, property agency, building design consultancy services and securities trading

Segment revenue and results

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

Six months ended 30 June 2010

	Property development	Property investment	Other Operations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	**16,983,291**	**168,773**	**398,246**	**17,550,310**
Segment profit	**6,504,185**	**85,071**	**920**	**6,590,176**

Six months ended 30 June 2009

	Property development	Property investment	Other Operations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	15,058,836	99,324	320,819	15,478,979
Segment profit	5,223,031	90,988	(13,295)	5,300,724

Reconciliation of reportable segment profit to the consolidated profit before taxation

Segment profit represents the profit earned by each segment without allocation of gain on disposal of subsidiaries, discount on acquisition of subsidiaries, interest income, central administration costs, directors' salaries, share of results of associates and jointly controlled entities, and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Reportable segment profits	**6,590,176**	5,300,724
Unallocated items:		
Interest income	**274,662**	166,675
Gain on disposal of subsidiaries	**296,966**	-
Discount on acquisition of subsidiaries	**905,718**	-
Share of losses of associates	**(4,156)**	(6,306)
Share of profits (losses) of jointly controlled entities	**24,239**	(10,927)
Corporate expenses	**(88,159)**	(89,238)
Finance costs	**(187,300)**	(220,361)
Consolidated profit before tax	**7,812,146**	5,140,567

4. Finance costs

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other borrowings wholly repayable within five years	**409,055**	304,818
Interest on guaranteed notes wholly repayable within five years	**67,275**	67,275
Imputed interest expenses on amounts due to non-controlling shareholders	**21,961**	24,362
Other finance costs	**11,641**	8,565
Total finance cost	**509,932**	405,020
Less: Amount capitalized in properties under development	**(322,632)**	(184,659)
	187,300	220,361

5. Income tax expenses

	Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
Current tax:		
Hong Kong Profits Tax	**-**	17,870
Macau income tax	**806**	15,012
PRC Enterprise income tax ("EIT")	**1,542,266**	1,233,816
PRC Land appreciation tax ("LAT")	**1,255,444**	764,612
	2,798,516	2,031,310
Under(over) provision in prior years:		
Hong Kong Profits Tax	**-**	62
EIT	**(2,452)**	(45,791)
LAT	**(4,375)**	(9,382)
	(6,827)	(55,111)
Deferred tax		
Current period	**(220,831)**	95,951
Total	**2,570,858**	2,072,150

Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profit for the period.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, except for certain PRC subsidiaries of the Company which are taxed at concessionary rates due to transitional provisions, the statutory tax rate of the Company's PRC subsidiaries is 25% from 1 January 2008 onwards.

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

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

The group has no significant income tax recognized in other comprehensive income for both periods.

6. Dividends

On 18 June 2010, a dividend of HK13 cents per share (2009: 2008 final dividend of HK7 cents per share) was paid to shareholders as the final dividend for 2009.

The directors have determined that an interim dividend at HK10 cents per share (2009:HK7 cents per share) will be paid to the shareholders of the Company whose names appear in the Register of Members on 21 September 2010.

7. Earnings per share

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company of HK$5,065,746,000 (2009: HK$3,038,543,000) and on the weighted average number of 8,169,767,000 (2009: 8,138,734,000) ordinary shares in issue during the period.

The calculation of the diluted earnings per share is based on the profit for the period attributable to owners of the Company of HK$5,065,746,000 (2009: HK$3,038,543,000) and on the weighted average number of 8,174,945,000 (2009: 8,148,486,000) ordinary shares in issue and issuable after adjusting for the weighted average number of dilutive potential ordinary shares in respect of share options granted of 5,178,000 (2009: 9,752,000) ordinary shares on the assumption that all share options were exercised during the period.

The weighted average number of ordinary shares used in the calculation of earnings per share for the period ended 30 June 2009 has accounted for the effect of issuance of new shares pursuant to the open offer which was completed on 3 February 2009.

8. Trade and other receivables

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

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

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

	30 June 2010 *HK$'000*	31 December 2009 *HK$'000*
Trade receivables, aged		
0–30 days	**416,282**	456,328
31–90 days	**83,333**	112,286
Over 90 days	**253,705**	385,014
	753,320	953,628
Other receivables	**241,107**	166,671
	994,427	1,120,299

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

The Group has minimal trade receivable balances which are past due at the reporting date.

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

9. Trade and other payables

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

	30 June 2010 *HK$'000*	31 December 2009 *HK$'000*
Trade payables, aged		
0–30 days	**4,284,722**	4,432,739
31–90 days	**513,634**	736,717
Over 90 days	**3,633,859**	2,756,358
	8,432,215	7,925,814
Other payables	**1,941,519**	1,706,713
Retentions payable	**1,372,692**	1,331,037
	11,746,426	10,963,564

Other payables mainly include receipt in advance, other tax payable and sundry accrued charges.

Of the retention payable, an amount of HK$664 million (31 December 2009: HK$762 million) is due beyond twelve months from the end of the reporting period.

CHAIRMAN STATEMENT

BUSINESS REVIEW

Affected by the Euro zone sovereignty debt crisis, the world economy has become more complicated in the first half of year 2009. Economic growth in the G-7 industrialized countries has slowed down and global liquidity has tightened. Economic development in emerging markets however was still good with China achieved GDP growth of 11.1% in the first half of the year.

Confronted with the threat of an overheating economy and taking into account also the complicated and ever changing economic conditions outside China, the Chinese government adopted active fiscal policies and a more moderately loose monetary policy to promote stable and relatively fast economic growth. Following the increase in the deposit reserve rate in January, the first in one and half years, the central bank made another two increases in the rate subsequently during the period. Rate and scale of bank lending were effectively under control. As expected by the Group at the beginning of the year, the strong rebound in the property market in 2009 and the consolidation of the property prices at a high level as well as the sharp increase in land prices in the first quarter of the year would lead to more and stricter tightening measures by the central government. This in fact was the case and the trend in the property market was eminently affected in the past few months with the transaction volumes significantly reduced and prices for some of the projects lowered. Economic development in Hong Kong and Macau was satisfactory. The property market performance was good especially in the luxury sector which the Group is focused on.

During the period, the Group as usual reacted calmly to market changes and continued to take steps to enhance actively its overall management capability. Backing on its well established trusted brand name and applying creative marketing skills, the Group provided the customers with a choice of highly differentiated and desirable products and succeeded in achieving outstanding sales performance, The property sales amount of the Group was a record high of HK$28.10 billion for the first half of the year, of which sales of properties in mainland China amounted to HK$28.07 billion, an increase of 9.5%. The corresponding sales area was 2.22 million sq m, a decrease of 21.1 %.

The business performance of the Group for the first half of year 2010 was excellent. The profit attributable to equity shareholders of the Company increased sharply by 66.7% to a record high of HK$5.07 billion (equivalent to RMB4.46 billion).

For the six months ended 30 June 2010, the total turnover of the Group was HK$17.55 billion, representing an increase of 13.4% as compared to the corresponding period last year. The turnover of the Group's property development business in mainland China was HK$16.95 billion, accounting for 96.6% of the total turnover and representing an increase of 14.3%.

The operating profit of the Group was HK$7.98 billion, an increase of 48.4% as compared to the corresponding period of last year. The operating profit of the property development business in mainland China increased by 27.3% to HK$6.44 billion. The gross profit margin increased from 37.3% of the corresponding period last year or 31.1% of 2009 to a higher level of 40.5%

A total of 22 projects with GFA of 1.65 million sq m were completed for occupation in 15 cities in mainland China. The sales value of these projects made up to the end of June was HK$12.46 billion. The Group's sales of property held for sale was satisfactory with 0.39 million sq m sold for HK$5.78 billion.

Mainly due to the payment of significant amount of land premium and repayment of all the short-term loans from the parent company during the first half of the year, the Group's consolidated net gearing increased from 22.4% (at the end of 2009) to 48.4% at end of June. As at end of June, the financial position of the Group is in a favorable condition; the equities attributable to the shareholders of the Company were increased to HK$46.38 billion; the Group had bank loans and guaranteed notes payable amounted respectively to HK$34.66 billion and HK$2.33 billion; and bank balances and cash amounted to approximately HK$14.56 billion and unutilized banking facilities amounted to approximately HK$3.57 billion.

During the period, the investment grade rating issued by both Standard & Poor and Moody's was upgraded reflecting the recognition of the market to the group's solid and stable financial profile and its market-leading status.

PROSPECT

The Euro zone sovereignty debt crisis to some extent will be a threat to the global economic growth. It is expected that the Euro zone is affected the most but a global financial crisis will not happen again. In order to ensure global economy recovery, stimulus measures launched by various countries and low interest rate will last for a long time. Due to the fact that the impact of the 2008 global financial crisis and the complication of economy recovery are more serious than one can expect, China is at a critical stage regarding the launch of its macro austerity measures. The challenge is to ensure that both existing urgent issues and long term structural issues are resolved while a stable and relatively fast economic growth can be achieved. GDP growth in the second quarter was decreased to 10.3%. It is expected that the rate of economic growth will continue to slow down in the second half of the year. Hence, there will not be any major change in the macroeconomic policies during the remaining part of the year though some fine tune is possible.

The Group expects the impact of the tightening measures towards property on the economy will come out more clearly in the fourth quarter of the year. Economic data for the fourth quarter will determine the future macro-economic policies. It is likely that the transaction volumes of property sales will come down further in the second half of the year. Nevertheless, the Group is optimistic about the medium and long term development of the mainland China property market since the Group firmly believes that urbanization and industrialization will generate massive genuine housing demand for some time yet. The Group will not be over-optimistic and will follow closely the change in the trend of the macro economy and the regulatory environment and will address such changes effectively and in a timely manner.

Backing on its team of quality professionals, nationwide strategic development, shrewd market judgment, Excellent Quality (精品) brand recognition, abundant financial resources coming from smooth funding channels in both domestic and overseas financial markets, corporate governance of international standard, and effective risk control policies and measures, the Group is fully confident that it will maintain its status as a sizable and strong nationwide real estate developer of international influence. Notwithstanding that the market could be complicated in the remaining part of this year the Group still maintains its target of selling not less than 4.8 million sq m and completing not less than 6 million sq m GFA for year 2010.

To ensure sustainable rapid growth, the Group will expand sources in getting high quality land reserve through various means and ways. In the first half of the year, the Group acquired 9 parcels of land in 8 cities in mainland China, adding GFA of about 2.80 million sq m to its land reserve. Taking into account the 2.30 million sq m of land reserve in China Overseas Grand Oceans Group Limited (formerly known as Shell Electric Mfg. (Holdings) Co. Ltd), the Group acquired land with GFA of 5.10 million sq m in mainland China in the first half of the year. The Group also acquired 2 parcels of land in Hong Kong and Macau, with a total GFA of 40,000 sq m. As at end June, the total land bank of the Group was million 34.50 million sq m (attributable interest of about 30.50 million sq m). The Group will seize opportunities to expand its land bank at low cost and is confident that the target on replenishing not less than 6 million sq m of land can be achieved.

The Group strives to expedite its development through joint venture cooperation and mergers and acquisitions. In March 2010, the Group announced the setting up of a property fund. In June, interests in 3 projects developed by the Group were sold to that fund. The establishment and management of property fund is an effective way to consolidate the resources of the Group. It also provides a new channel for fund raising and allows different investors to participate and support the development of the Group's property business as well as to improve and enhance the financial flexibility and structure of the Group. The transaction on disposal of the 3 projects generated about HK$300 million profit to the Group. The acquisition of the controlling interest of China Overseas Grand Oceans Group Limited was completed during the first half of the year and brought in land reserve at low cost and also about HK$900 million profit to the Group.

The Group continues to adhere strictly to the principle of a prudent financial management policy. The Company is a Hong Kong blue chip company in the China real estate sector and has wide range of choices in Hong Kong and China as to the most appropriate and beneficial financing arrangement and hence has adequate financial resources to support its rapid business development. The net gearing ratio was temporarily increased to 48.4% at end of June. With a lot of new projects launching to the market for sale, the net gearing level of the Group will be effectively controlled.

The prospect of the Group's property development business in China is bright and promising while that of Hong Kong and Macau is good. The Board is very confident of the future of the Group. The Group is of the view that property has become a pillar industry in China and is critical to the economic development of the country. To regulate the property market is one of the most effective ways to regulate the economy. Austerity measures have become common phenomenon in the property industry. Property developers like China Overseas Property, who are operationally and financially sound and have a strong brand name, have the capability to perform well in a market which is constantly regulated. Each regulation offers the Group more opportunities than challenges. The Group will persistently enhance its competitive advantages through improvement in its management capability, operation mode, product structure and branding. The edges of the Group will lead to ample opportunities and excellent performance and thus maintaining its pioneer position in the China real estate industry.

The Group will strive to achieve the corporate mission of "Sustainability, Value-adding, Harmony and Win-win". The Group will move steadily and firmly ahead with its strategy of achieving sustainable development, growing into an evergreen enterprise and attaining a win-win outcome for the Company, its shareholders, business associates, staff members and the community. The Company has become a constituent stock of the Hang Seng Corporate Sustainability Index in July 2010. This reflects the recognition of the market on the Group's efforts on corporate sustainability (including environmental protection, social responsibility and corporate governance).

MANAGEMENT DISCUSSION & ANALYSIS

Overall Performance

During the period ended 30 June 2010, the turnover of the Group's continuing operations was HK$17.55 billion (the corresponding period in 2009: HK$15.48 billion), representing an increase of 13.4% as compared to the corresponding period last year. The operation profit was HK$7.98 billion (the corresponding period in 2009: HK$5.38 billion), representing an increase of 48.4% as compared to the corresponding period last year. Profit attributable to equity shareholders of the Company amounted to HK$5.07 billion (the corresponding period in 2009: HK$3.04 billion), representing an increase of 66.7%. Basic earnings per share was HK62.0 cents (the corresponding period in 2009: HK 37.3 cents), an increase of 66.2%, while diluted earnings per share was HK62.0 cents (the corresponding period in 2009: HK37.3 cents).

As at 30 June 2010, the equity attributable to equity shareholders of the Company was HK$46.38 billion (31 December 2009: HK$42.09 billion), an increase of 10.2%, while the book value of net asset per share was HK$5.68 (31 December 2009: HK$5.15), an increases of 10.3%.

Income

The operating income from property development business was HK$16.98 billion, representing an increase of 12.8%. The operation income from the mainland China property development business increased by 14.3% to HK$16.95 billion, making up 96.6% of the Group's turnover. Due to the fact that there was no project completed for occupation and the amount of property held for sale was limited, the operating income from property development in Hong Kong and Macau was HK$28 million, representing a decrease of 87.4% as compared to the corresponding period last year.

In June, some interests in 3 projects developed by the Group were sold to a property fund which was sponsored by the Group in March 2010 ("Fund"). The transaction on disposal of the 3 projects generated about HK$300 million profit to the Group, representing the excess of the aggregate amount of the consideration received from the Fund and the fair value of the retained interests in jointly controlled entities over the net assets derecognized. The acquisition of the controlling interest of China Overseas Grand Oceans Group Limited was completed during the first half of the year and the Group recorded a profit of about HK$900 million, representing the excess of the Group's share of the net fair value of the identifiable assets acquired and liabilities assumed over the aggregate of the consideration paid by the Group.

Rental income of properties was HK$169 million, representing an increase of 70.0% as compared to the corresponding period last year.

Income from other operations amounted to about HK$400 million, representing an increase of 24.1% as compared to the corresponding period last year.

Profit from Operations

During the period ended 30 June 2010, the operating profit was HK$7.98 billion, representing an increase of 48.4% as compared to the corresponding period last year. The operating profit from PRC property development business amounted to HK$6.44 billion, representing an increase of 27.3%. The profit from the China property development business was mainly attributable to sales from 22 projects completed during the period and properties held for sales. The gross profit margin of PRC property development increased from 37.3% of the corresponding period last year or 31.1% of 2009 to a higher level of 40.5%. The property development business in Hong Kong and Macau recorded a profit of HK$10 million while the gross profit margin was 39.5%.

Investment properties continued to provide a stable source of income to the Group, contributing an operating profit of about HK$85 million.

Unallocated Administrative Expenses

The unallocated administrative expenses of the Group for the first half of 2010 was HK$88 million, representing a slightly decrease of 1.1% as compared to the corresponding period last year.

Property Development

In the past few years, the Group adhered to its strategic plan, adjusted it business structure and devoted its resources to its property development business especially in mainland China. And no matter how the market and policy changed in the past few years, the Group managed to achieve outstanding performance with its business expanding and profits growing rapidly. The Company is the first PRC property development blue chip and a market leader.

As expected by the Group at the beginning of the year, the strong rebound in the property market in 2009 and the consolidation of the property prices at a high level as well as the sharp increase in land prices in the first quarter of the year would lead to more and stricter tightening measures by the central government. This in fact was the case and the trend in the property market was eminently affected in the past few months with the transaction volumes significantly reduced and prices for some of the projects lowered. Economic development in Hong Kong and Macau was satisfactory. The property market performance was good especially in the luxury sector which the Group is focused on. China's GDP growth in the second quarter was decreased to 10.3%. It is expected that the rate of economic growth will continue to slow down in the second half of the year. Hence, there will not be any major change in the macroeconomic policies during the remaining part of the year though some fine tune is possible. It is also likely that the transaction volumes of property sales will come down further in the second half of the year. The Group is optimistic about the medium and long term development of the mainland China property market but it will not be over-optimistic and will follow closely the change in the trend of the macro economy and the regulatory environment and will address such changes effectively and in a timely manner.

During the period, the Group as usual reacted calmly to market changes and continued to take steps to enhance actively its overall management capability. Backing on its well established trusted brand name and applying creative marketing skills, the Group provided the customers with a choice of highly differentiated and desirable products and succeeded in achieving outstanding sales performance, The property sales amount of the Group was a record high of HK$28.10 billion for the first half of the year, an increase 7.0%. Sales of properties in mainland China amounted to HK$28.07 billion, an increase of 9.5%, while the corresponding sales area was 2.22 million sq m, a decrease of 21.1%.

For the six months ended 30 June 2010, the total turnover of the Group was HK$17.55 billion, representing an increase of 13.4% as compared to the corresponding period last year. The turnover of the Group's property development business in mainland China was HK$16.95 billion, accounting for 96.6% of the total turnover and representing an increase of 14.3%.

The operating profit of the Group was HK$7.98 billion, an increase of 48.4% as compared to the corresponding period of last year. The operating profit of the property development business in mainland China increased by 27.3% to HK$6.44 billion. Due to the fact that most of the turnover booked during the period were mainly related to either sales made after the property market recovered in 2009 or sales made before the market changed in April 2010, the gross profit margin increased from 37.3% of the corresponding period last year or 31.1% of 2009 to a higher level of 40.5%.

Notwithstanding that the market could be complicated in the remaining part of this year the Group still maintains its target of selling not less than 4.8 million sq m and completing not less than 6 million sq m GFA for year 2010.

A total of 22 projects were completed for occupation in 15 cities in mainland China with GFA of 1.65 million sq m. The sales value of these projects made up to the end of June was HK$12.46 billion.

The major projects completed for occupation were:

City	Name of Project	Total GFA ('000 sq m)	Total GFA sold ('000 sq m)	Sales Amount (HK$ million)
Foshan	Golden Sand Coast Central District (Phase I)	175	175	1,680
Foshan	Blossom Riverine Phase IIB	80	78	720
Beijing	Windsor Pavilion Phase I	48	36	1,380
Chengdu	One City South	166	69	950
Xian	International Community	50	43	750
Suzhou	Noble House Phase I	70	59	700
Shenzhen	The Rosary Phase II	45	35	650
Shanghai	Majestic City Phase I	34	20	640
Total		**668**	**515**	**7,470**

The Group's sales of property held for sales was satisfactory with 0.39 million sq m sold for HK$5.78 billion. At the end of June, property held for sales was only 0.86 million sq m.

Land Bank

To ensure sustainable rapid growth, the Group continued to expand sources in getting high quality land reserve through various means and ways. In the first half of the year, the Group acquired 9 parcels of land in 8 mainland China cities, adding GFA of about 2.80 million sq m to its land reserve. Taking into account the 2.30 million sq m of land reserve in China Overseas Grand Oceans Group Limited, the Group acquired land with GFA of 5.10 million sq m in mainland China in the first half of the year. The Group also acquired 2 parcels of land in Hong Kong and Macau. As at the end of June, the total land bank of the Group was 34.50 million sq m (attributable interest of 30.50 million sq m). The Group will seize opportunities to expand its land bank at low cost and is confident that the target on replenishing not less than 6 million sq m of land can be achieved.

The land parcels added in the first half of year 2010 were:

City	Name of Project	Attributable Interest	Site Area ('000 sq m)	GFA ('000 sq m)
Chengdu	Wuhou Longjing Village Project	100%	123	430
Dalian	Shahekou Shimenshan Project	100%	115	192
Zhongshan	Shiqi Project	100%	85	242
Beijing	Fengtai Project A	100%	284	506
Beijing	Fengtai Project B	100%	37	58
Suzhou	Binhe Road Project	51%	44	100
Zuhai	Fuhua Project	100%	68	239
Tijian	Tiedong Road Project	50%	150	590
Xian	Qujiang New District Project	100%	100	440
Macau	District of Outer Harbour	100%	3	40
Hong Kong	Chung Hom Kok Project	100%	3	2
Total			**1,012**	**2,839**

Liquidity, Financial Resources and Gearing

The Group continued to adopt its prudent financial policies. Finance, fund utilization and fundraising activities are subject to effective centralized management and supervision. The Group maintained a cash to total assets ratio of approximately 10% as well as a reasonable gearing level.

Due to the land premium payments and the repayment of all the short-term loans from the parent company in the first half of the year, the net gearing ratio of the Group as at 30 June 2010 increased substantially to 48.4%, as compared with 22.4% as at the end of the previous year (calculated by total borrowings less bank balances and cash divided by shareholders' equity). Interest cover (measured by the ratio of operating profit less interest income to the total interest expenses) decreased to 16 times (the corresponding period of 2009: 17 times). Total borrowings also increased, and total finance costs increased by approximately 25.9% to HK$510 million as compared to the corresponding period of the previous year.

As at 30 June 2010, consolidated bank borrowings and guaranteed notes of the Group amounted to HK$34.66 billion (31 December 2009: HK$21.33 billion) and HK$2.33 billion (31 December 2009: HK$2.33 billion) respectively, of which 55.1% was denominated in Hong Kong dollars, 6.3% was denominated in U.S. dollars and 38.6% was denominated in Renminbi.

As at 30 June 2010, the Group had bank balances and cash amounting to approximately HK$14.56 billion (of which 29.0% was denominated in Hong Kong dollars, 19.6% was denominated in U.S. dollars, 51.4% was denominated in Renminbi and minimal amounts were denominated in other currencies) and unutilized banking facilities amounting to approximately HK$3.57 billion. All bank borrowings of the Group were interest-bearing at floating rates.

The Group has not invested in any other derivatives either for hedging or speculative purposes. Taking into account of the potential increase in interest rates and the possible fluctuations in the exchange rate of Renminbi, the Group will prudently consider entering into currency and interest rate swap arrangements to minimize such exposures if and when appropriate.

Awards

During the period, the Company and its subsidiaries won numerous prizes and awards for their outstanding performance in quality, design, management and corporate citizenship. In March, the Company was awarded the "2009 Leading China Property Brands" by the China Real Estate Top 10 Research Team. It was the only China Property company selected by the Financial Times to enter into the FT Global 500 in 2010" and acknowledged by the Capital Week as "Number one Listed Property Enterprises in terms of consolidated strength. All these further demonstrate the prestige brand name and reputation of the Group.

Corporate Citizenship

The Group has always been actively performing its corporate social responsibilities through participating in public charity and community activities since its establishment. Once natural disaster occurred, the Company will take immediate actions to raise funds and goods donations to help the victims of the affected area. In May this year, the Group made money and goods donations to the victims of the Yushu Earthquake amounting to approximately HK$2 million and also took prompt actions to make a donation of RMB1 million to Baise of Guangxi Province, which has been severely hit by the drought in Southwest China.

While commited to maintain smooth corporate operation and to ensure sustainable development of the Company, the Group also actively participates in supporting and subsidising education. In July this year, the main body of the China Overseas Shaling Hope School in Shaling of Shenyang Province which the Group has invested over RMB 6,000,000 has been completed and the school is expected to commence operation in the year. This is the sixth Hope School donated and built by the Group in China. The Group will continue to devote itself to fulfilling its commitment to donate and build one Hope School in China every year.

In July, the Company was awarded "Top 20 Corporate Socially Responsible Real Property Enterprises in China in 2010" by the China Property and Housing Research Community of Ministry of Housing and Urban-Rural Development（住建部中國房地產及住宅研究會）and Economic Observer（經濟觀察報）. This fully displays the extensive recognition of the active corporate citizenship obligation fulfillment of the Company by the community. The Company has also been admitted to the "Hang Seng Corporate Sustainability Index" which further displays its capability and image as well as the high recognition of its sustainability by the society.

Human Resources

As at 30 June 2010, the Group had 12,865 employees. By business segment, 2,397 and 10,468 employees were employed in the property business and property management respectively. By geographical location, 1,379 employees were based in Hong Kong and Macau and 11,486 employees were based in Mainland China.

The Group firmly believes that human resources are the most valuable assets of the Company and has formulated a human resources management system promoting personal development, good working atmosphere and effective motivation and rewards for all the staff. The Group encourages and fully supports its employees to pursue in ongoing self enhancement and life-long learning, and good learning environment is provided for the staff through establishing network training platforms and holding training seminars for senior managerial staff. In respect of talent recruitment, “Sons of the Sea（海之子）” and “Sea’s Recruits（海納）” schemes have become more integrated since their implementation, and have recruited a large number of quality talented staff for the sustainable and stable development of the Company.

INTERIM DIVIDENDS

The Board declared the payment of an interim dividend of HK10 cents per share (2009: HK7 cents per share) to shareholders whose names appear on the register of members of the Company on Tuesday, 21 September 2010. The interim dividend will be payable on Tuesday, 5 October 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 20 September 2010 to Tuesday, 21 September 2010 (both days inclusive), during which period no transfer of shares will be registered.

In order to qualify for the interim dividend, all properly completed and duly stamped transfer forms accompanied by the relevant share certificates should be lodged with the Company’s registrar, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 17 September 2010.

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

During the period, 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 during the relevant accounting period.

CORPORATE GOVERNANCE

The Company has complied 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 for the six months ended 30 June 2010, 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 or 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 INTERIM REPORT BY AUDIT COMMITTEE

The Audit Committee of the Board of Directors has reviewed the Company's interim results for the six months ended 30 June 2010, and discussed with the Company's management regarding auditing, internal control and other important matters.

APPRECIATION

I would like to thank the board and the Group's employees for their support and hard work during the period.

By order of the Board
China Overseas Land & Investment Ltd.
Kong Qingping
Chairman

Hong Kong, 11 August 2010

As at the date of this announcement, Messrs. Kong Qingping (Chairman), Hao Jian Min (Vice Chairman and Chief Executive Officer), Xiao Xiao (Vice Chairman), Chen Bin, Dong Daping, Nip Yun Wing, Luo Liang and Lin Xiaofeng are executive directors; Mr. Wu Jianbin (Vice Chairman) is the non-executive director; 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 interim results announcement is published on the Company's website (http://www.coli.com.hk) and the website of the Stock Exchange (http://www.hkexnews.hk). The Interim Report will also be available at the aforementioned websites on/about 16 September 2010 and will be despatched to shareholders of the Company thereafter.