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 2010

FINANCIAL HIGHLIGHTS

1. Turnover increased by 18.7% to HK$44.31 billion, with the PRC property development business contributing 96.8% of the total turnover.
2. Operating profit increased by 68.8% to HK$20.69 billion. The PRC property development contributed operating profit of HK$16.34 billion, an increase of 54.9% and comprising approximately 79% of the operating profit. The gross profit margin increased from 31.1% in 2009 to a relatively high level of 42.6%.
3. Net profit attributable to shareholders increased by 65.7% to HK$12.37 billion (equivalent to 10.76 billion yuan), of which HK$1,096 million was related to the net gain after tax arising from changes in the fair value of investment properties (an increase of 14.8% compared with HK$955 million in 2009). Also, the Group recorded net profits of about HK$1.47 billion from three transactions: the disposal of certain interests in 3 projects to a real estate fund; the disposal of the Nanjing Yangtze River II Bridge; and the acquisition of control of China Overseas Grand Oceans Group Limited ("COGO").
4. Basic earnings per share increased by 65.3% to HK151.4 cents; net assets per share increased by 30.0% to HK$6.70.
5. Shareholders' funds were up 30.0% to HK$54.73 billion. Average return on shareholders' funds increased to 25.6%.
6. Sales of properties in the PRC amounted to HK$66.78 billion, an increase of 42.2% over that of last year, and sold area increased by 11.5% to over 5.30 million sq m.
7. During the year, the Group (excluding COGO) directly acquired 14 land parcels, adding 3.43 million sq m GFA to its land reserve; acquisition of COGO added GFA of about 2.30 million sq m to our land reserve; subsequently, COGO acquired several parcels of land in Guilin and Yinchuan with a total GFA of 3.47 million sq m. At the end of the year the Group had a land reserve of 35.85 million sq m GFA, an increase of 17.2% compared with last year.
8. At the end of 2010, the net gearing of the Group was maintained at a low level of 22.8%; outstanding borrowings and guaranteed notes payable were about HK$34.52 billion and HK$10.02 billion respectively; and there was cash on hand of about HK$32.05 billion.
9. The Board proposed a final dividend of HK17 cents per share. Together with the interim dividend of HK10 cents, total dividends declared for the year were HK27 cents per share, an increase of 35% compared with last year.

A TRUSTED BRAND GROWING THROUGH DILIGENCE AND CARE

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 2010. The consolidated profit after tax attributable to equity shareholders of the Company amounted to HK$12.37 billion, representing an increase of 65.7% as compared to 2009. The earnings per share is HK151.4 cents, representing an increase of 65.3% as compared to 2009.

CONSOLIDATED INCOME STATEMENT

The audited consolidated results of the Group for the year ended 31 December 2010 and the comparative figures in 2009 are as follows:

	Notes	**2010** *HK$'000*	2009 *HK$'000*
Turnover	*2*	**44,313,014**	37,321,630
Cost of sales		**(25,714,441)**	(24,969,281)
Direct operating expenses		**(824,639)**	(574,826)
		17,773,934	11,777,523
Other income and gains		**1,031,104**	478,545
Gain arising from changes in fair value of investment properties		**1,989,004**	1,319,532
Gain on transfer of completed properties to investment properties		**26,571**	-
Gain on bargain purchase		**905,718**	-
Gain on disposal of subsidiaries		**601,085**	-
Gain on disposal of a jointly controlled entity		**272,918**	-
Gain arising from changes in fair value of investments held-for-trading		**-**	10,452
Selling and distribution costs		**(592,445)**	(529,324)
Administrative expenses		**(1,314,327)**	(797,480)
Operating profit		**20,693,562**	12,259,248
Share of profits of			
Associates		**17,750**	3,683
Jointly controlled entities		**317,196**	19,238
Finance costs	*3*	**(461,264)**	(228,414)
Profit before tax		**20,567,244**	12,053,755
Income tax expense	*4*	**(7,897,817)**	(4,449,692)
Profit for the year		**12,669,427**	7,604,063
Attributable to:			
Owners of the Company		**12,373,151**	7,468,928
Non-controlling interests		**296,276**	135,135
		12,669,427	7,604,063
		HK$	*HK$*
EARNINGS PER SHARE	6		
Basic		**1.51**	0.92
Diluted		**1.51**	0.92

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2010	2009
	HK$'000	*HK$'000*
Profit for the year	**12,669,427**	7,604,063
Other comprehensive income		
Exchange differences arising on translation	**1,950,791**	5,026
Share of exchange difference of jointly controlled entities	**209,873**	1,315
Change in fair value of investments in syndicated property project companies	**1,896**	2,317
Reclassification adjustment of other reserve upon realisation of assets	**15,390**	54,440
Other comprehensive income for the year, net of tax	**2,177,950**	63,098
Total comprehensive income for the year	**14,847,377**	7,667,161
Total comprehensive income attributable to:		
Owners of the Company	**14,475,140**	7,530,334
Non-controlling interests	**372,237**	136,827
	14,847,377	7,667,161

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2010 *HK$'000*	31.12.2009 *HK$'000* *(Restated)*	1.1.2009 *HK$'000* *(Restated)*
Non-current Assets				
Investment properties		14,053,675	7,747,599	6,428,067
Property, plant and equipment		319,388	253,823	280,967
Prepaid lease payments for land		35,984	47,409	58,204
Interests in associates		210,497	180,600	164,581
Interests in jointly controlled entities		11,323,863	2,558,944	1,947,655
Investments in syndicated property project companies		22,867	20,971	18,654
Amounts due from associates		42,156	87,424	90,108
Amounts due from jointly controlled entities		8,981,367	9,172,006	4,071,170
Amounts due from syndicated property project companies		154	436	1,056
Other financial assets		23,726	30,161	42,443
Goodwill		109,021	109,021	109,021
Other intangible asset		39,870	-	-
Deferred tax assets		1,190,537	650,791	485,090
		36,353,105	20,859,185	13,697,016
Current Assets				
Inventories		4,154	3,718	2,999
Stock of properties		84,461,975	50,447,028	53,978,804
Investments held-for-trading		-	-	9,506
Prepaid lease payments for land		2,745	3,660	3,660
Trade and other receivables	*7*	2,874,544	1,120,299	1,044,655
Deposits and prepayments		2,771,797	1,059,712	1,267,327
Deposits for land use rights for properties held for sale		1,916,731	15,934,835	1,652,747
Amount due from immediate holding company		-	-	618,249
Amount due from a fellow subsidiary		845,000	-	-
Amount due from an associate		-	142,929	613,246
Amounts due from jointly controlled entities		529,926	276,369	3,312,030
Amounts due from non-controlling interests		110,386	75,007	138,647
Tax prepaid		354,544	331,926	231,407
Bank balances and cash		32,023,494	23,862,725	9,006,148
		125,895,296	93,258,208	71,879,425
Current Liabilities				
Trade and other payables	*8*	14,103,430	10,963,564	7,824,472
Deposits for proposed open offer		-	-	1,214,275
Pre-sales deposits		23,274,160	17,522,447	11,846,616
Rental and other deposits		712,335	1,240,783	434,248
Amount due to immediate holding company		-	9,659,281	-
Amount due to a fellow subsidiary		353,428	251,292	174,934
Amounts due to associates		258,703	209,906	181,905
Amounts due to jointly controlled entities		1,530,187	524,249	483,658
Tax liabilities		10,952,001	5,459,135	3,829,624
Borrowings - due within one year		10,214,113	6,964,155	3,946,026
		61,398,357	52,794,812	29,935,758
Net Current Assets		64,496,939	40,463,396	41,943,667
		100,850,044	61,322,581	55,640,683

	31.12.2010 *HK$'000*	31.12.2009 *HK$'000* *(Restated)*	1.1.2009 *HK$'000* *(Restated)*
Capital and Reserves			
Share capital	817,252	816,902	785,070
Reserves	53,917,638	41,276,170	32,434,712
Equity attributable to owners of the Company	54,734,890	42,093,072	33,219,782
Non-controlling interests	3,207,251	(283,441)	(335,394)
Total Equity	57,942,141	41,809,631	32,884,388
Non-current Liabilities			
Borrowings - due after one year	24,305,704	14,369,870	18,320,005
Guaranteed notes payable	10,018,179	2,332,426	2,329,431
Amounts due to non-controlling interests	791,904	820,310	850,983
Derivative financial liability	1,187,323	-	-
Deferred tax liabilities	6,604,793	1,990,344	1,255,876
	42,907,903	19,512,950	22,756,295
	100,850,044	61,322,581	55,640,683

Notes:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised Hong Kong Accounting Standards ("HKAS(s)"), Hong Kong Financial Reporting Standards ("HKFRS(s)"), Amendments and Interpretations ("HK - Int") (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised 2008)	Business Combinations
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 17 (Amendments)	Leases
HKAS 27 (as revised 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners
HK - Int 5	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised standards and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

HKFRS 3 (as revised 2008) "Business Combinations"

HKFRS 3 (as revised 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 January 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

- HKFRS 3 (as revised 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as "minority" interests) either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree. In the current year, in accounting for the acquisition of China Overseas Grand Oceans Group Limited (formerly known as Shell Electric Mfg. (Holdings) Co. Ltd.) ("COGO"), the Group has elected to measure the non-controlling interests at the non-controlling interests' share of the identifiable net assets of the acquiree at the date of acquisition.

- HKFRS 3 (as revised 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

- HKFRS 3 (as revised 2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree.

- HKFRS 3 (as revised 2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

The acquisition-related cost is insignificant to the Group and the application of HKFRS 3 (as revised 2008) has no significant impact to the consolidated statement of financial position at 31 December 2010 and consolidated income statement of the Group for the current year.

HKAS 27 (as revised 2008) "Consolidated and Separate Financial Statements"

The application of HKAS 27 (as revised 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries of the Company.

Specifically, the revised standard has affected the Group's accounting policies regarding changes in the Company’s ownership interests in its subsidiaries that do not result in loss of control. 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 bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (as revised 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

The application of the revised standard has affected the accounting for the Group's acquisition of additional interest and partial disposal of interest in COGO in the current year. In respect of the acquisition of additional interest in COGO, the change in policy has resulted in the difference of HK$49,888,000 between the consideration paid of HK$147,668,000 and the non-controlling interests of HK$197,556,000 being recognised directly in equity, instead of in profit or loss. In addition, the cash consideration paid in the current year of HK$147,668,000 has been included in cash flows from financing activities. In respect of the partial disposal of interest in COGO, the change in policy has resulted in the difference of HK$174,815,000 between the consideration received of HK$176,419,000 and the non-controlling interests of HK$351,234,000 being recognised directly in equity, instead of in profit or loss. In addition, the cash consideration received in the current year of HK$176,419,000 has been included in cash flow from financing activities. In respect of the partial disposal of interest in Omar Property Development Company Limited ("Omar Property"), there is no significant difference between the cash consideration received for the partial disposal of equity interest in Omar Property and the carrying amount of the non-controlling interest at the date of disposal and therefore, such disposal has no significant impact to the profit or loss and equity of the Group. The cash consideration received in the current year of HK$158,146,000 has been included in cash flow from financing activities.

The application of the revised standard has affected the accounting for the Group's acquisition of additional interest in a subsidiary of COGO in the current year. The change in policy has resulted in the difference of HK$167,298,000 between the consideration paid of HK$1,187,323,000 and the non-controlling interest of HK$1,354,621,000 being recognised directly in equity, instead of in profit or loss.

The application of the revised standard has also affected the accounting for the Group's disposal of certain subsidiaries. The change in policy has resulted in measuring the retained interests in the former subsidiaries at their fair value at the date control is lost. The resulting difference of HK$220,905,000 is recognised as a gain on disposal of subsidiaries in profit or loss.

In summary, the application of HKAS 27 (as revised 2008) has resulted in the increase in profit of the Group of HK$178,534,000 and increase in both basic and diluted earnings per share of HK$0.02 in the current year and increase in the retained earnings of the Group of

HK$42,371,000 and the increase in interests in jointly controlled entities of HK$220,905,000 at 31 December 2010. The effects of change in this accounting policy had no significant impact on the results of the Group for the prior years and on the consolidated financial position of the Group as at 1 January 2009 and 31 December 2009.

Amendments to HKAS 17 "Leases"

As part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lease.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance classification has been reclassified from prepaid lease payments to property, plant, and equipment retrospectively. This resulted in prepaid lease payments with the carrying amounts of HK$5,447,000 and HK$5,323,000 as at 1 January 2009 and 31 December 2009 respectively being reclassified to property, plant and equipment.

As at 31 December 2010, leasehold land that qualifies for finance lease classification with the carrying amount of HK$3,068,000 has been included in property, plant and equipment. The application of the amendments to HKAS 17 has had no impact on the reported profit and loss for the current and prior years.

The effects of the above change in accounting policy on the financial positions of the Group as at 1 January 2009 and 31 December 2009 is as follows:

	As at 1/1/2009 (originally stated)	Adjustments	As at 1/1/2009 (restated)	As at 31/12/2009 (originally stated)	Adjustments	As at 31/12/2009 (restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Property, plant and equipment	275,520	5,447	280,967	248,500	5,323	253,823
Prepaid lease payments for land - non-current	63,465	(5,261)	58,204	52,379	(4,970)	47,409
Prepaid lease payments for land - current	3,846	(186)	3,660	4,013	(353)	3,660
Total effects on net assets	342,831	-	342,831	304,892	-	304,892

Hong Kong Interpretation 5 "Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause"

Hong Kong Interpretation 5 "Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" ("HK - Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK - Int 5 for the first time in the current year. HK - Int 5 requires retrospective application.

As a result, bank loans that contain a repayment on demand clause with aggregate carrying amounts of HK$2,600,000,000 have been reclassified from non-current liabilities to current liabilities in the Group's consolidated statements of financial position as at 31 December 2009. As at 31 December 2010, bank loans (that are repayable after one year from the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of HK$800,000,000 have been classified as current liabilities in the Group's consolidated statements of financial position. The application of HK - Int 5 has had no impact on the Group's consolidated statement of financial position at 1 January 2009 as the Group did not have bank loans that contain a repayment on demand clause. Also, its application has had no impact on the reported profit or loss for the current or prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities.

The effects of the above changes in accounting policies on the financial positions of the Group as at 31 December 2009 is as follows:

	As at 31/12/2009 (originally stated)	Adjustments	As at 31/12/2009 (restated)
	HK$'000	*HK$'000*	*HK$'000*
Borrowings - due within one year	4,364,155	2,600,000	6,964,155
Borrowings - due after one year	16,969,870	(2,600,000)	14,369,870
Total effects on net assets	21,334,025	-	21,334,025

The effects of changes in accounting policies described above had no impact on the reported profit or loss in prior years.

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures - Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[6]
HKAS 24 (revised 2009)	Related Party Disclosures, except for paragraphs 25 to 27 in respect of the partial exemption from disclosure requirements for government related entities which have been adopted during the financial year ended 31 December 2009[6]
HKAS 32 (Amendments)	Classification of Rights Issues[2]
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 July 2011.
[6] Effective for annual periods beginning on or after 1 January 2012.
[7] Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 "Financial Instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 "Financial Instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The application of the new standard may have an impact on amounts reported in respect of the Group's financial assets and financial liabilities and the management of the Group is in the process of ascertaining the financial impact.

The amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property". Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to HKAS 12 may have an impact on deferred tax recognised for investment properties that are measured using the fair value model.

2. TURNOVER AND CONTRIBUTION

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

Property development	-	proceeds from sales of properties
Property investment	-	property rentals
Other operations	-	infrastructure project, revenue from real estate agency and management services, 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.

Year ended 31 December 2010

	Property development *HK$'000*	**Property investment** *HK$'000*	**Other operations** *HK$'000*	**Segment total** *HK$'000*
Segment revenue	**42,962,210**	**293,938**	**1,056,866**	**44,313,014**
Segment profit	**16,696,530**	**2,283,090**	**170,231**	**19,149,851**

Year ended 31 December 2009

	Property development *HK$'000*	Property investment *HK$'000*	Other operations *HK$'000*	Segment total *HK$'000*
Segment revenue	36,382,883	195,040	743,707	37,321,630
Segment profit	10,534,824	1,479,599	160,087	12,174,510

Reconciliation of reportable segment profit to the consolidated profit before tax

Segment profit represents the profit earned by each segment without allocation of gain on disposal of subsidiaries, a jointly controlled entity and partial interest in a jointly controlled entity, gain on bargain purchase, interest income, central administration costs, directors' salaries, exchange gain and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

	2010 *HK$'000*	2009 *HK$'000*
Reportable segment profit	**19,149,851**	12,174,510
Unallocated items:		
Interest income	**140,656**	141,261
Gain on disposal of subsidiaries	**601,085**	-
Gain on disposal of a jointly controlled entity	**272,918**	-
Gain on disposal of partial interest in a jointly controlled entity	**25,222**	-
Gain on bargain purchase	**905,718**	-
Corporate expenses	**(244,217)**	(115,946)
Finance costs	**(417,343)**	(180,891)
Exchange gain	**133,354**	34,821
Consolidated profit before tax	**20,567,244**	12,053,755

3. FINANCE COSTS

	2010 *HK$'000*	2009 *HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**926,244**	631,815
Interest on guaranteed notes not wholly repayable within five years	**194,758**	134,550
Imputed interest expense on amounts due to non-controlling interests	**43,921**	47,523
Other finance costs	**29,517**	15,324
Total finance costs	**1,194,440**	829,212
Less: Amount capitalised in properties under development	**(733,176)**	(600,798)
	461,264	228,414

4. INCOME TAX EXPENSE

	2010 *HK$'000*	2009 *HK$'000*
Current tax:		
Hong Kong Profits Tax	**2,807**	6,942
Macau income tax	**3,213**	7,227
PRC Enterprise Income Tax ("EIT")	**4,310,569**	2,502,658
PRC withholding income tax	**203,097**	-
PRC Land appreciation tax ("LAT")	**4,035,203**	1,465,641
	8,554,889	3,982,468
(Over) underprovision in prior years:		
Hong Kong Profits Tax	**(559)**	62
EIT	**(1,277)**	76,604
LAT	**(161,218)**	(178,209)
	(163,054)	(101,543)
Deferred tax		
Current year	**(494,018)**	568,767
Total	**7,897,817**	4,449,692

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

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 of 22% (2009: 20%) 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 prevailing tax rate of 12% (2009: 12%) in Macau.

5. DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Interim dividend paid in respect of financial year ended 31 December 2010 of HK10 cents (2009: financial year ended 2009 interim dividend HK7 cents) per share	**817,205**	571,767
Final dividend paid in respect of financial year ended 31 December 2009 of HK13 cents (2009: financial year ended 31 December 2008 final dividend HK7 cents) per share	**1,062,393**	571,531
	1,879,598	1,143,298

The final dividend of HK17 cents in respect of the financial year ended 31 December 2010 (2009: final dividend of HK13 cents in respect of the financial year ended 31 December 2009) per ordinary share, amounting to approximately HK$1,389 million (2009: approximately HK$1,062 million) has been proposed by the directors of the Company 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 consolidated financial statements.

6. EARNINGS PER SHARE

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

	2010	2009
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic earnings per share		
Profit for the year attributable to the owners of the Company	**12,373,151**	7,468,928
Adjustment to the profit of the Group based on dilutive earnings per share of COGO	**(8,460)**	-
Earnings for the purposes of diluted earnings per share	**12,364,691**	7,468,928

	2010	2009
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**8,171,068**	8,153,422
Effect of dilutive potential ordinary shares:		
Share options	**3,973**	8,656
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**8,175,041**	8,162,078

7. 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 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:

	31.12.2010	31.12.2009	1.1.2009
	HK$'000	*HK$'000*	*HK$'000*
Trade receivable, aged			
0-30 days	**2,004,987**	456,328	465,073
31-90 days	**389,721**	112,286	208,288
Over 90 days	**162,779**	385,014	239,959
	2,557,487	953,628	913,320
Other receivables	**317,057**	166,671	131,335
	2,874,544	1,120,299	1,044,655

Before accepting any new 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 end of reporting period.

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. 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.

8. 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 the reporting period:

	31.12.2010	31.12.2009	1.1.2009
	HK$'000	*HK$'000*	*HK$'000*
Trade payables, aged			
0-30 days	6,366,823	4,432,739	4,076,519
31-90 days	427,196	736,717	401,001
Over 90 days	3,197,265	2,756,358	1,415,166
	9,991,284	7,925,814	5,892,686
Other payables	2,565,108	1,706,713	960,452
Retentions payable	1,547,038	1,331,037	971,334
	14,103,430	10,963,564	7,824,472

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

Of the retentions payable, an amount of approximately HK$784 million (2009: HK$762 million) is due beyond twelve months from the end of the reporting period.

9. EVENT AFTER THE REPORTING PERIOD

In respect of the acquisition of 30% additional interest in Pan China Land (Holdings) Corporation by COGO, the conditions of the Acquisition Agreement have been fulfilled on 10 February 2011. COGO issued 189,493,224 shares to Mr. Wang and Kentrise and accordingly, the Group’s effective interest in COGO has been diluted from 50.1% to 40.2%, resulting in the loss of control in COGO. The management of the Group is still in the process of quantifying the financial impact of the deemed disposal of equity interest in COGO.

PAYMENT OF DIVIDEND

The Board has recommended the payment of a final dividend of HK17 cents per share for the year ended 31 December 2010. Together with an interim dividend of HK10 cents per share, the total dividend for the whole year amounted to HK27 cents per share, HK7 cents increase compared with the total dividend of HK20 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 Wednesday, 15 June 2011 to shareholders whose names appear on the Register of Members of the Company as at the close of business on Friday, 27 May 2011.

CLOSURE OF REGISTER OF MEMEBERS

The Register of Members of the Company will be closed from Thursday, 26 May 2011 to Friday, 27 May 2011 (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 Friday, 27 May 2011 (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 Wednesday, 25 May 2011. No transfer of shares will be registered during the Book Close Period.

BUSINESS REVIEW

In 2010, global economic conditions remained complicated and fast changing. Major developed countries were confronted with various challenges and responded with a range of economic stimulus measures. In November, the United States government announced the launch of the second round of quantitative easing measures (QE2). In emerging markets, economic development was good but governments had to adjust their fiscal and monetary policies to combat problems caused by the influx of short-term speculative funds generated by the developed world's stimulus measures, particularly to prevent local economic overheating and to control potential risks associated with asset bubbles and inflation. Through interest hikes and a series of increases in the deposit reserve ratio, China has effectively controlled liquidity and investment sentiment in the market, providing the conditions for steady and relatively fast economic growth. Led by the high GDP growth rate of 10.3% in China, economic development in both Hong Kong and Macau was strong in 2010.

Following the strong rebound in 2009, the China property market continued to perform well in the first quarter of 2010. The consolidation of property prices at a high level as well as the sharp rise in land prices somewhat affected harmony in the community leading to the launch of stricter tightening measures towards the property sector in April and September 2010, including restrictions on purchases and mortgages in some cities. The China property market was inevitably affected to some extent. But due to a combination of strong economic growth and strong rigid demand, the property market still performed well overall in 2010.

The Group achieved a substantial jump in its sales and profit in 2010. Turnover increased by about 18.7% to HK$44.31 billion, and consolidated net profit increased by 66.6% to HK$12.67 billion (11.02 billion yuan). The net profit attributable to shareholders increased by 65.7% to HK$12.37 billion (10.76 billion yuan). The Group recorded net profits of about HK$1.47 billion from three transactions: the disposal of certain interests in 3 projects to a real estate fund; the disposal of the Nanjing Yangtze River II Bridge; and the acquisition of control of COGO. Also, an increase in the fair value of the investment property portfolio generated net profit of about HK$1,096 million. The net profit attributable to shareholders has sustained a compound increase of more than 51.8 % over the past five years (2006-2010). This comprises annual increases of over 20% in each of the past eight years (2003-2010), fulfilling the Group's commitments to its shareholders and investors.

Property Development

Total sales of properties for the Group as a whole amounted to HK$67.11 billion (including sales of joint ventures), an increase of 40.4% on the previous year; the area sold was 5.30 million sq m, representing an increase of 11.2% on 2009. As at the end of 2010, pre-sales deposits amounting to HK$23.27 billion were received, an increase of 32.8% on last year.

In 2010, the China property market was tough and challenging. However, the Group adhered firmly to its operational watchword: A Trusted Brand Growing through Diligence and Care. As a result of targeted and innovative sales and marketing measures as well as the "China Overseas Property" branding advantage, the Group achieved another sales record of HK$66.78 billion in 2010 (including sales of joint ventures) in mainland China, an increase of 42.2% on 2009. The total area of properties sold was 5.30 million sq m, an increase of 11.5% on 2009.

The Hong Kong and Macau property market was buoyant through the year, mainly due to excess liquidity generated by the quantitative easing measures and increased investment from the mainland. The Group is optimistic about this market. In 2010, it focused only on stock sales and the marketing launch for the 1 Oxford Road project towards the end of the year. Sales in 2010 amounted to a mere HK$332 million.

During the year, projects in China with aggregate gross floor area ("GFA") of 5.69 million sq m were completed. Total saleable area of these projects was 4.74 million sq m. Net of 90,000 sq m of long-term investment properties, 77.8% of this had been sold by end of 2010, corresponding to an area of 3.62 million sq m and sales value of HK$43.03 billion. Furthermore, after adjusting for sales relating to joint ventures, which are not recognised as turnover for the Group, and sales not recognised as Group turnover for the year 2010, the level of sales pertaining to projects completed in 2010 and recognized as turnover in 2010 was HK$34.91 billion. Furthermore, sales of properties held for sale were satisfactory with 0.61 million sq m sold for approximately HK$8.63 billion. At the end of 2010, about 1.40 million sq m of properties were held for sale.

The turnover of the Group's China property development business increased by 18.8% to HK$42.90 billion, the gross profit margin increased from 31.1% in 2009 to the relatively high level of 42.6%, while operating profit increased significantly by 54.9% to HK$16.34 billion. The turnover for Hong Kong and Macau amounted to HK$60 million. The gross profit margin was 62.6% while operating profit was HK$35 million.

Investment Properties

The Beijing China Overseas Property Plaza was completed towards the end of the year, adding 90,000 sq m of investment properties to the Group and making a total of 310,000 sq m as at the end of 2010. About 86% of the Beijing China Overseas Plaza was leased out and the overall occupancy rate of the Group's investment properties was satisfactory. The total rental income for the year was HK$294 million, representing an increase of 50.7% on 2009; segment results amounted to HK$ 2.28 billion which included increase in the fair value of investment properties amounting to HK$2,015 million (net income after deferred tax was HK$1,096 million). Operating profit was HK$ 267 million, representing an increase of 66.9% as compared with 2009.

Land

After taking account of the economic environment, trends in the property market, funding capabilities, the land reserve on hand and the quality and cost, 11 parcels of land were acquired by the Group (not including COGO) in 2010 in 9 cities in China – Chengdu, Dalian, Zhongshan, Beijing, Suzhou, Tianjian, Xian, Guangzhou and Zhuhai. These land parcels provide an aggregate GFA of 3.32 million sq m (attributable interest of 2.98 million sq m).

To ensure sustainable rapid growth, the Group endeavours to replenish its prime land reserve through various channels. 2.30 million sq m of land was acquired through the acquisition of COGO in February 2010. Subsequently, COGO acquired land parcels in Guilin and Yinchuan and added 3.47 million sq m of land to the Group's land reserve.

During 2010 the Group also purchased 3 parcels of land in Hong Kong and Macau with GFA of 110,000 sq m for a total consideration of about HK$3.30 billion. In October, the Group also won a contract to jointly develop a project in Sai Ying Pun with the Urban Renewal Authority.

The Group replenished its land reserve by 9.21 million (attributable interest of 7.67 million sq m) in 2010. As at 31 December 2010, the Group had a total land reserve of about 35.85 million sq m (attributable interest of about 30.38 million sq m) in 23 mainland cities, Hong Kong and Macau.

Group Finance

Subsequent to the raising of HK$8 billion in February 2010 by way of syndication, in November 2010 the Group captured the opportunity created by the announcement of the launch of QE2 by the US government when it successfully issued a 10-year US$1 billion bond at a rate of 5.5%. This greatly enhanced the debt maturity portfolio of the Group. As at 31 December 2010, outstanding borrowings and guaranteed notes payable by the Group were about HK$34.52 billion (loans denominated in RMB amounted to about HK$11.59 billion) and about HK$10.02 billion (US$1.3 billion) respectively; and cash on hand amounted to approximately HK$32.05 billion. Under tough market conditions in 2010, coupled with the fact that the full amount of the 8.50 billion yuan short-term loan advanced by its controlling shareholder China State Construction Engineering Limited was repaid and that a substantial quantity of land premiums were settled (leaving a balance of HK$14.13 billion at the end of 2010), the net gearing of the Group increased only slightly from 22.4% last year end to 22.8% at end of 2010. Such favourable financial position was attributable to excellent sales results and effective fund management. Over HK$50 billion cash inflow from sales was recorded during 2010. Shareholders' funds in the Company increased from HK$42.09 billion at the end of 2009 to HK$54.73 billion at the end of 2010.

In the first quarter of 2010, both Moody's and Standard & Poor's upgraded the Company's issuer and bond ratings to Baa2 and BBB respectively and these ratings were reaffirmed when the US$1 billion bond was issued in November 2010. The upgrade reflected the recognition of the market to the Group's solid and stable financial profile and also its market-leading status.

Human Resources

The Group firmly believes that the quality of human resources and the level of knowledge capital are important benchmarks in assessing the competitiveness of an enterprise. Personal capability is enhanced through skills development, staff training and job rotation. Long-term development of the Group and personal development of staff are closely interrelated and mutually reinforcing. This is a pre-eminent feature of the Group's corporate culture and human resource management style.

After assiduous promotion in recent years, the "Sons of the Sea" and "Sea's Recruits" schemes have developed into respected human resource brands in the mainland property industry. Staff recruited through these two schemes have steadily become an important element supporting the sustainable and stable development of the Group. In 2010, more than 200 graduates from leading universities in China were recruited through the "Sons of the Sea" scheme and more than 500 talented staff joined through the "Sea's Recruits" scheme. This recruitment of ample human resources effectively resolved the staff shortages typically confronted by a rapidly developing organisation like China Overseas.

Corporate Governance

The Board believes that its prime duty is to protect and best utilise resources in the Group and thereby to enhance value for shareholders. A high standard of corporate governance is the key to improving corporate profit and facilitating sustainable development. Thus the Group strives to improve corporate governance standards to ensure efficient operation of the Group's businesses and safeguard its assets and shareholders' interests. Over several years, the Group has actively enhanced corporate transparency and strengthened the Group's internal controls and risk management.

Corporate Citizenship
The Group is committed to corporate social responsibility and seeks to promote social value and harmony. The Group has established a well-regulated formal system to discharge its social responsibilities, especially in the areas of poverty alleviation, disaster relief works, educational subsidies, charitable donations and community services.

In the past years the Group has been active in charitable donation. During 2010, the Group organised donation activities to show its concern and care for victims of the drought in Guangxi and the earthquake in Yushu. Resources and facilities provided to the China Overseas Hope Schools have greatly enhanced the education environment and capabilities of the locality.

The Group continued to apply environmental protection and energy conservation concepts such as carbon footprint and "green construction" throughout its corporate development strategy, as well as to the design and construction of its property projects. The aim is to help build a greener society and ensure a healthy living environment that enables sustainability in the natural environment in and around our projects.

In July, the Company became a constituent stock of the Hang Seng Corporate Sustainability Index. This reflects market recognition of the Group's efforts in corporate sustainability (including environmental protection, social responsibility and corporate governance).

Awards
In 2010, the Group received numerous awards. China Overseas Property was acknowledged as number one among "China's 20 Most Valued Property Brands" and its brand value increased to 15.59 billion yuan. It was also acknowledged as the number one among "Leading China Property Brands" and for 7 years in a row has been voted the number-one China Blue Chip Real Estate Developer. China Overseas Property was awarded 9 Jian Tian Yao (詹天佑) awards for excellence in its quality, design and management and 5 Bloomberg International Property Awards.

PROSPECT

Macro economy
The original objectives of the various stimulus measures implemented by the advanced countries of the United States and eurozone were to increase market liquidity, stabilise the financial system and eventually boost economic recovery. However, the extra liquidity has not been effectively utilised with the fundamental problems that led to the global financial crisis still unresolved, unemployment rates staying high and persistent economic imbalances. Recent political instability in the Middle East and North Africa and earthquake in Japan further risk weakening the world economy. Meanwhile, the excess liquidity that flooded into the market under the quantitative easing measures led to intensified investment activity, asset bubbles and inflationary pressure, especially in emerging markets as well as in Hong Kong and Macau. The Group will closely watch for the risk of downside events triggered by any change in the international economic environment and will implement appropriate response measures in a timely and effective manner.

It is expected that the economy of China will continue to grow rapidly and GDP growth may reach eight percent in 2011. There are concerns about an overheating economy and inflation and the Chinese central government has started to adopt a tight monetary policy and prudent fiscal policy. It is expected that credit liquidity will be tightened further and interest hikes will continue in 2011. Economic development in Hong Kong and Macau will inevitably be affected to some extent. The year 2011 will be a challenging one for most enterprises.

Business Development

It is expected that competition in the China property market will intensify in 2011. Notwithstanding the launch of a series of tough tightening measures towards the China property market, the whole property market performed well in 2010 with prices staying high. This entirely reflected the actual supply and demand situation in the property market. At the same time, the fact that harmony in the community had been adversely affected led to the launch of even tougher tightening measures in 2011. Some recent policies and measures such as the trial run of a property tax in Shanghai and Chongqing, less favourable terms and also restrictions on mortgages, deepening of the restriction on purchases as well as an extension of its coverage, have restricted and interrupted the property market and adversely affected normal and sustainable property development. On the other hand, moves that curb speculation and restrict investment while increasing the supply of affordable housing should be beneficial to the healthy development of the property market, resolving the housing issue of the middle to lower classes and promoting harmony in the community. Property has become a pillar industry in China. Moreover, rapid ongoing urbanisation will continue to drive the property market for some time yet. The Group is still optimistic about the long-term development of the mainland China property market.

Greater volatility in the China property market is anticipated amid increased uncertainty. For the industry as a whole, there are more challenges than opportunities. It is expected that the market will undergo consolidation in a faster manner and weak players will be eliminated while stronger parties will be able to increase their market share. Property developers that are operationally and financially sound and have a strong brand name will be in a better position to cope effectively with the austerity measures and will have more business opportunities than challenges. The sales result for the first two months of 2011 remained satisfactory. The Group will follow the market closely so as to improve its sensitivity to market developments. By mastering changes in the market and the stages of the economic cycle, the Group will be able to seize investment opportunities including the acquisition of prime land parcels through various channels. The Group will continue to enter new cities and strengthen its balanced nationwide strategy. The Group will also continue to enhance its operational and management capability, so that it is able to maintain sustainable growth even in times of uncertainty and can consolidate its leading status in the property industry.

It is expected that the property market in Hong Kong and Macau, especially the high-end segment in which the Group operates, will remain buoyant. In 2011, the Group will seek opportunities to expand its business in Hong Kong and Macau.

Operational Philosophy

The Group holds to its operation philosophy of “Exercise caution in details and implementation. Build a strong foundation to seek greater success” (慎微篤行 精築致遠). The Group strictly adheres to its undertakings and conducts business with complete integrity. The Group tries its utmost and explores every avenue to improve the quality of its projects so that each project stands out and sets the pace among high-end products in the area. The Group also endeavours to maintain its high levels of creativity and to continuously consolidate and expand its market and customer base. The Group works hard to enhance its customer relationship management system and to uphold its customer-focused strategy. By collecting data on customer demand and sharing it with operational departments, the Group strives to improve the quality of its projects and to provide customers with a choice of highly differentiated and desirable products. The Group continues to stick to a development model focused on mid-range to high-end products and aiming to maximise profit for the Group. The Group strives to consolidate and then strengthen its unique immense competitive advantages in the PRC property sector by continuing to be innovative and with its core advantage of a prime product and branding strongly supported by its expertise in design, construction, sales planning, customer service and property management.

Brand Building

The Group will continue to enhance its brand value and operate as a branded organisation. It will strive to develop and sell prime branded product and this will be achieved by applying our expertise pervasively to each major link in the value chain for a property unit.

In the next generation of residential products the Group will adopt a brand-building strategy with product quality as its core value. This will enhance our already strong branding advantage. In 2011, the Group plans to apply this brand-building strategy to the design, sales and marketing, customer services and property management operations in order to strengthen the brand image of its middle to high-end products.

The corporate brand, project brand and product quality are interrelated and can be mutually beneficial. The Group will spread the "China Overseas Property" brand to the newly entered cities and territories. This will expand its brand reach and enable its product to capture a premium. The Group takes as its corporate responsibility the provision of prime quality in its houses and satisfaction among its customers. The China property market is at a consolidation stage and the Group may increase its market share as its brand name is enhanced and becomes more widely known. The brand value of China Overseas Property will continue to increase and make a greater contribution to the Company's market capitalisation.

The Group keenly recognises that the brand value of a corporation depends largely on its corporate image, its capability to act with a high level of corporate citizenship and effective corporate governance.

Sustainable Project Development

The Group will closely monitor the market and control the pace of its project development and sales appropriately. The Group will continue to launch targeted, highly differentiated, premium products. By leveraging its brand name, backed by innovative marketing and sales operations, the Group can improve its sales results and cash flow, maximise the return on its assets and ensure sustainable growth in the scale and profitability of its operations. It is planned that in 2011, the Group will commence development of an additional 10 million sq m bringing the total area under development to around 20 million sq m; projects with GFA of 7 million sq m will be completed for occupation; the Group will strive to achieve total sales area of not less than 6.3 million sq m for 2011.

The Group will allocate sufficient resources to ensure the successful sales of the two luxury projects in Hong Kong (6 Stanley Beach Road and 1 Oxford Road) and the smooth development and pre-sale of the Fanling project and the Kowloon Tong Grampian Road project.

Better Business Structure

The Group will continue to operate a business structure with residential development as the main element and investment property in a supplemental role. It will balance resource allocation for short-term and long-term investment and gradually increase its weighting on investment property so as to obtain stable long-term returns and to enhance its capability to balance market risk. In the long term, the Group will work towards securing a profit contribution from investment property of at least 20% of total profit. Currently, the total area of commercial property under development and yet to be developed by the Group amounts to about 2.5 million sq m. Of this, about 1.5 million sq m (the Group's attributable interest) will be retained as long-term investment property. Furthermore, the Group sold the Nanjing Yangtze River II Bridge in November 2010 at a profit of HK$270 million, receiving cash amounting to HK$1.69 billion and marking the Group's full withdrawal from the infrastructure sector.

Land Replenishment
The Group will calmly meet the challenges ahead. It will maintain an appropriate scale of investment and capture opportunities offered by market adjustments to replenish its prime land reserve through a variety of means and channels. It is intended that the Group will enter three or four new cities in 2011 and the replenishment of its land reserve will not be less than 7.2 million sq m in GFA.

Up to the date of the results announcement, the Group (not including COGO) has in 2011 acquired 8 parcels of land in 7 mainland cities with a total GFA of 5.04 million sq m.

Multi-Growth Models
The Group will strive to expedite its development and expand its development scale through joint venture cooperation and mergers and acquisitions. Most of the joint venture projects are at the investment phase and are expected to soon show an increased contribution. The real estate fund established in March 2010 is operating smoothly. The launch of phase II of the fund, which will invest in and operate with the Group on brand new projects, is making good progress. The acquisition of the control of COGO was completed in March 2010. Due to the issue of new shares in COGO pursuant to the reorganisation and restructing plan of COGO in February 2011, COGO became an associated company of the Group. As the single largest shareholder of COGO, the Group will continue to manage the company. COGO will focus on third- and fourth-tier cities in China and is expected to develop rapidly in the coming years and will effectively complement the business of China Overseas Property.

Market Leading Status
China is a vast country whose economy is developing at varying rates, and its property markets are also at different 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 strengthen and balance its nationwide development strategy by actively exploring new markets that offer strong potential. In order to increase its leadership of the industry in terms of turnover, net profit, brand value and innovative products, the Group will continue to focus on the formulation and execution of policies and regulations, the development of the Group's human resources, protection of tangible and intangible resources, risk management and the enhancement of operating efficiency. Through improvement in the Group's overall competitiveness, the Group can actively acquire high-value land at low cost, maintain a customer-focused strategy, and continue to improve its product quality as the Group holds to its philosophy of practising professionalism in each and every detail and in each and every project.

Prudent Financial Management
The Group will continue to adhere to prudent financial management while it strives to improve its fund management capability in order to enhance its financial strength and resources and to increase its asset protection capabilities. The Group will continue to explore new fundraising channels and make full use of its fundraising platforms in the international and Hong Kong financial markets in 2011. It will continue to upgrade and promote its ERP system to enhance the communication of project and financial information, intensify cash flow control across all regions, increase cash inflow and effectively combat the risks brought about by any shortage in liquidity.

Business Prospects
The Board is confident about prospects for the Group. Strong profit growth has been sustained for eight consecutive years despite the impact of the global financial crisis in the past three years. The Group was able to maintain growth in the difficult 2008, to follow the market trend and seize opportunities in the blossoming 2009 and to mitigate risks as well as succeeded in achieving rapid

growth while the market was filled with uncertainty in 2010. This demonstrates the Group's strength and flexibility. The year 2011 will be full of opportunities and challenges. The Group will continue to apply its longstanding maxim of "Exercise caution in details and implementation. Build a strong foundation to seek greater success." Furthermore, with its solid foundation, international vision and exposure, appropriate nationwide development strategy plus excellent brand name and financial strength, the Group will continue to enhance its competitiveness through its persistent innovation. The Group is very confident that it can maintain its leadership position in the China property industry and achieve steady high-quality balanced growth.

Mission
The Group continues to adopt a human resources management approach that focuses on personal development, working atmosphere and motivation for staff. 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 2010.

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"**), which 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.

However, through the operation of the internal mechanism adopted by the Company below, the terms of appointment of all directors are three years or less.

(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 2010.

Scope of Work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group’s consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2010 as set out in this preliminary announcement have been agreed by the Group’s auditor, 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 this preliminary announcement.

Appreciation

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

By Order of the Board
China Overseas Land & Investment Limited
Kong Qingping
Chairman

Hong Kong, 17 March 2011

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 the 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 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 2010 Annual Report will also be available at the aforementioned websites on/about 15 April 2011 and will be despatched to shareholders of the Company thereafter.