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 2011 AND THE RE-DESIGNATION OF DIRECTOR

FINANCIAL HIGHLIGHTS

1. Turnover increased by 24.7% to HK$21.88 billion, with PRC property development business making up 96.4% of the total turnover.

2. The gross profit margin of PRC property development increased from 40.5% of the corresponding period last year to a higher level of 42.9%.

3. Operating profits increased by 37.1% to HK$10.94 billion. PRC property development contributed HK$8.60 billion, an increase of 29.2% and making up 78.6% of the operating profits. There was a net gain after tax of HK$980 million arising from the changes in the fair value of investment properties. However, there was no revaluation surplus on investment properties during the corresponding period in year 2010. Instead, last year the Group recorded net profits of about HK$1.20 billion from two transactions: the sale of certain interests in 3 projects to a real estate fund; and the acquisition of the control of China Overseas Grand Oceans Group Limited ("COGO").

4. Profits attributable to equity shareholders of the Company increased by 35.0% to HK$6.84 billion (equivalent to RMB5.75 billion); core profits increased by 50.5% to HK$5.82 billion.

5. Basic earnings per share increased by 35.0% to HK83.7 cents.

6. Sale of properties was another record high of HK$52.23 billion (PRC property sales was HK$50.11 billion), an increase of 85.9% over the corresponding period last year. Sold area was 3.07 million sq m, an increase of 38.2% (PRC property sold area was 3.06 million sq m).

7. During the period, 16 land parcels were acquired in mainland China adding GFA of about 7.76 million sq m to our land reserve, of which 985,000 sq m was related to the 4 land parcels acquired by COGO; the Group also acquired 2 land parcels in Hong Kong. As at end of June, the total land bank of the Group was 36.20 million sq m (attributable interest of 31.84 million sq m).

8. The Group's consolidated net gearing increased from 22.8% as at the end of 2010 to 38.5% as at end of June. As at 30 June 2011, the Group had bank loans and guaranteed notes payable amounted respectively to HK$31.82 billion and HK$10.02 billion; bank balances and cash amounted to approximately HK$18.22 billion and unutilized banking facilities amounted to approximately HK$10 billion and hence HK$28.22 billion financial resources were available.

9. The shareholders' equity of the Company increased from HK$54.73 billion at last year end to HK$61.34 billion, an increase of 12.1%. The book value of net asset per share was HK$7.51.

10. Interim dividend of HK13 cents per share was declared, an increase of 30% from HK10 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 2011. The consolidated profit after tax attributable to equity shareholders of the Company amounted to HK$6.84 billion, representing an increase of 35.0% as compared to the corresponding period in 2010. The earnings per share is HK83.7 cents, representing an increase of 35.0% as compared to the corresponding period in 2010.

CONDENSED CONSOLIDATED INCOME STATEMENT

The unaudited consolidated results of the Group for the six months ended 30 June 2011 and the comparative figures for the corresponding period in 2010 are as follows:

		Six months ended 30 June	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
Turnover	*3*	**21,882,852**	17,550,310
Cost of sales		**(12,037,908)**	(10,098,941)
Direct operating expenses		**(486,370)**	(300,651)
		9,358,574	7,150,718
Other income and gains		**859,972**	334,065
Gain arising from changes in fair value of investment properties		**1,527,390**	-
Gain on bargain purchase		**-**	905,718
Gain on disposal of subsidiaries		**45,628**	296,966
Selling and distribution costs		**(226,042)**	(193,908)
Administrative expenses		**(628,389)**	(514,196)
Operating profit		**10,937,133**	7,979,363
Share of profits (losses) of			
Associates		**82,799**	(4,156)
Jointly controlled entities		**270,358**	24,239
Finance cost	*4*	**(258,447)**	(187,300)
Profit before tax		**11,031,843**	7,812,146
Income tax expenses	*5*	**(4,163,550)**	(2,570,858)
Profit for the period		**6,868,293**	5,241,288
Attributable to:			
Owners of the Company		**6,839,381**	5,065,746
Non-controlling interests		**28,912**	175,542
		6,868,293	5,241,288
EARNINGS PER SHARE	*7*	***HK cents***	*HK cents*
Basic		**83.7**	62.0
Diluted		**83.7**	62.0

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Profit for the period	**6,868,293**	5,241,288
Other comprehensive income		
Exchange differences arising on translation	**828,443**	331,667
Share of exchange difference of associates	**31,439**	-
Share of exchange difference of jointly controlled entities	**300,961**	72,850
Change in fair value of investments in syndicated property project companies	**-**	970
Other comprehensive income for the period, net of tax	**1,160,843**	405,487
Total comprehensive income for the period	**8,029,136**	5,646,775
Total comprehensive income attributable to:		
Owners of the Company	**7,990,936**	5,467,725
Non-controlling interests	**38,200**	179,050
	8,029,136	5,646,775

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2011 *HK$'000* (unaudited)**	31 December 2010 *HK$'000* (audited)
Non-current Assets			
Investment properties		**14,671,426**	14,053,675
Property, plant and equipment		**330,186**	319,388
Prepaid lease payments for land		**33,198**	35,984
Interests in associates		**3,145,796**	210,497
Interests in jointly controlled entities		**11,608,708**	11,323,863
Investments in syndicated property project companies		**22,867**	22,867
Amounts due from associates		**93,399**	42,156
Amounts due from jointly controlled entities		**11,553,355**	8,981,367
Amounts due from syndicated property project companies		**154**	154
Other financial assets		**25,405**	23,726
Goodwill		**109,021**	109,021
Other intangible assets		**-**	39,870
Deferred tax assets		**1,496,298**	1,190,537
		43,089,813	36,353,105
Current Assets			
Inventories		**5,454**	4,154
Stock of properties		**88,307,237**	84,461,975
Prepaid lease payments for land		**2,263**	2,745
Trade and other receivables	*8*	**2,576,854**	2,874,544
Deposits and prepayments		**1,909,578**	2,771,797
Deposits for land use rights for properties held for sale		**3,547,936**	1,916,731
Amount due from a fellow subsidiary		**-**	845,000
Amounts due from jointly controlled entities		**252,895**	529,926
Amounts due from non-controlling interests		**161,403**	110,386
Tax prepaid		**902,319**	354,544
Bank balances and cash		**18,195,117**	32,023,494
		115,861,056	125,895,296
Current Liabilities			
Trade and other payables	*9*	**14,178,602**	14,103,430
Pre-sales deposits		**23,090,970**	23,274,160
Rental and other deposits		**1,026,647**	712,335
Amount due to a fellow subsidiary		**353,428**	353,428
Amounts due to associates		**263,803**	258,703
Amounts due to jointly controlled entities		**2,475,981**	1,530,187
Tax liabilities		**10,293,776**	10,952,001
Borrowings - due within one year		**10,059,077**	10,214,113
		61,742,284	61,398,357
Net Current Assets		**54,118,772**	64,496,939
		97,208,585	100,850,044

	30 June 2011 HK$'000 (unaudited)	31 December 2010 HK$'000 (audited)
Capital and Reserves		
Share capital	**817,252**	817,252
Reserves	**60,519,246**	53,917,638
Equity attributable to owners of the Company	**61,336,498**	54,734,890
Non-controlling interests	**116,674**	3,207,251
Total Equity	**61,453,172**	57,942,141
Non-current Liabilities		
Borrowings - due after one year	**21,765,716**	24,305,704
Guaranteed notes payable	**10,023,086**	10,018,179
Amounts due to non-controlling interests	**815,085**	791,904
Derivative financial liability	**-**	1,187,323
Deferred tax liabilities	**3,151,526**	6,604,793
	35,755,413	42,907,903
	97,208,585	100,850,044

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, 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 2010.

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HK(IFRIC) - Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

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

HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosures of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]

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

[2] Effective for annual periods beginning on or after 1 January 2012

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 HKAS12 may have an impact on deferred tax recognized for investment properties that are measured using the fare value model.

3. 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 management for the purpose of resource allocation and assessment of performance. The Group’s operating and reportable segments and the types of revenue are as follows:

Property development	-	proceeds from sales of properties
Property investment	-	property rentals
Other operations	-	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.

Six months ended 30 June 2011

	Property development	**Property investment**	**Other Operations**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue	**21,097,456**	**174,436**	**610,960**	**21,882,852**
Segment profit	**9,152,843**	**1,681,970**	**27,229**	**10,862,042**

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	6,602,972	85,071	106,572	6,794,615

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, gain on bargain purchase, interest income, central administration costs, directors' salaries, net exchange gain, and finance costs. This is the measure reported to the management for the purposes of resource allocation and performance assessment.

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Reportable segment profits	**10,862,042**	6,794,615
Unallocated items:		
Interest income	**94,010**	62,766
Gain on disposal of subsidiaries	**45,628**	296,966
Gain on bargain purchase	**-**	905,718
Corporate expenses	**(50,838)**	(88,159)
Finance costs	**(237,053)**	(165,339)
Net exchange gain	**318,054**	5,579
Consolidated profit before tax	**11,031,843**	7,812,146

4. Finance costs

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts, guaranteed notes and other borrowings wholly repayable within five years	**436,492**	476,330
Interest on guaranteed notes not wholly repayable within five years	**218,004**	-
Imputed interest expenses on amounts due to non-controlling interests	**21,394**	21,961
Other finance costs	**12,355**	11,641
Total finance cost	**688,245**	509,932
Less: Amount capitalised in properties under development	**(429,798)**	(322,632)
	258,447	187,300

5. Income tax expenses

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**3,072**	-
Macau income tax	**398**	806
PRC Enterprise Income Tax ("EIT")	**1,899,356**	1,542,266
PRC Land Appreciation Tax ("LAT")	**2,041,284**	1,255,444
	3,944,110	2,798,516
Overprovision in prior years:		
Hong Kong Profits Tax	**(26)**	-
Macau income tax	**(1,953)**	-
EIT	**(1,624)**	(2,452)
LAT	**(971)**	(4,375)
	(4,574)	(6,827)
Deferred tax		
Current period	**224,014**	(220,831)
Total	**4,163,550**	2,570,858

Hong Kong Profits Tax is calculated at 16.5% (2010: 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 of 24% (2010: 22%) 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 rate of 12% (2010: 12%) in Macau.

6. Dividends

On 15 June 2011, a dividend of HK17 cents (2010: final dividend of HK13 cents in respect of the financial year ended 31 December 2009) per share was paid to shareholders as the final dividend for 2010.

The directors have determined that an interim dividend at HK13 cents (2010: HK10 cents) per share will be paid to the shareholders of the Company whose names appear in the Register of Members on 23 September 2011.

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$6,839,381,000 (2010: HK$5,065,746,000) and on the weighted average number of 8,172,519,000 (2010: 8,169,767,000) 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$6,838,826,000 (2010: HK$5,065,746,000) after adjusting to the profits of the Group based on dilutive earning per share of COGO of HK$555,000 (2010: nil) and on the weighted average number of 8,175,124,000 (2010: 8,174,945,000) 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 2,605,000 (2010: 5,178,000) ordinary shares on the assumption that all share options were exercised during the period.

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 2011 *HK$'000*	31 December 2010 *HK$'000*
Trade receivables, aged		
0–30 days	**1,254,885**	2,004,987
31–90 days	**509,267**	389,721
Over 90 days	**149,478**	162,779
	1,913,630	2,557,487
Other receivables	**663,224**	317,057
	2,576,854	2,874,544

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 end of the 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.

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 the reporting period:

	30 June 2011 *HK$'000*	31 December 2010 *HK$'000*
Trade payables, aged		
0–30 days	**4,792,001**	6,366,823
31–90 days	**991,582**	427,196
Over 90 days	**3,522,373**	3,197,265
	9,305,956	9,991,284
Other payables	**3,211,764**	2,565,108
Retentions payable	**1,660,882**	1,547,038
	14,178,602	14,103,430

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

Of the retention payable, an amount of HK$878 million (31 December 2010: HK$784 million) is due beyond twelve months from the end of the reporting period.

CHAIRMAN STATEMENT

BUSINESS REVIEW

The world economy has become more complicated in the first half of 2011. Major advanced economies continued to implement the various stimulus measures. However, property market and unemployment problems in the United States still unresolved and economic recovery was slow. With the threat of the Euro zone sovereignty debt crisis mounting, political instability in the Middle East and North Africa and earthquake in Japan further risk weakening the world economy. Under such volatile economic environment outside, China succeeded in maintaining satisfactory economic growth amid various challenges.

Excess liquidity that flooded into the market under the easing measures led to intensified investment activity, asset bubbles and inflationary pressure, especially in emerging markets. Economic growth rate in China was 9.6% while inflation rate rose to a high level of 6.4% in June. Confronted with the threat of an overheating economy and in order to control inflation, the Central government tightened the liquidity further with more macro measures. The deposit reserve ratio was increased to 21.5% and the lending base rate for commercial banks was still on the rise. Hence, liquidity in the market was extreme tight.

Under more and stricter tightening measures by the Central government, the property market in China remained stable. According to statistics by the government, there was still some increase in the transaction volume. All in all, tightening measures are seen to have effects. The rise in property prices in many mainland cities has obviously slowed down and speculation and investment are curbed. 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$52.23 billion for the first half of the year, an increase of 85.9%; the corresponding sold area was 3.07 million sq m, an increase of 38.2%. Sales of properties in mainland China alone amounted to HK$50.11 billion, an increase of 78.5%; the corresponding sold area was 3.06 million sq m, an increase of 37.5%. Sales of properties in Hong Kong and Macau increased substantially to HK$2.12 billion.

The business performance of the Group for the first half of year 2011 was excellent. The profit attributable to equity shareholders of the Company increased sharply by 35.0% to a record high of HK$6.84 billion (equivalent to RMB5.75 billion).

The total turnover of the Group was HK$21.88 billion, representing an increase of 24.7% as compared to the corresponding period last year. The turnover of the Group’s property development business in mainland China was HK$21.09 billion, accounting for 96.4% of the total turnover and representing an increase of 24.4%.

The operating profit of the Group was HK$10.94 billion, an increase of 37.1% as compared to the corresponding period of last year. The operating profit of the property development business in mainland China increased by 29.2% to HK$8.60 billion. The gross profit margin increased from 40.5% of the corresponding period last year to a higher level of 42.9%.

A total of 21 projects with gross floor area ("GFA") of 1.42 million sq m were completed in 16 cities in mainland China; total saleable area of these projects was 1.13 million sq m. About 80% of the saleable area had been sold by end June, corresponding to an area of 900,000 sq m and sale value of HK$14.39 billion. Furthermore, after adjusting for sales related to joint ventures and associated companies, which are not recognized as turnover for the Group, and sales not recognized as Group turnover for the first half of 2011, the level of sales pertaining to projects completed in 2011 and recognized as turnover in the first half of 2011 was HK$12.12 billion. The Group's sales of property held for sale was satisfactory with 530,000 sq m sold for HK$9.41 billion.

Mainly due to the payment of significant amount of land premium during the first half of the year, the Group's consolidated net gearing increased from 22.8% (at the end of 2010) to 38.5% at end of June 2011. Backing on the leading status of the Group in the PRC property industry and high creditworthiness, even under a tight financial market the Company succeeded to execute a 5-year club deal agreement with 11 leading banks raising HK$6.2 billion in May. As at end of June, the financial position of the Group was in a favorable condition; the equities attributable to the shareholders of the Company were increased to HK$61.34 billion; the Group had bank loans and guaranteed notes payable amounted respectively to HK$31.82 billion and HK$10.02 billion; and bank balances and cash amounted to approximately HK$18.22 billion and unutilized banking facilities amounted to approximately HK$10 billion.

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

PROSPECT

The worsening of the Euro zone sovereignty debt crisis, the slow recovery of the US economy and also the adverse impact on the global economy and financial market caused by the downgrade of the US sovereign credit rating will cast more uncertainties on the global economic environment. In order to ensure global economy recovery, stimulus measures launched by the various major advanced countries and low interest rate will continue for a long time. The effects of the macro control measures are generally seen in China with the GDP growth in the second quarter decreased to 9.5%. It is expected that China will continue to adopt active fiscal policy and prudent monetary policy in the second half of the year. There will not be any major change in the macro-economic policies. The rate of economic growth will continue to slow down, inflation pressure will be eased and liquidity will remain tight.

Excellent performance of the Group under such tough market environment confirms that the strategy of developing high quality residential projects in the core areas of major mainland cities is correct. As an operationally and financially sound property developer with a strong brand name, the Group can cope effectively with the austerity measures which have become an ordinary feature of the China property market. The Group is confident 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. In the short term it is expected that the tightening measures will continue to be reinforced, thus leading to consolidation of the market at a faster manner. As such, the Group will not be over-optimistic and will follow closely the changes 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, shrewd market judgment, nationwide strategic development, 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 more complicated in the remaining part of this year, the Group still maintains its target of selling not less than 6.3 million sq m and completing not less than 7.0 million sq m GFA for year 2011.

In the first half of the year, the Group acquired 12 land parcels in 11 mainland cities while China Overseas Grand Oceans Group Limited ("COGO") acquired 4 land parcels in 4 mainland cities, adding total GFA of about 7.76 million sq m to its land reserve. The Group also acquired 2 land parcels in Hong Kong. As at end June, the total land bank of the Group was 36.20 million sq m (attributable interest of about 31.84 million sq m) while COGO had land bank of about 5.93 million sq m (attributable interest of about 4.77 million sq m). Under strict tightening measures, the property market in China has gradually rationalised. The land parcels acquired by the Group in the first half of the year were at satisfactory prices. The Group will seize opportunities to expand its land bank at low cost and according to the sales result and financial resources on hand.

The Group strives to expedite its development through joint venture cooperation and mergers & acquisitions. The property fund set up in last March by the Group runs smoothly. 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 support the development of the Group's property business as well as to improve and enhance the financial flexibility and structure of the Group. Taking into account the financial position of the Group, the progress of phase II of the property fund is slower than its original plan. At end of June 2011, the Group's investment interest in joint ventures and associated companies plus amounts due from and deduct amounts due to joint ventures and associated companies amounted to HK$24 billion. Contribution from these investments will be gradually seen. Since February, COGO has become an associated company of the Group. As the single largest shareholder of COGO, the Group will continue to manage the company. The financial performance of COGO was good and contributed profit of about HK$130 million to the Group. The Group is confident that COGO will develop rapidly and will effectively complement the business of China Overseas Property ("中海地產").

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 increased to 38.5% at end of June. With lots of new project launching to the market for sale in the second half of the year, 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 will persistently enhance its competitive advantages through improvement in its management capability, operation mode, product structure, product quality and branding. The competitive edges of the Group will lead to ample opportunities and excellent performance and the Group is confident that it can maintain its pioneer and leading position in the China property industry.

The Group will strive to achieve the corporate mission of "Sustainability, Value-adding, Harmony and Win-win". 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.

MANAGEMENT DISCUSSION & ANALYSIS

Overall Performance

During the six months ended 30 June 2011, the turnover of the Group was HK$21.88 billion (the corresponding period in 2010: HK$17.55 billion), representing an increase of 24.7% as compared to the corresponding period last year. The operation profit was HK$10.94 billion (the corresponding period in 2010: HK$7.98 billion), representing an increase of 37.1% as compared to the corresponding period last year. Profit attributable to equity shareholders of the Company amounted to HK$6.84 billion (the corresponding period in 2010: HK$5.07 billion), representing an increase of 35.0%. Basic earnings per share was HK83.7 cents (the corresponding period in 2010: HK 62.0 cents), an increase of 35.0%, while diluted earnings per share was HK83.7 cents (the corresponding period in 2010: HK 62.0 cents).

As at 30 June 2011, the equity attributable to equity shareholders of the Company was HK$61.34 billion (31 December 2010: HK$54.73 billion), an increase of 12.1% as compared to the end of the previous year, while the book value of net asset per share was HK$7.51 (31 December 2010: HK$6.70), an increase of 12.1% as compared to the end of the previous year.

Income

The operating income from property development business was HK$21.10 billion, representing an increase of 24.2%. The operation income from the mainland China property development business increased by 24.4% to HK$21.09 billion, making up 96.4% of the Group's turnover.

Rental income of properties was HK$174 million, representing an increase of 3.4% as compared to the corresponding period last year.

Income from other operations amounted to about HK$611 million, representing an increase of 53.4% as compared to the corresponding period last year.

Profit from Operations

The operating profit was HK$10.94 billion, representing an increase of 37.1% as compared to the corresponding period last year. The operating profit from PRC property development business amounted to HK$8.60 billion, representing an increase of 29.2%. The gross profit margin of PRC property development increased from 40.5% of the corresponding period last year to a higher level of 42.9%.

Investment properties continued to provide a stable source of income to the Group, contributing an operating profit of about HK$155 million. There was an increase in the fair value of the investment properties amounting to HK$1,527 million (net income after deferred tax was HK$980 million). However, there was no revaluation surplus on investment properties during the corresponding period in year 2010. Instead, last year the Group had recorded net 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 acquisition of the control of COGO.

Unallocated Administrative Expenses

The unallocated administrative expenses of the Group for the first half of 2011 was HK$51 million, representing a decrease of 42.4% as compared to the corresponding period last year.

Property Development

Confronted with such volatile economic environment outside, China still succeeded in maintaining satisfactory economic growth. Under more and stricter tightening measures in the first half of the year, the property market in China remained stable. The rise in property prices has slowed down and speculation and investment in property were curbed. This is beneficial to the healthy growth of the property sector in the PRC. 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. The Group has at the same time continued to enhance its management and control capability as well as its core competitive advantages. The Group is generally regarded as one of the few property developers that are operationally and financially sound and have a strong brand name. The Group in fact is the industry leader. 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. It is expected that austerity measures on property market will continue to be launched in the future. But the Group is still confident to achieve healthy and sustainable business development.

During the period, the Group succeeded in achieving satisfactory sales performance even under such tough market condition. The property sales amount of the Group was a record high of HK$52.23 billion for the first half of the year, an increase 85.9%. The corresponding sold area was 3.07 million sq m, an increase of 38.2%. Sales of properties in mainland China amounted to HK$50.11 billion, an increase of 78.5%, while the corresponding sold area was 3.06 million sq m, an increase of 37.5%.

The half –yearly sales result for the Hua Bei and Hua Dong region for the first time exceeded HK$10 billion. The Northern Region recorded the smallest sales of HK$7.3 billion yet its sold area was the largest of all regions totaling 776,000 sq m (mainly from Shenyang). Sales in Hong Kong and Macau increased substantially to HK$2.12 billion.

The Group achieved good result in the first half of the year. That was mainly attributable to the improved contribution of the PRC property development business which made up 96.4% of the turnover and 78.6% of the operating profits while the gross profit margin stayed at a relatively high level of 42.9%.

The Group strives to expedite its development through joint venture cooperation and mergers & acquisitions. At the end of June 2011, the Group’s investment interest in joint ventures and associated companies plus amounts due from and deduct amounts due to joint ventures and associated companies amounted to HK$24 billion. There were altogether 16 joint-ventures, 3 of which were cooperated with the property fund set up by the Group. There was one cooperated with China State Construction Engineering Corporation Limited, the Company’s intermediate holding company, in the Shanghai Chang Feng project. Most of the projects undertaken by joint-ventures are relatively big in size or with relative big proportion of investment property element. Partners to the joint-ventures are operationally and/or financially strong parties like the Kowloon Wharf Group, the Shimao Group, the China Resources Group or some property funds. It is expected that contribution from joint-venture cooperation will gradually increase. In the first half of the year, sales from joint ventures reached HK$7.4 billion. After deducting imputed interest of about HK$150 million, the Group still recorded a net profit of about HK$270 million. Furthermore, COGO is the major associated company of the Group. COGO reported good performance in the first half of the year with a net profit of about HK$800 million. After adjusting for the profit booked by the Group when the control of COGO was acquired last year, the Group still had a net profit of about HK$130 million. COGO will develop rapidly and will effectively complement the business of China Overseas Property (“中海地產”).

A total of 21 projects were completed in 16 cities in mainland China with GFA of 1.42 million sq m. The saleable areas of these completed projects were 1.13 million sq m, about 80% of which or an area of 900,000 sq m has been sold by end June for HK$14.39 billion.

The major projects completed for occupation were:

City	Name of Project	Saleable area ('000 sq m)	Area sold ('000 sq m)	Sales Amount (HK$ million)
Foshan	Gold Coast East II	134	52	780
Foshan	Gold Coast Middle II	75	75	890
Foshan	Starcrest East I	140	117	1,680
Shanghai	Coastal Palace II	72	38	940
Ningbo	The Manor Park II	65	61	1,330
Nanjing	The Phoenix I	45	43	1,230
Suzhou	Dushu Island Villa I	44	42	1,050
Beijing	COLI City	77	75	1,470
Jinan	Royal Dynasty II	73	72	660
Dalian	The Prime Manor	69	68	870
Total		**794**	**643**	**10,900**

The Group's sales of properties held for sale were satisfactory with 530,000 sq m sold for HK$9.41 billion. At the end of June, properties held for sale were only 1 million sq m, a drop of 28.5% as compared to the end of last year.

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 12 land parcels in 11 mainland China cities, adding GFA of about 6.78 million sq m to its land reserve. Taking into account the 985,000 sq m of land reserve related to the 4 land parcels acquired by COGO in 4 cities, land with GFA of 7.76 million sq m in mainland China was acquired in the first half of the year. The Group also acquired 2 land parcels in Hong Kong. As at the end of June, the total land bank of the Group was 36.20 million sq m (attributable interest of 31.84 million sq m). The Group will take into account the market change, sales result and financial resources on hand to seize opportunities to expand its land bank at low cost.

The land parcels added in the first half of year 2011 were:

City	Name of Project	Attributable Interest	Site Area ('000 sq m)	GFA ('000 sq m)
Changsha	Dahexixiandao District Yanghuyuan Project	100%	360	1,378
Changchun	Gaoxin District Project	100%	190	581
Changchun	Nanguan District Project	100%	145	238
Zhongshan	Shiqi District North	100%	73	242
Yantai	Gaoxin District Shimao Road Project	100%	81	293
Qingdao	Licang District Henan Nanzhuang Project	100%	372	1,552
Dalian	Gaoxinyuan District Qixianling Project	100%	82	295
Nanchang	Chaoyang New City Project	100%	176	457
Hohhot	Xiao Tai Project*	100%	73	214
Jilin	Fengman District Project*	100%	37	189
Hefei	Shushan District Project*	100%	145	399
Hongkong	Kowloon Fei Ngo Shan Road Project	100%	3	1
Hongkong	Kowloon Tong Begonia Road Project	100%	3	3
Chengdu	Gaoxin District Renhe Project	100%	119	576
Shenzhen	Longgang District Nanling Project	100%	49	242
Nanning	Donggouling Project*	100%	46	183
Suzhou	Jinchang District Project	100%	160	488
Nanjing	Pukou District Project	100%	197	436
Total			**2,311**	**7,767**

*Land acquired by COGO

China's GDP growth in the second quarter was decreased to 9.5%. 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 volume of property sales will come down further in the second half of the year as liquidity tightened further. 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.

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 6.3 million sq m and completing not less than 7 million sq m GFA for year 2011.

Since there are quite a substantial amount of pre-sales not yet booked, barring any unforeseen circumstances, the Group is confident about the result performance for the whole year.

Liquidity, Financial Resources and Debt Structure

The Group continued to adopt prudent financial policies. Finance, fund utilization and fundraising activities are subject to effective centralized management and supervision. The Group maintains reasonable gearing level and adequate cash balances.

During the period, HK$6.2 billion was raised in Hong Kong by way of a club deal and Renminbi 3 billion was also raised in mainland China. Mainly due to the land premium payments in the first half of the year, the net gearing ratio of the Group as at 30 June 2011 increased to 38.5%, as compared with 22.8% 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) increased to 16.3 times (the corresponding period of 2010: 16.2 times). Mainly due to the issue of a 10-year US$1 billion bond at the rate of 5.5% and the general increase in the cost of Renminbi borrowings in China, the total finance costs increased by approximately 35.0% as compared to the corresponding period of the previous year and to HK$690 million. The finance cost of the Group was slightly increased to 3.3% (total finance cost divided by average borrowings), which could be the lowest in the industry.

As at 30 June 2011, consolidated bank borrowings and guaranteed notes of the Group amounted to HK$31.82 billion (31 December 2010: HK$34.52 billion) and HK$10.02 billion (31 December 2010: HK$10.02 billion) respectively, of which 52.3% was denominated in Hong Kong dollars, 24.0% was denominated in U.S. dollars and 23.7% was denominated in Renminbi.

As at 30 June 2011, the Group had bank balances and cash amounting to approximately HK$18.22 billion (of which 10.3% was denominated in Hong Kong dollars, 5.4% was denominated in U.S. dollars, 84.3% was denominated in Renminbi and minimal amounts were denominated in other currencies) and unutilized banking facilities amounting to approximately HK$10 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 June, amongst all PRC developers listed in Hong Kong, the Company was acknowledged by the China Real Estate Top 10 Research Team as number one in terms of consolidated strength, wealth creation and investment value.

Corporate Citizenship

The Group has always been actively performing its corporate social responsibilities through participating in public charity and community activities since its establishment. As the Group grows bigger its sense of responsibility also grows.

While committed to maintain smooth corporate operation and to ensure sustainable development of the Company, the Group also actively participates in supporting and subsidising education. In addition to devote itself to fulfilling its commitment to donate and build one Hope School in China every year, the Group continue to show its care on the development of the China Overseas Hope Schools by providing financial resources and opportunities to the students to widen their exposure and to settle down in the community.

In June, the Company was awarded by Finance Asia as the best among Asian companies in terms of Corporate Citizenship and Dividend Policy. This fully displays the extensive recognition of the active corporate citizenship obligation fulfillment of the Company by the community. As a leading property developer in China, great emphasis is placed on environmental protection, low emission and energy conservation in every project developed by the Group.

Human Resources

As at 30 June 2011, the Group had 14,858 employees. By business segment, 2,382, 11,991 and 485 employees were employed in the property business, property management and other operations respectively. By geographical location, 1,604 employees were based in Hong Kong and Macau and 13,254 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. The “Sons of the Sea（海之子）” and “Sea’s Recruits（海納）” schemes will continue to recruit 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 HK13 cents per share (2010: HK10 cents per share) to shareholders whose names appear on the register of members of the Company on Friday, 23 September 2011. The interim dividend will be payable on Monday, 3 October 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 22 September 2011 to Friday, 23 September 2011 (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 Wednesday, 21 September 2011.

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 2011, 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 number of directors 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 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 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 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 2011, and discussed with the Company's management regarding auditing, internal control and other important matters.

RE-DESIGNATION OF DIRECTOR

The Board of Directors (the "**Board**") of China Overseas Land & Investment Limited (the "**Company**") hereby announces that as Mr. Chen Bin (**"Mr. Chen"**) would like to spend more time on his other work commitments, he will not act as Vice President of the Company and be re-designated from an Executive Director to a Non-Executive Director of the Company with effect from 10 August 2011.

PARTICULARS OF THE RE-DESIGNATED DIRECTOR

The details of the re-designated director in pursuance of Rule 13.51(2) of the Listing Rules are as follows:-

Mr. Chen Bin

Aged 41, BEng. (Southeast University), MBA (Kellogg-HKUST), Senior Engineer. He joined China State Construction Engineering Corporation in 1993. Mr. Chen was seconded to the Group in 1997 and appointed a director of a subsidiary of the Company in 2001. Mr. Chen has been appointed Executive Director of the Company in November 2006 and has been appointed the Vice President of the Company in August 2009. Besides acting as the Executive Director and Vice President of the Company, Mr. Chen is currently the Executive Director and Chief Executive Officer of China Overseas Grand Oceans Group Limited (a company listed in Hong Kong and an associated company of the Company), a director of China Overseas Holdings Limited which is the controlling shareholder of the Company, and also a director of certain subsidiaries of the Group. He has about 18 years' management experience in construction business and personnel administration.

There is currently no service contract signed between the Company and Mr. Chen for services as director. Before re-designation, Mr. Chen was entitled to a fix annual remuneration of HK$2,160,000 and discretionary bonuses pegged to performance. The employment contract entered into previously by Mr. Chen with the Company will have effect until 9 August 2011. From 10 August 2011, Mr. Chen will be entitled to a director's fee of HK$300,000 per annum (not entitled to monthly salary, allowances, benefits-in-kind and performance-related bonuses) for acting as a Non-Executive Director of the Company. His remuneration is determined with reference to the Company's standards for emoluments, his job responsibilities and the prevailing market conditions. Mr. Chen was not appointed for a specific term but is subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

The interests of Mr. Chen, in the issued share capital of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance), as at the date of this announcement are set out below:-

	No. of Shares	**No. of options**	**Total**	**% of the issued share capital**
The Company	1,371,971	0	1,371,971	0.017%
China State Construction Engineering Corporation Limited *(Note)*	0	N/A	0	0.000%
China State Construction International Holdings Limited *(Note)*	2,483,835	657,770	3,141,605	0.088%
China Overseas Grand Oceans Group Limited *(Note)*	0	N/A	0	0.000%

Note: Associated corporations of the Company (within the meaning of Part XV of the Securities and Futures Ordinance)

Save as disclosed above, Mr. Chen **does not** (1) have any relationships with any directors, senior management or substantial or controlling shareholders of the Company, (2) have any interests in shares of the Company (within the meaning of Part XV of the Securities and Futures Ordinance), (3) hold any directorships in listed public companies in the last three years, and (4) have any other information that needs to be disclosed pursuant to any of the requirements as set out in rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there is no other matters that need to be brought to the attention of the shareholders of the Company, in particular, in connection with his re-designation.

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 Limited
Kong Qingping
Chairman

Hong Kong, 9 August 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 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 5 September 2011 and will be despatched to shareholders of the Company thereafter.