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 2011

FINANCIAL HIGHLIGHTS

1. Turnover increased by 9.6% to HK$48.58 billion (after taking out turnover related to China Overseas Grand Oceans Group Limited (COGO) for both years, turnover increased by 19.0%), with the PRC property development business contributing 94.3% of the total turnover.
2. Operating profit increased by 23.7% to HK$23.39 billion. PRC property development contributed operating profit of HK$18.48 billion, an increase of 13.1% and comprising approximately 79.0% of operating profit. Gross profit margin remained steady at a satisfactory level.
3. Net profit attributable to shareholders increased by 21.5% to HK$15.03 billion (equivalent to 12.47 billion yuan), of which HK$2.01 billion was related to the net gain after tax arising from changes in the fair value of investment properties (an increase of 82.7% compared with HK$1.10 billion in 2010). Core profits increased by 37.0% to HK$13.02 billion (equivalent to 10.81 billion yuan).
4. Basic earnings per share increased by 21.5% to HK183.9 cents; net assets per share increased by 28.4% to HK$8.6.
5. Shareholders' funds were up 28.5% to HK$70.31 billion. Average return on shareholders' funds was 24.0%.
6. Sales of properties amounted to HK$87.09 billion, an increase of 29.8% over the corresponding figure last year, and sold area increased by 5.3% to over 5.58 million sq m.
7. During the year, the Group (that is, excluding COGO) directly acquired 20 land parcels, adding 9.06 million sq m GFA to its land reserve; COGO acquired 7 parcels of land with a total GFA of 1.50 million sq m. At the end of the year, the Group had a land reserve of 34.45 million sq m GFA, an increase of 12.7% compared with last year; COGO had a land reserve of 6.45 million sq m, an increase of 21.9%.
8. At the end of 2011, the net gearing of the Group was maintained at the satisfactory level of 33.3%; outstanding borrowings and guaranteed notes payable were about HK$32.60 billion and HK$10.03 billion respectively; and there was cash on hand of about HK$19.20 billion.
9. The Board proposed a final dividend of HK20 cents per share. Together with the interim dividend of HK13 cents, total dividends declared for the year were HK33 cents per share, an increase of 22.2% compared with last year.

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

The board of directors (the "Board") of China Overseas Land & Investment Ltd. (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2011. The consolidated profit after tax attributable to equity shareholders of the Company amounted to HK$15.03 billion, representing an increase of 21.5% as compared to 2010. The earnings per share is HK183.9 cents, representing an increase of 21.5% as compared to 2010.

CONSOLIDATED INCOME STATEMENT

The audited consolidated results of the Group for the year ended 31 December 2011 and the comparative figures in 2010 are as follows:

	Notes	**2011** *HK$'000*	2010 *HK$'000*
Turnover	*2*	**48,582,976**	44,313,014
Cost of sales		**(26,764,654)**	(25,714,441)
Direct operating expenses		**(1,146,106)**	(824,639)
		20,672,216	17,773,934
Other income and gains		**1,593,189**	1,031,104
Gain arising from changes in fair value of investment properties		**3,020,016**	1,989,004
Gain on transfer of completed properties to investment properties		**-**	26,571
Selling and distribution costs		**(661,516)**	(592,445)
Administrative expenses		**(1,235,567)**	(1,314,327)
Operating profit		**23,388,338**	18,913,841
Gain on bargain purchase		**-**	905,718
Gain on deemed disposal of subsidiaries		**45,628**	-
Gain on disposal of subsidiaries		**-**	601,085
Gain on disposal of a jointly controlled entity		-	272,918
Share of profits of			
Associates		**202,838**	17,750
Jointly controlled entities		**719,260**	317,196
Finance costs	*3*	**(590,763)**	(461,264)
Profit before tax		**23,765,301**	20,567,244
Income tax expense	*4*	**(8,645,823)**	(7,897,817)
Profit for the year		**15,119,478**	12,669,427
Attributable to:			
Owners of the Company		**15,025,390**	12,373,151
Non-controlling interests		**94,088**	296,276
		15,119,478	12,669,427
		HK$	*HK$*
EARNINGS PER SHARE	6		
Basic		**1.84**	1.51
Diluted		**1.84**	1.51

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2011	2010
	HK$'000	*HK$'000*
Profit for the year	**15,119,478**	12,669,427
Other comprehensive income		
Exchange differences arising on translation of the Company and subsidiaries	**2,228,713**	1,950,791
Exchange difference on translation of associates	**99,893**	-
Exchange difference on translation of jointly controlled entities	**693,298**	209,873
Change in fair value of investments in syndicated property project companies	**(91)**	1,896
Reclassification adjustment of other reserve upon realisation of assets	**-**	15,390
Other comprehensive income for the year	**3,021,813**	2,177,950
Total comprehensive income for the year	**18,141,291**	14,847,377
Total comprehensive income attributable to:		
Owners of the Company	**18,028,563**	14,475,140
Non-controlling interests	**112,728**	372,237
	18,141,291	14,847,377

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2011 *HK$'000*	31.12.2010 *HK$'000*
Non-current Assets			
Investment properties		**17,765,372**	14,053,675
Property, plant and equipment		**337,635**	319,388
Prepaid lease payments for land		**68,591**	35,984
Interests in associates		**3,340,454**	210,497
Interests in jointly controlled entities		**12,668,593**	11,323,863
Investments in syndicated property project companies		**22,776**	22,867
Amounts due from associates		**88,793**	42,156
Amounts due from jointly controlled entities		**11,727,717**	8,981,367
Amounts due from syndicated property project companies		**-**	154
Other financial assets		**17,417**	23,726
Goodwill		**109,021**	109,021
Other intangible asset		**-**	39,870
Deferred tax assets		**1,844,924**	1,190,537
		47,991,293	36,353,105
Current Assets			
Inventories		**30,682**	4,154
Stock of properties		**94,801,075**	82,390,991
Land development expenditure		**2,670,856**	2,070,984
Prepaid lease payments for land		**2,096**	2,745
Trade and other receivables	*7*	**1,850,085**	2,874,544
Deposits and prepayments		**1,858,122**	2,771,797
Deposits for land use rights for properties held for sale		**6,027,677**	1,916,731
Amount due from a fellow subsidiary		**-**	845,000
Amount due from an associate		**51,743**	-
Amounts due from jointly controlled entities		**676,226**	529,926
Amounts due from non-controlling interests		**301,243**	110,386
Tax prepaid		**534,944**	354,544
Bank balances and cash		**19,179,381**	32,023,494
		127,984,130	125,895,296
Current Liabilities			
Trade and other payables	*8*	**16,378,354**	14,103,430
Pre-sales deposits		**24,480,225**	23,274,160
Rental and other deposits		**732,196**	712,335
Amount due to a fellow subsidiary		**353,428**	353,428
Amounts due to associates		**270,566**	258,703
Amounts due to jointly controlled entities		**3,214,042**	1,530,187
Tax liabilities		**12,680,089**	10,952,001
Borrowings - due within one year		**7,481,866**	10,214,113
Guaranteed notes payable		**2,338,416**	-
		67,929,182	61,398,357
Net Current Assets		**60,054,948**	64,496,939
		108,046,241	100,850,044

	31.12.2011 *HK$'000*	31.12.2010 *HK$'000*
Capital and Reserves		
Share capital	**817,252**	817,252
Reserves	**69,494,445**	53,917,638
Equity attributable to owners of the Company	**70,311,697**	54,734,890
Non-controlling interests	**273,015**	3,207,251
Total Equity	**70,584,712**	57,942,141
Non-current Liabilities		
Borrowings - due after one year	**25,113,861**	24,305,704
Guaranteed notes payable	**7,689,578**	10,018,179
Amounts due to non-controlling interests	**1,055,226**	791,904
Derivative financial liability	**-**	1,187,323
Deferred tax liabilities	**3,602,864**	6,604,793
	37,461,529	42,907,903
	108,046,241	100,850,044

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").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 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 since the financial year ended 31 December 2009
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) - Int 14	Prepayments of a Minimum Funding Requirement
HK (IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1] Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2013
[5] Effective for annual periods beginning on or after 1 January 2014
[6] Effective for annual periods beginning on or after 1 January 2015

Amendments to HKFRS 7 Disclosures "Transfers of Financial Assets"

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

Amendments to HKAS 32 "Offsetting Financial Assets and Financial Liabilities" and amendments to HKFRS 7 "Disclosures - Offsetting Financial Assets and Financial Liabilities"

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required. The amendments have no material impact on the results and the financial position of the Group for the year ended 31 December 2011.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011). Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK (SIC)-Int 12 "Consolidation - Special Purpose Entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures" and HK (SIC)-Int 13 "Jointly Controlled Entities - Non-Monetary Contributions by Venturers". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The Group is in the process of assessing and quantifying the potential financial impact on the application of HKFRS 11. The directors anticipate that the new and revised standards may result in more extensive disclosures in the consolidated financial statements.

HKFRS 13 "Fair Value Measurement"

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial Instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income"

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Amendments to HKAS 12 "Deferred Tax - Recovery of Underlying Assets"

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors anticipate that the application of the amendments to HKAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale. The Group is in the process of quantifying the potential financial impact on deferred tax recognised for investment properties that are measured using the fair value model.

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

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 management for the purposes of resource allocation and assessment of performance. The Group's operating and reportable segments under HKFRS 8 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 and building design consultancy services

Note:

During the year ended 31 December 2011, the analysis of the Group's share of revenue and results of jointly controlled entities by reportable segment are regularly provided to the management of the Group for the purpose of performance assessment and therefore, the segment information of the Group's share of revenue and results of jointly controlled entities for the year ended 31 December 2011 and 2010 are presented.

Segment revenue and results

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

Year ended 31 December 2011

	Property development *HK$'000*	**Property investment** *HK$'000*	**Other operations** *HK$'000*	**Segment total** *HK$'000*
Segment revenue -from external customers	**46,764,304**	**359,148**	**1,459,524**	**48,582,976**
Group's share of revenue of jointly controlled entities	**5,995,147**	**-**	**-**	**5,995,147**
Revenue of the Group and Group's share of revenue of jointly controlled entities	**52,759,451**	**359,148**	**1,459,524**	**54,578,123**
Segment profit	**20,024,723**	**3,331,571**	**185,722**	**23,542,016**
Group's share of profit of jointly controlled entities	**719,260**	**-**	**-**	**719,260**

Year ended 31 December 2010

	Property development *HK$'000*	Property investment *HK$'000*	Other operations *HK$'000*	Segment total *HK$'000*
Segment revenue -from external customers	42,962,210	293,938	1,056,866	44,313,014
Group's share of revenue of jointly controlled entities	2,817,170	-	451,520	3,268,690
Revenue of the Group and Group's share of revenue of jointly controlled entities	45,779,380	293,938	1,508,386	47,581,704
Segment profit	16,696,530	2,283,090	170,231	19,149,851
Group's share of profit of jointly controlled entities	171,867	-	145,329	317,196

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 deemed disposal of subsidiaries and gain on disposal of subsidiaries, a jointly controlled entity, partial interest in a jointly controlled entity, gain on bargain purchase, interest income, central administration costs, directors' salaries, net exchange gains and finance costs. This is the measure reported to the management of the Group for the purposes of resource allocation and performance assessment.

	2011 ***HK$'000***	2010 *HK$'000*
Reportable segment profit	**23,542,016**	19,149,851
Unallocated items:		
Interest income	**221,237**	140,656
Gain on deemed disposal of subsidiaries	**45,628**	-
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	**(112,695)**	(244,217)
Finance costs	**(547,974)**	(417,343)
Net foreign exchange gains	**617,089**	133,354
Profit before tax	**23,765,301**	20,567,244

3. FINANCE COSTS

	2011 ***HK$'000***	2010 *HK$'000*
Interest on bank loans, overdrafts, guaranteed notes and other loans wholly repayable within five years	**962,635**	926,244
Interest on guaranteed notes not wholly repayable within five years	**434,282**	194,758
Imputed interest expense on amounts due to non-controlling interests	**42,789**	43,921
Other finance costs	**34,314**	29,517
Total finance costs	**1,474,020**	1,194,440
Less: Amount capitalised in properties under development	**(883,257)**	(733,176)
	590,763	461,264

4. INCOME TAX EXPENSE

	2011 *HK$'000*	2010 *HK$'000*
Current tax:		
Hong Kong Profits Tax	**79,034**	2,807
Macau income tax	**1,238**	3,213
PRC Enterprise Income Tax ("EIT")	**4,181,480**	4,310,569
PRC withholding income tax	**217,893**	203,097
PRC Land appreciation tax ("LAT")	**3,884,324**	4,035,203
	8,363,969	8,554,889
(Over) underprovision in prior years:		
Hong Kong Profits Tax	**2,877**	(559)
Macau income tax	**(2,458)**	-
EIT	**(7,445)**	(1,277)
LAT	**(30,041)**	(161,218)
	(37,067)	(163,054)
Deferred tax		
Current year	**318,921**	(494,018)
Total	**8,645,823**	7,897,817

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

5. DIVIDENDS

	2011 *HK$'000*	2010 *HK$'000*
Interim dividend paid in respect of financial year ended 31 December 2011 of HK13 cents (2010: financial year ended 31 December 2010 interim dividend of HK10 cents) per share	**1,062,428**	817,205
Final dividend paid in respect of financial year ended 31 December 2010 of HK17 cents (2010: financial year ended 31 December 2009 final dividend of HK13 cents) per share	**1,389,328**	1,062,393
	2,451,756	1,879,598

The final dividend of HK20 cents in respect of the financial year ended 31 December 2011 (2010: final dividend of HK17 cents in respect of the financial year ended 31 December 2010) per ordinary share, amounting to approximately HK$1,635 million (2010: approximately HK$1,389 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:

	2011	2010
	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	**15,025,390**	12,373,151
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	**15,025,390**	12,364,691

	2011	2010
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**8,172,519**	8,171,068
Effect of dilutive potential ordinary shares:		
Share options	**2,602**	3,973
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**8,175,121**	8,175,041

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 receivable 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 at the end of the reporting period:

	31.12.2011	31.12.2010
	HK$'000	*HK$'000*
Trade receivable, aged		
0-30 days	**774,224**	2,004,987
31-90 days	**289,919**	389,721
Over 90 days	**211,938**	162,779
	1,276,081	2,557,487
Other receivables	**574,004**	317,057
	1,850,085	2,874,544

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:

	31.12.2011	31.12.2010
	HK$'000	*HK$'000*
Trade payables, aged		
0-30 days	**6,443,905**	6,366,823
31-90 days	**403,840**	427,196
Over 90 days	**4,911,637**	3,197,265
	11,759,382	9,991,284
Other payables	**2,255,612**	2,565,108
Retentions payable	**2,363,360**	1,547,038
	16,378,354	14,103,430

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

Of the retentions payable, an amount of approximately HK$1,156 million (2010: HK$784 million) is due beyond twelve months from the end of the reporting period.

9. EVENT AFTER THE REPORTING PERIOD

In February 2012, a subsidiary of the Company issued guaranteed notes with an aggregate principal amount of US$500 million (equivalent to approximately HK$3,891 million) and US$250 million (equivalent to approximately HK$1,945 million) (the "2012 Notes") at the issue price of 99.816% and 99.815%, respectively. The 2012 Notes, which bear fixed interest at the rate of 4.875% per annum payable semi-annually, are unconditionally and irrevocably guaranteed by the Company. The 2012 Notes shall become immediately due and payable in the event of the failure to perform or observe certain conditions set out in the Trust Deed which includes, inter alia, the negative pledge given by the Company and the said subsidiary. The 2012 Notes will mature in February 2017 at the principal amount.

PAYMENT OF DIVIDEND

The Board has recommended the payment of a final dividend of HK20 cents per share for the year ended 31 December 2011. Together with an interim dividend of HK13 cents per share, the total dividend for the whole year amounted to HK33 cents per share, HK6 cent increase compared with the total dividend of HK27 cents per share for the previous year.

Subject to the approval of the shareholders at the forthcoming Annual General Meeting (**"2012 AGM"**) the dividend warrants will be dispatched on Friday, 15 June 2012 to shareholders whose names appear on the Register of Members of the Company as at the close of business on Tuesday, 5 June 2012.

CLOSURE OF REGISTER OF MEMEBERS

The register of members of the Company will be closed as follows:-

(a) For determining the right to attend and vote at the 2012 AGM : From Tuesday, 29 May 2012 to Wednesday, 30 May 2012 (both days inclusive)

(b) For determining the entitlement to the Proposed Final Dividend : Tuesday, 5 June 2012.

Further details of the above book close arrangements will be announced separately by the Company in April 2012.

1. BUSINESS REVIEW

In 2011, global economic conditions remained complicated and fast changing. Major developed countries were confronted with various challenges. The United States government responded with a range of economic stimulus measures but economic recovery was slow. The euro-zone sovereign debt crisis deepened while the long term sovereign credit ratings of the United States and various European countries were downgraded. These issues affected the stability and liquidity of the international financial market. Political instability in the Middle East and North Africa and the earthquake in Japan increase the likelihood of further weakening in the world economy. Meanwhile, the excess liquidity that flooded the market under the quantitative easing measures led to asset bubbles and inflationary pressure in the emerging markets. Governments in emerging markets including the Chinese central government had to adjust their fiscal and monetary policies to combat such problems. Through interest hikes and a series of increases in the bank reserve requirement ratio (RRR), China effectively controlled liquidity and inflation, providing the conditions for steady and relatively fast economic growth. As a result, the GDP growth for 2011 maintained the high level of 9.2%, while the increase in the Consumer Price Index (CPI) moderated to 4.1% at year end. Benefiting especially from economic trends in China, economic development in both Hong Kong and Macau remained strong in 2011.

Notwithstanding the launch of a series of tough tightening measures towards the China property sector, the whole property market still performed well in 2010 with home prices holding at high levels. This led to the launch of even tougher measures from early 2011. Less favourable terms and restrictions on mortgages, a deepening of the restrictions on purchases as well as an extension of their coverage restricted and interrupted the property market, gradually bringing adverse effects to normal and sustainable property development. While the property market held its upward trend in the first half of the year, going into the second half of the year the market environment changed rapidly. The traditional strong selling season in September and October did not materialise and sales for the market as a whole in the fourth quarter were not satisfactory.

Amid a highly competitive market environment, the Group achieved a satisfactory growth in its sales and profit in 2011. Turnover increased by about 9.6% to HK$48.58 billion (after taking out turnover related to China Overseas Grand Oceans Group Limited (COGO) for both years, turnover increased by 19.0%), and consolidated net profit increased by 19.3% to HK$15.12 billion (equivalent to 12.55 billion yuan). The net profit attributable to shareholders increased by 21.5% to HK$15.03 billion (equivalent to 12.47 billion yuan), of which HK$2.01 billion was related to the increase in the fair value of the investment property portfolio. The Group hence recorded an increase of 37.0% in its core profit to HK$13.02 billion (equivalent to 10.81 billion yuan). The net profit attributable to shareholders has sustained a compound increase of more than 44.7% over the past five years (2007-2011). This comprises annual increases of over 20.0% in each of the past nine years (2003-2011), fulfilling the Group’s commitments to its shareholders and investors.

Property Development

In 2011, the target for sales of properties set at the beginning of the year was exceeded and it was another record high. Total sales of properties (including sales by joint ventures and associated companies) amounted to HK$87.09 billion, an increase of 29.8% on the previous year; the area sold was 5.58 million sq m, representing an increase of 5.3% on 2010. Total sales for the Group and the joint ventures (that is, excluding COGO) for the year amounted to HK$78.60 billion while there was a cash inflow from sales of HK$64.71 billion. As at the end of 2011, the Group and the joint ventures (that is, excluding COGO) have together received pre-sales deposits amounting to HK$33.58 billion, an increase of 17.8% on last year.

In 2011, the Group adhered firmly to its operational watchword: A Trusted Brand Growing through Diligence and Care. As a result of accurate judgement of market changes, targeted and innovative sales and marketing measures as well as the "China Overseas Property" branding advantage, the Group changed its usual sales strategy of focusing sales in the second half of the year and succeeded in selling more than usual and at high prices as well in the first half of the year. Even though the market environment worsened going into the second half of the year, the Group achieved another sales record of HK$84.66 billion in 2011 in mainland China, an increase of 26.8% on 2010.

The Hong Kong and Macau property market started to adjust in the second half of the year, mainly due to tightening liquidity and decreased investment from the mainland. Reduced sales volume and sales prices were generally seen but the luxury sector, in which the Group operates, was relatively unaffected. Sales in 2011 amounted to HK$2.43 billion, an increase of 630%.

During the year, after making appropriate adjustments to the pace of construction works in response to the volatile market, projects in China (including by the joint ventures) with aggregate gross floor area ("GFA") of 5.22 million sq m were completed for occupation. Total saleable area of these projects was 4.36 million sq m. Net of 130,000 sq m of long-term investment properties, 69.2% of this had been sold by the end of 2011, corresponding to an area of 2.94 million sq m and sales value of HK$46.80 billion. After adjusting for sales relating to joint ventures, the value of sales recognized as the Group's turnover in 2011 was HK$33.44 billion. Furthermore, the Group's sales of properties held for sale were satisfactory with about 800,000 sq m sold for approximately HK$15 billion. At the end of 2011, the Group had about 1.45 million sq m of properties held for sale.

The turnover of the Group's property development business increased by 8.8% to HK$46.76 billion. The turnover for China amounted to HK$45.80 billion, an increase of 6.8%. Its gross profit margin held steady at the satisfactory level, while operating profit increased significantly by 13.1% to HK$18.48 billion. The turnover for Hong Kong and Macau amounted to HK$960 million. The gross profit margin was 64.0% while operating profit was HK$620 million.

Investment Properties

The China Overseas International Centre in Chengdu was completed towards the end of the year, adding 130,000 sq m of investment properties to the Group for a total of 410,000 sq m as at the end of 2011. The overall occupancy rate of the Group's investment properties was satisfactory. The total rental income for the year was HK$360 million, representing an increase of 24.1% on 2011; segment results amounted to HK$3.33 billion which included an increase in the fair value of investment properties amounting to HK$3.02 billion (net income after deferred tax was HK$2.01 billion). Operating profit was HK$310 million, representing an increase of 14.8% as compared with 2011.

The global leasing campaign for the five Unimalls（寰宇城）in Nanjing, Shenyang, Tianjin, Jinan and Zhuhai, with a total leasable area of 300,000 sq m, was launched last November, demonstrating very healthy prospects for China Overseas investment properties.

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, 18 parcels of land were acquired by the Group (not including COGO) in 2011 in 16 cities in China, including newly entered cities Changsha, Yantai, Nanchang, Xiamen and Wuhan. These land parcels provided an aggregate gross floor area ("GFA") of 9.06 million sq m (attributable interest of 8.64 million sq m).

COGO acquired 7 land parcels in Hohhot, Nanning, Jilin, Hefei and Lanzhou and added 1.50 million sq m of land to its land reserve.

During 2011 the Group also purchased 2 parcels of land in Hong Kong with GFA of 4,907 sq m for a total consideration of about HK$880 million.

As at 31 December 2011, the Group had a total land reserve of about 34.45 million sq m (attributable interest of about 30.18 million sq m) in 25 mainland cities, Hong Kong and Macau; COGO had a total land reserve of 6.45 million sq m (attributable interest of 5.26 million sq m) in mainland cities.

Group Finance

In November 2010, the Group issued a 10-year US$1 billion bond that augmented the Group's cash holdings to an ample level of about HK$32.00 billion at the start of 2011. Group sales in 2011 were encouraging and a cash inflow from sales of about HK$51.20 billion was recorded in 2011. Coupled with the sum of HK$6.2 billion raised by way of syndication in May, the Group had sufficient financial resources to meet its operating expenditure including HK$27.88 billion for land premiums and HK$26.40 billion for construction costs.

As at end of December 2011, outstanding borrowings and guaranteed notes payable by the Group were about HK$32.60 billion (loans denominated in RMB amounted to HK$9.55 billion) and about HK$10.03 billion (US$1.3 billion) respectively; cash on hand amounted to approximately HK$19.20 billion; shareholders' funds in the Company increased from HK$54.73 billion to HK$70.31 billion; and the net gearing of the Group increased from 22.8% last year to about 33.3%, still a very healthy level under such tough market conditions.

Both Moody's and Standard & Poor's reaffirmed the Company's issuer and bond ratings at Baa2 and BBB respectively with a stable outlook. This 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.

The Group continues to enter new cities every year. Talent at all levels is always in great demand. The Group is confronted with challenges in building and conserving human resources. 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 2011, more than 300 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 met our demand for new staff.

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 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 the past few 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 work, educational subventions, charitable donations and community services.

Over the years, by providing resources and facilities to the China Overseas Hope Schools, the Group has 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.

The Company is again 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 2011, the Group received numerous awards. The Company was again acknowledged as number one among "Best 20 of China Real Estate Enterprises Brand Value" and its brand value increased to 24.69 billion yuan. China Overseas Property（中海地產）was acknowledged as the number one among "Leading Brands of China Real State Companies". For eight years in a row, the Company has been voted the number one "China Blue Chip Real Estate" developer. China Overseas Property was awarded eight Jian Tian Yao (詹天佑) awards for excellence in its quality, design and management.

2. PROSPECT

Macro economy

The launch of the various stimulus measures by the advanced countries of the United States and euro zone has yet to resolve the fundamental problems that have led to the current global financial crisis and economic imbalances. The economical development in the United States has lately shown some improvement but the momentum is far from adequate. It is also expected that more effort and time are required to resolve the euro sovereign debt crisis. Meanwhile, the excess liquidity generated by the quantitative measures has led to intensified investment activities, asset bubbles and inflationary pressure especially in the emerging markets. 2012 will be a challenging year for most enterprises. The Group will watch closely for the risk and opportunities triggered by any change in the international economic environment and will implement appropriate response measures in a timely and effective manner.

Amid a volatile and slowing economic environment abroad, it is expected that foreign trade will pose downside risk to China in 2012 while inflation has gradually been tamed. It is also expected that the Chinese central government will continue to adopt a proactive fiscal policy and prudent monetary policy. Since December 2011, the RRR has been reduced twice after a period of two years of only rises. In order to promote economic development and to increase domestic consumption, to attain the goal of making progress amid stability, it is expected that the credit liquidity will be appropriately further eased during 2012. This will be done mainly through further reductions in the RRR and even interest rates as appropriate. Economic development in both Hong Kong and Macau has become more closely linked to that of China and accordingly will inevitably be affected by the economic slowdown.

Business Development

Overall, the China property market in 2012 presents both challenges and opportunities. Though there have recently been slight signs of relaxation of the tightening measures for the property market, the tough restrictive policies will likely remain in place for some time, leading to immense short-term cyclical fluctuation in home price and transaction volume. Before the easing or eventual removal of the restrictive policies in the property sector, further softening of home prices and reduction in transaction volume of sales will continue. Over-leveraged medium-sized and small developers could be forced into a very difficult position. The market will undergo rapid consolidation and weak players will be eliminated while stronger parties will be able to increase their market share. The sales results for the Group in China in the first two months of 2012 recorded a slight increase as compared to the corresponding period in 2011, demonstrating the operational and sales & marketing capability of the Group. Looking at the year ahead, as the property sector tends to lead many other segments in the economy and is an effective driver of economic activity, it is expected that when economic growth is clearly slowing, inflation is under control and the development of the property sector has become more rational, the stringent tightening measures on property markets will gradually be eased, and the market environment will return to normal. The Group will take full advantage of its strong finance and diversified financing channels to actively increase financial resources and to seize investment opportunities including the acquisition of prime land parcels through various channels. Maintaining suitable precautions against risk, the Group will actively seek market opportunities to ensure sustainable growth even in times of uncertainty and to consolidate its leading status in the property industry. Moreover, rapid ongoing urbanisation will continue to drive the property market in China for some time yet. Hence, the Group is still fully confident about the long-term development of the mainland China property market.

It is expected that the property market in Hong Kong and Macau will undergo some adjustments but the high-end segment in which the Group operates will be little affected. The Group has now 8 property projects in Hong Kong and the estimated value of those available units for sale is about HK$15 billion. In Macau, the Group has 2 projects with an estimated value of about HK$8 billion. In 2012, the Group will seek appropriate opportunities to expand its business in Hong Kong and Macau.

Operational Philosophy

The Group holds to its longstanding maxim 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 and seeks progress amid stability (穩中求進). The Group also endeavours to maintain its high levels of creativity and to understand the demands of our customers in order to continuously consolidate and expand its market and customer base. The Group works hard to enhance its customer relationship management system and to maintain its customer-focused strategy. By collecting data on customer demand and complaints and sharing them with operational departments, the Group aims to convert customer complaints into opportunities to upgrade the quality of its products and services. 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 that aims to maximise profit for the Group. The Group strives to consolidate and then strengthen its unique and 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 firmly follows the operation philosophy of "A trusted brand growing through diligence and care" (精耕細作，品牌經營) in order to reinforce the elite image of China Overseas Property products. 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. Through the successful launch of many high quality, value-for-money projects in and outside China, the China Overseas Property brand is highly regarded within and outside the China property industry. The brand reflects the culture of an organisation and in the case of the Company that include the pursuit of high quality product by China Overseas Property. Branding is one of the Group's primary and effective competitive edges. Enhancement of product quality and branding is effective in mitigating the effects of lower home prices. To operate under such a highly regarded brand enables the Group to earn higher profits than its peers and facilitates the Group's pursuit of its long term goal of becoming an evergreen enterprise.

The Group will continue to promote its corporate brand and to spread the "China Overseas Property" brand systematically in newly entered cities and territories. The ultimate goal is to make the "China Overseas Property" brand the most valuable brand in the mid-range to high-end property market throughout China.

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. Taking into account the market situation, it is planned that in 2012, the Group will commence development of an additional 9.6 million sq m bringing the total area under development to over 20 million sq m at the peak time; projects with GFA of 7 million sq m will be completed; in 2012, the Group will strive to achieve total sales of not less than HK$80 billion, same as the target for 2011.

The Group will take advantage of the synergy generated by the highly respected "China Overseas Property" brand in the high-end sector of the mainland China property market 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 Green project in Fanling and the Kowloon Tong Grampian Road project. As at the date of the results announcement, out of the total 253 houses at The Green project, 204 units have been sold for HK$ 4.56 billion.

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 completed before 2015 and will be retained as long-term investment property.

Land Replenishment
The Group will calmly meet the challenges ahead. Taking into account the cash inflow from its sales, the Group 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 3 or 4 new cities in 2012 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 (excluding COGO) has in 2012 acquired 1 parcel of land in Foshan City with a total GFA of 730,000 sq m while COGO has acquired a parcel of land in Ganzhou City with a total GFA of 1.4 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. At the end of 2011, the Group's investment interest in joint ventures and associated companies plus the amount due from and less the amount due to joint ventures and associated companies amounted to HK$ 25.07 billion. Since most of the joint venture projects are large and at the investment phase, the profit contribution including the imputed interest for 2011 was HK$ 1.01 billion. However, it is expected that the joint ventures will generate significantly increased contributions in the coming few years. Starting February 2011, COGO has become an associated company of the Group. 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. COGO recorded a turnover of HK$5.17 billion and a net profit of HK$1.80 billion for the year 2011. After adjusting for the profit booked by the Group when the control of COGO was acquired in 2010, the Group still had a net profit of about HK$240 million. The real estate fund established in March 2010 is operating smoothly. Phase II of the fund, which will invest in and operate with the Group or COGO on brand new projects, was established in October 2011 at a size of US$230 million.

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
It is expected that the financial market liquidity will be tight, especially in the first half of 2012. The Group will continue to adhere to prudent financial management while it strives to improve its fund management capability further in order to enhance its financial strength and resources and to

increase its asset protection capabilities. In such a tough market, the Group will tightly control its sales and marketing, administration and financial expenses and stick firmly to the principle of "Cash is king. Receipts determine payments" (現金爲王，以收定支). 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 order to provide solid and plentiful funding for its business development. In February 2012, the Group seized an opportunity and successfully issued two 5-year bonds with an aggregate value of US$750 million, both at a yield of 4.917%. This reflects the leadership status of the Group in the China property sector and the recognition of the credit standing of the Group. The debt maturity profile of the Group was also further improved.

The Group 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 the prospects for the Group. Strong profit growth has been sustained in the past four years despite the impact of the global financial crisis. The Group was able to maintain growth in the difficult 2008, to follow the market trend and seize opportunities in the blossoming 2009, to achieve more than 50% growth in net profit while the market was filled with uncertainty in 2010 and to mitigate risks and to beat targets set at the beginning of the year as well as to succeed in achieving rapid growth while the market was under stringent tightening measures in 2011. This demonstrates the Group's strength and flexibility. 2012 is expected to be full of risks and uncertainty brought about by the unfavourable global political and economical environment. 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 consistent 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 resource management approach that focuses on personal development, working atmosphere and motivation for staff. The Group is committed to enhancing shareholder value, raising the standards of its 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 ended 31 December 2011, 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 2011.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 December 2011 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 2011.

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 2011 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 sincere appreciation to the shareholders and business associates for their support and trust and the entire staff for their dedication. I would also like to express my gratitude to my fellow Directors for their guidance and wise counsel.

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

Hong Kong, 15 March 2012

As at the date of this announcement, Messrs. Kong Qingping (Chairman), Hao Jian Min (Vice Chairman and Chief Executive Officer), Xiao Xiao (Vice Chairman), Dong Daping, Luo Liang, Lin Xiaofeng and Nip Yun Wing, are the executive directors; Mr. Wu Jianbin (Vice Chairman), Cheng Xuexuan and Chen Bin are the non-executive directors; and Messrs. Li Kwok Po, David, Lam Kwong Siu, Wong Ying Ho, Kennedy and Madam Fan Hsu Lai Tai, Rita are the independent non-executive directors of the Company.

This final results announcement is published on the Company's website (http://www.coli.com.hk) and the website of the Stock Exchange (http://www.hkexnews.hk). The 2011 Annual Report will also be available at the aforementioned websites on/about 15 April 2012 and will be despatched to shareholders of the Company thereafter.