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 2014

FINANCIAL HIGHLIGHTS

1. Turnover increased by 45.5% to HK$120.00 billion, with the mainland property development business contributing 93.7% of the total turnover. (If the turnover of the joint ventures attributable to the Group is taken into account, the total amount increased to HK$128.13 billion.)
2. Operating profit increased to HK$42.41 billion, with the mainland property development business contributing 81.0% of the operating profit. Gross profit margin for mainland property development projects remained at a satisfactory and industry-leading level.
3. Profit attributable to equity shareholders of the Company increased by 20.1% to HK$27.68 billion, of which HK$3.85 billion was related to the net gain after tax arising from changes in the fair value of investment properties (an increase of 46.9% compared with HK$2.62 billion in the previous year). Core profits increased by about 25.6% to HK$23.83 billion.
4. Basic earnings per share increased by 20.1% to HK$3.39; net assets per share increased by 20.7% to HK$16.3.
5. Shareholders' funds were up 21.2% to HK$133.33 billion. Average return on shareholders' funds was 22.8%.
6. Contracted sales of properties was HK$140.81 billion, while the corresponding sold area was 9.40 million sq m.
7. During the year, the Group (excluding China Overseas Grand Oceans Group Limited "COGO") directly acquired 17 land parcels, adding 9.04 million sq m GFA to its land reserve; COGO acquired four parcels of land with a total GFA of 2.70 million sq m. At the end of the year, the Group had a land reserve of 37.35 million sq m; COGO had a land reserve of 12.07 million sq m.
8. As at 31 December 2014, the net gearing ratio of the Group was maintained at the satisfactory level of 32.4%; outstanding borrowings and guaranteed notes payable were about HK$46.35 billion and HK$48.18 billion, respectively; and there was cash on hand of about HK$51.28 billion.
9. The Board proposed a final dividend of HK35 cents per share. Together with the interim dividend of HK20 cents per share, total dividends for the year were HK55 cents per share, an increase of 17.0% compared with the previous 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 Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2014. The consolidated profit after tax attributable to equity shareholders of the Company amounted to HK$27.68 billion, representing an increase of 20.1% as compared to 2013. The earnings per share is HK$3.39, representing an increase of 20.1% as compared to 2013.

CONSOLIDATED INCOME STATEMENT

The audited consolidated results of the Group for the year ended 31 December 2014 and the comparative figures in 2013 are as follows:

	Notes	**2014** *HK$'000*	2013 *HK$'000*
Turnover	*2*	**119,996,980**	82,469,081
Cost of sales		**(78,581,080)**	(53,182,545)
Direct operating expenses		**(2,178,234)**	(2,464,519)
		39,237,666	26,822,017
Other income and gains, net		**1,577,511**	904,461
Gain arising from changes in fair value of investment properties		**5,168,984**	3,438,106
Selling and distribution costs		**(1,676,000)**	(1,247,262)
Administrative expenses		**(1,894,168)**	(1,569,769)
Operating profit		**42,413,993**	28,347,553
Fair value remeasurement of the Group's previously held equity interests in certain joint ventures immediately prior to acquisitions		**-**	1,458,176
Share of profits of			
Associates		**499,035**	838,117
Joint ventures		**1,099,877**	2,935,195
Finance costs	*3*	**(345,544)**	(290,363)
Profit before tax		**43,667,361**	33,288,678
Income tax expenses	*4*	**(15,462,002)**	(10,109,752)
Profit for the year		**28,205,359**	23,178,926
Attributable to:			
Owners of the Company		**27,680,160**	23,043,712
Non-controlling interests		**525,199**	135,214
		28,205,359	23,178,926
		HK$	*HK$*
EARNINGS PER SHARE	*5*		
Basic		**3.39**	2.82
Diluted		**3.39**	2.81
		HK$'000	*HK$'000*
DIVIDENDS	*6*		
Interim dividend paid		**1,634,795**	1,471,071
Final dividend proposed		**2,860,891**	2,370,059
		4,495,686	3,841,130

Group turnover	**119,996,980**	82,469,081
Share of turnover of joint ventures	**8,137,387**	18,003,412
	128,134,367	100,472,493

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2014 *HK$'000*	2013 *HK$'000*
Profit for the year	**28,205,359**	23,178,926
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Exchange differences on translation of the Company and subsidiaries	**(243,656)**	2,582,366
Exchange differences on translation of joint ventures	**(55,289)**	417,860
	(298,945)	3,000,226
Items that may be reclassified to profit or loss		
Exchange differences on translation of associates	**(17,139)**	140,679
Change in fair value of investments in syndicated property project companies	**1,966**	538
	(15,173)	141,217
Other comprehensive income for the year	**(314,118)**	3,141,443
Total comprehensive income for the year	**27,891,241**	26,320,369
Total comprehensive income attributable to:		
Owners of the Company	**27,366,729**	26,158,834
Non-controlling interests	**524,512**	161,535
	27,891,241	26,320,369

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**2014** **HK$'000**	2013 HK$'000
Non-current Assets			
Investment properties		**44,754,783**	32,531,661
Property, plant and equipment		**1,354,826**	1,371,196
Prepaid lease payments for land		**147,564**	156,373
Interests in associates		**4,891,040**	4,496,092
Interests in joint ventures		**10,836,232**	11,434,403
Investments in syndicated property project companies		**20,873**	18,907
Amounts due from joint ventures		**1,895,513**	2,843,910
Pledged bank deposits		**67,249**	68,179
Goodwill		**109,021**	109,021
Deferred tax assets		**2,838,648**	2,277,091
		66,915,749	55,306,833
Current Assets			
Inventories		**64,002**	28,906
Stock of properties		**194,955,954**	160,952,085
Land development expenditure		**1,428,682**	3,409,653
Prepaid lease payments for land		**8,112**	7,978
Trade and other receivables	*7*	**7,671,278**	2,430,978
Deposits and prepayments		**5,580,690**	5,521,776
Deposits for land use rights for property development		**15,124,018**	19,835,111
Amounts due from associates		**237,951**	200,441
Amounts due from joint ventures		**4,728,110**	5,000,978
Amounts due from non-controlling interests		**982,761**	526,852
Tax prepaid		**2,024,409**	1,889,656
Bank balances and cash		**51,215,340**	41,411,223
		284,021,307	241,215,637
Current Liabilities			
Trade and other payables	*8*	**35,419,982**	21,523,324
Pre-sales deposits		**46,848,386**	61,414,386
Rental and other deposits		**1,411,461**	1,202,760
Amounts due to fellow subsidiaries		**372,923**	353,501
Amounts due to associates		**279,635**	280,596
Amounts due to joint ventures		**8,483,634**	5,651,284
Amounts due to non-controlling interests		**134,189**	842,221
Tax liabilities		**20,418,009**	16,357,023
Bank borrowings - due within one year		**22,541,806**	3,302,733
		135,910,025	110,927,828
Net Current Assets		**148,111,282**	130,287,809
Total Assets Less Current Liabilities		**215,027,031**	185,594,642

	Note	**2014** *HK$'000*	2013 *HK$'000*
Capital and Reserves			
Share capital	*9*	**19,634,031**	817,262
Reserves		**113,699,552**	109,153,321
Equity attributable to owners of the Company		**133,333,583**	109,970,583
Non-controlling interests		**3,474,112**	1,079,813
Total Equity		**136,807,695**	111,050,396
Non-current Liabilities			
Bank borrowings - due after one year		**23,813,025**	36,708,758
Guaranteed notes payable		**48,177,442**	32,688,088
Amounts due to non-controlling interests		**739,186**	581,634
Deferred tax liabilities		**5,489,683**	4,565,766
		78,219,336	74,544,246
		215,027,031	185,594,642

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 (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
HK(IFRIC)-Int 21	Levies

The application of the above new and revised HKFRSs in the current year has had no material impact on the Group's results and financial position.

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

Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 19	Employee Benefits: Defined Benefit Plans - Employees Contributions[1]
Amendment to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
HKFRS 9 (2014)	Financial Instruments[4]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Annual Improvements Project	Annual Improvements 2010 – 2012 Cycle[1]
Annual Improvements Project	Annual Improvements 2011 – 2013 Cycle[1]
Annual Improvements Project	Annual Improvements 2012 – 2014 Cycle[2]

[1] *Effective for annual periods beginning on or after 1 July 2014*
[2] *Effective for annual periods beginning on or after 1 January 2016*
[3] *Effective for annual periods beginning on or after 1 January 2017*
[4] *Effective for annual periods beginning on or after 1 January 2018*

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which may be relevant to the Group’s operations and may give rise to changes in disclosure, recognition and remeasurement of certain items in the consolidated financial statements.

In accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit” as set out in sections 76 to 87 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), the consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Group's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

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 property development activities
Property investment	-	property rentals
Other operations	-	revenue from real estate agency and management services, construction and building design consultancy services

Management closely monitors the selling activities for the property development projects carried out by its subsidiaries and joint ventures. The analysis of the Group’s share of turnover of joint ventures and the share of results of joint ventures by reportable segments are regularly provided to the management of the Group for the purpose of performance assessment as they form part of the critical components of the Group’s financial performance. Therefore, the management believes that the additional disclosure of the Group’s share of turnover of joint ventures (in addition to the HKFRS consolidated income statement and in this note to the financial statements), together with the share of results of joint ventures by reportable segments enables the readers to better understand how management oversees the results and performance of the joint ventures in the property development segment.

Segment turnover and results

The following is an analysis of the Group’s turnover and results and the Group’s share of turnover and results of joint ventures by reportable segments.

Year ended 31 December 2014

	Property development *HK$'000*	**Property investment** *HK$'000*	**Other operations** *HK$'000*	**Segments total** *HK$'000*
Segment turnover -from external customers	**116,253,701**	**1,184,917**	**2,558,362**	**119,996,980**
Group’s share of turnover of joint ventures	**8,137,387**	**-**	**-**	**8,137,387**
Turnover of the Group and Group’s share of turnover of joint ventures	**124,391,088**	**1,184,917**	**2,558,362**	**128,134,367**
Segment profit (including share of profits of associates and joint ventures)	**37,694,416**	**6,033,659**	**110,744**	**43,838,819**
Group’s share of profit of joint ventures	**1,099,877**	**-**	**-**	**1,099,877**

Year ended 31 December 2013

	Property development *HK$'000*	Property investment *HK$'000*	Other operations *HK$'000*	Segments total *HK$'000*
Segment turnover -from external customers	78,614,818	857,512	2,996,751	82,469,081
Group's share of turnover of joint ventures	18,003,412	-	-	18,003,412
Turnover of the Group and Group's share of turnover of joint ventures	96,618,230	857,512	2,996,751	100,472,493
Segment profit (including share of profits of associates and joint ventures)	27,315,745	4,203,779	221,085	31,740,609
Group's share of profit of joint ventures	2,935,195	-	-	2,935,195

Reconciliation of reportable segment profit to the consolidated profit before tax

Segment profit included profits from subsidiaries, share of profits of joint ventures and share of profits of associates. This represents the profit earned by each segment without allocation of interest income on bank deposits, fair value remeasurement of the Group's previously held equity interests in certain joint ventures immediately prior to acquisitions, corporate expenses, finance costs and net foreign exchange (losses)/gains. This is the measure reported to the management of the Group for the purposes of resource allocation and performance assessment.

	2014 ***HK$'000***	2013 *HK$'000*
Reportable segment profit	**43,838,819**	31,740,609
Unallocated items:		
Interest income on bank deposits	**414,868**	538,264
Fair value remeasurement of the Group's previously held equity interests in certain joint ventures immediately prior to acquisitions	**-**	1,458,176
Corporate expenses	**(220,015)**	(170,843)
Finance costs	**(345,544)**	(290,363)
Net foreign exchange (losses)/gains	**(20,767)**	12,835
Profit before tax	**43,667,361**	33,288,678

3. FINANCE COSTS

	2014 ***HK$'000***	2013 *HK$'000*
Interest on bank loans and guaranteed notes wholly repayable within five years	**1,952,276**	1,428,259
Interest on guaranteed notes not wholly repayable within five years	**1,597,468**	854,954
Other finance costs	**122,642**	105,980
Total finance costs	**3,672,386**	2,389,193
Less: Amount capitalised	**(3,326,842)**	(2,098,830)
	345,544	290,363

4. INCOME TAX EXPENSES

	2014	2013
	HK$'000	*HK$'000*
Current tax:		
Hong Kong profits tax	**10,664**	155,117
Macau income tax	**253,612**	-
PRC Enterprise Income Tax ("EIT")	**8,276,538**	5,266,821
PRC withholding income tax	**219,055**	195,945
PRC Land Appreciation Tax ("LAT")	**6,387,247**	4,065,491
	15,147,116	9,683,374
(Over)/under -provision in prior years:		
Hong Kong profits tax	**4,796**	5,179
Macau income tax	**-**	139
EIT	**(220)**	(5,859)
LAT	**(57,730)**	(62,474)
	(53,154)	(63,015)
Deferred tax:		
Current year	**368,040**	489,393
Total	**15,462,002**	10,109,752

Hong Kong profits tax is calculated at 16.5% (2013: 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, the tax rate of PRC subsidiaries is 25% (2013: 25%).

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% (2013: 12%) in Macau.

5. 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:

	2014	2013
	HK$'000	*HK$'000*
<u>Earnings</u>		
Earnings for the purpose of basic earnings per share		
Profit for the year attributable to the owners of the Company	**27,680,160**	23,043,712
Adjustment to the profit of the Group based on dilutive earnings per share of China Overseas Grand Oceans Group Limited	**-**	(83,141)
Earnings for the purpose of diluted earnings per share	**27,680,160**	22,960,571

	2014	2013
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**8,173,502**	8,172,586
Effect of dilutive potential ordinary shares		
Share options	**1,036**	2,614
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**8,174,538**	8,175,200

6. DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Dividend recognised as distributions during the year		
Interim dividend paid in respect of financial year ended 31 December 2014 of HK20 cents (2013: financial year ended 31 December 2013 interim dividend of HK18 cents) per share	**1,634,795**	1,471,071
Final dividend paid in respect of financial year ended 31 December 2013 of HK29 cents (2013: financial year ended 31 December 2012 final dividend of HK24 cents) per share	**2,370,453**	1,961,428
	4,005,248	3,432,499

The final dividend of HK35 cents in respect of the financial year ended 31 December 2014 (2013: final dividend of HK29 cents in respect of the financial year ended 31 December 2013) per share, amounting to HK$2,860,891,000 (2013: HK$2,370,059,000) has been proposed by the Board 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.

7. TRADE AND OTHER RECEIVABLES

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

Except for the proceeds from property development 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:

	2014	2013
	HK$'000	*HK$'000*
Trade receivables, aged		
0-30 days	**5,580,310**	1,568,853
31-90 days	**205,101**	124,518
Over 90 days	**411,701**	254,271
	6,197,112	1,947,642
Other receivables	**1,474,166**	483,336
	7,671,278	2,430,978

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 insignificant trade receivable balances which are past due at the end of the reporting period.

In determining the recoverability of a 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 Board believes that there is no 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:

	2014	2013
	HK$'000	*HK$'000*
Trade payables, aged		
0-30 days	**9,959,506**	6,871,308
31-90 days	**3,681,383**	1,690,877
Over 90 days	**9,440,604**	4,315,527
	23,081,493	12,877,712
Other payables	**2,527,977**	2,852,189
Retentions payable	**9,810,512**	5,793,423
	35,419,982	21,523,324

Other payables mainly include other taxes payable and accrued charges.

Of the other payables and retentions payable, an amount of approximately HK$2,195 million (2013: HK$2,416 million) is due beyond twelve months from the end of the reporting period.

9. SHARE CAPITAL

The Company's share capital increased mainly pursuant to new Hong Kong Companies Ordinance (Cap. 622) which becomes effective on 3 March 2014. The Company's shares no longer have a par or nominal value. Any amount standing to the credit of the share premium and capital redemption reserve accounts have become part of the Company's share capital. As a result, the Company's share capital increased by HK$18,814,988,000.

10. EVENT AFTER THE REPORTING PERIOD

On 24 March 2015, Alpha Progress Global Limited (a wholly-owned subsidiary of the Company) entered into a sale and purchase agreement to acquire the entire issued share capital of Celestial Domain Investments Limited and its subsidiaries (the "Target Group") from King Praise Limited (a wholly-owned subsidiary of China Overseas Holdings Limited ("COHL", the immediate holding company of the Company)) (the "Acquisition"). The Target Group is engaged in property development and investment and their respective underlying property projects located in Beijing, Shanghai, Tianjin, Chongqing, Suzhou, Chengdu, Xi'an, Urumqi, Changsha, Weifang, Zibo in the PRC and London in the United Kingdom. The consideration of the Acquisition is RMB1.82 billion (equivalent to HK$2.31 billion). In addition, Alpha Progress Global Limited will also assume shareholder loans of approximately RMB31.99 billion (equivalent to HK$40.50 billion) owing by the Target Group to China State Construction Engineering Corporation Limited (the intermediate holding company of the Company) and its subsidiaries upon completion of the Acquisition.

On the same day, in connection with the Acquisition and to replenish the capital resources and support future property development business of the Group and the Target Group after completion of the Acquisition, COHL entered into a share subscription agreement to subscribe for 1,686,605,875 ordinary shares of the Company at a consideration of HK$42.81 billion (the "Share Subscription").

Please refer to the announcement of the Company dated 24 March 2015 for further information of the Acquisition and Share Subscription.

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK35 cents per share for the year ended 31 December 2014. Together with an interim dividend of HK20 cents per share, the total dividend for the whole year amounted to HK55 cents per share, HK8 cent increase compared with the total dividend of HK47 cents per share for the previous year.

Subject to the approval of the shareholders at the forthcoming Annual General Meeting to be held on Tuesday, 16 June 2015 (the "**2015 AGM**"), the dividend will be paid on Wednesday, 8 July 2015 to shareholders whose names appear on the Register of Members of the Company on Monday, 22 June 2015.

CLOSURE OF REGISTER OF MEMBERS

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

(a) For determining the right to attend and vote at the 2015 AGM: From Monday, 15 June 2015 to Tuesday, 16 June 2015 (both days inclusive).

(b) For determining the entitlement to the proposed final dividend: Monday, 22 June 2015.

Further details of the above book close arrangements will be announced separately by the Company in April 2015.

1. BUSINESS REVIEW

The global economy remained complicated and fast changing in 2014. There was more favourable economic development in the United States, with improved employment. The Eurozone was stagnant, triggering concerns about a new wave of European debt crisis. Economic development in Japan showed little improvement, even with mega quantitative easing measures; geopolitical problems in the Middle East, Europe and Asia elevated risks in the global economy; a strong dollar coupled with a possible move to increase interest rate led to clear signs of capital outflows from emerging markets, thus increasing the risks of an economic downturn.

Against the background of volatile economic environment and sluggish economic growth abroad, the Chinese Central Government promulgated several measures for stabilising growth, including increased investment in infrastructure, moderately eased monetary policies for liquidity improvement, and a lending rate reduction in November – the first in more than two years. China's foreign trade showed no sign of improvement, while the CPI and PPI continued to drop. Weak momentum in the economy resulted in an annual economic growth rate of 7.4%, meeting the target of about 7.5%. The economic slowdown in Europe, the United States and China meant there was only mild economic growth in Hong Kong and Macau.

In the first half of 2014, the slowdown in China’s economic growth, the tightening of liquidity and credit due to financial reforms, and the cutthroat sales arising from property businesses facing less favourable financial conditions and attempting to clear inventory, combined to result in a significant shrinkage of both house prices and trading volume, coupled with passive sentiment in the land market. The property sector strengthened gradually in the second half of the year, with notable improvements in sales prices and trading volumes.

Though facing a market environment encountering pressure from economic downturn and tight liquidity, the Group achieved satisfactory growth in its sales and profits in 2014. Turnover increased by about 45.5% to HK$120.00 billion, and net profits increased by 21.7% to HK$28.21 billion for the year. The profit attributable to the equity shareholders of the Company increased by 20.1% to HK$27.68 billion, with HK$3.85 billion of profit after tax related to the increase in the fair value of the investment property portfolio. The Group hence recorded an increase of 25.6% in its core profit (meaning net profits after deducting net income related to the increase in fair value of the investment properties and non-recurrent net income) to HK$23.83 billion. The Board is pleased to report to shareholders of the Company that the consolidated net profit of the Company increased by more than 20% in each of the past 12 years (2003-2014). Over the past five years (2010-2014), the net profit attributable to shareholders has increased at a compound growth rate of 29.3% per annum, while the average return on shareholders’ funds reached 24.0%.

Property Development

In 2014, the target for contracted property sales – which was set at HK$140 billion at the beginning of the year, was exceeded, setting another record high. Total property sales (including sales by joint ventures and associates) amounted to HK$140.81 billion, while the corresponding area sold was 9.40 million sq m.

In 2014, as a result of accurate judgment of market changes, strategic and innovative sales and marketing measures as well as the “China Overseas Property” branding advantage, solid results were achieved in the mainland property development sector, with contracted sales of HK$135.75 billion. Following the market adapting to Hong Kong Government property regulations, the market became active again. Hong Kong and Macau sales for the year amounted to HK$5.06 billion, representing a significant increase of 220% over the previous year.

The turnover of the Group increased by 45.5% to HK$120.00 billion. (If the turnover of the joint ventures attributable to the Group is taken into account, the total increased to HK$128.13 billion, representing a year-on-year increase of 27.5%.) During the year, property development (including by joint ventures) with aggregate gross floor area ("GFA") of about 10.77 million sq m was completed. The sales value of these projects, recognised as the Group's turnover in 2014, amounted to HK$99.43 billion. Furthermore, sales of properties of the Group completed by the end of 2013 were satisfactory, with about 720,000 sq m sold for approximately HK$16.82 billion. Hence, the turnover for property development increased by 47.9% to HK$116.25 billion. The turnover for mainland property development amounted to HK$112.46 billion, representing an increase of 52.9% over the previous year. The turnover for Hong Kong and Macau property development amounted to HK$3.79 billion, a decrease of 25.4%. Mainly due to the substantial increase in turnover, coupled with the fact that the gross profit margin for property development projects held steady at a satisfactory and market-leading level, the operating profit generated by property development business increased by 53.3% to HK$36.10 billion (with the mainland contributing HK$34.37 billion).

Investment Properties

Jinan China Overseas Plaza, Beijing China Overseas Building, Chengdu China Overseas International Center and Shenyang China Overseas Plaza were completed during the year, adding about 540,000 sq m of completed investment properties to the Group, for a total of 1.14 million sq m in Hong Kong, Macau and the mainland as at the end of 2014. The overall occupancy rate of the Group's investment properties was satisfactory. The total rental income for the year was HK$1.18 billion, representing a year-on-year increase of 38.2%; profit for the segment amounted to HK$6.03 billion, which included an increase in the fair value of investment properties amounting to HK$5.17 billion (net fair value gain after deferred tax is HK$3.85 billion).

Land Reserve

During the year, the Group continued to follow the land market closely and make rational decisions on land acquisitions. From the second quarter, in response to the property market changes, it began to slow its pace of replenishing its land reserve. A total of 17 parcels of land were acquired by the Group (excluding China Overseas Grand Oceans Group Limited "COGO") in 13 cities in mainland China, including Zhengzhou and Taiyuan, which are new locations for the Group. These land parcels provided an aggregate GFA of 9.04 million sq m (with interest attributable to the Group of 8.60 million sq m).

In 2014, COGO acquired four land parcels in four mainland cities, and added GFA of 2.70 million sq m to its land reserve.

As at 31 December 2014, the Group had a total land reserve of about 37.35 million sq m (interest attributable to the Group of about 34.96 million sq m) in 31 mainland cities, Hong Kong and Macau; COGO had a total land reserve of 12.07 million sq m (attributable interest of 11.37 million sq m).

Group Finance

Adhering to prudent financial management, the Group continued to enhance financial resources and optimise its debt structure. Leveraging its leading position in the property market and good credit, the Group successfully launched several major offshore and onshore fund raising exercises during the year. A total of US$2.0 billion was raised in May and June through two bond issuances; in a first for the Group, RMB3.85 billion in bank loans was secured during the first half of the year, capitalising on terms more favourable than onshore; in the fourth quarter, the Group's largest loan to date, amounting to HK$14 billion, was raised in Hong Kong by way of a club deal with 13 banks, in addition to raising HK$4.5 billion through unilateral loan arrangements; the Group in mainland China, raised RMB4.44 billion in 2014 – mainly to pay off matured bank loans. The Group drew down HK$26.46 billion in 2014. After deducting the repayment of matured bank loans due, the net amount utilised for operations for the year was HK$21.82 billion. A cash inflow from sales of about HK$102.09 billion was recorded for the year; and together with the net amount raised by financing and the net cash inflow of HK$5.7 billion from joint ventures, the Group had sufficient funds to meet its requirements, including major expenditures of HK$51.31 billion for land premiums, HK$41.31 billion for construction costs, and HK$24.33 billion for tax, sales and distribution, administrative and finance expenses.

As at the end of the year, outstanding loans and guaranteed notes payable by the Group were about HK$46.35 billion (loans denominated in RMB amounted to HK$17.00 billion) and about HK$48.18 billion (US$6.25 billion) respectively; cash on hand amounted to approximately HK$51.28 billion (not including cash held by joint ventures, amounting to approximately HK$6.8 billion); and the net gearing of the Group had slightly increased from 28.4% at the end of 2013 to about 32.4%, a very healthy level taking into consideration the substantial increase in sale proceeds collection during the fourth quarter. The shareholders' funds of the Company increased from HK$109.97 billion at the end of the previous year to HK$133.33 billion. Hence, the Group's financial strength is significantly improved.

Human Resources

The Group continues to expand its operations and enter new cities. Talent at all levels is always in great demand. Staff recruited through the "Sons of the Sea" and "Sea's Recruits" schemes have become an important element in supporting the Group's sustainable and stable development.

Corporate Governance

The Board firmly believes that its prime duty is to protect and best utilise resources in the Group 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 Social Responsibility

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

The second corporate social responsibility report, focusing on the efforts and achievements of the Group in this respect, was published during the year. 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

The Company was rated number one among "The Top 50 China Real Estate Enterprises by Brand Value". China Overseas Property ("中海地產") was acknowledged among the "Leading Brands of China Real Estate Companies" for the eleventh consecutive year, ranking first in the property sector with a brand value of RMB34.25 billion. For 11 years in a row, leveraging its excellent performance, the Company has been voted the number one "China Blue Chip Real Estate" developer. In 2014, China Overseas Property projects, are as usual, well recognised for their excellence in quality, design and management on many occasions.

2. PROSPECTS

Macroeconomy

It is expected that the various stimulus measures launched by developed European countries and Japan will remain in place in 2015 with possible boosts to these measures. Both economic growth and employment are improving in the United States, while global economic growth remains sluggish. The strong US dollar coupled with a possible move to increase interest rate will intensify volatility in global financial markets, while the threat of asset bubbles in emerging markets persists. For most enterprises, 2015 will remain challenging. The Group will watch closely for risks and opportunities triggered by any changes in the international economic environment, and will implement appropriate response measures in a timely and effective manner.

In order to keep the economy on a healthy, balanced and sustainable track, and following the strategy of combating risks, stabilising growth and moving ahead with structural reform, the Chinese government is expected to adopt a prudent financial policy and a relatively eased monetary policy, with measures such as reduction in the lending rate and required reserve ratio, so as to improve liquidity and reduce corporate finance costs. Also, the slowdown in economic growth in China may add uncertainty to the global growth scenario.

Business Development

Through facing a tough market environment, the Group achieved an outstanding performance in 2014, amply demonstrating its excellent operational capabilities and brand advantages. The Group is prudently optimistic about the mainland China property market in 2015. It is expected that property liquidity will improve, as the government may ease property regulations. The China property market is expected to remain stable in 2015, and the industry overall presents both challenges and opportunities. The Group will take full advantage of its sound financial structure and diverse financing channels to actively increase financial resources and seize investment opportunities, including by acquisition of prime land parcels through various channels. While maintaining suitable precautions against risk, the Group will actively seek market opportunities to ensure sustainable growth, increase its market share and consolidate its leading status in the property industry.

Property developers in Hong Kong and Macau have adapted to the regulatory measures implemented by the government, and market trading has become active. However, the impact of the Hong Kong government's recently introduced mortgage-tightening measures is yet to be ascertained. The Group will still 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）. It strictly adheres to its undertakings, conducts business with complete integrity, and seeks progress amid stability（穩中求進). It is not easy to maintain sustainable growth with the scale of sales and turnover, which both exceed HK$100 billion every year. The Group firmly follows the operating 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 in the middle to high-end segment. The Group tries its utmost and explores every avenue to improve the quality of its projects so that each stands out and sets the benchmark for high-end products in its vicinity. The brand reflects the culture of an organisation, and in the case of the Company, this includes the pursuit of high-quality products by China Overseas Property and the mission of providing products with values beyond their monetary costs through continuous innovation. Therefore, enhancement of product quality and branding can effectively mitigate the pressure on lowering home selling prices, and reduce marketing costs. By operating under such a highly regarded brand, the Group can earn higher profits than its peers, which facilitates the Group's pursuit of its long-term goal of becoming an evergreen enterprise.

Sustainable Project Development

The Group will closely monitor the market and appropriately control the pace of its project development and sales. 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 its operations' scale and profitability. Also taking into account the market situation, it is planned that in 2015, the Group will commence development of an additional GFA of more than 13 million sq m, bringing the total area under development to a peak level of 30 million sq m; the Group also aims to complete projects with GFA of 12 million sq m (including joint ventures), and achieve contracted sales of not less than HK$168 billion (include joint ventures and COGO).

The Group will capitalise on the strength 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 successful sales of the projects in Hong Kong and Macau.

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 the allocation of resources for long-term and short-term investment, and gradually increase its weighting on investment property in order to obtain stable long-term returns and enhance its capability to balance market risk. In the long term, the Group will work towards securing over 20% of total profits from investment property. Currently, the total area of commercial property under development or yet to be developed by the Group amounts to about 3.8 million sq m. Over 50% of this area will be completed by the end of 2017.

Land Replenishment

The Group will calmly meet the challenges ahead. Taking into account its financial situation, the Group will maintain an appropriate scale of investment and seize opportunities arising from market adjustments to replenish its prime land reserve, to resolutely execute its prudent land policies. It is planned that the replenishment of the Group's land reserve will be not less than 10 million sq m in GFA in 2015.

By the end of February 2015, the Group had in 2015 acquired two parcels of land in two mainland cities with a total GFA of 1.63 million sq m, while COGO did not acquire any land parcel in the first two months for 2015.

Multi-Growth Models

The Group will strive to expedite its development and expand its development scale through joint ventures and mergers and acquisitions. At the end of 2014, the amount invested by the Group in the joint ventures had been reduced from the peak of over HK$20 billion to HK$8.98 billion. The profit contribution from joint ventures in 2014 was accordingly reduced by 62.5% to HK$1.10 billion. COGO is an associate of the Group that focuses on third-tier mainland cities and is expected to effectively complementing the business of China Overseas Property. In 2014, COGO recorded sales of HK$18.06 billion, turnover of HK$13.98 billion, and a net profit of HK$1.45 billion. The Group shared a net profit of about HK$480 million.

On 5 August 2013, the Company announced the intention of the controlling shareholder, China State Construction Engineering Corporation Limited ("CSCECL"), to inject certain China property businesses into the Group. Subsequently, on 28 January 2014, the Company announced the transitional arrangements for the operation and management of the businesses to be injected would be entrusted to the Company. The Board is pleased to announce that negotiation with CSCECL on the implementation of the asset injection has been completed. Please refer to the announcement of event date on the acquisition by the Group of property portfolio from CSCECL and its subsidiaries and issue of the Company's shares to China Overseas Holdings Limited, a wholly owned subsidiary of CSCECL and the immediate holding company of the Company.

Prudent Financial Management

The Group will continue to adhere to prudent financial management and will increase the speed with which it collects proceeds from sales. 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"（現金為王，以收定支). As the Group has as much as HK$22.54 billion in bank loans due in 2015, with HK$17.35 billion in loans in Hong Kong due before the end of May, we have made early refinancing arrangements totalling HK$18.5 billion for such loans in the fourth quarter. 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. To safeguard capacity, and hence ensure solid and plentiful funding for its business development, the Group will speed up asset turnover, improve its debt structure, and enhance its ability to protect its resources.

Business Prospects

The Board is confident regarding the Group's prospects and capabilities. In the past 13 years, the Group achieved a compound annual growth rate of 39.9% in its net profits. Despite the impact of the global financial crisis and administrative tightening in the China property sector, the Group has overcome obstacles, maintained sustainable development and exceeded operational targets, and still achieved compound annual growth of 29.3% in its net profit for the past five years, demonstrating its strength and brand advantage. The coming year, 2015, is expected to be complex and ever-changing, due to the unfavourable global political and economic 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." （慎微篤行，精築致遠） 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 in the industry through its consistent innovation. The Group is 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 endeavour to develop into an evergreen enterprise. The Group continues to adopt a human resource management approach that focuses on personal development, motivation for staff, and a good working atmosphere. The Group is committed to aligning individual success with the core values of the long-term development of the Group by upholding integrity, creativity, pragmatism, and perfection. The ultimate goal is an outcome that is mutually beneficial for the Group, its shareholders, business associates, staff and the community.

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

During the year ended 31 December 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 December 2014 with all the code provisions (except A.2.1, A.4.1, A.4.2 and A.6.7 as stated below) of the Corporate Governance Code ("**Code Provision**") from time to time as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with most of the recommended best practices contained therein.

Code Provision A.2.1 — This Code Provision stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company has complied with the second part of this code (i.e. the division of responsibilities between the chairman and chief executive should be clearly established and set out in writing) throughout the year, but not the first part of this code.

Since Mr. Kong Qingping resigned as Chairman of the Company with effect from 6 August 2013, Mr. Hao Jian Min ("**Mr. Hao**") performed the roles of the Chairman and the Chief Executive Officer of the Company. In allowing the two positions to be occupied by the same person, the Company has considered that both positions require in-depth knowledge and considerable experience of the Group's business. Candidates with the requisite knowledge, experience and leadership are difficult to identify. If either of the positions is occupied by an unqualified person, the Group's performance could be gravely compromised. Based on the experience and qualification of Mr. Hao, the Board believes that the vesting of two roles to Mr. Hao would continue to provide the Group with stable and consistent leadership and continue to allow for effective and efficient planning and implementation of long term business strategies. Besides, the Board believes that the balance of power and authority will not be impaired by such arrangement as it is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors. The Board shall nevertheless review the structure from time to time and shall consider the appropriate adjustment should suitable circumstance arise.

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 Articles of Association of the Company (**"Articles"**) and the new Articles of Association of the Company (**"New Articles"**)(as adopted by the Company in the Annual General Meeting held on 26 May 2014) provides that:

Articles

(a) any director appointed to fill a casual vacancy shall hold office only until the next following annual general meeting 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 annual general meeting, 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.

New Articles

(a) any director appointed to fill a casual vacancy shall hold office only until the next following annual general meeting 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 annual general meeting, 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 every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years at an annual general meeting of the Company.

The non-executive directors (as well as all other directors) of the Company are not appointed for a specific term as required by the first part of Code A.4.1. All the directors of the Company are (with Executive Chairman voluntary, when he is not required to retire by rotation) nevertheless subject to retirement by rotation and re-election in accordance with the Articles or (as the case may be) the New Articles. The Articles/New Articles provides that directors appointed to fill a casual vacancy shall hold office only until the next following annual general meeting (not general meeting as specified in the first part of Code A.4.2, thus not complied with the first part of Code A.4.2) of the Company and shall then be eligible for re-election and every Director should be subject to retirement by rotation at least once every three years at an annual general meeting of the Company. As a result of which, every director are in fact has a specific term of three years (upto the date of annual general meeting) and thus is technically not in compliance with the first part of Code A.4.1.

Code Provision A.6.7 – This Code Provision stipulates that Independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

All the directors of the Company have given the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. The Company has not convened any general meeting, other than annual general meeting, during the year under review and all the directors (including all independent non-executive directors) except Mr. Zheng Xuexuan were present in the annual general meeting for exchanging views with the shareholders.

Mr. Zheng Xuexuan, due to commitment in the mainland China, was unable to attend the annual general meeting of the Company held on 26 May 2014. Thus, the Company has not complied with the whole Code Provision A.6.7.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct on governing securities transactions by directors (the "**Securities Code**") on terms no less exacting than that required under the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The directors have confirmed that they have complied with the requirements set out in the Securities Code for the year ended 31 December 2014.

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 2014.

SCOPE OF WORK OF MESSRS. PRICEWATERHOUSECOOPERS

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 2014 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. PricewaterhouseCoopers 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 HKICPA and consequently no assurance has been expressed by Messrs. PricewaterhouseCoopers on this preliminary announcement.

APPRECIATION

Last but not least, I would like to take this opportunity to express my appreciation to the management team and other staff members of the Group for their dedication and hard work, and to my fellow directors for their advice and continuous support.

By Order of the Board
China Overseas Land & Investment Limited
Hao Jian Min
Chairman and Chief Executive Officer

Hong Kong, 24 March 2015

As at the date of this announcement, Messrs. Hao Jian Min (Chairman and Chief Executive Officer), Xiao Xiao (Vice Chairman), Chen Yi, Luo Liang, Nip Yun Wing, Guo Yong and Kan Hongbo are the executive directors; Mr. Zheng Xuexuan is the non-executive director; and Messrs. Lam Kwong Siu, Wong Ying Ho, Kennedy, Li Man Bun, Brian David 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 2014 Annual Report will also be available at the aforementioned websites on/about 21 April 2015 and will be despatched to shareholders of the Company thereafter.