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 2016

FINANCIAL HIGHLIGHTS

1. Contracted sales of properties was HK$210.6 billion, up 16.6%, while the corresponding sold area was 13.04 million sq m.
2. Revenue decreased by 3.2% to HK$164.07 billion.
3. Operating profit increased by 14.5% to HK$57.91 billion. Gross profit margin for property development projects remained at industry-leading level.
4. Profit attributable to equity shareholders of the Company increased by 6.9% to HK$37.02 billion, of which HK$5.65 billion was related to the net gain after tax arising from changes in the fair value of investment properties. If the profit/loss generated by the property projects acquired from CITIC Assets Acquisition were excluded, the profit attributable to the equity shareholders of the Company would have increased by 14.1% from HK$33.31 billion of last year to HK$38.01 billion of 2016.
5. Basic earnings per share was HK$3.64; net assets per share was HK$20.29.
6. Shareholders' funds were up 6.1% to HK$222.25 billion. Average return on shareholders' funds was 17.1%.
7. During the year, the Group acquired 18 land parcels with a total area of 9.72 million sq m while projects injected from the CITIC Assets Acquisition brought in about 31.55 million sq m of land resources. At the end of the year, the Group had a land reserve of 56.77 million sq m, with interest attributable to the Group of 48.81 million sq m.
8. As at 31 December 2016, the net gearing ratio of the Group was maintained at a low level of 7.5%; outstanding bank and other borrowings and notes payable were about HK$96.25 billion and HK$77.57 billion respectively; and there was cash on hand of about HK$157.16 billion.
9. The Board proposed a final dividend of HK42 cents per share. Together with the interim dividend of HK35 cents per share, total cash dividends for the year were HK77 cents per share, an increase of 26.2% compared with the previous year.

SEEKING PROGRESS AMID STABILITY
OPERATING UNDER A TRUSTED BRAND

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 2016. The profit attributable to equity shareholders of the Company for the year ended 31 December 2016 increased by 6.9% to HK$37.02 billion; basic earnings per share was HK$3.64; shareholders’ funds increased to HK$222.25 billion; net assets per share was HK$20.29; and average return on shareholders’ funds was 17.1%. The Board proposed a final dividend of HK42 cents per share.

CONSOLIDATED INCOME STATEMENT

The audited consolidated results of the Group for the year ended 31 December 2016 and the comparative figures in 2015 are as follows:

	Notes	**2016** ***HK$’000***	2015 *HK$’000* *(Restated)*
Revenue	*3*	**164,068,528**	169,561,797
Business tax		**(5,351,547)**	(9,222,727)
Net revenue	*3*	**158,716,981**	160,339,070
Direct operating costs, exclude business tax above		**(113,073,759)**	(114,219,078)
		45,643,222	46,119,992
Other income and gains, net	*4*	**1,789,484**	1,841,155
Gain arising from changes in fair value of investment properties		**7,722,671**	7,514,317
Gain on disposal of investment properties		**1,028,432**	91,559
Gain on disposal of subsidiaries	*5*	**10,175,939**	817,120
Impairment losses in respect of goodwill	*6*	**(1,903,104)**	(44,496)
Gain on acquisition of subsidiaries		**-**	164,140
Selling and distribution costs		**(3,371,597)**	(2,843,479)
Administrative expenses		**(3,179,742)**	(3,106,718)
Operating profit		**57,905,305**	50,553,590
Net gain on distribution in specie		**-**	2,512,965
Share of profits of			
Associates		**476,682**	408,425
Joint ventures		**775,770**	650,333
Finance costs	*7*	**(2,055,956)**	(2,757,312)
Profit before tax		**57,101,801**	51,368,001
Income tax expenses	*8*	**(18,711,025)**	(15,953,805)
Profit for the year		**38,390,776**	35,414,196
Attributable to:			
Owners of the Company		**37,020,638**	34,643,211
Non-controlling interests		**1,370,138**	770,985
		38,390,776	35,414,196
		HK$	*HK$*
EARNINGS PER SHARE	*9*		
Basic and diluted		**3.64**	3.75
		HK$’000	*HK$’000*
DIVIDENDS AND DISTRIBUTION IN SPECIE	*10*		
Interim dividend paid		**3,834,671**	1,972,116
Final dividend proposed		**4,601,605**	4,042,838
Distribution in specie		**-**	3,089,649
		8,436,276	9,104,603

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2016 *HK$'000*	2015 *HK$'000* *(Restated)*
Profit for the year	**38,390,776**	35,414,196
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Exchange differences on translation of the Company and its subsidiaries	**(14,092,869)**	(7,782,310)
Exchange differences on translation of joint ventures	**(975,668)**	(654,904)
Surplus on revaluation of properties transferred from self-used properties to investment properties, net of tax	**-**	278,732
	(15,068,537)	(8,158,482)
Items that may be reclassified to profit or loss		
Exchange differences on translation of associates	**(877,252)**	(708,215)
Changes in fair value of investments in syndicated property project companies and available-for-sale investments	**-**	19,497
	(877,252)	(688,718)
Other comprehensive income for the year	**(15,945,789)**	(8,847,200)
Total comprehensive income for the year	**22,444,987**	26,566,996
Total comprehensive income attributable to:		
Owners of the Company	**21,384,969**	26,141,339
Non-controlling interests	**1,060,018**	425,657
	22,444,987	26,566,996

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**2016** *HK$'000*	2015 *HK$'000* *(Restated)*
Non-current Assets			
Investment properties		**67,093,181**	65,467,036
Deposits for acquisition of an investment property		**-**	166,555
Property, plant and equipment		**3,886,507**	4,128,129
Prepaid lease payments for land		**567,873**	1,483,302
Interests in associates		**5,512,064**	6,025,552
Interests in joint ventures		**10,526,289**	11,883,616
Investments in syndicated property project companies		**24,212**	24,233
Available-for-sale investments		**147,211**	2,310,662
Amounts due from associates		**2,728,181**	4,998,094
Amounts due from joint ventures		**2,058,017**	2,693,588
Amounts due from CITIC Group		**-**	4,277,386
Goodwill		**64,525**	64,525
Deferred tax assets		**3,767,912**	3,622,190
		96,375,972	107,144,868
Current Assets			
Inventories		**88,711**	89,854
Stock of properties		**261,689,777**	297,508,396
Land development expenditure		**7,631,262**	4,733,878
Prepaid lease payments for land		**18,397**	4,022
Trade and other receivables	*11*	**11,341,431**	14,476,304
Deposits and prepayments		**6,897,193**	8,409,329
Deposits for land use rights for property development		**5,166,601**	4,492,733
Amounts due from fellow subsidiaries		**214,442**	220,423
Amounts due from associates		**11,801,798**	1,981,706
Amounts due from joint ventures		**5,512,861**	5,354,075
Amounts due from non-controlling shareholders		**817,806**	893,645
Amounts due from CITIC Group		**839,050**	6,883,287
Available-for-sale investments		**-**	1,814,275
Tax prepaid		**5,732,244**	4,514,170
Bank balances and cash		**157,161,732**	122,800,963
		474,913,305	474,177,060
Assets held for sale		**-**	926,165
		474,913,305	475,103,225
Current Liabilities			
Trade and other payables	*12*	**44,815,201**	48,022,460
Pre-sales deposits		**82,255,805**	68,127,804
Rental and other deposits		**2,887,399**	3,626,664
Amounts due to fellow subsidiaries		**678,296**	618,156
Amounts due to associates		**1,400,177**	1,237,073
Amounts due to joint ventures		**2,158,084**	1,600,834
Amounts due to non-controlling shareholders		**2,969,183**	2,846,680
Amounts due to CITIC Group		**265,845**	10,278,837
Tax liabilities		**21,888,194**	19,216,611
Bank and other borrowings - due within one year		**34,471,679**	29,583,899
Notes payable - due within one year		**5,814,611**	-
		199,604,474	185,159,018
Net Current Assets		**275,308,831**	289,944,207
Total Assets Less Current Liabilities		**371,684,803**	397,089,075

	Note	2016	2015
		HK$'000	*HK$'000*
			(Restated)
Capital and Reserves			
Share capital	*13*	**90,420,438**	62,434,116
Reserves		**131,828,004**	147,130,165
Equity attributable to owners of the Company		**222,248,442**	209,564,281
Non-controlling interests		**5,174,917**	6,015,246
Total Equity		**227,423,359**	215,579,527
Non-current Liabilities			
Bank and other borrowings - due after one year		**61,773,449**	100,510,978
Notes payable - due after one year		**71,760,801**	70,949,813
Amounts due to non-controlling shareholders		**869,939**	1,238,436
Deferred tax liabilities		**9,857,255**	8,810,321
		144,261,444	181,509,548
		371,684,803	397,089,075

Notes:

The financial information relating to the years ended 31 December 2016 and 2015 included in this announcement of annual results of 2016 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with Section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2016 in due course. The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under Section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

1. Application of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied the following amendments to Hong Kong Financial Reporting Standards ("HKFRS(s)") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are relevant to the Group:

Amendments to Hong Kong Accounting Standard ("HKAS") 1	*Disclosure Initiative*
Annual Improvements Project	*Annual Improvements 2012 – 2014 Cycle*

The application of the above amendments to HKFRSs has had no material impact on the Group's results and financial position.

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

Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unreaslised Losses*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
Amendments to HKFRS 2	*Classification and Measurement of Share- based Payment Transactions*[2]
HKFRS 9	*Financial Instruments*[2]
HKFRS 15	*Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]

[1] *Effective for annual periods beginning on or after 1 January 2017*
[2] *Effective for annual periods beginning on or after 1 January 2018*
[3] *Effective for annual periods beginning on or after 1 January 2019*
[4] *The mandatory effective date will be determined*

HKFRS 15 will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. HKFRS 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer. Management is currently assessing the effects of adoption of HKFRS 15 on the Group's financial statements and anticipated that the timing of the recognition of revenue is likely to be affected. At this stage, the Group is not able to estimate the impact of the adoption of HKFRS 15 on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

The Group has already commenced an assessment of the impact of the other 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.

2. Basis of Preparation

Application of business combination under common control

Acquisition of the CITIC Acquired Group

On 15 September 2016, the Company (as the purchaser and the guarantor) completed the acquisition of the entire issued share capital of each of Tuxiana Corp. and CITIC Real Estate Group Company Limited (together with their respective subsidiaries, the "CITIC Acquired Group") (the "CITIC Sale Shares") and the outstanding loans and advances owing by the CITIC Acquired Group to CITIC Limited and its subsidiaries ("CITIC Group") (the "CITIC Shareholders Loans") from CITIC Pacific Limited and CITIC Corporation Limited (both wholly-owned subsidiaries of CITIC Limited, as the "CITIC Sellers") (the "CITIC Assets Acquisition"). The final consideration of the CITIC Assets Acquisition is HK$37,080,453,000 (equivalent to RMB31,000,000,000) which is determined based on the valuation results of the CITIC Sale Shares and the CITIC Shareholders Loans as at 30 April 2016. The final consideration has been settled by (i) allotment and issue of 1,095,620,154 shares of the Company to CITIC Limited at the issue price of HK$27.13 per share for a total value of HK$29,724,175,000 (equivalent to RMB24,850,000,000) (the "Share Consideration"); and (ii) the sale of a portfolio of properties to the CITIC Sellers at a total value of HK$7,356,278,000 (equivalent to RMB6,150,000,000) (the "Assets Consideration").

The consideration of the CITIC Assets Acquisition recorded in the consolidated financial statements represents the fair values of the Share Consideration and the Assets Consideration at the date of completion of the CITIC Assets Acquisition, which are analysed as follows:

	HK$'000
Share Consideration	
(issued at fair value at the date of completion of HK$25.55 per share (note 13))	27,993,095
Assets Consideration	7,356,278
	35,349,373
Satisfying the acquisition of：	
- The CITIC Sale Shares	23,135,650
- The CITIC Shareholders Loans	12,213,723
	35,349,373

Upon completion of the CITIC Assets Acquisition, the CITIC Acquired Group became the wholly-owned subsidiaries of the Company, and the CITIC Shareholders Loans have been assigned to the Group. The CITIC Acquired Group holds the residential-focused property development projects which are located in more than 20 cities across major economic regions in the PRC.

As the Company and CITIC Limited are state-owned entities and are under common control of the State Council of the PRC, the CITIC Assets Acquisition was accounted as business combination under common control. Accordingly, the consolidated financial statements of the Group for the year ended 31 December 2016, together with the comparative figures, were prepared using the principles of merger accounting as prescribed in Hong Kong Accounting Guideline 5 "*Merger Accounting for Common Control Combinations*" issued by the HKICPA, as if the CITIC Acquired Group had been combined with the Group from the earliest date when the CITIC Acquired Group first came under the control of the State Council of the PRC.

The following is a reconciliation of the effect arising from the business combination under common control of the CITIC Acquired Group on the consolidated income statement and the consolidated statement of financial position.

Consolidated income statement

For the year ended 31 December 2015

	The Group (before business combination under common control) *HK$'000*	Effect of business combination under common control of the CITIC Acquired Group *HK$'000*	Consolidated *HK$'000*
Revenue	148,074,399	21,487,398	169,561,797
Business tax	(7,943,748)	(1,278,979)	(9,222,727)
Net revenue	140,130,651	20,208,419	160,339,070
Direct operating costs, exclude business tax above	(97,819,070)	(16,400,008)	(114,219,078)
	42,311,581	3,808,411	46,119,992
Profit before tax	48,823,124	2,544,877	51,368,001
Income tax expenses	(14,772,254)	(1,181,551)	(15,953,805)
Profit for the year	34,050,870	1,363,326	35,414,196
Attributable to:			
Owners of the Company	33,312,083	1,331,128	34,643,211
Non-controlling interests	738,787	32,198	770,985
	34,050,870	1,363,326	35,414,196

For the year ended 31 December 2016

	The Group (before business combination under common control) *HK$'000*	Effect of business combination under common control of the CITIC Acquired Group *HK$'000*	Consolidated *HK$'000*
Revenue	134,416,964	29,651,564	164,068,528
Business tax	(4,225,113)	(1,126,434)	(5,351,547)
Net revenue	130,191,851	28,525,130	158,716,981
Direct operating costs, exclude business tax above	(90,950,397)	(22,123,362)	(113,073,759)
	39,241,454	6,401,768	45,643,222
Profit before tax	54,630,094	2,471,707	57,101,801
Income tax expenses	(15,767,357)	(2,943,668)	(18,711,025)
Profit for the year	38,862,737	(471,961)	38,390,776
Attributable to:			
Owners of the Company	38,006,621	(985,983)	37,020,638
Non-controlling interests	856,116	514,022	1,370,138
	38,862,737	(471,961)	38,390,776

Consolidated statement of financial position

At 31 December 2015

	The Group (before business combination under common control)	Effect of business combination under common control of the CITIC Acquired Group	Adjustments	Consolidated
	HK$'000	*HK$'000*	*HK$'000* (Note)	*HK$'000*
Stock of properties	203,182,608	94,325,788	-	297,508,396
Bank balances and cash	102,445,644	20,355,319	-	122,800,963
Bank and other borrowings	(49,255,875)	(80,839,002)	-	(130,094,877)
Other liabilities less assets	(59,759,432)	(14,875,523)	-	(74,634,955)
Total assets less liabilities	196,612,945	18,966,582	-	215,579,527
Share capital	62,434,116	8,636,479	(8,636,479)	62,434,116
Merger reserve	(1,522,172)	3,363,253	8,636,479	10,477,560
Other reserves	7,210,102	(662,514)	-	6,547,588
Retained profits	123,435,479	6,669,538	-	130,105,017
Equity attributable to owners of the Company	191,557,525	18,006,756	-	209,564,281
Non-controlling interests	5,055,420	959,826	-	6,015,246
Total equity	196,612,945	18,966,582	-	215,579,527

At 31 December 2016

	The Group (before business combination under common control)	Effect of business combination under common control of the CITIC Acquired Group	Adjustments	Consolidated
	HK$'000	*HK$'000*	*HK$'000* (Note)	*HK$'000*
Investment in the CITIC Acquired Group	23,135,650	-	(23,135,650)	-
Stock of properties	179,632,650	82,057,127	-	261,689,777
Bank balances and cash	132,745,581	24,416,151	-	157,161,732
Bank and other borrowings	(40,946,119)	(55,299,009)	-	(96,245,128)
Other liabilities less assets	(55,088,518)	(40,094,504)	-	(95,183,022)
Total assets less liabilities	239,479,244	11,079,765	(23,135,650)	227,423,359
Share capital	90,420,438	12,779,816	(12,779,816)	90,420,438
Merger reserve	(1,522,172)	(2,227,746)	(10,355,834)	(14,105,752)
Other reserves	(4,286,428)	(1,273,889)	-	(5,560,317)
Retained profits	150,904,683	589,390	-	151,494,073
Equity attributable to owners of the Company	235,516,521	9,867,571	(23,135,650)	222,248,442
Non-controlling interests	3,962,723	1,212,194	-	5,174,917
Total equity	239,479,244	11,079,765	(23,135,650)	227,423,359

Note:

The adjustments represent adjustments for elimination of investment cost. The difference has been accounted for in the merger reserve in the consolidated statement of changes in equity.

No other significant adjustments were made by the Group during the year to the net assets and net profit or loss of any entities as a result of the business combination under common control to achieve consistency of accounting policies.

3. Revenue 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 resources 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 hotel operation, real estate management services, construction and building design consultancy services

Segment revenue and results

The following is an analysis of the Group's revenue and results (including share of results of associates and joint ventures) by reportable segments:

Year ended 31 December 2016

	Property development *HK$'000*	**Property investment** *HK$'000*	**Other operations** *HK$'000*	**Segments total** *HK$'000*
Segment revenue				
- from external customers	**159,891,147**	**2,137,167**	**2,040,214**	**164,068,528**
Business tax	**(5,247,187)**	**(88,446)**	**(15,914)**	**(5,351,547)**
Net revenue	**154,643,960**	**2,048,721**	**2,024,300**	**158,716,981**
Segment profit (including share of profits of associates and joint ventures)	**46,944,834**	**11,881,858**	**31,063**	**58,857,755**

Year ended 31 December 2015 (Restated)

	Property development *HK$'000*	Property investment *HK$'000*	Other operations *HK$'000*	Segments total *HK$'000*
Segment revenue				
- from external customers	163,559,055	2,012,668	3,990,074	169,561,797
Business tax	(8,970,807)	(88,823)	(163,097)	(9,222,727)
Net revenue	154,588,248	1,923,845	3,826,977	160,339,070
Segment profit (including share of profits of associates and joint ventures)	42,328,646	9,134,813	92,951	51,556,410

Reconciliation of reportable segment profit to the consolidated profit before tax

Segment profits include profits from subsidiaries and share of profits of associates and joint ventures. This represents the profit earned by each segment without allocation of net gain on distribution in specie, interest income on bank deposits and receivables, corporate expenses, finance costs and net foreign exchange losses recognised in the consolidated income statement. This is the measure reported to the management of the Group for the purposes of resources allocation and performance assessment.

	2016 ***HK$'000***	2015 *HK$'000* *(Restated)*
Reportable segment profits	**58,857,755**	51,556,410
Unallocated items:		
Net gain on distribution in specie	**-**	2,512,965
Interest income on bank deposits and receivables	**1,949,117**	1,702,594
Corporate expenses	**(376,657)**	(486,102)
Finance costs	**(2,055,956)**	(2,757,312)
Net foreign exchange losses charged to the consolidated income statement	**(1,272,458)**	(1,160,554)
Consolidated profit before tax	**57,101,801**	51,368,001

4. Other income and gains, net

	2016 HK$'000	2015 HK$'000 (Restated)
Other income and gains include:		
Interest on bank deposits and receivables	**1,949,117**	1,702,594
Interest income on amounts due from associates and joint ventures	**307,136**	352,696
Total interest income	**2,256,253**	2,055,290
Dividend income from available-for-sale investments	**-**	497,281
Gain on disposal of property, plant and equipment	**143,481**	13,846
Net foreign exchange losses	**(2,575,458)**	(2,320,554)
Less: exchange losses arising from foreign currency borrowings capitalised	**1,303,000**	1,160,000
Net foreign exchange losses charged to consolidated income statement	**(1,272,458)**	(1,160,554)

5. Gain on disposal of subsidiaries

In addition to the sale of a portfolio of properties to the CITIC Sellers as disclosed in note 2 to this announcement, the Group has also completed the following disposals to various related parties of the Group:

- On 11 May 2016, the Group entered into a sale and purchase agreement with Viewtime Limited, a wholly-owned subsidiary of China Overseas Holdings Limited, which is the immediate holding company of the Company, to dispose of the entire issued share capital and shareholder's loan of Treasure Trinity Limited, which indirectly held the Hoover Towers (Tower V) in Hong Kong. The total consideration was HK$507,367,000. The disposal was completed on 18 May 2016.

- On 11 May 2016, the Group entered into a sale and purchase agreement with Total Joy Global Limited, a wholly-owned subsidiary of China State Construction International Holdings Limited, which is a listed fellow subsidiary of the Company, to dispose of the entire issued share capital and shareholder's loan of Precious Deluxe Global Limited, which indirectly held the China Overseas Building in Hong Kong. The total consideration was HK$4,825,147,000. The disposal was completed on 24 June 2016.

- On 12 October 2016, the Group entered into a sale and purchase agreement with China Overseas Grand Oceans Group Limited ("COGO"), a listed associate of the Company, to dispose of the entire issued share capital of Best Beauty Investments Limited ("Best Beauty"). Best Beauty and its subsidiaries (together the "COGO Disposal Group") have an interest in a property portfolio mainly comprises residential property development projects located in third-tier cities in the PRC. The total consideration was RMB3,518,557,000 (equivalent to HK$4,163,973,000). COGO has also undertaken to procure the COGO Disposal Group to repay loans due to the Group of HK$8,651,425,000 at 31 December 2016 within one year after the completion of the disposal. The disposal was completed on 29 December 2016.

As a result of the above disposals, a gain of HK$10,175,939,000 was recognised in the consolidated income statement during the year.

6. Impairment losses in respect of goodwill

On 21 April 2016, as part of the reorganisation of the CITIC Acquired Group prior to the completion of the CITIC Assets Acquisition, the CITIC Acquired Group acquired the remaining 80% interest in Juxin Huijin Real Estate Fund No.1 ("Huijin No.1") at a cash consideration of RMB15,098,000 (equivalent to HK$17,867,000). Huijin No.1 held 100% equity interest in Tianjin CITIC Tianjiahu Investment Co., Ltd. ("Tianjiahu"), which is engaged in property development business in Tianjin, PRC. Upon the completion of the acquisition, Huijin No.1 was dissolved and Tianjiahu became a wholly-owned subsidiary of the CITIC Acquired Group.

On 26 April 2016, as part of the reorganisation of the CITIC Acquired Group prior to the completion of the CITIC Assets Acquisition, the CITIC Acquired Group acquired the remaining 60% equity interest in Juxin Huijin Real Estate Fund No.3 ("Huijin No.3") at a cash consideration of RMB314,479,000 (equivalent to HK$372,165,000). Huijin No.3 held 100% equity interest in Qingdao Lianheng Real Estate Co., Ltd., Qingdao Lianming Real Estate Co., Ltd. and Qingdao Shaohai Real Estate Co., Ltd. (collectively referred to as "Qingdao Forest Lake Project Companies"), which are engaged in property development business in Qingdao, PRC. Upon the completion of the acquisition, Huijin No.3 was dissolved and Qingdao Forest Lake Project Companies became wholly-owned subsidiaries of the Group.

As a result of the above acquisition, a goodwill of approximately HK$1,903,104,000, being the difference between the consideration and the fair values of identifiable net liabilities assumed, was arisen. However, management of the CITIC Acquired Group considered that such goodwill is not expected to generate any economic benefit or cash inflow in the future. As such, impairment losses on the entire goodwill were recognised in the consolidated income statement immediately upon the completion of the above acquisition.

7. Finance costs

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Interest on bank and other borrowings and notes payable	**8,705,618**	10,201,847
Interest on amounts due to holding companies	**-**	221,720
Other finance costs	**115,253**	158,340
Total finance costs	**8,820,871**	10,581,907
Less: amount capitalised	**(6,764,915)**	(7,824,595)
	2,055,956	2,757,312

8. Income tax expenses

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Current tax:		
PRC Corporate Income Tax ("CIT")	**8,788,070**	8,672,203
PRC Land Appreciation Tax ("LAT")	**7,775,675**	5,012,512
PRC withholding income tax	**595,252**	441,615
Hong Kong profits tax	**119,140**	39,880
Macau income tax	**2,522**	420,838
Others	**6,170**	5,956
	17,286,829	14,593,004
(Over)/under-provision in prior years:		
CIT	**-**	18,750
LAT	**-**	45,561
Hong Kong profits tax	**-**	(110)
Macau income tax	**(3,690)**	-
	(3,690)	64,201
Deferred tax:		
Current year	**1,427,886**	1,296,600
Total	**18,711,025**	15,953,805

Under the Law of PRC on Corporate Income Tax (the "CIT Law") and Implementation Regulation of the CIT Law, the tax rate of PRC subsidiaries is 25% (2015: 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.

Hong Kong profits tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profit for the year.

Macau income tax is calculated at the prevailing tax rate of 12% (2015: 12%) in Macau.

9. 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:

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Earnings for the purpose of basic and diluted earnings per share		
Profit for the year attributable to the owners of the Company	**37,020,638**	34,643,211

	2016	2015
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**10,183,879**	9,227,527

Diluted earnings per share were the same as the basic earnings per share for both the years ended 31 December 2016 and 2015 as there were no dilutive potential ordinary shares in existence during both years.

10. Dividends and distribution in specie

	2016	2015
	HK$'000	*HK$'000*
Dividends recognised as distributions during the year		
Interim dividend paid in respect of financial year ended 31 December 2016 of HK35 cents (2015: financial year ended 31 December 2015 interim dividend of HK20 cents) per share	**3,834,671**	1,972,116
Final dividend paid in respect of financial year ended 31 December 2015 of HK41 cents (2015: financial year ended 31 December 2014 final dividend of HK35 cents) per share	**4,042,838**	3,451,203
Distribution in specie	**-**	3,089,649
	7,877,509	8,512,968

The final dividend of HK42 cents in respect of the financial year ended 31 December 2016 (2015: final dividend of HK41 cents in respect of the financial year ended 31 December 2015) per share, amounting to HK$4,601,605,000 (2015: HK$4,042,838,000) 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, which was calculated based on the number of ordinary shares in issue at the date of approval of the consolidated financial statements, has not been recognised as a liability in the consolidated financial statements.

11. Trade and other receivables

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

Except for the proceeds from properties 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 ageing analysis of trade receivables presented at the end of the reporting period:

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Trade receivables, aged		
0–30 days	**6,789,334**	7,721,317
31–90 days	**297,355**	270,274
Over 90 days	**695,944**	864,134
	7,782,633	8,855,725
Other receivables	**3,558,798**	5,620,579
	11,341,431	14,476,304

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 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 directors of the Company believe that there is no provision required at the end of the reporting period.

12. Trade and other payables

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

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Trade payables, aged		
0–30 days	**9,481,660**	7,472,319
31–90 days	**697,096**	1,264,491
Over 90 days	**18,219,961**	20,963,363
	28,398,717	29,700,173
Other payables	**4,900,652**	6,983,173
Retentions payable	**11,515,832**	11,339,114
	44,815,201	48,022,460

Other payables mainly include other taxes payable and accrued charges.

Of the other payables and retentions payable, an amount of HK$3,316,113,000 (2015 restated: HK$3,892,650,000) is due beyond twelve months from the end of the reporting period.

13. Share capital

	Number of Shares	
	'000	***HK$'000***
Issued and fully paid		
At 1 January 2016	**9,860,581**	**62,434,116**
Issue of shares	**1,095,620**	**27,986,322**
At 31 December 2016	**10,956,201**	**90,420,438**

In connection with the CITIC Assets Acquisition (note 2), the Company has allotted and issued 1,095,620,154 ordinary shares of the Company to CITIC Limited at HK$25.55 per share on 15 September 2016 for a net value of HK$27,986,322,000 (net of share issuance costs).

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK42 cents per share for the year ended 31 December 2016. Together with an interim dividend of HK35 cents per share, the total dividend for the whole year amounted to HK77 cents per share, HK16 cent increase compared with the total dividend (excluding the special dividend of HK31 cents per share) of HK61 cents per share for the previous year.

Subject to the approval of the shareholders at the forthcoming Annual General Meeting to be held on Monday, 12 June 2017 (the "**2017 AGM**"), the final dividend will be paid on Friday, 7 July 2017 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 20 June 2017.

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 2017 AGM: From Wednesday, 7 June 2017 to Monday, 12 June 2017 (both days inclusive).

(b) For determining the entitlement to the proposed final dividend: Tuesday, 20 June 2017

Further details of the above book close arrangements will be announced separately by the Company in April 2017.

1. BUSINESS REVIEW

Macroeconomy

"Black swan events" emerged in a seemingly endless stream in 2016. The global economy underwent profound adjustment and rebalancing. The monetary policies of developed economies were not aligned, while the economic slowdown of emerging markets accelerated. As the United States maintained its moderate economic recovery, the Federal Reserve raised interest rates, causing continued depreciation of major currencies against the US dollar. A stronger dollar stimulated capital outflows in emerging market countries, and economic growth faced a downturn challenge. As the repeated quantitative easing initiative ("QE") failed to bring about obvious improvement, the European and Japanese central banks chose to extend or intensify their QE. The "Brexit" referendum in the UK brought uncertainties to the economy of the European Union, while the Middle East, Europe and Asia experienced disturbing geopolitical crises. As a whole, global economic recovery was slow.

2016 marked the commencement of the national 13th Five-year Plan. The Central Chinese Government put effort into strengthening supply-side structural reform, focusing on introduction of a series of policies, such as cutting excessive industrial capacity, de-stocking, de-leveraging, lowering costs and improving weak links. The reform has shown initial effectiveness with a stable and positive economic and employment growth. As a result, China achieved an annual economic growth of 6.7%, remaining ahead of other countries. The economic performance of Hong Kong and Macau was inevitably affected by peripheral environment, but still recorded moderate growth. The growth rate of sales of China's property market saw obvious slowdown in 2014. As the nationwide commodity housing stock reached a record high in 2015, local governments released restrictions one after another to effectively stimulate their property markets. The total nationwide commodity housing area for sale continued to decrease in 2016, while the annual sales volume and prices for residential property reached all-time highs. In October, the elevating residential property and land markets triggered a policy turning point. The financial sector strictly enforced restrictions on property-related lending and corporate bond issuance, and regulated the entrance of financial bank and insurance investment funds into the property market. Right after the National Day Golden Week holiday, some 30 major cities throughout China launched extensive and intensive restrictive measures, such as sales restrictions, loan restrictions and tax increase, to suppress soaring property prices.

Against the backdrop of accelerated depreciation of the Renminbi and the regulation of property market, mainland China investors changed their focus to Hong Kong property market, pushing Hong Kong property price upward. In November, the Hong Kong SAR Government introduced a raft of cooling measures, including higher stamp duty, with the aim to support local first-time property buyers and restrain property investment and speculation.

During the year, despite the initially relaxed but subsequently tightened environment of the mainland China property market, the Group achieved sizable sales and satisfactory growth in profit. With revenue of HK$164.07 billion, the profit attributable to the equity shareholders of the Company increased by 6.9% to HK$37.02 billion (excluding the profit/loss generated by the property projects acquired from the CITIC Assets Acquisition, the profit attributable to the equity shareholders of the Company would have increased by 14.1% from HK$33.31 billion last year to HK$38.01 billion in 2016. Please refer to note 2 for details of that profit/loss), and the net profit, after deducting HK$5.65 billion in profit after tax related to the change in the fair value of the investment property portfolio, amounted to HK$31.37 billion. In a complicated and rapidly changing market environment, the Group successfully secured handsome profits through assets restructuring and disposals, to achieve an average return on shareholders' funds of 17.1% in 2016.

Property Development
In 2016, through accurate assessment of market developments, strategic and innovative sales and marketing measures, as well as leveraging the branding advantage of China Overseas Property, the target for contracted property sales, which was adjusted upwards to HK$210 billion in the middle of the year, was exceeded, setting another record high. Total property sales (including sales by joint ventures and associates) amounted to HK$210.6 billion, while the corresponding area sold was 13.04 million sq m. Projects (including joint ventures) amounting to 13.35 million sq m were completed in 2016. Sales value of these projects, recognised as the Group's revenue in 2016, amounted to HK$118.61 billion. Sales of completed property projects as at the end of 2015 were satisfactory, reaching HK$41.28 billion for a total of 2.28 million sq m. As such, the revenue for the property development business of the Group in 2016 amounted to HK$159.89 billion. Segment profits attributable to property development business increased 10.9% to HK$46.94 billion.

Investment Properties
Six investment property projects were completed during the year, adding about 460,000 sq m of completed investment property to the Group. The Group also sold a few non-core investment properties. Further, the CITIC Assets Acquisition added investment properties totalling 300,000 sq m. The Group had a total of 2.50 million sq m in mainland China, Hong Kong, Macau and London as at the end of the year. The overall occupancy rate of the Group's investment properties was satisfactory. The total rental income for the year was HK$2.14 billion, representing a year-on-year increase of 6.2%; profit for the segment amounted to HK$11.88 billion, which included an increase in the fair value of investment properties amounting to HK$7.72 billion (net fair value gain after deferred tax attributable to shareholders is HK$5.65 billion).

CITIC Assets Acquisition
On 14 March 2016 the Company announced a major transaction, the CITIC Assets Acquisition, and this was completed six months later. The Company issued shares to CITIC Limited and sold a property portfolio to settle the consideration.

CITIC Limited has thus become a strategic - and the second-largest - shareholder in the Company. The Board holds the view that cooperation between the parties will produce great synergy in business and investment opportunities on various fronts. The Group's future business operations are expected to benefit significantly. This acquisition provides a good opportunity for the Group to add to its land reserve in various major economic zones in China and will make a significant contribution to the Group's development in the next few years, reinforcing the Group's leading position in China's property market. Details of the acquisition, issuance of shares in the Company and property sales can be found in the announcements made on 14 March and 15 September 2016, and the circular despatched on 30 June 2016.

In October 2016, the Group agreed to conditionally sell its projects in several third-tier cities, including Yangzhou, Huizhou, Huangshan, Weifang, Zibo, Jiujiang and Shantou, to its associate COGO. This transaction was completed before end of the year. Through this transaction, the Group effectively dealt with the asset portfolio acquired from the parent company, China State Construction Engineering Corporation Limited ("CSCECL") and the CITIC Assets Acquisition, and COGO effectively reinforced its position as a leading property developer in China's third-tier cities and increased its land reserve significantly. Details of the sale of this property portfolio can be found in the circular released by COGO on 4 November 2016.

Joint Venture and Associates
The Group will strive to expedite its development and expand its development scale through joint ventures and mergers and acquisitions. At the end of the year, the amount invested by the Group in its joint ventures amounted to HK$15.94 billion. The profit contribution from joint ventures in 2016 was HK$780 million. COGO is the major associate of the Group, focused on property business in third-tier cities in mainland China. In 2016, COGO recorded sales of HK$24.0 billion, revenue of HK$17.1 billion, and a net profit of HK$930 million. The Group earned a net profit of about HK$340 million from COGO.

Land Reserve
During the year, the Group continued to closely monitor the land market and prudently acquire land. In response to the strong land market and taking account of an additional 31.55 million sq m of land resources relating to the CITIC Assets Acquisition, the Group (excluding COGO) acquired 17 parcels of land in 13 cities in mainland China, and one parcel of land in Hong Kong, a total additional of 9.72 million sq m. As at the end of 2016, these land parcels in 33 mainland China cities, Hong Kong and Macau provided a total area of 56.77 million sq m, with interest attributable to the Group of 48.81 million sq m.

As of end of 2016, the COGO had a total land reserve of 17.74 million sq m (attributable interest of 16.53 million sq m).

Group Finance
Adhering to prudent financial management, the Group continued to enhance financial resources and optimise its debt structure. In mid-August 2016, during a low-rate window, the Group issued a 10-year corporate bond with a value of RMB 6.0 billion to take advantage of market conditions. The bond yield was 3.1%, the lowest in the industry for tenors of over 5 years. In 2016, the Group drew down HK$45.24 billion in banking facilities. Total repayment of matured bank and other borrowings amounted to HK$60.26 billion. In addition, cash inflow from sales of about HK$177.20 billion was recorded for the year. The Group had sufficient funds to meet its payment requirements and has accumulated a significant war chest of cash for future developments. The major expenditures of the Group for 2016 were HK$49.77 billion for land premiums, HK$42.32 billion for construction costs, and HK$38.61 billion for tax, selling and distribution, administrative and finance expenses. As at the end of the year, outstanding bank and other borrowings and notes payable by the Group were about HK$96.25 billion and about HK$77.57 billion respectively; cash on hand amounted to approximately HK$157.16 billion; and the net gearing of the Group had decreased significantly from 37.3% at the end of 2015 to a very low level of about 7.5%. The shareholders' funds in the Company increased to HK$222.25 billion at the end of the year. Hence, the Group's financial position has continued to strengthen. In 2016, the Group's investment rankings were affirmed by Moody's, Standard & Poor's and Fitch, at Baa1/Stable, BBB+/Stable and A-/Stable respectively, reflecting the capital market's recognition of the Group in terms of its leadership in China's property market and financial soundness.

Human Resources
The Group continues to expand its operations and enter new cities. Talented people are always in great demand. Staff recruited through the "Sons of the Sea" and "Sea's Recruits" schemes have developed quickly under the supervision of our staff. The Group's ability to nurture talented people has been recognised by the industry. This is the source of the Group's professional competence and competitive edge, and has become an important element in supporting the Group's sustainable and stable development. Staff integration after the CITIC Assets Acquisition was smoothly completed within a short period of time, demonstrating the effectiveness of the Group's human resources personnel.

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 two years, the Group has consistently enhanced corporate transparency and strengthened the Group's internal controls and risk management.

Corporate Social Responsibility

The Group is committed to exercising corporate social responsibility and seeks to promote social value and harmony as a good corporate citizen. 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 fourth 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 "Best 10 of China Real Estate Developers Brand Value". China Overseas Property was acknowledged among the "Leading Brands of China Real Estate Companies" for the 13th consecutive year, ranking first in the property sector with a brand value of RMB51.4 billion. For 13 years in a row, leveraging its excellent performance, the Company has been voted the number one "China Blue Chip Real Estate" developer. For the first time due to the excellent asset management capability, China Overseas Commercial Properties ranked in the top three of the "Best 10 of China Commercial Real Estate Developers Brand Value". Internationally, the Group has been selected again as an index component of the Dow Jones Sustainability Indices (DJSI), and is the only Chinese company on the list of 38 real estate sustainability leaders, among 3,800 listed companies around the world being analysed this year. This demonstrates the excellent performance of the Company in various respects. In 2016, China Overseas Property projects were, as usual, repeatedly recognised for their outstanding quality, design and management.

2. PROSPECTS

Macroeconomy

It is expected that the global economy will not depart from the "low growth trap". The biggest uncertainties in global economy lie in the new policies of US President Trump to stimulate economic growth and the monetary policy of the US Federal Reserve. Brexit may trigger a domino effect that threatens the unification of Europe. Trade protectionism and anti-globalism will directly impact new and emerging economies. As the world's second largest economy, China has become an important driving force behind the reform of the global economy and economic governance. It is expected that the Chinese government will continue to put in place active financial policies and stable monetary policies to deepen supply-side structural reform and ensure the steady growth of economy over the next few years. For most enterprises, 2017 will remain challenging. The Group will watch closely for risks and opportunities triggered by any changes in the international economic environment.

Business Development

In a complex and ever-changing market and political environment, the Group achieved a satisfactory performance in 2016, amply demonstrating its excellent operational capability and brand advantages. The Group is cautiously optimistic about China's property market in 2017. It is expected that policy regulation by the Central Chinese Government will continue and that that will ensure stable and healthy development of the property market. China's property sales is expected to experience some resistance in the first half of 2017 as market consolidation accelerates, with the sector overall presenting both challenges and opportunities.

Continued stable development in the Hong Kong and Macau property markets is expected. The impact of rate increases in the US may not be significant, though increasing investment in Hong Kong property market by mainland China property developers will have some impact. The Group will still seek appropriate opportunities to expand its business in Hong Kong and Macau. In the first two months of 2017, property sales of the Group in Hong Kong and Macau amounted to over HK$4 billion, while the cash return after netting off second mortgage reached HK$4.9 billion.

Operational Philosophy

The Group firmly follows the operational philosophy of "Seeking Progress amid Stability. Operating under a Trusted Brand", and upholds pragmatism and integrity as its philosophy in going forward in a steady manner. The Group has reached annual sales of HK$200 billion with net profits amounting to a high level of over HK$30 billion, the management will still strive to achieve steady improvement in its performance. China's property market has entered a new era: limited supply of high quality land, decline in overall profits across the industry, fracturing of the market, increased centralisation of the industry, all indicate that only the fittest will survive. The Group is deeply alert to the pressure and challenges brought about by this changing market and the industry competition associated with rapid growth in some industry players over the past two years. The Group, which is steeped in history and has experienced many economic cycles in China, Hong Kong and Macau, recognises that each company must align its own capacity and resources with the external environment to find a suitable and sustainable approach after balancing its scale with shareholders' returns, and opportunities with risks. The Group will consolidate and continue to seek to boost its competitiveness. In order to reinforce the elite image of China Overseas Property products in the mid- and high-end segments, the Group diligently assesses the needs and wants of its customers so that each project stands out and sets the benchmark for high-end products in its vicinity. In addition, the Group will adapt to the movement toward market fragmentation, enter strategic cities and expand to neighbouring areas systematically in order to raise its market share and reinforce its industry-leading position. The Group believes that there is much room for development in China's property market, and will put more focus on mainland China's property market in the future. Against the backdrop of increased consolidation of the mainland property market, the Group will firmly pursue a multi-pronged development strategy. On one hand the Group will continue to acquire land in the market, while on the other it will look for suitable targets for mergers and acquisitions, and will continue to establish joint ventures with strong partners and parties with land resources in order to support stable growth in this 13th Five-Year Plan period.

Sustainable Project Development

The Group will closely monitor the market and appropriately control the pace of its project development and sales. By leveraging its brand name, backed by innovative marketing and sales operations, the Group can improve its sales results and cash flow, and maximise the return on its assets. In order to ensure operational scale and sustainable growth in profits and after taking account of market conditions, it is planned that in 2017, the Group will commence development of an additional area of over 19 million sq m, bringing the total area under development to a peak of over 33 million sq m. The Group will strive to have projects (including the joint ventures) with area of over 13.5 million sq m completed and contracted sales (including joint ventures and associates) of not less than HK$210 billion achieved.

Better Business Structure

The Group will continue to operate a business structure with residential development as the main element, and commercial property development 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. As the profit margin in China's property market continues to drop, an over-expansion of property development scale may gradually invite disproportionate risks. Hence increasing the proportion of profits from investment property is a long-term goal for the Group. As at end of this year, the total area of commercial property under development or yet to be developed by the Group amounted to about 4.40 million sq m. About 1.20 million sq m of this area will be completed by the end of 2018.

Multi-channel and Diversified Means for Land Replenishment

The Group will take into account its financial strength and market conditions, to maintain an appropriately expansionary scale of investment. Through active cooperation with various entities in the CSCECL group and other organisations with land resources and also involvement in the redevelopment of shanty-towns and transformation of cities, the Group can replenish its land reserve through various measures.

The reduced liquidity in China is conducive to the acquisition of land by property developers with strong financial resources. During the first two months of 2017, the Group acquired 11 land parcels in nine cities, a total area of 3 million sq m.

Prudent Financial Management

The Group will continue to enhance its financial management capability, adhere to prudent financial management, and stick firmly to the principle of "Cash is king, receipts determine payments". The Group will continue to explore new fundraising channels and make full use of its fundraising platforms onshore and offshore. To 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. Taking into consideration the weakened Renminbi, the Group will endeavour to improve the currency profile of its debt, mainly by rapidly reducing non-Renminbi debts and increasing non-Renminbi assets.

Business Prospects

After a rather long period of rapid growth, China's economy has adjusted to a period of steadier growth. China's fast-growing property market in the past decade has similarly entered a new era. The Board is of the view that the China property market has ample room for development and is also confident of the Group's prospects and capabilities. The coming year, 2017, is expected to be complex and changeable, based on the global and local political and economic environments. The Group will continue to apply its longstanding maxim of "Exercise caution in details and implementation. Build a strong foundation to seek greater success." With its solid foundation, worldwide vision and exposure, correct development strategies, appropriate nationwide development strategy plus excellent brand name and financial strength, the Group will continue to enhance its competitiveness in the industry through consistent innovation. The Group is confident that it can resolve risks and rise to the challenge and seek progress amid stability. The Board expects that the China property market to remain stable in the next few years and the Company can achieve sustainable and steady 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 of 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 maintaining 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 2016, 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 2016 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 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 Provision (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 Provision.

During the year ended 31 December 2016, both the duties of Chairman and Chief Executive Officer was responsible by the same individual. 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. Besides, the Board believes that the balance of power and authority will not be impaired by such arrangement as it is adequately ensured by the Board which comprises experienced and high calibre individuals (including executive directors, non-executive director and independent non-executive directors). To strengthen the governance team of the Company and enhance corporate governance standard, the Board has decided to appoint a new director to be the Chief Executive Officer from 1 January 2017.

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 provides that:

(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 Provision A.4.1. All the directors of the Company are nevertheless subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. The Articles of Association of the Company 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 Provision A.4.2, thus not complied with the first part of Code Provision 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 Provision 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. During the year under review, the Company has convened the annual general meeting on 6 May 2016 (the **"Annual General Meeting"**) and one general meeting on 20 July 2016 (the **"General Meeting"**). Two directors were unable to attend the relevant meetings due to commitment in the mainland China: Mr. Li Man Bun, Brian David was unable to attend the General Meeting and Mr. Zheng Xuexuan was unable to attend both the Annual General Meeting and the General Meeting. All other directors (including all the independent non-executive directors) were present in the Annual General Meeting and General Meeting for exchanging views with the shareholders. Thus, the Company has not complied with part of the 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 directors have confirmed, following specific enquiry by the Company, that they have complied with the requirements set out in the Securities Code for the year ended 31 December 2016.

REVIEW OF ACCOUNTS

The Company's Audit and Risk Management 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 2016.

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 2016 as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the 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, our shareholders and business associates for their support and trust and to my fellow directors for their valuable advice.

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

Hong Kong, 22 March 2017

As at the date of this announcement, Messrs. Xiao Xiao (Chairman), Yan Jianguo (Chief Executive Officer), Luo Liang and Nip Yun Wing are the executive directors; Mr. Chang Ying is the non-executive director; and Mr. Lam Kwong Siu, Madam Fan Hsu Lai Tai, Rita and Mr. Li Man Bun, Brian David 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 2016 Annual Report will also be available at the aforementioned websites on/about 25 April 2017 and will be despatched to shareholders of the Company thereafter.