中國海外發展有限公司
CHINA OVERSEAS LAND & INVESTMENT LTD.

(incorporated in Hong Kong with limited liability)
(Stock code: 688)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS

1. The contracted property sales increased by 18.5% to HK$150.85 billion and the corresponding sales area was 8.47 million sq m, an increase of 8.6%.

2. Revenue increased to HK$88.60 billion.

3. Operating profit increased by 11.2% to HK$35.75 billion. Gross profit margin of property development projects remained at industry-leading level.

4. Profit attributable to equity shareholders of the Company increased by 7.2% to HK$23.22 billion, of which HK$4.05 billion was related to the net gain after tax arising from changes in fair value of investment properties.

5. Basic earnings per share increased by 7.2% to HK$2.12.

6. The Group acquired 26 land parcels in 17 cities in mainland China, adding a total area of 7.89 million sq m to the land reserve. At 30 June 2018, total land reserve was 67.48 million sq m (attributable interest of 56.57 million sq m).

7. At 30 June 2018, the Group had bank and other borrowings and notes payable amounted to HK$116.04 billion and HK$89.41 billion respectively; bank balances and cash amounted to HK$127.93 billion; the net gearing of the Group was at an industry-low level of 28.1%.

8. The shareholders' funds of the Company increased from HK$265.69 billion at last year end to HK$275.88 billion, an increase of 3.8%. The net assets per share was HK$25.18. The average return on shareholders' funds was 8.6%.

9. The Board proposed an interim dividend of HK40 cents per share (2017: HK35 cents per share), an increase of 14.3% compared to the previous period.

New Era New Journey
----Moving Forward To a Better and Faster Development

The board of directors (the "**Board**") of China Overseas Land & Investment Limited (the "**Company**") hereby announces the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2018. The consolidated profit after tax attributable to equity shareholders of the Company amounted to HK$23.22 billion, representing an increase of 7.2% as compared to the corresponding period in 2017. The earnings per share is HK$2.12; shareholders' funds increased by 3.8% to HK$275.88 billion; net assets per share was HK$25.18; and average return on shareholders' funds was 8.6%. The Board proposed an interim dividend of HK40 cents per share.

CONDENSED CONSOLIDATED INCOME STATEMENT

The unaudited consolidated results of the Group for the six months ended 30 June 2018 and the comparative figures for the corresponding period in 2017 are as follows:

		Six months ended 30 June	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	*(Unaudited)*
Revenue	*3*	**88,600,754**	87,199,418
Business tax		**(1,155,733)**	(1,425,103)
Net revenue	*3*	**87,445,021**	85,774,315
Direct operating costs, excluding business tax above		**(55,744,510)**	(59,178,892)
		31,700,511	26,595,423
Other income and gains, net		**1,399,526**	1,553,774
Gain arising from changes in fair value of investment properties		**5,408,138**	3,772,309
Gain on disposal of investment properties		**23,265**	38,634
Gain arising from fair value remeasurement of the Group's previously held equity interest in a joint venture immediately prior to acquisition		**-**	2,140,171
Gain on acquisition of subsidiaries		**-**	326,267
Selling and distribution costs		**(1,100,318)**	(1,060,692)
Administrative expenses		**(1,685,138)**	(1,234,531)
Operating profit		**35,745,984**	32,131,355
Share of profits of			
Associates		**1,465,573**	651,500
Joint ventures		**622,808**	738,484
Finance costs	*4*	**(690,294)**	(650,983)
Profit before tax		**37,144,071**	32,870,356
Income tax expenses	*5*	**(12,888,669)**	(10,383,437)
Profit for the period		**24,255,402**	22,486,919
Attributable to:			
Owners of the Company		**23,218,766**	21,654,474
Non-controlling interests		**1,036,636**	832,445
		24,255,402	22,486,919
		HK$	*HK$*
EARNINGS PER SHARE	*6*		
Basic and diluted		**2.12**	1.98
		HK$'000	*HK$'000*
DIVIDENDS	*7*		
Interim dividend of HK40 cents per share (2017: HK35 cents per share)		**4,382,481**	3,834,671

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Profit for the period	**24,255,402**	22,486,919
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Exchange differences on translation of the Company and its subsidiaries	**(3,230,981)**	3,648,491
Exchange differences on translation of associates and joint ventures	**(237,243)**	330,750
	(3,468,224)	3,979,241
Item that may be reclassified to profit or loss		
Exchange differences on translation of associates	**(129,108)**	436,677
Other comprehensive income for the period	**(3,597,332)**	4,415,918
Total comprehensive income for the period	**20,658,070**	26,902,837
Total comprehensive income attributable to:		
Owners of the Company	**19,814,965**	25,791,843
Non-controlling interests	**843,105**	1,110,994
	20,658,070	26,902,837

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2018** *HK$'000* ***(Unaudited)***	31 December 2017 *HK$'000* *(Audited)*
Non-current Assets			
Investment properties		**104,012,194**	97,377,389
Property, plant and equipment		**3,785,021**	3,897,596
Prepaid lease payments for land		**567,248**	575,810
Interests in associates		**11,417,300**	8,232,345
Interests in joint ventures		**14,038,407**	12,405,070
Investments in syndicated property project companies		**24,212**	24,212
Available-for-sale investments		**-**	115,842
Amounts due from associates		**8,239,780**	8,969,792
Amounts due from joint ventures		**5,455,070**	6,592,674
Other receivables		**1,589,262**	456,540
Goodwill		**64,525**	64,525
Deferred tax assets		**4,886,564**	4,902,484
		154,079,583	143,614,279
Current Assets			
Inventories		**99,896**	82,852
Stock of properties		**361,508,375**	335,541,563
Land development expenditure		**25,562,446**	24,305,938
Prepaid lease payments for land		**9,896**	16,396
Trade and other receivables	*8*	**11,603,822**	14,300,567
Contract assets		**1,386,078**	-
Deposits and prepayments		**10,278,364**	7,240,012
Deposits for land use rights for property development		**6,912,273**	2,386,145
Amounts due from fellow subsidiaries		**362,666**	356,221
Amounts due from associates		**3,451,649**	5,508,696
Amounts due from joint ventures		**5,006,322**	2,985,523
Amounts due from non-controlling shareholders		**1,070,256**	728,934
Amounts due from CITIC Group		**-**	197,949
Tax prepaid		**6,579,008**	4,089,095
Bank balances and cash		**127,931,163**	104,050,615
		561,762,214	501,790,506
Current Liabilities			
Trade and other payables	*9*	**47,600,537**	51,826,299
Dividend payable	*7*	**4,930,291**	-
Pre-sales deposits		**-**	77,857,359
Contract liabilities		**101,096,586**	-
Rental and other deposits		**3,674,264**	3,428,838
Amounts due to fellow subsidiaries		**936,270**	756,994
Amounts due to associates		**2,114,747**	2,028,855
Amounts due to joint ventures		**7,544,229**	5,425,631
Amounts due to non-controlling shareholders		**8,976,457**	5,053,174
Tax liabilities		**27,308,470**	29,741,619
Bank and other borrowings - due within one year		**7,584,524**	13,324,575
Notes payable - due within one year		**24,327,019**	17,099,222
		236,093,394	206,542,566
Net Current Assets		**325,668,820**	295,247,940
Total Assets Less Current Liabilities		**479,748,403**	438,862,219

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Capital and Reserves		
Share capital	**90,420,438**	90,420,438
Reserves	**185,459,029**	175,273,849
Equity attributable to owners of the Company	**275,879,467**	265,694,287
Non-controlling interests	**10,767,485**	7,849,143
Total Equity	**286,646,952**	273,543,430
Non-current Liabilities		
Bank and other borrowings - due after one year	**108,458,491**	90,256,116
Notes payable - due after one year	**65,078,463**	57,558,524
Amounts due to non-controlling shareholders	**3,585,773**	3,799,801
Deferred tax liabilities	**15,978,724**	13,704,348
	193,101,451	165,318,789
	479,748,403	438,862,219

Notes:

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard ("HKAS") 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The financial information relating to the year ended 31 December 2017 that is included in the condensed consolidated financial statements for the six months ended 30 June 2018 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year 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 2017 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622). The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under Sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

The accounting policies applied are consistent with those of the Group's annual financial statements for the year ended 31 December 2017 as described in those annual financial statements, except for the adoption of new and revised standards or amendments effective for the financial year ending 31 December 2018.

In the current interim period, the Group has applied, for the first time, the following new and revised standards or amendments issued by the HKICPA which are relevant to the Group:

Amendments to HKAS 40	*Transfers of Investment Property*
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*

Except for the adoption of HKFRS 15, the application of the above new and revised standards or amendments has had no material impact on the Group's results and financial position.

HKFRS 9, *Financial Instruments*

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group adopted HKFRS 9 with effective from 1 January 2018, which resulted in changes in accounting policies. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated.

The equity investments held by the Group, including available-for-sale investments and investments in syndicated property project companies previously classified as available-for-sale financial assets under HKAS 39, were reclassified as financial assets at fair value through other comprehensive income ("FVOCI") under HKFRS 9. Except for the above, the application of HKFRS 9 did not have material impact on the classification, recognition and measurement of the other financial assets held by the Group at 1 January 2018 and 30 June 2018.

The application of HKFRS 9 did not affect the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group did not have any such liabilities. The derecognition rules have been transferred from HKAS 39 and have not been changed.

The new hedge accounting rules align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principle-based approach. Since the Group did not have any hedge relationships currently, the application of HKFRS 9 did not have any impact on the Group's financial statements.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15, lease receivables, loan commitments and certain financial guarantee contracts. At 1 January 2018 and 30 June 2018, the Group assessed the impact of loss allowance under the application of HKFRS 9 was immaterial.

HKFRS 15, *Revenue from Contracts with Customers*

During the current period, the Group adopted HKFRS 15 as issued by the HKICPA. The adoption of HKFRS 15 resulted in changes in accounting policies and adjustments to the amounts of revenue recognised in the condensed consolidated financial statements. HKFRS 15 replaces the provisions of HKAS 18, *Revenue* and HKAS 11, *Construction Contracts* that relate to the recognition, classification and measurement of revenues and costs.

The Group elected to use a modified retrospective approach for transition in the condensed financial statements for six months ended 30 June 2018 which allows the Group to recognise the cumulative effects of initially applying HKFRS 15 as an adjustment to the opening balance of equity at 1 January 2018, while prior period comparative figures were not restated. The Group chose to apply HKFRS 15 for its contracts at 1 January 2018.

The effects of the adoption of HKFRS 15 are as follows:

Accounting for property development activities

In prior reporting periods, the Group recognised revenue from sale of properties when significant risks and rewards of ownership of properties had been transferred to customers at a single time and not continuously as construction progresses.

Under HKFRS 15, the Group determines whether the properties have alternative use to the Group due to contractual reasons and the Group has an enforceable right to payment from the customer for performance completed to date.

- For properties which have no alternative use to the Group and the Group has no enforceable right to payment from the customer for performance completed to date, the Group recognises revenue as the performance obligations are satisfied at a point in time when the customer obtains control of the property and the Group satisfies the performance obligations.

  The timing of revenue recognition for sale of certain stock of properties, which was based on whether significant risks and rewards of ownership of properties had been transferred in the past, is now recognised at a point in time when the underlying property is legally or physically transferred to the customer.

- For properties which have no alternative use to the Group and the Group has enforceable right to payment from the customer for performance completed to date, the Group recognises revenue as the performance obligations are satisfied over time in accordance with the input method for measuring progress.

  The excess of cumulative revenue recognised in profit or loss over the cumulative billings to purchasers of properties is recognised as contract assets. The excess of cumulative billings to purchasers of properties over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

Accounting for costs incurred for obtaining a contract

Following the adoption of HKFRS 15, costs such as stamp duty and sales commission incurred directly attributable for obtaining a pre-sale property contract, if recoverable, are capitalised and recorded in contract assets.

Accounting for significant financing component

For contracts where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price is adjusted for the effects of a financing component, if significant.

Presentation of contract assets and contract liabilities

Reclassifications were made at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

- Contract assets in relation to amounts due from customers for contract work under the Group's construction activities were previously presented within trade and other receivables.

- Contract liabilities for progress billings recognised in relation to property development activities were previously presented as pre-sales deposits.

(a) The effects of the adoption of HKFRS 15 on the consolidated statement of financial position at 1 January 2018 are as follows:

	At 1 January 2018			
	As previously stated *HK\$'000*	**Reclassifica-tion under HKFRS 15** *HK\$'000*	**Adjustments under HKFRS 15** *HK\$'000*	**Restated** *HK\$'000*
Consolidated statement of financial position (extract)				
Interests in associates	8,232,345	-	201,789	8,434,134
Deferred tax assets	4,902,484	-	(326,353)	4,576,131
Stock of properties	335,541,563	-	16,657,747	352,199,310
Trade and other receivables	14,300,567	(487,295)	(3,834,750)	9,978,522
Deposits and prepayments	7,240,012	-	29,139	7,269,151
Contract assets	-	487,295	146,373	633,668
Tax prepaid	4,089,095	-	247,069	4,336,164
Trade and other payables	51,826,299	-	(1,906,236)	49,920,063
Pre-sales deposits	77,857,359	(73,089,843)	(4,767,516)	-
Contract liabilities	-	73,089,843	28,546,858	101,636,701
Tax liabilities	29,741,619	-	(4,578,842)	25,162,777
Deferred tax liabilities	13,704,348	-	682,695	14,387,043
Translation reserve	(2,548,848)	-	(176,433)	(2,725,281)
Retained profits	181,830,845	-	(4,526,697)	177,304,148
Non-controlling interests	7,849,143	-	(152,814)	7,696,329

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

HKFRS 16	*Leases*[1]
Annual Improvement Project	*Annual Improvements 2015-2017 Cycle*[1]
Amendments to HKFRS 9	*Prepayment Features with Negative Comparison*[1]
Amendments to HKAS 19	*Employee Benefits*[1]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
HK (IFRIC) – Int 23	*Uncertainty over Income Tax*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]

1 *Effective for annual periods beginning on or after 1 January 2019*
2 *The mandatory effective date will be determined*

The Group has already commenced an assessment of the impact of the new and revised standards or 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 condensed consolidated financial statements.

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 performance assessment. The Group's operating and reportable segments under HKFRS 8 and the types of revenue are as follows:

Property development	-	sales 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.

Six months ended 30 June 2018 - unaudited

	Property development *HK$'000*	**Property investment** *HK$'000*	**Other operations** *HK$'000*	**Segment total** *HK$'000*
Revenue from contracts with customers				
- Recognised at a point in time	**75,849,721**	**-**	**-**	**75,849,721**
- Recognised over time	**10,451,285**	**-**	**537,979**	**10,989,264**
	86,301,006	**-**	**537,979**	**86,838,985**
Revenue from other sources				
- Rental income	**-**	**1,761,769**	**-**	**1,761,769**
Segment revenue	**86,301,006**	**1,761,769**	**537,979**	**88,600,754**
Business tax	**(1,106,469)**	**(22,521)**	**(26,743)**	**(1,155,733)**
Net revenue - External	**85,194,537**	**1,739,248**	**511,236**	**87,445,021**
Segment profit (including share of profits of associates and joint ventures)	**30,645,385**	**6,688,532**	**36,540**	**37,370,457**

Six months ended 30 June 2017 – unaudited

	Property development *HK$'000*	Property investment *HK$'000*	Other operations *HK$'000*	Segment total *HK$'000*
Segment revenue				
- from external customers	85,327,970	1,158,340	713,108	87,199,418
Business tax	(1,378,466)	(19,250)	(27,387)	(1,425,103)
Net revenue	83,949,504	1,139,090	685,721	85,774,315
Segment profit/(loss) (including share of profits of associates and joint ventures)	25,577,490	7,066,430	(46,089)	32,597,831

Reconciliation of reportable segment profits 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 interest income on bank deposits, corporate expenses, finance costs and net foreign exchange (losses)/gains recognised in the condensed consolidated income statement. This is the measure reported to the management of the Group for the purposes of resources allocation and performance assessment.

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Reportable segment profits	**37,370,457**	32,597,831
Unallocated items:		
Interest income on bank deposits	**673,650**	693,631
Corporate expenses	**(185,985)**	(151,486)
Finance costs	**(690,294)**	(650,983)
Net foreign exchange (losses)/gains (charged)/credited to the condensed consolidated income statement	**(23,757)**	381,363
Consolidated profit before tax	**37,144,071**	32,870,356

4. Finance costs

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Interest on bank and other borrowings and notes payable	**4,115,848**	3,606,030
Other finance costs	**53,528**	60,564
Total finance costs	**4,169,376**	3,666,594
Less: Amount capitalised	**(3,479,082)**	(3,015,611)
	690,294	650,983

5. Income tax expenses

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Current tax:		
PRC Corporate Income Tax ("CIT")	**5,975,579**	5,614,941
PRC Land Appreciation Tax ("LAT")	**5,114,387**	3,856,971
PRC withholding income tax	**9,763**	134,451
Hong Kong profits tax	**128,175**	82,342
Macau income tax	**193,282**	-
Others	**2,360**	3,574
	11,423,546	9,692,279
Under/(over) provision in prior periods:		
CIT	**-**	(1,380)
Hong Kong profits tax	**50**	38,097
Macau income tax	**-**	(2,522)
	50	34,195
Deferred tax:		
Current period	**1,465,073**	656,963
Total	**12,888,669**	10,383,437

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% (2017: 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% (2017: 16.5%) of the estimated assessable profit for the period.

Macau income tax is calculated at the prevailing tax rate of 12% (2017: 12%) in Macau.

6. Earnings per share

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

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
<u>Earnings</u>		
Earnings for the purpose of basic and diluted earnings per share		
Profit for the period attributable to owners of the Company	**23,218,766**	21,654,474

	Six months ended 30 June	
	2018	2017
	'000	*'000*
	(Unaudited)	*(Unaudited)*
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**10,956,201**	10,956,201

Pursuant to the share options granted on 29 June 2018, there were dilutive potential ordinary shares in existence during the six months ended 30 June 2018, however, the impact on diluted earnings per share is insignificant.

Diluted earnings per share were the same as the basic earnings per share for the six months ended 30 June 2017 as there were no dilutive potential ordinary shares in existence during that period.

7. Dividends

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
<u>Dividends recognised as distribution during the period</u>		
2017 final dividend of HK45 cents per share paid on 6 July 2018 (six months ended 30 June 2017: 2016 final dividend of HK42 cents per share paid on 7 July 2017)	**4,930,291**	4,601,605

The Board has determined that an interim dividend of HK40 cents (2017: HK35 cents) per share, amounting to HK$4,382,481,000 (2017: HK$3,834,671,000) will be paid to owners of the Company whose names appear in the Register of Members on 20 September 2018. The amount of interim dividend declared, which was calculated based on the number of ordinary shares in issue at the date of approval of the condensed consolidated financial statements, has not been recognised as a liability in the condensed consolidated financial statements. It will be recognised in the owners' equity for the year ending 31 December 2018.

8. 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 ageing analysis of trade receivables presented at the end of the reporting period:

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Trade receivables, aged		
0–30 days	**4,897,869**	6,315,313
31–90 days	**1,018,013**	653,876
Over 90 days	**1,594,021**	1,857,092
	7,509,903	8,826,281
Other receivables	**4,093,919**	5,474,286
	11,603,822	14,300,567

9. 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:

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Trade payables, aged		
0–30 days	**10,365,097**	12,550,567
31–90 days	**1,368,432**	1,392,923
Over 90 days	**17,852,892**	20,223,088
	29,586,421	34,166,578
Other payables	**5,904,453**	6,537,816
Retentions payable	**12,109,663**	11,121,905
	47,600,537	51,826,299

Other payables mainly include other taxes payable and accrued charges.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW AND PROSPECT

I have pleasure to report to the shareholders the 2018 interim business review and prospect of the Group. The unaudited profit attributable to equity shareholders of the Company for the six month period ended 30 June 2018 increased by 7.2% to HK$23.22 billion; the net profit margin was 26.2%; the net profit, after deducting HK$4.05 billion in net gains after tax arising from changes in fair value of investment properties, amounted to HK$19.17 billion, representing an increase of 14.3% compared to the corresponding period last year; basic earnings per share was HK$2.12; shareholders' funds increased to HK$275.88 billion; net assets per share was HK$25.18; and average return on shareholders' funds was 8.6%. The Board proposed an interim dividend of HK40 cents per share.

During the period, contracted sales of the Group together with its joint ventures and associates (collectively the "Group Series of Companies") were HK$150.85 billion, an increase of 18.5%, which met the expectation and speeded up significantly. The Group's revenue was HK$88.60 billion, representing an increase of 1.6%; operating profit was HK$35.75 billion, representing an increase of 11.2%; and sales proceeds collection was HK$94.29 billion, representing an increase of 11.1%.

At present, despite the pressure on China's exports and economic growth stemming from the Sino–United States trade dispute, China's economic growth is showing strong resilience and fulfilling its great potential, while the fundamental trend of domestic demand remains unchanged. It is anticipated that in the second half of the year, the mainland China economy will continue to grow moderately to very quickly, as the global economy maintains its strong recovery, and Hong Kong continues to show strong growth.

On 31 July, the Central Government proposed to "resolve the problems of the real estate market; continue to apply city-specific policies; promote balanced supply and demand; manage expectations, regulate the property market and hold down prices". The Group expects to see tighter regulation and control of the real estate market in the second half of the year, likely depressing prices and sales and potentially stimulating market volatility. At the same time, the Central Government emphasised "stabilising employment, finance, foreign trade, foreign investors, foreign investment and future tasks". The Group believes that aim of the real estate regulatory policy is to promote a long-term mechanism for housing with multiple sources of supply that delivers secure housing affordability through a variety of channels, encouraging both housing purchases and rentals. The Group has great confidence in the medium- and long-term prospects of the real estate market in China. The Group will continue to focus on cities with strong economies and continuous population influx, maintaining its positioning in major cities, mainstream areas and mainstream products, deeply developing markets in more than 60 cities in mainland China, Hong Kong and Macau; increasing the local market share; improving management efficiency; strengthening cost control; speeding up turnover, creating excellent products, excellent services to achieve excellent effectiveness, and to move forward to a better and faster development.

The scale of the projects under development of the Group Series of Companies is expected to reach a total area of over 50.00 million sq m for the whole year. The scale of the projects under development and the addition of the saleable stock of properties reached a record high, of which a majority of the addition of saleable stock of properties is scheduled to launch to market in the second half of the year, as the Group accelerates its development and sales, striving to scale rapidly.

The Group adheres to its healthy and financially prudent policy with sufficient cash, and strictly controls gearing. At 30 June 2018, the Group has bank balances and cash of HK$127.93 billion, with net gearing of 28.1%. With the Group's strengths of stable finances and adequate cash reserves, it stands ready to deal with accelerating credit tightening in the real estate industry in mainland China in the second half of the year. During the period, the Group maintained the industry-leading credit ratings, from Moody's, Standard & Poor's and Fitch at Baa1/stable, BBB+/stable and A-/stable respectively. The weighted average borrowing costs of the Group were 4.27%, among the lowest level in the industry. In the second half of the year, the Group will seize appropriate opportunities for highly efficient and low-cost financing to integrate with development funding.

In the first half of the year, land prices in mainland China and Hong Kong ran high and abortive land auctions occurred in many cities in mainland China. The Group continues its healthy and prudent investment strategy, acquiring 26 land parcels with a total GFA of 7.89 million sq m (attributable interest of 6.64 million sq m) and total attributable land premium of HK$45.95 billion. At the end of June, the Group Series of Companies' land reserves were 87.36 million sq m. As funding availability tightens in the real estate industry in China, the Group expects better investment opportunities in the second half of the year.

The Group continues to enhance the scale and operational efficiency of its commercial properties. In the first half of the year, the Group's total revenue from commercial properties was HK$2.03 billion, representing an increase of 46.0% compared to the corresponding period last year, including rental income from investment properties of HK$1.76 billion, an increase of 52.1%; and income from hotels and other commercial properties of HK$0.27 billion, an increase of 17.4%. At the end of June, the Group Series of Companies held and operated 38 office buildings with a cumulative operating area of 2.29 million sq m, making it one of the largest single-title office developers in mainland China. The Group also operated five asset-light commercial projects with a cumulative operating area of 0.28 million sq m. During the period, the Group's co-working brand Officezip launched new products in Beijing, Shanghai, Chengdu, Jinan, Wuhan, where its average occupancy rate exceeded 90% with an effective rent premium of 160% compared to that for traditional office buildings. With Unipark shopping malls officially opened in Beijing and Chengdu, the Group had its shopping malls operating in seven cities in mainland China. During the period, Xiong An Citizens Service Centre project which the Group took a lead role to invest, construct and operate, had come into operation with an added edge of being a benchmark project for a smart green city, adding a wealth of experiences and resources to the Group's property investment and operation. In the second half of the year, a number of commercial properties will commence operation.

In a market that is going through adjustments, the Group attaches great importance to the growth momentum brought by quality management. Since last year, the Group has implemented the development and application of more than 60 information management systems. To date, the Group has completed and applied more than 30 information systems, including city maps, omnipresence project management plans, supply-marketing-inventory systems, three-tier customer inventory, cost management, sales and commission management, and CRM. The integrated digital control platform is basically completed, and the business progress and operation level of the whole process of property development are under precise control. The Group has set up a customer research centre to establish a multi-level, multi-type product research and development system that serve five categories and ten types of customer, to meet the needs and sensitivities of different customers, to combine standard and innovative design with cost flexibility. Additionally, a new series of new residential projects that reflect confidence in contemporary Chinese culture have been well received by the market. The Group enhanced its quality control procedures, improving the implementation process in construction through new technologies and conducting mystery customer visits and customer interviews. The Group proactively seeks to understand customer needs and offer responsive solutions, and organises a series of customer care and social activities so that customer satisfaction levels continue to improve. The Group believes that the continuous promotion of quality management will not only improve the competitiveness of the Group in the market but also strengthen its business efficiency and implementation.

With the support of shareholders, the Group launched its share option scheme, granting share options comprising 107,320,000 shares to 404 middle to senior executives in the first half of the year. In next few years, the Group will launch the share option scheme in phases. The Group is listed by the Central Government as a pilot organisation for the “Professional Manager” system. Our senior executives all signed a professional manager agreement pledging their commitment to effectively enhancing the ethos of career community professionalism in middle to senior management.

The Group actively fulfils its corporate social responsibilities, continuing to build Hope Schools. During the period, the Group signed an agreement with Songjiang County of Guizhou Province to build the China Overseas Meie Hope School. Additionally, the Group is initiating a poverty alleviation initiative in Lan County, a poor county in the Luliang region of Shanxi Province, helping farmers to raise above poverty line. The Group has a solid goal of being an outstanding global property development corporation, working together with its shareholders, partners, employees and stakeholder communities along the way.

Last but not least, I would like to take this opportunity to express my heartfelt appreciation to my fellow directors and the entire staff for their dedication, professionalism and determination to succeed and would like to express my gratitude to the shareholders and business associates for their support and trust.

China Overseas Land & Investment Limited
Yan Jianguo
Chairman and Chief Executive Officer

MANAGEMENT DISCUSSION & ANALYSIS

Overall Performance

During the period, the revenue of the Group increased to HK$88.60 billion as compared to the corresponding period in last year (corresponding period in 2017: HK$87.20 billion). The operating profit was HK$35.75 billion (corresponding period in 2017: HK$32.13 billion), representing an increase of 11.2%. The gross profit margin increased by 5.3 percentage points from 30.5% in the corresponding period last year to 35.8%, and the net profit margin reached 26.2%, maintaining at industry-leading level. The ratio of selling and distribution costs and administrative expenses to revenue was 3.1%, which remained one of the lowest in the industry. Profit attributable to equity shareholders of the Company amounted to HK$23.22 billion (corresponding period in 2017: HK$21.65 billion), representing an increase of 7.2%. The average return on shareholders' funds was 8.6%. Basic earnings per share was HK$2.12 (corresponding period in 2017: HK$1.98), an increase of 7.2%.

At 30 June 2018, the equity attributable to shareholders of the Company was HK$275.88 billion (31 December 2017: HK$265.69 billion), an increase of 3.8% compared to last year end, while the net assets per share was HK$25.18 (31 December 2017: HK$24.25). At the end of June, the Group's financial position was good with ample cash resources of HK$127.93 billion and net gearing of only 28.1%.

Property Development

Revenue from property development was HK$86.30 billion, mainly related to property projects including The Grace and Blossom Land in Nanjing, The Paragon in Shenzhen, Glory Mansion in Harbin, Glorious City in Haikou, Paramount Jade in Jinan, La Cite in Tianjin, La Cite in Fuzhou, One Kai Tak in Hong Kong and The Carat in Macau.

Segment profit (including the Group's share of profits of associates and joint ventures) amounted to HK$30.65 billion, an increase of 19.8% compared to the corresponding period in last year, mainly due to the increase in gross profit margin.

During the period, the Group Series of Companies (excluding China Overseas Grand Oceans Group Limited ("COGO")) completed 33 projects with a total area of 5.80 million sq m in 24 cities in mainland China.

The table below shows the area of projects completed by region in the first half of 2018:

City	Total Area ('000 sq m)
Hua Nan Region	
Guangzhou	890
Hainan	306
Changsha	289
Fuzhou	256
Dongguan	205
Zhuhai	6
Sub-total	1,952
Hua Dong Region	
Nanjing	455
Wuxi	197
Suzhou	146
Shanghai	100
Nanchang	79
Ningbo	29
Sub-total	1,006
Hua Bei Region	
Jinan	145
Tianjin	60
Beijing	9
Sub-total	214
Northern Region	
Harbin	569
Shenyang	307
Changchun	238
Qingdao	85
Dalian	75
Yantai	31
Sub-total	1,305
Western Region	
Chengdu	1,004
Xi'an	268
Xinjiang	48
Sub-total	1,320
Total	**5,797**

During the period, the Group incurred HK$45.95 billion to acquire 26 land parcels in 17 mainland China cities, adding a total area of 7.89 million sq m to its land reserve.

The table below shows the details of land parcels added in the first half of 2018:

City	Name of Development Project	Attributable Interest	Land Area ('000 sq m)	Total Area ('000 sq m)
Foshan	Shunde District Project	100%	149	386
Hangzhou	Binjiang District Project	100%	23	89
Beijing	Changping District Project	100%	175	490
Guangzhou	Nansha District Project	100%	79	233
Shenzhen	Pingshan District Project	100%	19	124
Beijing	Daxing District Project	100%	74	206
Kunming	Wuhua District Project	60%	103	515
Urumqi	Shuimogou District Project #1	100%	34	145
Urumqi	Shuimogou District Project #2	100%	35	143
Shenyang	Hunnan District Project	100%	180	450
Guangzhou	Panyu District Project	14.28%	76	366
Chongqing	Banan District Project	51%	89	299
Wuhan	Jiangan District Project	100%	22	130
Xi'an	Changan District Project	100%	131	569
Jinan	Gaoxin District Project #1	100%	200	450
Changsha	Yuhua District Project	100%	71	343
Qingdao	Gaoxin District Project	100%	86	232
Beijing	Daxing District Project	33%	31	128
Kunming	Guandu District Project	100%	117	584
Urumqi	Gaoxin District Project	100%	17	76
Chongqing	Nanchuan District Project	100%	121	292
Urumqi	Huizhan Pian District Project	100%	58	240
Fuzhou	Gaoxin District Project	100%	30	112
Changchun	Beihu District Project	100%	172	572
Tianjin	Hongqiao District project	25%	52	242
Jinan	Gaoxin District Project #2	33%	215	474
Total			**2,359**	**7,890**

At 30 June 2018, the Group Series of Companies (excluding COGO) had a total land reserve of 67.48 million sq m (attributable interest of 56.57 million sq m).

The major associate COGO acquired 9 parcels of land, adding a total area of 2.01 million sq m. At 30 June 2018, its total land reserve was 19.88 million sq m (attributable interest of 18.40 million sq m).

The total land reserve of the Group Series of Companies reached 87.36 million sq m.

In response to market demand, the Group invested in several new joint venture and associate projects during the period. At the end of June 2018, the net amount invested by the Group in joint ventures and associates amounted to HK$37.95 billion. The profit contribution from joint ventures and associates during the period was HK$2.09 billion. During the period, COGO – a major associate of the Group, focuses on property business in tier-three cities in mainland China, recorded contracted property sales of HK$28.45 billion, revenue of HK$11.19 billion, and a net profit of HK$1.08 billion. The Group earned a net profit of HK$390 million from COGO for the period. In early 2018, COGO raised a total of HK$4.61 billion through a rights issue, further strengthening its financial capability. The Group has subscribed for 445,265,017 COGO's shares under the rights issue at a total consideration of HK$1.82 billion. The Group's shareholding on COGO is 38.32% after the completion of the rights issue.

Property Investment

Rental income from the Group's investment properties amounted to HK$1.76 billion, an increase of 52.1% compared to the corresponding period last year. The rise in rental income was mainly due to higher market rents and occupancy rates, and also the contributions from the commencement of operation of office buildings completed in 2017. Segment profit amounted to HK$6.69 billion, which includes the gain arising from changes in fair value of investment properties amounting to HK$5.41 billion (net gain attributable to the Group after deferred tax was HK$4.05 billion). At 30 June 2018, the Group Series of Companies has more than 5.56 million sq m of commercial properties under development or to be developed, thus providing a solid foundation to the increase in stable income.

Other Operations

Revenue from other operations amounted to HK$540 million during the period, of which income from hotels and other commercial properties was HK$270 million.

Liquidity, Financial Resources and Debt Structure

The Group continues to adhere to the principle of prudent financial management. Finance, fund utilisation and fundraising activities are subject to effective centralised management and supervision. The Group considers carefully the cost of funding onshore and offshore and strives to maintain reasonable gearing level and cash balances.

The overall financial position of the Group was satisfactory. Interest cover (measured by the ratio of operating profit less interest income to the total finance costs) and the weighted average borrowing costs (total finance costs divided by the weighted average borrowings) of the Group were 8.3 times and 4.27% respectively, which believes to be at an outstanding level in the industry. In April 2018, the Group accurately grasped the critical window of the capital market and successfully issued two senior notes with a maturity period of five-year and ten-year each at a total amount of USD1.5 billion, which further enhanced the Group's funding reserve and optimised the Group's financing costs and maturity structure.

For the first half of 2018, total capital expenditure payments for the Group were HK$67.33 billion (of which HK$46.14 billion was spent on land premiums and HK$21.19 billion was spent on construction-related expenditure). About HK$25.35 billion was paid for taxes, selling and distribution costs, administrative expenses and financing expenses. During the period, the Group raised fund from debt financing amounted to HK$35.78 billion. Total repayment of matured bank and other borrowings amounted to HK$6.85 billion. Even confronted with tightened liquidity in mainland China, sales proceeds collection still improved as comparing to the corresponding period last year and increased to HK$94.29 billion. At the end of June 2018, there were unpaid land premiums of HK$10.04 billion while bank borrowings and notes payable due to mature in the second half of the year amounted to HK$5.37 billion and HK$17.02 billion respectively.

At 30 June 2018, total bank and other borrowings and notes payable of the Group amounted to HK$205.45 billion (31 December 2017: HK$178.24 billion), of which 17.1% was denominated in Hong Kong dollars, 26.3% was denominated in US dollars, 51.1% was denominated in Renminbi, 4.5% was denominated in Euros and 1.0% was denominated in Pounds Sterling. The fixed-rate debts accounted for 53.3% of overall interest-bearing debts while the remaining were floating-rate debts.

At 30 June 2018, the Group had bank balances and cash amounting to HK$127.93 billion (of which 12.7% was denominated in Hong Kong dollars, 7.3% was denominated in US dollars, 79.2% was denominated in Renminbi, 0.8% was denominated in Pounds Sterling and minimal amounts were denominated in other currencies).

During the period, the central parity of Renminbi against US Dollars showed a trend of first appreciation, medium-term shock, and depreciation in the later period. The Group offsets foreign exchange risk through natural hedging and has not entered into any financial derivatives for either hedging or speculative purposes. Taking account of potential increases in interest rates and possible two-way fluctuations in renminbi exchange rates, the Group will prudently consider entering into currency and interest rate swap arrangements to minimise such exposures if and when appropriate. The Board considers that the Group's exposure to foreign exchange risk is relatively controllable.

Corporate Citizenship

"To serve the community" has always been the corporate philosophy and mission of the Group. The Group has always striven to execute its corporate social responsibilities with pragmatic, honest and positive attitude. The Group has achieved remarkable results in the area of environmental protection, educational subventions, poverty alleviation and charity.

During the period, the Group continued to expand its application of new environmentally responsible materials and technology, strengthening the proportion of prefabricated concrete in its assembly-based residential housing. It also continues to build and donate a Hope School each year. The Group has launched a poverty alleviation programme in Lan County, a poor county in Luliang region of Shanxi Province, to help farmers to overcome low sales of their high quality product, through branding and promoting the product, design packaging and putting them to online store, and purchasing these agricultural products as gifts to customers, and links them to millions of customers in order to promote their goods, helping them to open up sales networks so that they can raise above poverty and achieve prosperity.

Human Resources

The Group always regards talent strategy as one of the most important strategies and human resources as its most precious resources. At the end of June, the Group had about 5,900 employees. During the period, the staff costs of the Group were HK$1.57 billion. Guided by the key annual tasks, the Group optimised the three-tier KPI structure to cover all employees during the period. The Group also launched a MAPS structure that distinguishes position, job and level to support the career path development of employees.

To meet the need for talented employees in this innovation-driven business, the Group launched a new campus recruitment brand, the "Stars of the Seas", to recruit elite candidates and college graduates who focus on sales, business, education and elderly care, and 550 fresh graduates were recruited. "Stars of the Seas", "Sons of the Sea", and "Sea's Recruits" are the Group's recruitment brand trio, as the Group continues to expand its recruitment channels, offering high-quality human resources to support its rapid business development.

The Group places a high priority on employee satisfaction. Staff enjoy competitive compensation and benefits, including the provision of a wide variety of social activities and optimised logistics support, which builds a meritocratic corporate culture. The stability of our teams drives continued improvement in satisfaction levels among our employees.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board declared the payment of an interim dividend of HK40 cents per share (2017: HK35 cents per share) for the six months ended 30 June 2018. The interim dividend will be payable in cash.

Relevant Dates for Interim Dividend Payment

Ex-dividend date	18 September 2018
Closure of Register of Members	20 September 2018
Record date	20 September 2018
Despatch of dividend warrants	5 October 2018

In order to qualify for the interim dividend, all transfers, accompanied by the relevant certificates, should be lodged with the Company's registrar and transfer office, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 19 September 2018.

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

During the six months ended 30 June 2018, 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 six months ended 30 June 2018 with all the code provisions (except A.2.1 and A.4.1 as explained below) of the Corporate Governance Code ("**CG Code**") 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 ("**Listing Rules**") and with most of the recommended best practices contained therein.

CG Code A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

During the six months ended 30 June 2018, Mr. Yan Jianguo ("**Mr. Yan**") performed both 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 compromised. Based on the experience and qualification of Mr. Yan, the Board believes that the vesting of two roles to Mr. Yan 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 the Board which comprises experienced and high calibre individuals (including executive directors, non-executive director and independent non-executive directors of the Company, together the "**Directors**"). The Board shall nevertheless review the structure from time to time and shall consider the appropriate adjustment should suitable circumstance arise.

CG Code A.4.1 stipulates that non-executive directors should be appointed for a specific term. The non-executive Directors (as well as all other Directors) of the Company are not appointed for a specific term. All the Directors are nevertheless subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

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 Listing Rules. The directors have confirmed, following specific enquiry by the Company, that they have complied with the requirements set out in the Securities Code during the six months ended 30 June 2018.

REVIEW OF INTERIM REPORT BY AUDIT AND RISK MANAGEMENT COMMITTEE

The Company's Audit and Risk Management Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2018, and discussed with the Company's management regarding risk management, internal control and other important matters.

By Order of the Board
China Overseas Land & Investment Limited
Yan Jianguo
Chairman and Chief Executive Officer

Hong Kong, 23 August 2018

As at the date of this announcement, Mr. Yan Jianguo (Chairman and Chief Executive Officer), Mr. Luo Liang and Mr. Guo Guanghui are the executive directors; Mr. Chang Ying is the non-executive director; and Mr. Lam Kwong Siu, Dr. Fan Hsu Lai Tai, Rita and Mr. Li Man Bun, Brian David are the independent non-executive directors of the Company.

This interim results announcement is published on the Company's website (http://www.coli.com.hk) and the website of the Stock Exchange (http://www.hkexnews.hk). The 2018 Interim Report will also be available at the aforementioned websites and will be despatched to shareholders of the Company thereafter in due course.