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 2020

FINANCIAL HIGHLIGHTS

1. Contracted property sales increased by 4.2% to RMB172.01 billion and the corresponding sales area was 9.54 million sq m, an increase of 3.5%.

2. Revenue increased by 11.0% to RMB88.63 billion.

3. Operating profit was RMB31.26 billion. Gross profit margin of property development projects remained at industry-leading level.

4. Profit attributable to equity shareholders of the Company was RMB20.53 billion, a decrease of 3.7%. The core net profit[1] was RMB17.94 billion, an increase of 0.3%.

5. Basic earnings per share was RMB1.87, a decrease of 3.7%.

6. The Group acquired 21 land parcels in 13 cities in mainland China, adding a total GFA of 5.82 million sq m to the land reserve. At 30 June 2020, total land reserve of the Group Series of Companies was 90.06 million sq m.

7. At 30 June 2020, the Group had bank and other borrowings and notes payable amounted to RMB129.29 billion and RMB79.32 billion respectively; bank balances and cash amounted to RMB111.38 billion; the net gearing of the Group was at an industry-low level of 32.95%.

8. The shareholders' funds of the Company increased from RMB280.60 billion at end of 2019 to RMB295.09 billion, an increase of 5.2%. The net assets per share was RMB26.93. The half-year return on shareholders' funds was 7.1%.

9. The Board proposed an interim dividend of HK45 cents per share (2019: HK45 cents per share).

[1] Core net profit represents profit attributable to equity shareholders of the Company excluding changes in fair value of investment properties after tax and net foreign exchange gains/losses.

Well Poised for the Momentum

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 2020. The profit attributable to equity shareholders of the Company amounted to RMB20.53 billion, representing a decrease of 3.7% as compared to the corresponding period last year; basic earnings per share was RMB1.87; shareholders' funds increased by 5.2% to RMB295.09 billion; net assets per share was RMB26.93; and half-year return on shareholders' funds was 7.1%. The Board proposed an interim dividend of HK45 cents per share (equivalent to approximately RMB40 cents per share).

The unaudited consolidated results of the Group for the six months ended 30 June 2020 and the comparative figures for the corresponding period in 2019 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	*(Unaudited)*
			(Restated)
Revenue	*3*	**88,625,398**	79,836,028
Direct operating costs		**(61,511,392)**	(51,977,458)
		27,114,006	27,858,570
Other income and gains, net		**1,609,613**	1,419,973
Gain arising from changes in fair value of investment properties		**5,198,031**	4,497,451
Selling and distribution expenses		**(1,294,787)**	(1,129,169)
Administrative expenses		**(1,364,888)**	(1,343,862)
Operating profit		**31,261,975**	31,302,963
Share of profits of			
Associates		**937,461**	1,114,196
Joint ventures		**1,604,547**	811,605
Finance costs	*4*	**(430,691)**	(406,825)
Profit before tax		**33,373,292**	32,821,939
Income tax expenses	*5*	**(10,570,192)**	(11,056,657)
Profit for the period		**22,803,100**	21,765,282
Attributable to:			
Owners of the Company		**20,526,531**	21,324,997
Non-controlling interests		**2,276,569**	440,285
		22,803,100	21,765,282
		RMB	*RMB*
EARNINGS PER SHARE	*6*		
Basic and diluted		**1.87**	1.95
		RMB'000	*RMB'000*
DIVIDENDS	*7*		
Proposed interim dividend of HK45 cents per share (2019: HK45 cents per share)		**4,350,323**	4,294,283

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
		(Restated)
Profit for the period	**22,803,100**	21,765,282
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of subsidiaries of the Company	**(352,330)**	(115,165)
Exchange differences on translation of associates	**(98,405)**	(23,320)
	(450,735)	(138,485)
Other comprehensive income for the period	**(450,735)**	(138,485)
Total comprehensive income for the period	**22,352,365**	21,626,797
Total comprehensive income attributable to:		
Owners of the Company	**20,067,979**	21,189,203
Non-controlling interests	**2,284,386**	437,594
	22,352,365	21,626,797

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2020** **RMB'000** **(Unaudited)**	31 December 2019 *RMB'000* *(Audited)*
Non-current Assets			
Investment properties		**128,167,100**	114,020,656
Property, plant and equipment		**4,510,061**	4,019,414
Interests in associates		**12,604,731**	12,430,239
Interests in joint ventures		**20,654,509**	23,876,179
Amounts due from associates		**1,121,401**	1,103,456
Other receivables		**423,822**	433,142
Goodwill		**56,395**	56,395
Deferred tax assets		**7,706,274**	7,324,745
		175,244,293	163,264,226
Current Assets			
Stock of properties and other inventories		**405,141,185**	390,982,478
Land development expenditure		**17,972,658**	18,046,053
Trade and other receivables	*8*	**12,485,796**	10,931,518
Contract assets		**4,501,943**	1,753,993
Deposits and prepayments		**9,938,511**	9,215,418
Deposits for land use rights for property development		**4,643,001**	14,026,891
Amounts due from fellow subsidiaries		**49,680**	49,680
Amounts due from associates		**3,448,985**	4,334,368
Amounts due from joint ventures		**10,972,207**	7,068,451
Amounts due from non-controlling shareholders		**1,530,321**	1,059,962
Tax prepaid		**6,687,855**	7,715,181
Bank balances and cash		**111,384,880**	95,447,568
		588,757,022	560,631,561
Current Liabilities			
Trade and other payables	*9*	**68,662,992**	65,812,031
Pre-sales proceeds		**98,675,276**	97,939,167
Dividend payable	*7*	**5,639,052**	-
Amounts due to fellow subsidiaries and a related company		**2,338,935**	2,556,926
Amounts due to associates		**1,243,820**	727,421
Amounts due to joint ventures		**5,319,044**	6,980,871
Amounts due to non-controlling shareholders		**11,446,421**	13,409,714
Lease liabilities - due within one year		**211,247**	72,040
Tax liabilities		**33,245,142**	38,671,775
Bank and other borrowings - due within one year		**21,029,547**	23,217,153
Notes payable - due within one year		**12,406,202**	8,861,117
		260,217,678	258,248,215
Net Current Assets		**328,539,344**	302,383,346
Total Assets Less Current Liabilities		**503,783,637**	465,647,572

	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Capital and Reserves		
Share capital	**74,033,624**	74,033,624
Reserves	**221,052,308**	206,570,068
Equity attributable to owners of the Company	**295,085,932**	280,603,692
Non-controlling interests	**12,278,591**	8,540,933
Total Equity	**307,364,523**	289,144,625
Non-current Liabilities		
Bank and other borrowings - due after one year	**108,255,579**	99,050,354
Notes payable - due after one year	**66,919,387**	58,835,801
Amounts due to non-controlling shareholders	**1,653,907**	2,293,675
Lease liabilities - due after one year	**457,648**	136,267
Deferred tax liabilities	**19,132,593**	16,186,850
	196,419,114	176,502,947
	503,783,637	465,647,572

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, which are measured at fair values.

Certain comparative information has been reclassified to conform with current period's presentation.

Pursuant to the change of presentation currency from Hong Kong dollars to Renminbi ("RMB") of the Group's consolidated financial statements as described in the Group's annual financial statements for the year ended 31 December 2019, the comparative figures for the corresponding period in 2019 have been restated with no material impact on the Group's condensed consolidated financial statements.

The financial information relating to the year ended 31 December 2019 included in this announcement of interim results for the six months ended 30 June 2020 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 2019 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company's auditor has reported on the financial statements of the Group for that year. 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.

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 2019 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 2020.

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 HKFRS 3	*Definition of a business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The application of the above new and revised standards or amendments 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:

Amendment to HKFRS 16	*Covid-19-Related Rent Concessions*[1]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKFRS 3	*Reference to the Conceptual Framework*[3]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[3]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[3]
Annual Improvements 2018-2020 Cycle	*Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41*[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 June 2020*
2 *Effective for annual periods beginning on or after 1 January 2021*
3 *Effective for annual periods beginning on or after 1 January 2022*
4 *No mandatory effective date yet determined but available for early adoption*

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, provision of 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 2020 - unaudited

	Property development *RMB'000*	**Property investment** *RMB'000*	**Other operations** *RMB'000*	**Segment total** *RMB'000*
Revenue from contracts with customers				
- Recognised at a point in time	**74,749,526**	**-**	**-**	**74,749,526**
- Recognised over time	**11,596,138**	**-**	**356,758**	**11,952,896**
	86,345,664	**-**	**356,758**	**86,702,422**
Revenue from other sources				
- Rental income	**-**	**1,922,976**	**-**	**1,922,976**
Segment revenue - External	**86,345,664**	**1,922,976**	**356,758**	**88,625,398**
Segment profit (including share of profits of associates and joint ventures)	**27,386,299**	**6,493,906**	**5,232**	**33,885,437**

Six months ended 30 June 2019 – unaudited

	Property development *RMB'000* *(Restated)*	Property investment *RMB'000* *(Restated)*	Other operations *RMB'000* *(Restated)*	Segment total *RMB'000* *(Restated)*
Revenue from contracts with customers				
- Recognised at a point in time	68,472,466	-	-	68,472,466
- Recognised over time	9,176,125	-	376,624	9,552,749
	77,648,591	-	376,624	78,025,215
Revenue from other sources				
- Rental income	-	1,810,813	-	1,810,813
Segment revenue - External	77,648,591	1,810,813	376,624	79,836,028
Segment profit (including share of profits of associates and joint ventures)	26,880,215	5,885,997	10,730	32,776,942

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	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
		(Restated)
Reportable segment profits	**33,885,437**	32,776,942
Unallocated items:		
Interest income on bank deposits	**726,277**	636,995
Corporate expenses	**(208,280)**	(248,582)
Finance costs	**(430,691)**	(406,825)
Net foreign exchange (losses)/gains recognised in the condensed consolidated income statement	**(599,451)**	63,409
Consolidated profit before tax	**33,373,292**	32,821,939

4. Finance costs

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
		(Restated)
Interest on bank and other borrowings and notes payable	**4,160,858**	3,728,170
Interest on amounts due to non-controlling shareholders and affiliated companies	**213,846**	277,815
Interest on lease liabilities and other finance costs	**77,256**	102,550
Total finance costs	**4,451,960**	4,108,535
Less: Amount capitalised	**(4,021,269)**	(3,701,710)
	430,691	406,825

5. Income tax expenses

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
		(Restated)
Current tax:		
PRC Corporate Income Tax ("CIT")	**5,989,009**	6,099,598
PRC Land Appreciation Tax ("LAT")	**2,511,209**	4,759,654
PRC withholding income tax	**241,842**	151,537
Hong Kong profits tax	**39,128**	28,257
Macau income tax	**-**	15,495
Others	**942**	1,010
	8,782,130	11,055,551
(Over)/under-provision in prior periods:		
Hong Kong profits tax	**(175)**	74
	(175)	74
Deferred tax:		
Current period	**1,788,237**	1,032
Total	**10,570,192**	11,056,657

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% (2019: 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% (2019: 16.5%) of the estimated assessable profit for the period.

Macau income tax is calculated at the prevailing tax rate of 12% (2019: 12%) in Macau.

6. Earnings per share

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

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
		(Restated)
Earnings		
Earnings for the purpose of basic and diluted earnings per share		
Profit for the period attributable to owners of the Company	**20,526,531**	21,324,997

	Six months ended 30 June	
	2020	2019
	'000	*'000*
	(Unaudited)	*(Unaudited)*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**10,956,199**	10,956,201

Pursuant the share options granted on 29 June 2018, there were dilutive potential ordinary shares in existence during the six months ended 30 June 2020 and 2019, however, the impact on diluted earnings per share is insignificant for both periods.

7. Dividends

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
		(Restated)
Dividends recognised as distribution during the period		
2019 final dividend of HK57 cents per share paid on 15 July 2020 (2019: 2018 final dividend of HK50 cents per share paid on 5 July 2019)	**5,651,542**	4,771,426

The Board has determined that an interim dividend of HK45 cents (2019: HK45 cents) per share, amounting to approximately RMB4,350,323,000 (2019 restated: RMB4,294,283,000) will be paid to owners of the Company whose names appear in the Register of Members on 22 September 2020. 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 2020.

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 2020	31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Trade receivables, aged		
0–30 days	**8,126,148**	6,775,299
31–90 days	**514,824**	290,480
Over 90 days	**1,270,539**	1,207,510
	9,911,511	8,273,289
Other receivables	**2,574,285**	2,658,229
	12,485,796	10,931,518

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 2020	31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Trade payables, aged		
0–30 days	**18,939,542**	20,544,498
31–90 days	**3,909,842**	2,183,732
Over 90 days	**24,897,523**	21,315,096
	47,746,907	44,043,326
Other payables	**10,601,469**	10,318,488
Retentions payable	**10,314,616**	11,450,217
	68,662,992	65,812,031

Other payables mainly include rental and other deposits, other taxes payable and accrued charges.

CHAIRMAN'S STATEMENT

I have pleasure to report to the shareholders the unaudited revenue of the Group for the six months ended 30 June 2020 was RMB88.63 billion, representing an increase of 11.0% as compared to the corresponding period last year; operating profit was RMB31.26 billion; profit attributable to equity shareholders of the Company was RMB20.53 billion, representing a decrease of 3.7% as compared to the corresponding period last year; net profit margin was 23.2%; the core net profit, after deducting changes in fair value of investment properties after tax and net foreign exchange gains/losses, amounted to RMB17.94 billion, representing an increase of 0.3% as compared to the corresponding period last year; basic earnings per share was RMB1.87; shareholders' funds increased to RMB295.09 billion; net assets per share was RMB26.93; and half-year return on shareholders' funds was 7.1%. The Board proposed an interim dividend of HK45 cents per share.

In the first half of 2020, under the looming impact of the Covid-19 pandemic, the global economy experienced negative growth. The ultimate impact of the epidemic will depend on its duration, which implies a continuing risk of global recession. During the period, as global and Chinese economies contracted, the Group managed to achieve growth against the tide, maintaining the leading position in mainland real estate industry with stable operating profit and a net profit margin of 23.2%.

When facing major external events, a clear-eyed appraisal of the situation is key, upon which take actions that aligns with the trend. The world is undergoing once-in-a-century changes, with uncertainty compounded by the impact of Covid-19. In the 40 years since the Group's inception, a strong sense of direction and confidence in its ability has enabled it to navigate multiple challenges – from cyclical economic fluctuations to financial crises, and built the corporate muscle memory to weather the current vicissitudes. Promptly and swiftly, the Group took effective action, staying well poised for the momentum to withstand severe economic fluctuations and the impact of the pandemic to achieve quality growth.

As a corporate citizen, the Group views its primary responsibility as joining with all sectors of society to cooperate and coordinate in the fight against the Covid-19 pandemic. Being people-oriented is a key principle of the Group, and the Group regards protecting the health of its employees as the first obligation. The Group distributed an "Epidemic Prevention Care Pack" to every staff member to help effectively protect his or her health; donated thousands of protective clothing and tens of thousands of masks to institutions in Wuhan and elsewhere; in March, made a single purchase of 500,000 catties of unsalable fruit and vegetables in Dongao town, in Wanning city of Hainan province and distributed the produce for free to customers who were unable to go shopping due to pandemic prevention and control measures; continued to promote the Group's "Sea of Hope" charitable initiative, building the "Kangle Mushrooms" brand in Kangle county in Gansu province, and undertaking the branding and marketing of agricultural products, with sales orders reached approximately RMB4 million. In order to support economic recovery, speed up the resumption of work and production, and ease operating pressure on our partners, during the period, the Group implemented rent reductions of approximately RMB20 million in its commercial projects, benefiting more than 1,300 tenants.

The Group has maintained a consistent financial strategy by exercising caution in details and implementation, with stability and prudence as watchwords. At 30 June 2020, the Group has cash amounted to RMB111.38 billion, with liability to asset ratio of 59.77% and net gearing of 32.95%. The debt ratio remained one of the lowest in the industry, with abundant cash and high financial stability. The Group is confident in its ability to meet challenges and seize corresponding market opportunities.

Through responsiveness and agility, the growth in sales during the pandemic amply demonstrates the Group's outstanding execution capability. By implementing powerful epidemic prevention and control measures, the Covid-19 situation was quickly brought under control in mainland China and work resumed from April. After losing nearly two months of development, construction and sales, the Group, together with its joint ventures and associates (collectively the "Group Series of Companies"), achieved contracted property sales of RMB172.01 billion in the first half of the year, a year-on-year increase of 4.2%, providing momentum for the Group to grow in the year as a whole and going forward. In June, the Group Series of Companies achieved contracted property sales of RMB57.56 billion, an increase of 32.3% year-on-year, setting a new Group monthly sales record.

Sales for the Group grew during the period, against the market trend, substantially through its abundant inventory and well-structured saleable volume. The mainland real estate market has fragmented and begun to compete based on inventory, which presents structural opportunities. The buying power is returning to the higher-value first- and second-tier cities and core urban agglomerations. The Group has consistently held to its development objectives of targeting major cities, mainstream areas and mainstream products to keep pace with market trends and meet the needs of mid- to high-end customers looking for high residential quality. During the period, the average selling price achieved by the Group Series of Companies exceeded RMB18,000/sq m, substantially above the national average selling price for residential housing. Sales in Beijing, Shanghai, Chengdu and Guangzhou each exceeded RMB10 billion.

The Group continues to cultivate its position in major cities and strengthen its competitive advantage in land reserves, where acquiring mega-sized projects is its key competing strategy. The increased development into major first- and second-tier cities, leveraging of the Group's strong financial position and comprehensive capabilities in urban operations, and acquisition of mega-sized project resources will become a core strategic advantage of the Group. Since the beginning of 2020, the Group has acquired a number of mega-sized projects, including the Shanghai Hongqi Village project, Wuhan Hanyang District project, Taiyuan Tanghuaichanyeyuan District project, and Shanghai East Jianguo Road project. Each of these has a total saleable value of tens of billions of yuan. During the period, the Group acquired land parcels with a total attributable GFA of 5.62 million sq m and total attributable land premium of RMB52.28 billion. At 30 June 2020, the total land reserve of the Group Series of Companies reached 90.06 million sq m.

The Group's strategy is to improve commercial asset management, optimising asset structure and continuing to accumulate momentum. The epidemic has significantly impacted commercial operations such as office buildings, shopping malls and hotels. During the period, the Group seized the opportunity for market integration presented by this impact, enhancing its capabilities in commercial asset revaluation to advance the full-cycle management of "investment, financing, management and exit" in commercial assets; it sold Block H office building of China Overseas International Center in Chengdu, and acquired Foshan Vivo City Shopping Center (renamed "Unipark") with a total GFA of 130,000 sq m, and continues to accumulate high-quality commercial assets. During the period, the Group enhanced tenant structure, strengthened cost control in commercial operations, improved innovation and service quality in its commercial services and continued to strengthen the ability to manage and operate commercial assets. Despite delays in bringing certain commercial projects to market, the Group still achieved an increase of 1.1% in commercial asset operating revenue, to RMB2.03 billion. This hard-won growth is attributable to a good commercial tenant structure. The Group's major tenants include 260 global Fortune 500 companies. Leveraging its dominant position as the largest developer and operator of office buildings under single ownership in mainland China, the Group successfully issued a first tranche of commercial mortgage-backed securities (CMBS), raising RMB 3.70 billion with a coupon rate of 2.5%, demonstrating the market's recognition of the high quality of the Group's commercial assets.

The Group proactively embraces change, creating innovative business models and leveraging the depth of its resources to cultivate new businesses. Based on the new businesses in senior living, education and logistic, the Group set up a new supply chain management company that advantageously integrates various Group resources during the period. The new outfit aims to be a premium B2B transaction and integrated services platform in the building materials sector, leveraging the Group's consolidated merchandising capability. Another newly set up technology company will digitally manage residential development and business operations, smart communities, smart homes, smart commercial buildings, as well as digital products and services for other real estate development and operating scenarios. This investment by the Group in upstream and downstream technology companies will establish a technology ecosystem.

The Group strengthened its scientific and technological leadership and boosted its determination to prioritise the development of products that are healthy, green, industrialised and intelligent. The unforeseen epidemic has prompted a focus on overarching design merits such as efficient residential spatial planning, visual transparency along north-south axes, and the maximisation of south-facing areas, and a system of products embodying seven health scenarios was introduced. The Group also accelerated its research and development of industrial manufacture of kitchens and bathrooms. It is supported by new collaborations with Huawei and other technology companies, which further open possibilities in the application of smart communities and smart homes. Some of the launched collaborative projects have already achieved market success and customer recognition.

The Group strengthened its technology leadership, speeding up management revolution that pivots on digitisation and quantitative methodologies, to strengthen its competitiveness based on delicacy management. The Group will continue to improve its digital management and control platforms across the entire life cycle of real estate development and operation, empower subordinate city companies and project development, integrate internal and external "big data" to fine-tune policy implementation, and continuously improve management and control efficiency, in order to strengthen the Group's execution advantages.

Looking ahead, the Group is fully confident in the prospects for the Chinese economy. The confidence stems from China's rapid economic growth since its reform and opening up, as well as China's highly effective and efficient response in the battle against the Covid-19 pandemic, which sees the country as the sole major economy showing the way in economic recovery and growth in the second quarter. The Group believes that the strong resilience of the economy will allow China to rise to the challenges of the epidemic and various external factors and achieve high-quality development post Covid-19.

Going forward, the Group has full confidence in a bright future for Hong Kong. The Hong Kong National Security Law provides strong legal protection for the prosperity and stability of the city, "one country, two systems" will continue to enjoy smooth and long-term success in its practice, and that Hong Kong will maintain its stability, continue its economic development, and improve the livelihoods of its people. The Group will firmly continue to increase its investment in Hong Kong.

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 in the pursuit of excellence for the Group. I would also like to express my gratitude to the shareholders and business associates for their trust and support.

China Overseas Land & Investment Limited
Yan Jianguo
Chairman and Executive Director

MANAGEMENT DISCUSSION & ANALYSIS

Overall Performance

During the period, the revenue of the Group increased to RMB88.63 billion (corresponding period in 2019: RMB79.84 billion), representing an increase of 11.0% as compared to the corresponding period in last year. The operating profit was RMB31.26 billion (corresponding period in 2019: RMB31.30 billion). The gross profit margin was 30.6% and the net profit margin reached 23.2%, maintaining at industry-leading level. The ratio of selling, distribution and administrative expenses to revenue was 3.0%, which remained one of the lowest in the industry. Profit attributable to equity shareholders of the Company amounted to RMB20.53 billion (corresponding period in 2019: RMB21.32 billion), representing a decrease of 3.7% as compared to the corresponding period in 2019. The half-year return on shareholders' funds was 7.1%. Basic earnings per share was RMB1.87 (corresponding period in 2019: RMB1.95), representing a decrease of 3.7% as compared to the corresponding period in 2019.

At 30 June 2020, the equity attributable to shareholders of the Company was RMB295.09 billion (31 December 2019: RMB280.60 billion), an increase of 5.2% as compared to last year end, while the net assets per share was RMB26.93 (31 December 2019: RMB25.61). At the end of June, the Group's financial position was good with ample cash resources of RMB111.38 billion and net gearing of 32.95%.

Property Development

During the period, the Group's revenue from property development was RMB86.35 billion (corresponding period in 2019: RMB77.65 billion), an increase of 11.2% as compared to the corresponding period last year, mainly related to property projects including Paramount Jade in Jinan, La Cite and Essence of Fortune in Beijing, The Grace in Nanjing, Mansion Hills in Shenyang, Chang'an Palace in Xi'an, Royal Mansion in Chengdu, Cloud Hills in Dongguan, Mansion House in Changsha, and Glory Mansion in Dalian.

Segment profit (including the Group's share of profits of associates and joint ventures) amounted to RMB27.39 billion (corresponding period in 2019: RMB26.88 billion).

During the period, the Group Series of Companies (excluding China Overseas Grand Oceans Group Limited ("COGO")) completed 50 projects with a total area of 7.32 million sq m in 21 cities in mainland China.

The table below shows the area of projects completed by region in the first half of 2020:

City	**Total Area ('000 sq m)**
Hua Nan Region	
Changsha	218
Zhuhai	119
Fuzhou	81
Sub-total	**418**
Hua Dong Region	
Nanjing	538
Shanghai	260
Nanchang	81
Suzhou	59
Sub-total	**938**
Hua Bei Region	
Jinan	841
Beijing	370
Wuhan	283
Taiyuan	219
Tianjin	86
Sub-total	**1,799**
Northern Region	
Shenyang	627
Changchun	453
Qingdao	372
Yantai	279
Dalian	212
Sub-total	**1,943**
Western Region	
Xi'an	997
Chengdu	490
Chongqing	419
Xinjiang	314
Sub-total	**2,220**
Total	**7,318**

During the period, the Group acquired 21 land parcels in 13 cities in mainland China, adding a total GFA of 5.82 million sq m to the land reserve (attributable interest of 5.62 million sq m). The total land premium was RMB55.51 billion (attributable interest of RMB52.28 billion).

The table below shows the details of land parcels added in the first half of 2020:

City	Name of Development Project	Attributable Interest	Land Area ('000 sq m)	Total GFA ('000 sq m)
Shanghai	Putuo District Project #1	70%	42	398
Beijing	Shijingshan District Project	100%	27	114
Shanghai	Putuo District Project #2	70%	6	29
Shanghai	Putuo District Project #3	70%	24	107
Beijing	Chaoyang District Project	80%	81	193
Changsha	Yuelu District Project #1	100%	148	415
Shenyang	Heping District Project	100%	109	291
Changsha	Yuelu District Project #2	100%	136	549
Taiyuan	Wanbailin District Project #1	100%	75	318
Weihai	Huancui District Project	100%	54	143
Tianjin	Hexi District Project	100%	143	444
Dalian	Zhongshan District Project	100%	26	91
Foshan	Nanhai District Project	100%	99	429
Taiyuan	Wanbailin District Project #2	100%	51	277
Taiyuan	Wanbailin District Project #3	100%	18	83
Taiyuan	Wanbailin District Project #4	100%	40	287
Suzhou	Gaoxin District Project	100%	102	190
Ningbo	Haishu District Project	100%	12	32
Harbin	Nangang District Project	100%	21	57
Wuhan	Hanyang District Project #1	100%	70	675
Wuhan	Hanyang District Project #2	100%	107	700
Total			**1,391**	**5,822**

At 30 June 2020, the Group Series of Companies (excluding COGO) had a total land reserve of 63.72 million sq m (attributable interest of 52.52 million sq m).

The major associate COGO acquired 18 land parcels, adding a total GFA of 4.13 million sq m. At 30 June 2020, its total land reserve was 26.34 million sq m (attributable interest of 23.66 million sq m).

The total land reserve of the Group Series of Companies reached 90.06 million sq m.

During the period, the net profit contribution from joint ventures and associates amounted to RMB2.54 billion. The major associate COGO recorded contracted property sales of RMB27.87 billion, revenue of RMB16.11 billion, and net profit of RMB2.08 billion. The Group earned a net profit of RMB780 million from COGO for the period.

Property Investment

Rental income from the Group's investment properties for the period amounted to RMB1.92 billion (corresponding period in 2019: RMB1.81 billion), an increase of 6.2% as compared to the corresponding period last year. During the period, the Group continues to deepen asset management, improve management precision, and complete the asset management and capital recycling value chain of investment, financing, management and exit.

Segment profit amounted to RMB6.49 billion (corresponding period in 2019: RMB5.89 billion), an increase of 10.3% as compared to the corresponding period last year, which includes the gain arising from changes in fair value of investment properties amounting to RMB5.20 billion (net gain after deferred tax attributable to owners of the Company was RMB3.18 billion).

Other Operations

During the period, revenue from other operations amounted to RMB360 million (corresponding period in 2019: RMB380 million), of which income from hotels and other commercial properties was RMB110 million (corresponding period in 2019: RMB190 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. At 30 June 2020, the net current assets were RMB328.54 billion, the current ratio was 2.3 times, interest cover was 7.2 times and the weighted average borrowing cost was 4.01%, which were at an outstanding level in the industry.

The Group continues to take advantage of onshore and offshore dual financing platforms and flexibly used multiple tools to optimally apply various financing combinations. In March 2020, the Group successfully issued 5-year US$300 million, 10-year US$500 million and 15-year US$200 million senior notes at coupon rates of 2.375%, 2.75% and 3.125%, respectively, under the US$2.5 billion medium-term note (MTN) programme established in Hong Kong in last year. In April 2020, the Group successfully issued the single largest onshore green CMBS, with an amount of RMB3.70 billion at coupon rate of 2.5%. In addition, the Group signed a number of new bilateral loans during the period, to optimise its loan portfolio, correspondingly replacing existing debt and supplementing working capital.

During the period, the Group raised fund from onshore and offshore debt financing amounted to RMB31.91 billion. Total repayment of matured debts amounted to RMB16.45 billion. Sales proceeds collection increased to RMB92.79 billion as compared to the corresponding period last year. Total capital expenditure payments for the Group were RMB74.65 billion (of which RMB41.78 billion was spent on land premiums and RMB32.31 billion was spent on construction-related expenditure). About RMB24.09 billion was paid for taxes, selling and distribution expenses, administrative expenses and financing expenses. At the end of June 2020, unpaid land premium of the Group was RMB28.44 billion while bank borrowings and notes payable due to mature in the second half of the year amounted to RMB19.59 billion.

At 30 June 2020, bank and other borrowings and notes payable of the Group were RMB129.29 billion and RMB79.32 billion, respectively. Total interest-bearing debts amounted to RMB208.61 billion, of which RMB33.44 billion will be matured within a year, accounting for 16.0% of total interest-bearing debts. Among the total interest-bearing debts, 28.1% was denominated in Hong Kong dollars, 24.9% was denominated in US dollars, 46.2% was denominated in Renminbi and 0.8% was denominated in Pounds Sterling. The fixed-rate debts accounted for 40.9% of overall interest-bearing debts while the remaining were floating-rate debts.

At 30 June 2020, the Group's available funds amounted to RMB147.65 billion comprising bank balances and cash of RMB111.38 billion (of which 8.3% was denominated in Hong Kong dollars, 8.2% was denominated in US dollars, 82.7% was denominated in Renminbi, 0.6% was denominated in Pounds Sterling and minimal amounts were denominated in other currencies) and unused banking facilities of RMB36.27 billion.

In the first half of 2020, under the impact of the Covid-19 epidemic on the global economy and deepening of Sino-US friction, RMB depreciated slightly against the US dollar with wide fluctuations during the period. Amidst the prospect of a severe global recession and wild fluctuations in financial markets worldwide, the Central Bank of China actively implemented a monetary policy to ease the load on the real economy, ensuring reasonable and sufficient market liquidity. In the first half of the year, the US Federal Reserve Board twice cut interest rates, by a total of 150 basis points and restarted its quantitative easing policy, reducing both onshore and offshore financing costs. In the future, the Group will closely monitor the potential for interest rate movements and consider the factors that might generate large fluctuations in the exchange rates between the Hong Kong dollar, RMB and US dollar. The Group offsets the corresponding risks mainly through natural hedging and has not participated in any speculative trading of derivative financial instruments, but will carefully consider whether to conduct currency and interest rate swaps at an appropriate time to hedge against corresponding risks. The Board believes that the Group's exchange rate and interest rate risks are relatively controllable.

Sustainable Development

The Group regards the management of sustainability as a crucial path to realise its corporate vision and mission, and proactively integrates environmental, social and governance and other sustainability factors into its operating model. The Group is committed to working with the new generation to address the challenges posed by climate change and urban development by developing and employing green, healthy and sustainable buildings and technologies, and incorporating environmental and social considerations into business decisions. In the first half of 2020, the Group achieved great results in the fields of environmental protection, educational support, targeted poverty alleviation and charity.

In order to systematically promote sustainability management, the Group has formulated the Management Measures for Environmental, Social and Governance Management of China Overseas to specify the responsibilities for overall planning and implementation of sustainability affairs and related work reporting mechanism. In the first half of the year, the Group established the ESG strategy framework of "Four Excellences" and identified 29 sustainability issues as the basis for setting sustainability goals. Under the framework of "a Company of Four Excellences", the Group set qualitative and quantitative sustainability targets for 2019 - 2023, covering green building area, air quality testing, customer satisfaction, employee satisfaction, employee training, carbon emissions and energy consumption density. These initiatives were well recognised by the market. As a result, the Company was included in the Hang Seng ESG 50 Index newly introduced by Hang Seng Index Company Limited in July.

During the period, the Group added 21 green building certification projects with a total GFA of 2.57 million sq m. Cumulatively, the Group has delivered 315 green building-certified projects with a total GFA of 58.04 million sq m. In the first half of 2020, the Group's "Sea of Hope" programme continued its targeted poverty alleviation efforts in Kangle County, Gansu Province, and created a local produce brand called "Kangle Mushroom". The Group not only participated in the whole process of brand creation, from product selection and purchase of raw materials to brand registration, packaging design, production and online sales, but also tapped into the power of its extensive customer resources to promote the brand. In particular, the Group drew on its 3 million of its home owners nationwide and some 10 million potential customers visiting its sales offices in the year and gave out "Kangle Mushroom" products as complimentary gifts during the period, with an aim to drive online store traffic, help the brand gain visibility and boost sales.

The Group insists on putting people first and regards human resources as its most valuable resource. At the end of June, the Group employed more than 6,100 employees. During the period, the staff costs of the Group were RMB1.33 billion. Guided by the annual key tasks, the Group optimised the three-tier KPI structure to cover all employees, and launched a MAPS structure that distinguishes position, job and level to broaden the career development paths of employees.

In the first half of 2020, the Group launched four series of training programmes, namely, "Golden Lectures", "Craftsman's Talk", "Lessons on the Cloud" and "Think & Share". These four programmes effectively energised employees, broadened their management and business horizons, and facilitated their growth and development.

To meet the talent needs of its innovative business, the Group positioned "Stars of the Sea", "Sons of the Sea" and "Sea's Recruits" as its recruitment brand trio and continued to expand recruitment channels, guaranteeing sufficient and high-quality human resources for its rapid business development. The Group regarded employee satisfaction as a priority of the year and managed to maintain a stable workforce with improving employee satisfaction.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board declared the payment of an interim dividend of HK45 cents per share (2019: HK45 cents per share) for the six months ended 30 June 2020. The interim dividend will be payable in cash.

Relevant Dates for Interim Dividend Payment

Ex-dividend date	18 September 2020
Latest time to lodge transfer documents for registration with the Company's registrar and transfer office	At 4:30 p.m. on 21 September 2020
Closure of Register of Members	22 September 2020
Record date	22 September 2020
Despatch of dividend warrants	5 October 2020

In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's registrar and transfer office at Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than the aforementioned latest time.

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

Buy-back of Shares

During the six months ended 30 June 2020, the Company bought back a total of 416,500 shares of the Company (the "**Shares**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at an aggregate consideration (before expenses) of HK$9,939,385. All Shares bought back were subsequently cancelled. As at 30 June 2020, the total number of Shares of the Company in issue was 10,955,785,035.

Details of the Shares bought back during the period are as follows:

Month	Number of Shares bought back	Price paid per Share		Aggregate consideration (before expenses)
		Highest	Lowest	
		HK$	HK$	HK$
June 2020	416,500	23.95	23.75	9,939,385

Issue of Listed Securities

On 3 March 2020, China Overseas Finance (Cayman) VIII Limited, a wholly-owned subsidiary of the Company, issued US$300,000,000 2.375 per cent. guaranteed notes due March 2025, US$500,000,000 2.750 per cent. guaranteed notes due March 2030 and US$200,000,000 3.125 per cent. guaranteed notes due March 2035 (collectively, the "**Guaranteed Notes**") under its US$2,500,000,000 medium term note programme established on 8 July 2019. The net proceeds, after deducting the underwriting commission in connection with the issue of the Guaranteed Notes, amounted to US$298,260,000, US$495,485,000 and US$199,414,000 respectively and are used to repay and/or refinance the existing indebtedness of the Group. The Guaranteed Notes are listed on the Stock Exchange and are guaranteed by the Company irrevocably and unconditionally.

On 28 April 2020, Beijing China Overseas Plaza Commercial Development Ltd.*, a wholly-owned subsidiary of the Company, issued RMB3,700,000,000 2.5 per cent. green commercial mortgage-backed securities (CMBS) due April 2038. The net proceeds, after deducting the expenses in connection with the issue of the securities, amounted to RMB3,694,930,000 and are used to repay existing indebtedness and outstanding liabilities of the Group. The securities are listed on the Shenzhen Stock Exchange.

On 14 August 2020, China Overseas Development Group Co., Ltd.*, a wholly-owned subsidiary of the Company, issued RMB2,000,000,000 3.2 per cent. rental housing corporate bonds due August 2026. The net proceeds, after deducting the expenses in connection with the issue of the corporate bonds, are used for rental housing construction projects and general working capital requirements of the Group. The corporate bonds are listed on the Shenzhen Stock Exchange.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities during the six months ended 30 June 2020 and up to the date of this announcement.

* *English translation for identification purpose only*

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 30 June 2020 with all the code provisions (except 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 some of the recommended best practices contained therein.

CG Code A.4.1 stipulates that non-executive directors should be appointed for a specific term. The non-executive Directors of the Company (as well as all other Directors) are not appointed for a specific term, however, they are 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 set of code of conduct on governing securities transactions by directors (the "**Code of Conduct**") on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules. Having made specific inquiries to all Directors, they confirmed that they have complied with the Code of Conduct throughout the six months ended 30 June 2020.

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 Company for the six months ended 30 June 2020, 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 Executive Director

Hong Kong, 24 August 2020

As at the date of this announcement, Mr. Yan Jianguo (Chairman), Mr. Luo Liang (Vice Chairman), Mr. Zhang Zhichao (Chief Executive Officer) and Mr. Guo Guanghui are the executive directors; Mr. Zhuang Yong (Vice Chairman) and Mr. Chang Ying are the non-executive directors; and Dr. Fan Hsu Lai Tai, Rita, Mr. Li Man Bun, Brian David and Professor Chan Ka Keung, Ceajer 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 2020 Interim Report will also be available at the aforementioned websites and will be despatched to shareholders of the Company thereafter in due course.