



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

2017 Annual Results Investors Presentation

March 2018

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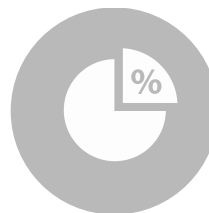
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中國海外發展有限公司
CHINA OVERSEAS LAND & INVESTMENT LTD.

2017 Annual Results



2017 Annual Results Highlights

1

- Contracted sales of **HK\$232.07b¹**, **+10.2% YoY**
- Contracted area sold of **14.46 million sq m¹**, **+10.9% YoY**

2

- Profit attributable to equity shareholders of **HK\$40.77b**, **+10.1% YoY**
- Net profit margin rose YoY from **22.6% to 24.6%**

3

- Net gearing maintained **27.9%** with cash on hand of **HK\$104.05b**
- SG&A decreased to **3.5%** of revenue
- Weighted avg. borrowing cost of **4.27%**

4

- EPS of **372 HK cents**
- FY2017 DPS of **80 HK cents**, **+3.9% YoY**

¹ Including JV, associates and China Overseas Grand Oceans Group Ltd (COGO), collectively referred to as the Group Series of Companies

2017 Annual Results Financial Summary

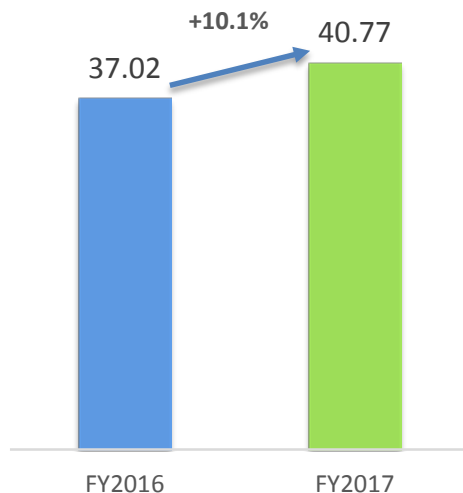
Consolidated Income Statement	Unit	2017	2016	Change
Revenue	HK\$m	166,045	164,069	+1.2%
Operating Profit	HK\$m	62,874	57,905	+8.6%
Attributable Profit	HK\$m	40,767	37,020	+10.1%
Core Profit	HK\$m	34,258	31,376	+9.2%
Gross Profit Margin	%	32.9%	27.8%	+5.1ppts
ROE	%	16.7%	17.1%	-0.4ppts
EPS	HK cents	372	364	+2.2%
DPS	HK cents	80	77	+3.9%

Consolidated Statement of Financial Position	Unit	31 December 2017	31 December 2016	Change
Cash on Hand	HK\$m	104,051	157,162	-33.8%
Total Assets	HK\$m	645,405	571,289	+13.0%
Shareholders' Equity	HK\$m	265,694	222,248	+19.5%
Net Gearing	%	27.9%	7.5%	+20.4ppts
Debts to Assets	%	57.6%	60.2%	-2.6ppts
Net Assets per share	HK\$	24.25	20.29	+19.5%

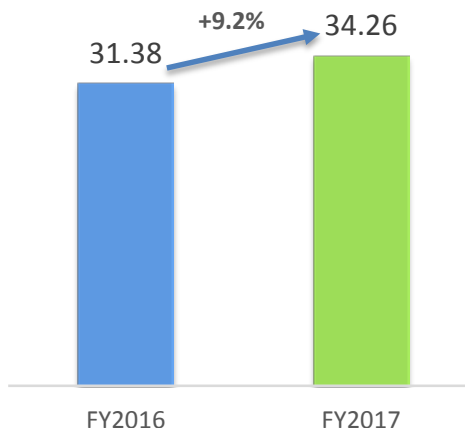
Enhanced Profit Structure

- ◆ Attributable profit increased to HK\$40.77b (+10.1% YoY)
- ◆ Core profit¹ increased to HK\$34.26b (+9.2% YoY)

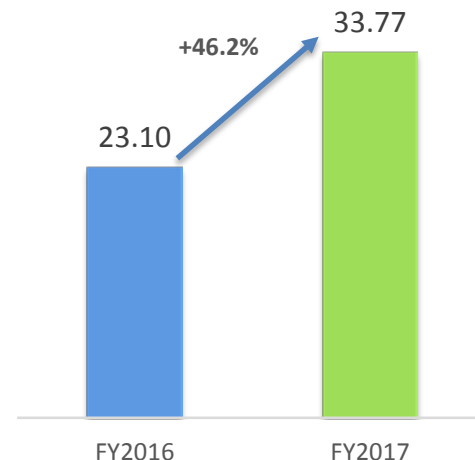
Attributable Profit (HK\$b)



Core Profit (HK\$b)¹



Recurring Profit (HK\$b)²



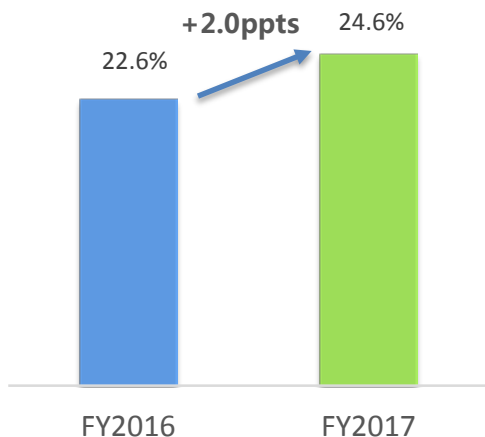
¹ The attributable profit excludes after-tax fair value gain of investment properties and acquisition of a joint venture

² Recurring profit = core profit-gain on disposal of subsidiaries-gain on acquisition of subsidiaries and impairment loss in respect of goodwill

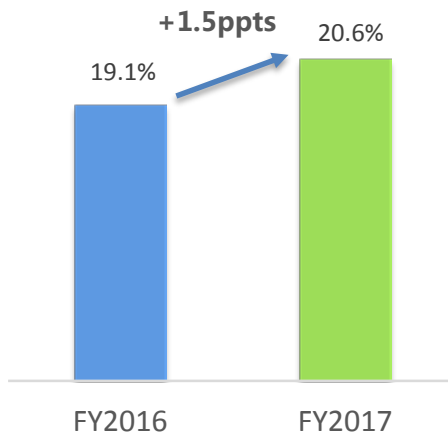
Industry-Leading Profit Margin

- ◆ Gross profit margin increased 5.1ppts YoY to 32.9%, net profit margin increased 2.0ppts YoY to 24.6%
- ◆ Core profit margin increased 1.5ppts YoY to 20.6%

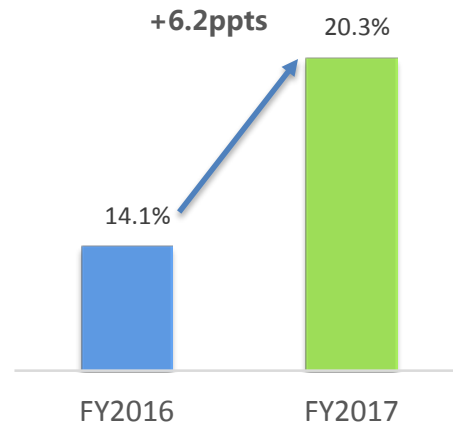
Net Profit Margin (%)



Core Profit Margin (%)



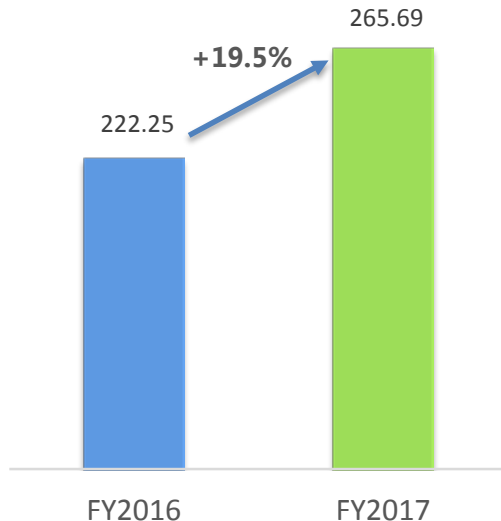
Recurring Profit Margin (%)



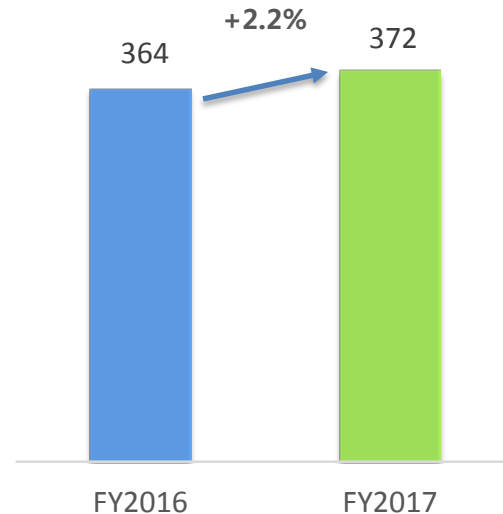
Continuously Uplift Shareholders' Value

- ◆ Shareholders' equity increased by 19.5% YoY to HK\$265.69b, ROE was 16.7%
- ◆ EPS rose 2.2% YoY to 372 HK cents

Shareholders' Equity (HK\$b)



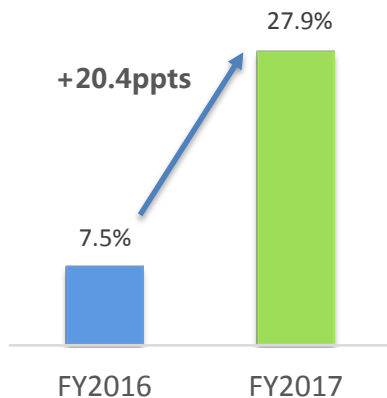
EPS (HK Cents)



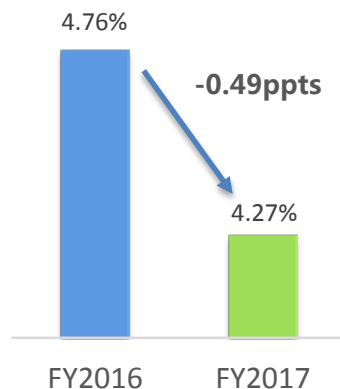
Prudent Capital Structure

- ◆ Net gearing increased from 7.5% in FY2016 to 27.9%
- ◆ FY2017 weighted avg. borrowing cost down to 4.27% (4.76% in FY2016), maintained financing costs leadership in the industry
- ◆ Cash on hand was HK\$104.05b, enjoying adequate financial resources

Net Gearing (%)



Weighted Avg. Borrowing Cost



Highest Credit Ratings in the Industry

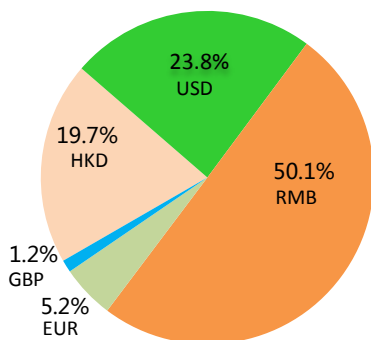
Rating Agency	Corporate and facility rating	Outlook
FitchRatings	A-	Stable
MOODY'S	Baa1	Stable
STANDARD & POOR'S	BBB+	Stable

Reasonable Debt Structure

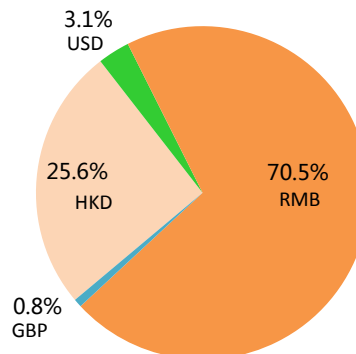
As of the end of FY2017,

- ◆ Interest-bearing debt was HK\$178.24b, of which 50.1% was RMB denominated
- ◆ Bank balances and cash were HK\$104.05b, of which RMB denominated accounted for 70.5%
- ◆ Among the interest-bearing debts, HK\$103.58b was bank loan, HK\$74.66b was bond, and the debt within one-year maturity accounted for only 17.1%, the maturity terms were reasonably structured

Interest Bearing Debt by Currency (%)



Bank Balances and Cash by Currency (%)



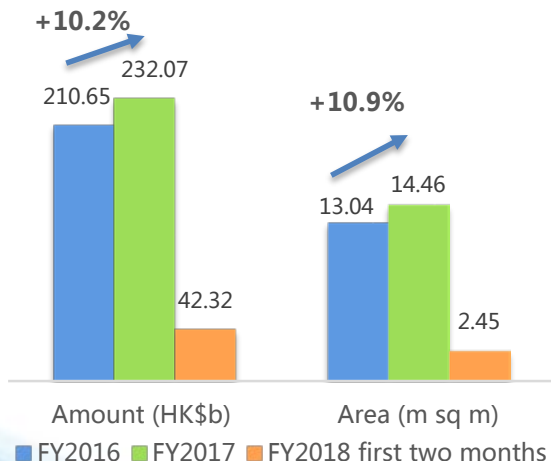
Business Review



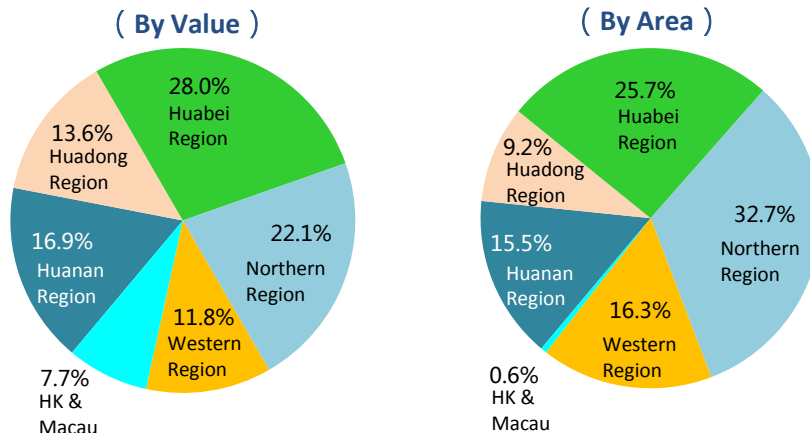
The Group Series of Companies Contracted Sales – by Value and Area

- ◆ Contracted sales was HK\$232.07b (YoY+10.2%), and corresponding area sold was 14.463m sq m (YoY+10.9%)
- ◆ Average selling price was HK\$16,046/sq m , while the average selling price of the Group Series of Companies (excluding COGO) was HK\$17,647/sq m , remained stable
- ◆ In the first two months of 2018, the contracted sales was HK\$42.32b (YoY +21.5%) with area sold of 2.452m sq m (YoY +18.8%)

Contracted Sales



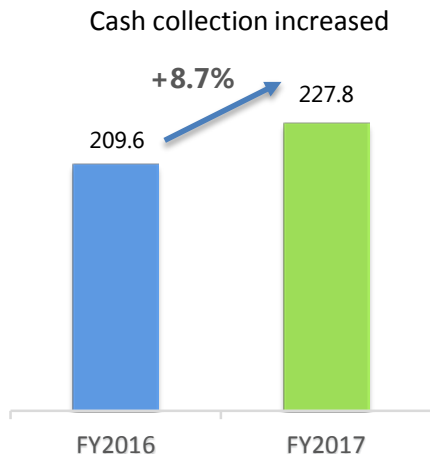
Contracted Sales Breakdown



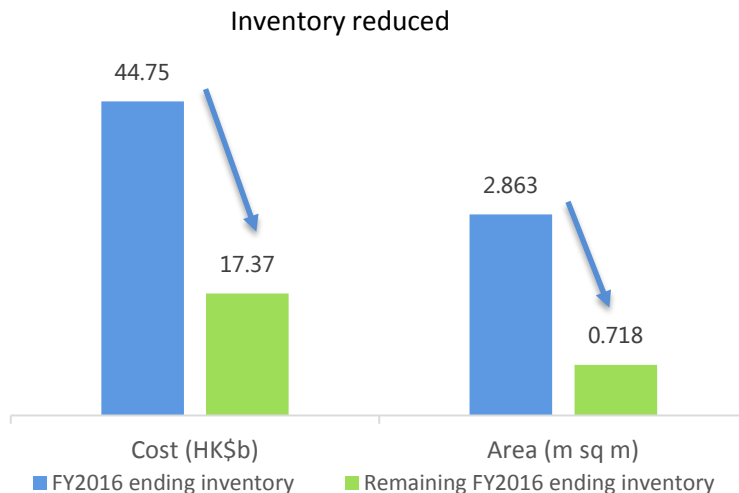
Contracted Sales – Steady Uptick in Cash Collection and Significant Inventory Sales

- ◆ The Group Series of Companies' total cash collection for the year was HK\$227.8b (YoY+8.7%), collection rate at 98.1%, maintaining at high rate in the industry
- ◆ The Group's inventory (excluding carpark) was satisfactory, calculated on the basis of cost and area, the sell-through ratio was 61.1% and 74.9%, respectively, enjoying a significant YoY increase

Cash Collection (HK\$b)



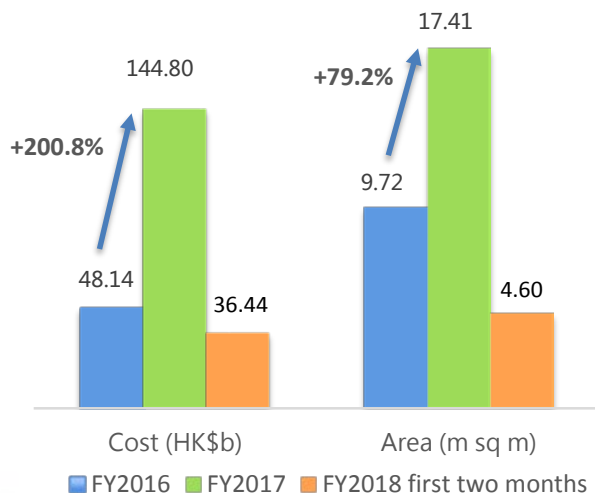
Inventory Sell-through



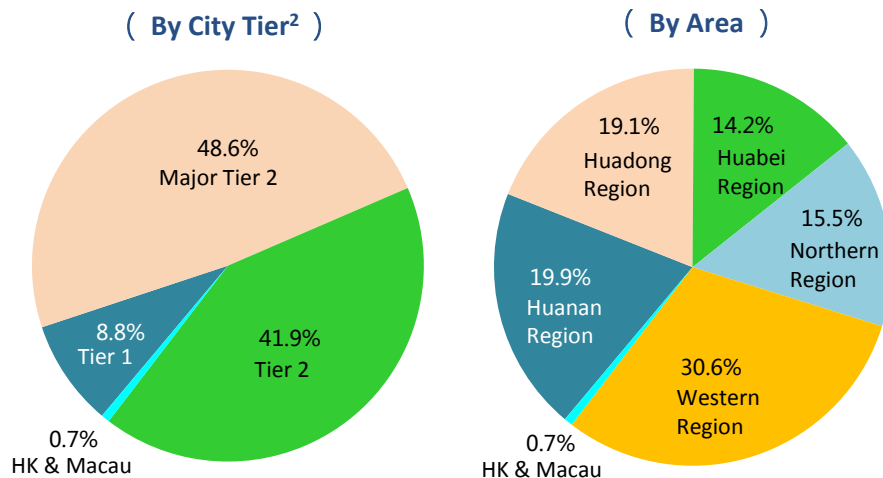
Intensive Expansion of Land Bank

- ◆ In FY2017, the Group acquired 76 land parcels, adding total GFA of 17.414m sq m, (+79.2% YoY), attributable GFA 14.63m sq m; total land premium for new land acquisition was HK\$144.80b¹ (+200.8% YoY), attributable land premium HK\$110.60b¹
- ◆ In the first two months in 2018, the Group acquired 15 land parcels, adding 4.595m sq m GFA to land bank

Land Acquisition



Newly Acquired Land Breakdown



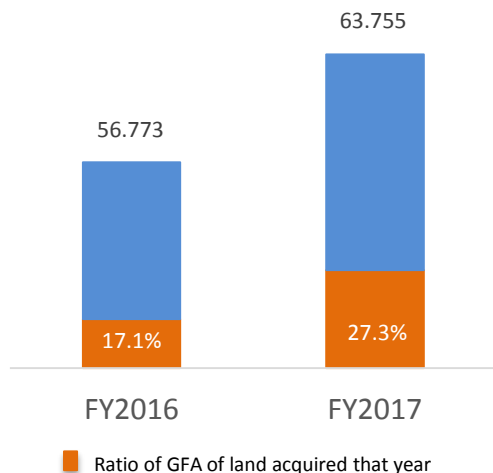
¹ Converted using the exchange rate of HK\$ to RMB 0.845, 0.86 and 0.83 in 2016, 2017 and 2018 respectively.

² Tier 1 cities include Beijing, Shanghai, Guangzhou and Shenzhen; Major Tier 2 cities include Chengdu, Chongqing, Hangzhou, Nanjing, Wuhan, Tianjin, Xi'an, Xiamen, Suzhou, Zhengzhou, etc.

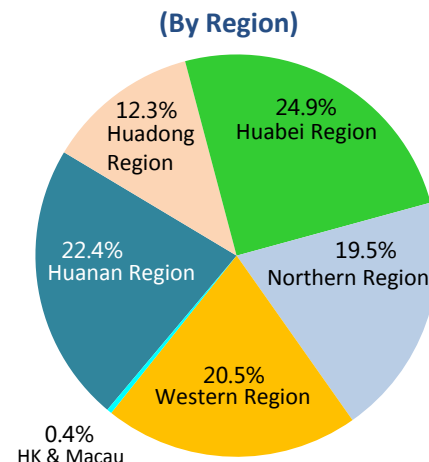
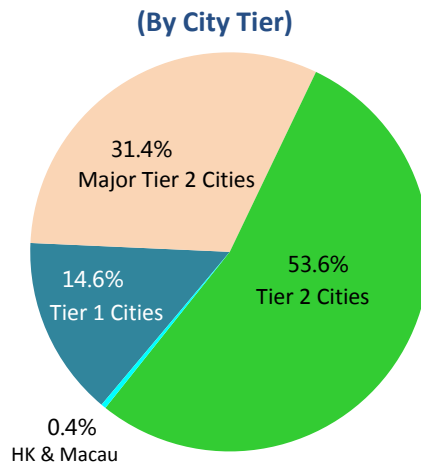
Land Bank – Scale and Structure

- ◆ As of the end of 2017, the Group Series of Companies land bank was 82.78m sq m
- ◆ The Group Series of Companies (excluding COGO) total land bank was 63.75m sq m Breakdown per below

Total land bank as of 2017 year end (m sq m)



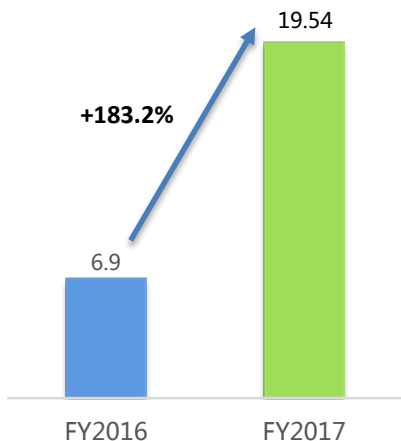
Land bank breakdown as of end of 2017



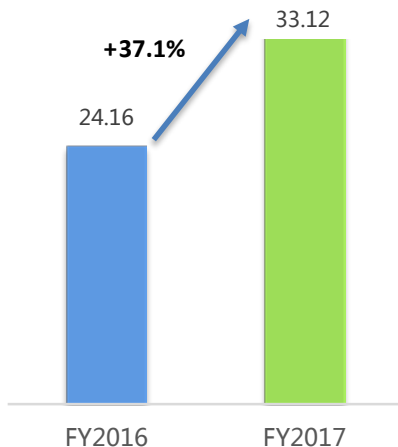
Significant Uptick in Construction Commencement and GFA under Construction

- ◆ The Group Series of Companies commenced construction of 23.35m sq m, +121.5% YoY, GFA under construction for the year was 42.69m sq m, +36.4% YoY
- ◆ Of which, the Group Series of Companies (excluding COGO) construction commencement 19.54m sq m, +183.2% YoY ; GFA under construction for the year was 33.12m sq m, +37.1% YoY, see below

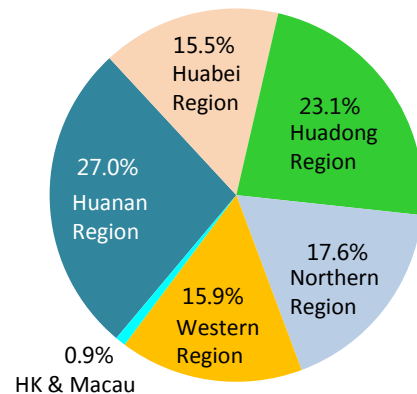
Construction Commencement
(m sq m)



GFA under Construction (m sq m)



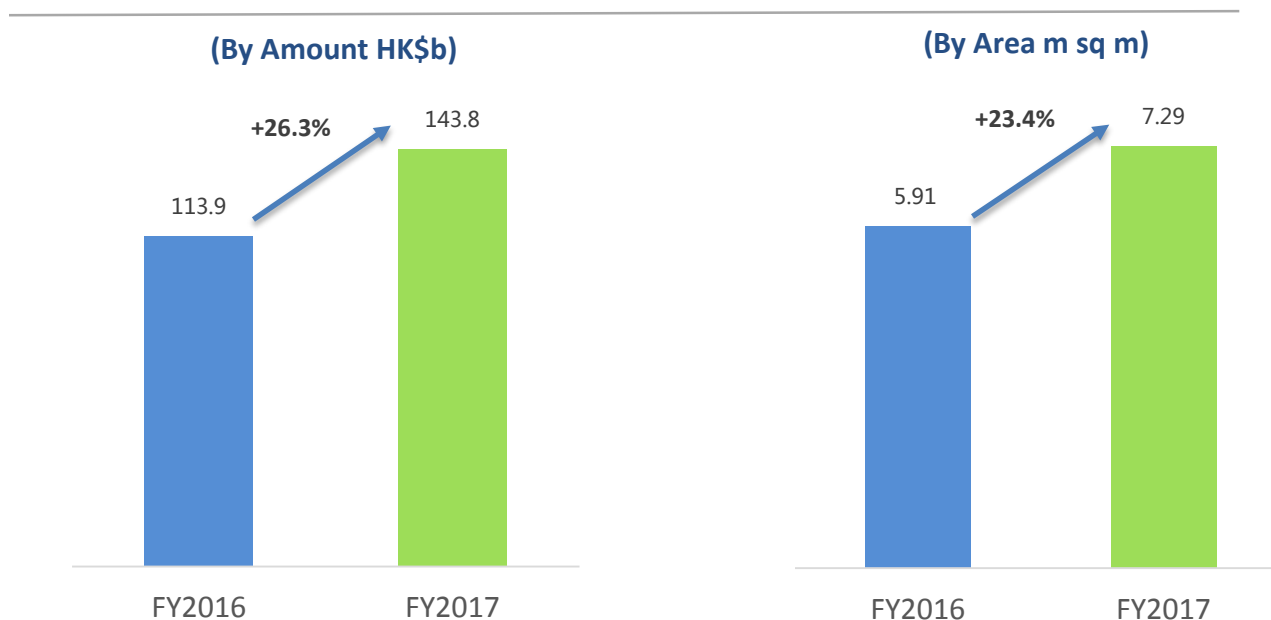
Breakdown of GFA under Construction



A Faster Growth on 2017 Year End Pre-Sales Carried Forward

- ◆ As of the end of 2017, the Group Series of Companies (excluding COGO) pre-sales carried forward were HK\$143.8b, +26.3% YoY
- ◆ GFA of pre-sales carried forward was 7.29m sq m, +23.4% YoY

2017 Year End Pre-Sales Carried Forward



Commercial Properties – Faster Growth on Income and GFA in Operation

Commercial Properties Key Financials (HK\$b)	2017	2016	Change (%)
Commercial Properties Total Income	2.94	2.60	13.1%
Rental Income	2.45	2.14	14.5%
Office	2.05	1.82	12.6%
Retail	0.40	0.32	25.0%
Hotel and Other Operating Income	0.49	0.46	6.5%

The Group Series of Companies Commercial Properties	In Operation			Under Construction		To be developed	
	#	Total GFA (m sq m)	Rentable GFA (m sq m)	#	Total GFA (m sq m)	#	Total GFA (m sq m)
Total	62	3.66	2.58	32	2.12	37	3.41
Office	38	2.29	1.70	17	1.47	14	2.00
Retail	12	1.07	0.57	3	0.30	9	0.97
Hotel	11	0.31	0.30	4	0.17	10	0.36
Apartment	1	0.01	0.01	8	0.19	4	0.08

- Commercial properties total income was HK\$2.94b, +13.1% YoY, 70% of which was contributed by office buildings



Zhonghai River Bay

- The Group Series of Companies' commercial properties GFA in operation was 3.66m sq m



Nanjing Unipark

New Era New Journey
— Moving forward to a better
and faster development

2018 Targets

2018 Targets

To Secure a Better and Faster Development

	2017 completed	2018 target	YoY
The Group Series of Companies Salable Projects (HK\$b)	352.2	555.0	58%
The Group Series of Companies Contracted Sales (HK\$b)	232.1	290.0	25%
The Group Series of Companies Construction Completion (m sq m)	13.66	15.95	17%
The Group Series of Companies CAPEX (exclude COGO) (HK\$b)	178.3	223.0	25%
Of which: land premium (HK\$b)	138.8	153.0	10%
Construction expense (HK\$b)	39.5	70.0	77%
New attributable land investment of the Group (HK\$b)	110.6	135.0	22%

THANK YOU!

Q&A



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



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Appendix

FY2017 Land Bank

Region	City	GFA (m2)	%	Attri. GFA (m2)	%
Huanan Region	Shenzhen(incl. Dongguan)	1,189,568	1.9%	693,671	1.3%
	Haikou	1,562,351	2.5%	1,341,490	2.5%
	Guangzhou	4,587,054	7.2%	1,265,866	2.4%
	Foshan(incl. Zhongshan and Zhaoqing)	2,559,768	4.0%	2,011,841	3.7%
	Changsha	1,621,298	2.5%	1,201,232	2.2%
	Xiamen(incl. Zhangzhou)	682,020	1.1%	396,898	0.7%
	Fuzhou	1,138,332	1.8%	1,138,332	2.1%
	Zhuhai	989,578	1.6%	734,178	1.4%
	Subtotal	14,329,970	22.5%	8,783,507	16.3%
Huadong Region	Suzhou(incl. Wuxi)	3,042,274	4.8%	2,481,305	4.6%
	Nanjing(incl. Zhenjiang)	2,047,614	3.2%	1,798,553	3.3%
	Ningbo	990,928	1.6%	927,701	1.7%
	Hangzhou	298,166	0.5%	220,835	0.4%
	Nanchang	602,627	0.9%	602,627	1.1%
	Shanghai	872,883	1.4%	687,600	1.3%
	Subtotal	7,854,492	12.3%	6,718,620	12.5%
Northern Region	Changchun	2,744,112	4.3%	2,744,112	5.1%
	Qingdao	2,687,568	4.2%	2,636,973	4.9%
	Dalian	1,739,261	2.7%	1,497,917	2.8%
	Shenyang	3,312,784	5.2%	3,312,784	6.2%
	Yantai	920,732	1.4%	920,732	1.7%
	Harbin	1,005,913	1.6%	1,005,913	1.9%
	Subtotal	12,410,371	19.5%	12,118,432	22.5%
Huabei Region	Beijing	3,515,709	5.5%	3,057,057	5.7%
	Tianjin	3,450,983	5.4%	2,929,209	5.4%
	Jinan	6,850,277	10.7%	6,850,277	12.7%
	Wuhan	504,404	0.8%	504,404	0.9%
	Zhengzhou	1,060,836	1.7%	1,060,836	2.0%
	Taiyuan	465,724	0.7%	328,535	0.6%
	Subtotal	15,847,933	24.9%	14,730,319	27.4%
Western Region	Chengdu	4,613,187	7.2%	4,613,187	8.6%
	Xi'an	2,573,629	4.0%	1,910,399	3.6%
	Chongqing	3,766,656	5.9%	3,296,266	6.1%
	Kunming	551,077	0.9%	410,232	0.8%
	Xinjiang	1,583,937	2.5%	1,056,092	2.0%
	Subtotal	13,088,486	20.5%	11,286,176	21.0%
HK & Macau	Hong Kong	223,486	0.4%	146,889	0.3%
Total		63,754,738	100.0%	53,783,943	100.0%

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