



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



Striving Ahead for 40 Years Striding Confidently on the New Journey

2019 Interim Results
Investor Presentation

Aug 2019

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- ④ **Business and Management Review**
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1. 2019 Interim Results

La Rive Gauche, Nanjing

2019 Interim Results Highlights – Achieved a Better and Faster Development

Faster growth in contracted sales amount and revenue from commercial properties

Contracted sales amount

HK\$194.20b



28.7%¹

Revenue from commercial properties

HK\$2.35b



15.6%¹

Maintained industry leadership in value creation

Profit attributable to
equity shareholders

HK\$24.94b



7.4%²

Core net profit

HK\$20.99b



9.5%²

Net profit margin

26.7%



0.5ppt

Stable financial management and leading financing advantages, maintaining low borrowing cost in the industry

Net gearing

35.0%

Weighted average borrowing cost

4.28%

Cash on hand

HK\$112.04b

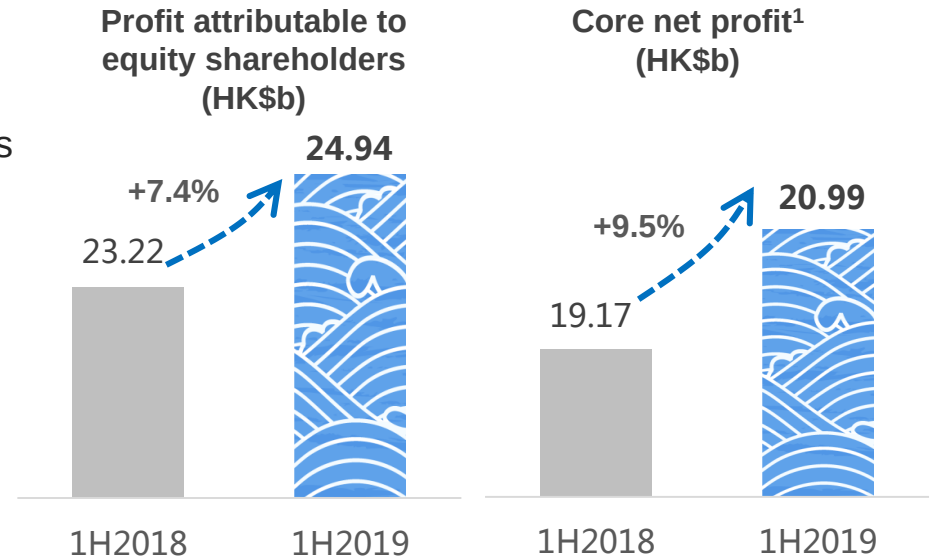
¹In RMB terms, growth rate of contracted sales amount was 35.1%; growth rate of revenue from commercial properties was 22.0%

²In RMB terms, growth rate of profit attributable to equity shareholders was 13.4%; growth rate of core net profit was 15.6%

Industry Leadership in Value Creation

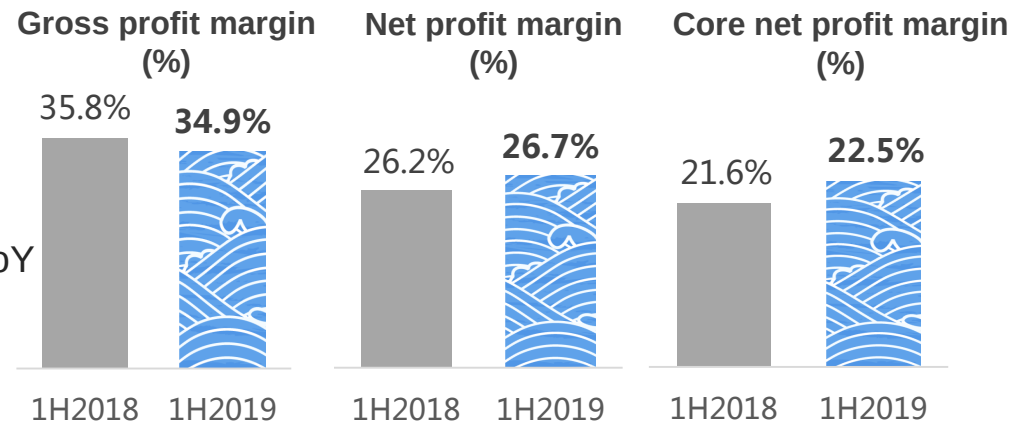
Stable profit growth

- Profit attributable to equity shareholders was HK\$24.94b, +7.4% YoY
- Core net profit¹ was HK\$20.99b, +9.5% YoY



Maintained industry leadership in profitability and operating effectiveness

- Gross profit margin was 34.9%, -0.9ppt YoY
- Net profit margin was 26.7%, +0.5ppt YoY
- Core net profit margin was 22.5%, +0.9ppt YoY



¹Profit attributable to equity shareholders excluding after-tax fair value gain of investment properties

Consistent Value Creation for Shareholders

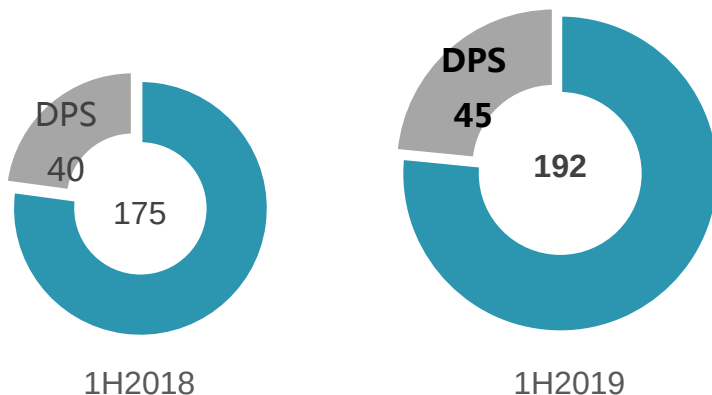
Shareholders' equity further enhanced

- Shareholders' equity and net asset value per share was **HK\$302.39b** and **HK\$27.60** respectively, **+6.7%** from end of 2018

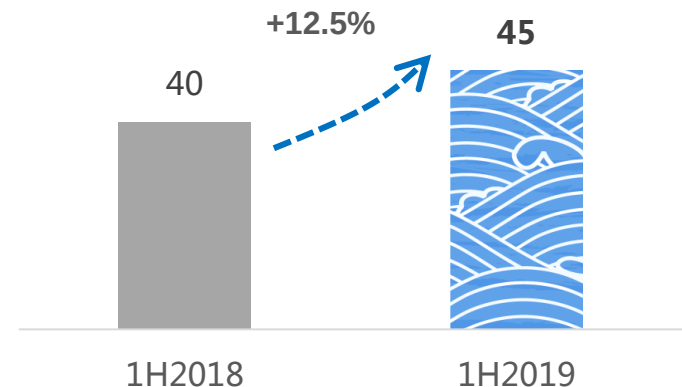
Creating stable and continuous dividend growth to shareholders

- Core earnings per share was **HK 192 cents**, **+9.5%** YoY
- Interim dividend per share was **HK 45 cents**, **+12.5%** YoY

Core earnings per share (HK cents)



Dividend per share (HK cents)



Robust Financial Situation

Adhered to prudent financial policies with low gearing and optimal debt structure

Debt to asset ratio

60.1%

Net Gearing

35.0%

Debt maturity within
1 year

13.7%

- As at the end of June 2019, **debt to asset ratio was 60.1%**, and **net gearing was 35.0%**, maintaining a relative low level in the industry
- Debt structure was further optimised, **debt maturity within 1 year was 13.7%** with limited repayment risk

Ample financial resources with industry leading liquidity

- As at the end of June 2019, **cash on hand was HK\$112.04b**, which was **14.3% of total assets**
- Well capitalised with industry leading liquidity to capture market opportunities

Cash on hand

HK\$112.04b

Leading Financing Advantages

Leveraging on the highest credit rating in the industry and dual onshore and offshore financing platforms to achieve low borrowing cost in the industry

Onshore and offshore dual financing platforms

- ✦ Signed a HK\$30b five-year HKD club loan agreement, the largest in the industry
- ✦ Issued a RMB3.5b corporate bond
- ✦ Listed the first US\$2.5b offshore medium-term note (MTN) programme
- ✦ The first mainland developer to issue a public dual currency fixed-rate senior bond, of HK\$2b and US\$450m

Quality blue chip company

Excellent corporate governance and risk management, widely recognised by capital markets and financial institutions

Highest credit ratings in the industry

Agency	Rating	Prospect
Fitch	A-	Stable
Moody's	Baa1	Stable
Standard & Poor's	BBB+	Stable
Lianhe	AAA	Stable

Maintaining low borrowing cost in the industry

4.28%

2. Business and Management Review

Putuo District Project, Shanghai

The Group Series of Companies Contracted Sales – Amount and Cash Collection

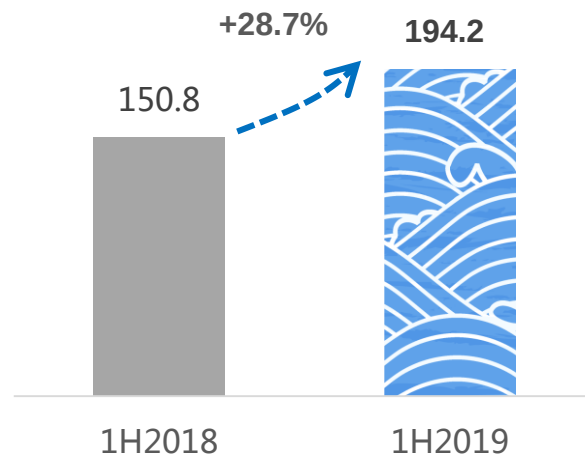
Contracted sales continued to grow fast, at an industry-leading rate

- For 1H2019, the contracted sales was **HK\$194.2b**, **+28.7%** YoY
- For 1H2019, average selling price was **HK\$21,066/sq m**, **+18.3%** YoY
- For 1H2019, cash collection was **HK\$155.8b**, **+16.2%** YoY

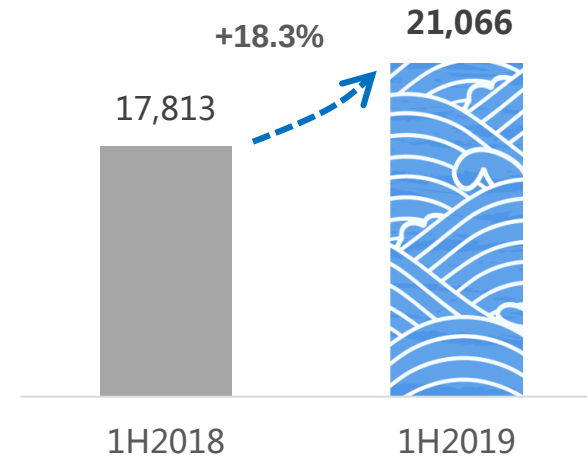
+28.7%

Contracted sales
grew fast in 1H2019

Contracted sales of the Group Series of
Companies (HK\$b)



Average selling price (HK\$/sq m)



The Group's Contracted Sales – Breakdown by Amount and Area

Balanced contribution from various regions



Top 5 projects by sales amount in 1H2019



Expand Land Bank Prudently

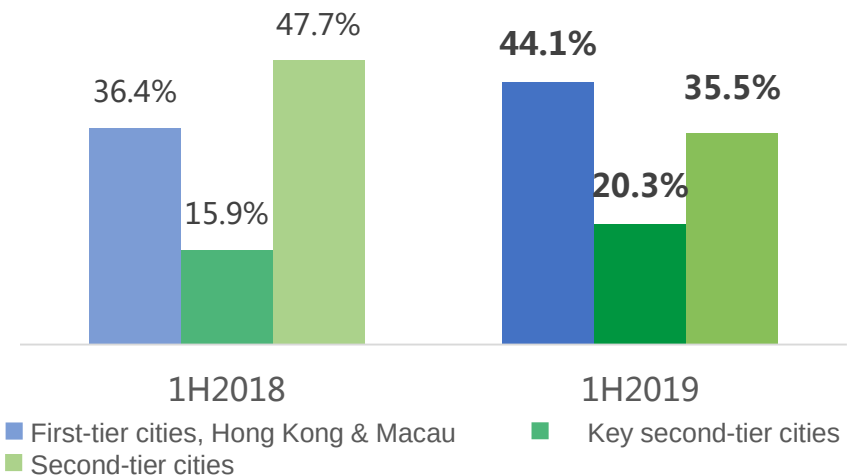
Continued to acquire quality land parcels

- From January to June 2019, the Group acquired **24 land parcels**, and entered into **Guiyang and Shijiazhuang** for the first time
- Total GFA was 4.64m sq m, attributable GFA was 4.42m sq m, **attributable land premium was HK\$57.4b**
 - Land premium of **first-tier cities (Beijing, Shanghai, Guangzhou and Shenzhen) and Hong Kong** was HK\$25.3b, **44.1% of the total**
- In July 2019, total GFA was 3.13m sq m, attributable GFA was 3.02m sq m, attributable land premium was HK\$28.0b

The Group's new land acquisition from January to June 2019

Attributable land premium	HK\$57.4b
GFA	Total GFA 4.64m sq m
	Attributable GFA 4.42m sq m
Number of land parcels	24 land parcels

Attributable land premium breakdown from January to June 2019 (by city¹)



¹Key second-tier cities include: Chengdu, Chongqing, Hangzhou, Nanjing, Wuhan, Tianjin, Xi'an, Xiamen, Suzhou, Zhengzhou; other cities are second-tier cities. See Appendix for details. The same applies to subsequent pages. 12

Innovative Investment Model, Accessed Land Resources through Multiple Channels

Constructed new model of urban redevelopment

International Community, Taiyuan



- ✦ The largest urban village redevelopment project in Wanbailin District of Taiyuan
- ✦ Land acquisition model: Primary and secondary integrated development
- ✦ Land area: 194,000sq m acquired to date
- ✦ Total GFA: 949,000sq m acquired to date

Collaboration among Leaders

The Majestic, Zhengzhou

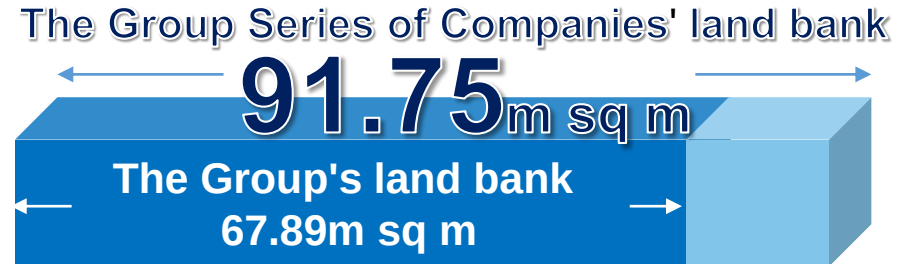


- ✦ Collaborated with China Construction Fangcheng
- ✦ Land acquisition model: Transfer of project under development
- ✦ Land area: 76,000sq m
- ✦ Total GFA: 230,000sq m

Land Bank – Scale and Structure

Quality land bank expansion to ensure sustainable development

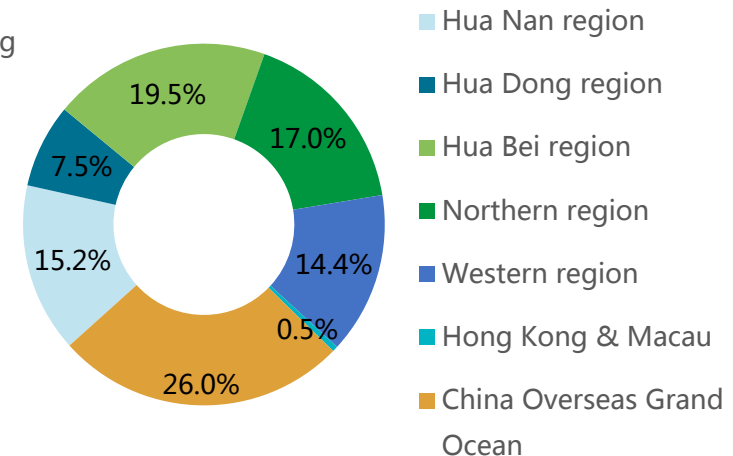
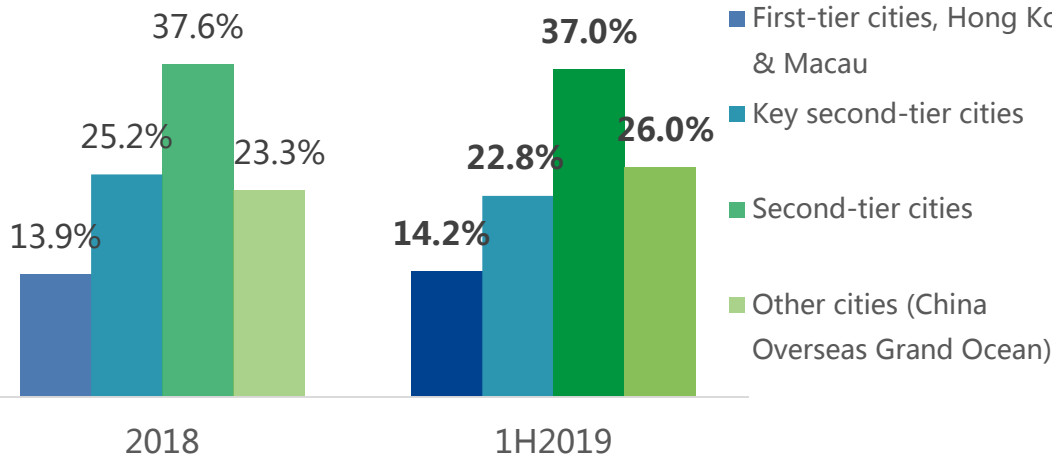
- As at the end of June 2019, the Group Series of Companies' total land bank was **91.75m sq m**
- The Group's total land bank was 67.89m sq m, **attributable land bank was 55.40m sq m**



Quality and balanced land bank composition

Total land bank structure of the Group Series of Companies as at the end of June 2019

(By city¹)



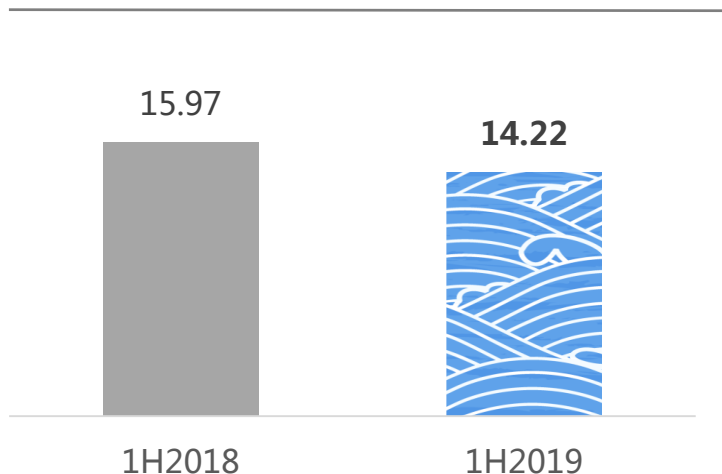
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New Start GFA and GFA under Construction Maintained at a High Level

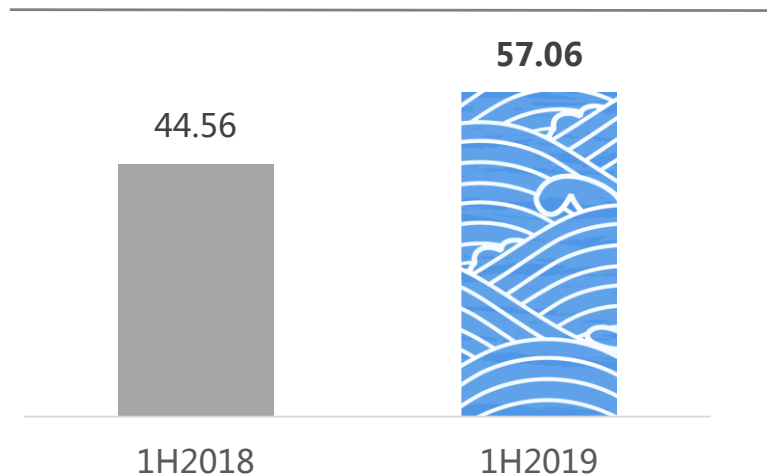
GFA under construction reached new heights, providing ample saleable resources for sustainable growth

- For 1H2019, the Group Series of Companies **new start GFA was 14.22m sq m**, maintained at a high level
 - New start GFA (excluding COGO) was 10.05m sq m
- For 1H2019, the Group Series of Companies **GFA under construction was 57.06m sq m, +28.0% YoY**
 - GFA under construction (excluding COGO) was 43.44m sq m, +25.0% YoY

New start GFA (m sq m)



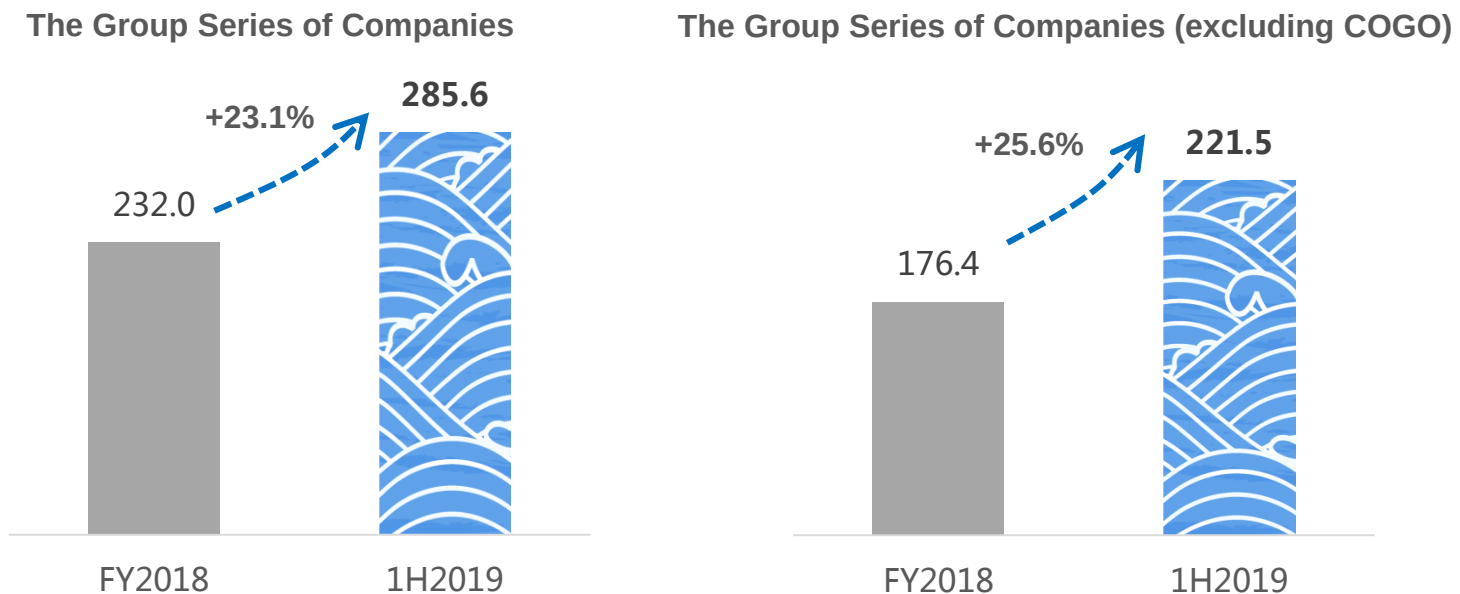
GFA under construction (m sq m)



Faster Growth on Pre-Sales Carried Forward

- As at 30 June 2019, the Group Series of Companies' **pre-sales carried forward** was **HK\$285.6b**, **+23.1% from end of 2018**
 - Corresponding GFA was 14.36m sq m, +15.2% from end of 2018
- The Group Series of Companies' **pre-sales carried forward** (excluding COGO) was **HK\$221.5b**, **+25.6% from end of 2018**
 - Corresponding GFA was 9.09m sq m, +10.3% from end of 2018

Pre-sales carried forward as at 30 June 2019 (HK\$b)



Commercial Property Revenue Continues to Grow

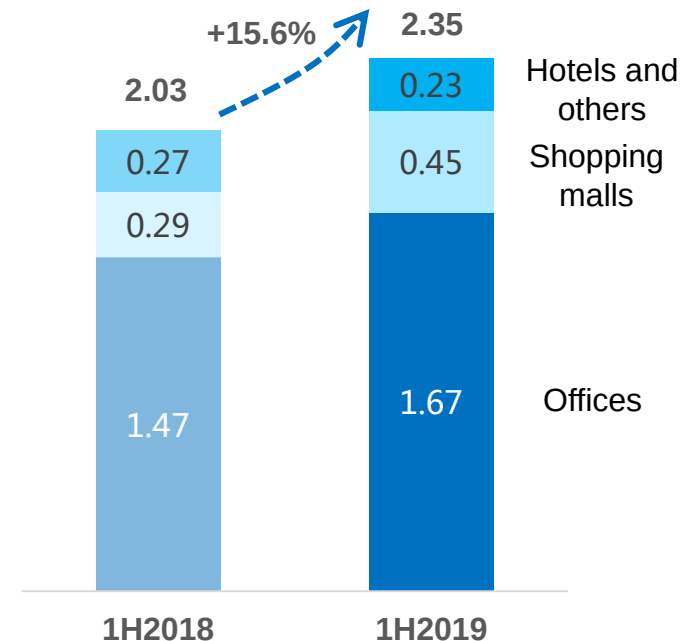
- Revenue from commercial properties in 1H2019 was **HK\$2.35b**, +15.6%¹ YoY
 - Among which, office revenue was HK\$1.67b (71.0% of total revenue) and shopping mall revenue was HK\$0.45b (19.3% of total revenue)
- The Group Series of Companies had 72 commercial properties under operations with a total GFA of 4.25m sq m and a rentable area of 3.10m sq m

Commercial properties under operations

	Number	Total GFA ('000 sq m)	Rentable area ('000 sq m)
 Offices	45	2,770	2,140
 Shopping malls	13	1,110	610
 Hotels	12	340	340
 Apartment	2	20	10
Sub-total	72	4,250	3,100



Revenue from commercial properties² (HK\$b)



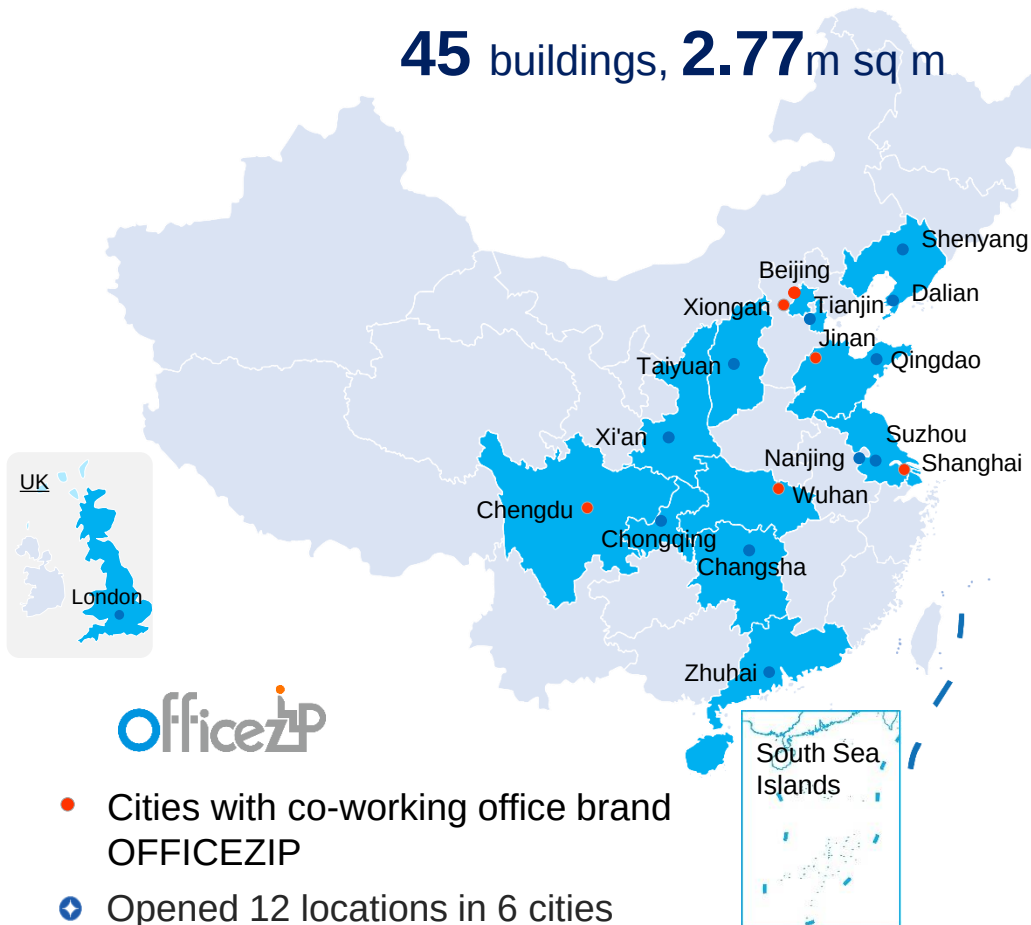
¹Growth rate of revenue from commercial properties is 22.0% in RMB terms

²Excluded COGO (2 office buildings, 4 hotels)

³Included buildings under operations, under construction and to be constructed

Largest Single Ownership Office Developer and Operator in Mainland China

45 buildings, 2.77m sq m



OfficeZIP

- Cities with co-working office brand OFFICEZIP
- Opened 12 locations in 6 cities
- Occupancy rate¹ as at the end of June 2019 exceeded 90%

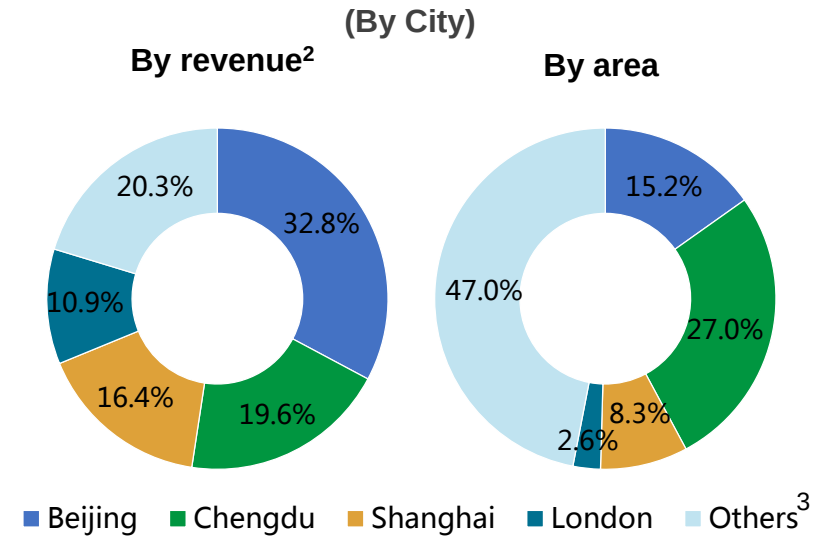
¹Excluded projects commenced operations on or after June 2018

²Excluded COGO (two office buildings in Beijing and Shanghai, with a total area of 65,000sq m)

³Included Tianjin, Taiyuan, Shenyang, Zhuhai, Jinan, Qingdao, Wuhan, Nanjing, Xi'an, Changsha, Chongqing, Dalian, Suzhou

⁴Growth rate of office revenue was 19.6% in RMB terms

Owned office properties under operations
(revenue and area)



- Office revenue was HK\$1.67b, +13.3%⁴ YoY
- Office revenue from first-tier cities such as Beijing, Shanghai and London was HK\$1.00b, accounting for 60.1% of the total office revenue
- Occupancy rate¹ as at 30 June 2019 reached 93.3%

Ample Growth Momentum for Commercial Properties Revenue

Target revenue from commercial properties are HK\$5b and HK\$10b in 2020 and 2023 respectively

Development & Operations

- ✦ Total GFA¹ is 10.03m sq m, **2.4 times** of current GFA under operations
- ✦ Total of 146 projects¹, **2.0 times** the number of properties under operations

Operations Management

- ✦ 93% of the HK\$320m commercial revenue increase came from rental increase and higher occupancy rate
- ✦ Shopping mall revenue achieved a **substantial increase of 55%**²



Asset Acquisition

- ✦ **Completed the first M&A project**, China Overseas Fortune Center Suzhou (GFA 172,000 sq m), at the end of March 2019
- ✦ Ranked the first in monthly average rental area in the Suzhou Industrial Zone

Asset Enhancement

- ✦ China Overseas Fortune Center Beijing OFFICEZIP unit rent **increased by 45%** after enhancement
- ✦ 61 Aldwych London was the first enhancement project of Chinese enterprises in London. **Unit rent** is estimated to **increase by 25%** after enhancement

¹Included buildings under operations, under construction and for future development

²Growth rate of shopping mall revenue was 64% in RMB terms

3. Outlook, Strategy and Targets

China Overseas Fortune Center, Beijing

Market Outlook

Macro

- ✦ The global political and economical situation has entered a period of high uncertainty. Together with impact of the Sino-US Trade War, Chinese economy faces increasing downward pressure
- ✦ With China's strong economic resilience and strong endogenous growth drivers, economic growth will remain at a reasonable interval

Industry

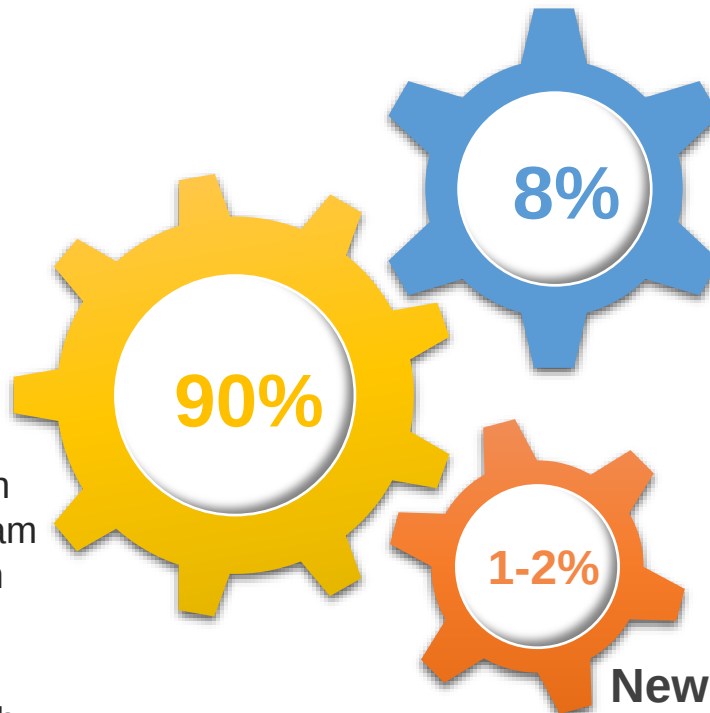
- ✦ Adheres to the positioning that houses are for living but not for speculation, implements a long-effect management mechanism for real estate, does not use real estate as a short-term stimulus for economy, and reinforces city-specific growth policies
- ✦ In the current policy environment, the real estate industry will be promoted for long-term healthy development, and the development of the mainland real estate market is expected to maintain steady growth in the second half of the year

Maintained Strategic Focus and Clear Resource Allocation

Established three levels of business development positioning of today, tomorrow and the day after

Residential Development

- ✦ Main business of the Company currently
- ✦ Investing 90% of resources
- ✦ Target to achieve HK\$400b in 2020
- ✦ Maintaining its focus in major cities, mainstream areas and mainstream products
- ✦ Adhering to the development philosophy of “Each and Every Detail of Each and Every Project”



Commercial Assets Operations

- ✦ Tomorrow's growth business
- ✦ Allocating 8% of resources
- ✦ Targeting to achieve HK\$5b in 2020, HK\$10b in 2023
- ✦ Predominant focus in offices, shopping malls being another focus, and developing hotel properties and long-term rental apartment in moderation
- ✦ Strengthening the ability to resist cyclical fluctuations

New Business

- ✦ Exploring new direction of development, fostering future profit drivers in the long-term
- ✦ Allocating 1%-2% of resources
- ✦ Spanning education, senior living, logistics and utilities

Create Good Products and Good Services, Achieve Good Effectiveness, Continuously Improve Value Creation Ability

Good Products

- ✦ **Excellent design:** Product classification according to customer needs and establish a product system combining standardization and innovation
- ✦ **Excellent quality:** Meticulous project management to increase product quality
- ✦ **Excellent materials:** New technologies, new materials, new processes
- ✦ **Excellent ancillary facilities:** Create smart home, smart communities

Good Citizen

- ✦ **Green development:** 229 green-certified projects with > 42.62m sq m GFA. **Ranked 3rd in China Green Real Estate 2019**
- ✦ **Employee training:** Three recruitment brands initiated which improved training atmosphere, expanded business horizon, and allowed employees to grow and develop
- ✦ **Targeted poverty alleviation initiatives:** Alleviate poverty through promotion, consumption and education, also helped poor counties to establish “Longkang Old Tree Walnut” brand



Good Customer Services

- ✦ **Adhere to “customer first” principle, customer satisfaction rose to an industry-leading score of 86 in 1H2019**
- ✦ **Strengthen customer research:** Improve the three-level customer research system, gain in-depth insights of customer needs to ensure accurate project positioning
- ✦ **Enhance customer experience:** Sensitive to customers' needs and concerns, carry out diverse customer care activities
- ✦ **Provide timely and efficient property services:** 24-hour services accommodating to the needs of home owners

Good Effectiveness

- ✦ **Leading profit and profit margin in the industry**
- ✦ **Leading operating income and net profit per employee in the industry**
- ✦ **Lowest level of gearing and borrowing cost in the industry**

2019 Targets

	1H2019 Completed	2019 target	Completion
Contracted sales of the Group Series of Companies (HK\$b)	194.2	350.0	55% ¹
The Group's attributable new land investment amount (HK\$b)	57.4	135.0	43% ²
New start GFA of the Group Series of Companies (excluding COGO) (m sq m)	10.05	25.85	39%
Construction completion GFA of the Group Series of Companies (excluding COGO) (m sq m)	6.85	16.00	43%

¹ Contracted sales of the Group Series of Companies from January to July 2019 was HK\$227.3b, completed 65% of 2019 target

² The Group's attributable new land investment amount from January to July 2019 was HK\$85.5b, completed 63% of 2019 target



Thank you!
Q&A



Appendix: Operation Summary

The Piedmont, Foshan

Land Bank as at the end of June 2019¹

Region	City	GFA (sq m)	%	Attributable GFA (sq m)	%
Hua Nan region	Shenzhen (incl. Dongguan)	885,211	1.3%	816,320	1.5%
	Hainan	1,314,693	1.9%	1,093,831	2.0%
	Guangzhou	5,499,957	8.1%	1,448,519	2.6%
	Foshan (incl. Zhaoqing)	2,315,478	3.4%	1,767,550	3.2%
	Changsha	1,082,780	1.6%	1,078,024	1.9%
	Xiamen (incl. Zhangzhou)	758,645	1.1%	474,821	0.9%
	Fuzhou	878,732	1.3%	810,119	1.5%
	Zhuhai (incl. Zhongshan, Jiangmen)	1,164,886	1.7%	909,486	1.6%
	Sub-total	13,900,382	20.5%	8,398,671	15.2%
Hua Dong region	Suzhou (incl. Wuxi)	1,849,287	2.7%	1,606,674	2.9%
	Nanjing (incl. Zhenjiang)	1,854,510	2.7%	1,615,260	2.9%
	Ningbo	874,243	1.3%	844,739	1.5%
	Hangzhou	474,845	0.7%	397,514	0.7%
	Nanchang	383,814	0.6%	383,814	0.7%
	Shanghai	1,437,557	2.1%	1,135,933	2.1%
	Sub-total	6,874,255	10.1%	5,983,934	10.8%
Northern region	Changchun	3,204,379	4.7%	3,204,379	5.8%
	Qingdao	5,219,114	7.7%	3,249,546	5.9%
	Dalian	2,138,128	3.1%	1,896,784	3.4%
	Shenyang	3,229,413	4.8%	3,229,413	5.8%
	Yantai	932,284	1.4%	932,284	1.7%
	Harbin	834,643	1.2%	721,135	1.3%
	Sub-total	15,557,961	22.9%	13,233,541	23.9%
Hua Bei region	Beijing	4,741,830	7.0%	4,274,043	7.7%
	Tianjin	3,616,576	5.3%	2,913,377	5.3%
	Jinan	6,234,725	9.2%	5,917,220	10.7%
	Wuhan	1,266,036	1.9%	1,051,097	1.9%
	Zhengzhou	1,429,787	2.1%	1,349,343	2.4%
	Taiyuan	426,956	0.6%	323,549	0.6%
	Xiong An	136,965	0.2%	136,965	0.2%
	Sub-total	17,852,875	26.3%	15,965,593	28.8%
Western region	Chengdu	3,187,364	4.7%	3,187,364	5.8%
	Xi'an	2,430,090	3.6%	1,897,334	3.4%
	Chongqing	4,012,155	5.9%	3,492,055	6.3%
	Kunming	1,283,062	1.9%	1,003,463	1.8%
	Xinjiang	1,715,913	2.5%	1,376,707	2.5%
	Guiyang	617,826	0.9%	617,826	1.1%
	Sub-total	13,246,412	19.5%	11,574,749	20.9%
Hong Kong & Macau	Hong Kong	453,519	0.7%	241,602	0.4%
	Sub-total	453,519	0.7%	241,602	0.4%
Total		67,885,404	100.0%	55,398,090	100.0%

¹Excluded COGO

New Land Bank in Jan-June 2019

No.	Date of acquisition	City	Name	% interest attributable to the Company	Land area (sq m)	Total GFA (sq m)	Attributable GFA (sq m)	Land Premium (RMB mn)
1	February	Shanghai	Putuo District Project	100%	30,603.00	121,189.00	121,189.00	3,979.00
2	February	Taiyuan	Wanbailin District Project #1	100%	45,095.76	220,141.00	220,141.00	358.40
3	February	Beijing	Daxing District Project	100%	79,276.91	273,372.00	273,372.00	4,440.00
4	March	Shenyang	Shenbei New District Project	100%	124,689.00	418,064.00	418,064.00	1,558.61
5	March	Shijiazhuang	Zhengding New District Project	100%	50,338.71	136,965.45	136,965.45	800.00
6	March	Foshan	Shunde District Project	100%	76,338.65	231,300.00	231,300.00	1,849.62
7	March	Dalian	Ganjingzi District Project #1	100%	81,514.10	201,300.00	201,300.00	982.68
8	March	Hong Kong	Kai Tak Project #1	30%	9,583.00	67,081.00	20,124.30	2,534.59
9	April	Guangzhou	Liwan District Project	100%	12,460.00	78,956.00	78,956.00	1,965.71
10	April	Guangzhou	Panyu District Project	100%	28,801.00	123,247.00	123,247.00	1,390.67
11	April	Dongguan	Wanjiang District Project	100%	25,534.59	123,345.00	123,345.00	1,437.86
12	April	Xiamen	Jimei District Project	100%	44,628.46	183,657.00	183,657.00	3,860.00
13	April	Shenyang	Heping District Project	100%	2,982.32	6,561.10	6,561.10	27.56
14	April	Hangzhou	Xiacheng District Project	100%	24,598.00	96,665.00	96,665.00	1,734.75
15	April	Suzhou	Industrial Park District Project	100%	78,440.69	184,973.84	184,973.84	3,563.60
16	April	Ningbo	Haishu District Project	100%	71,182.00	233,790.00	233,790.00	3,397.16
17	May	Hong Kong	Kai Tak Project #2	18%	9,765.00	107,760.00	19,396.80	1,948.93
18	May	Shenyang	Hunnan District Project	100%	71,986.03	203,016.00	203,016.00	841.16
19	June	Dalian	Ganjingzi District Project #2	100%	48,489.80	84,300.00	84,300.00	935.87
20	June	Guiyang	Guanshanhu District Project	100%	185,121.10	617,826.04	617,826.04	3,630.10
21	June	Harbin	Daoli District Project	100%	41,698.00	166,555.00	166,555.00	1,061.31
22	June	Shenzhen	Guangming District Project	100%	46,019.51	237,806.00	237,806.00	5,408.00
23	June	Yantai	Fushan District Project	100%	90,131.00	292,599.00	292,599.00	564.40
24	June	Zhengzhou	Gaoxin District Project	65%	75,987.94	229,840.79	149,396.51	827.44
1H2019 Total					1,355,264.57	4,640,310.22	4,424,546.04	49,097.42

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