



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

2017 Interim Results Investor Presentation

Seeking Progress Amid Stability
Operating a Trusted Brand

August 2017



Table of Contents

				
Interim Results	Business Review	Outlook and Strategy	Operational Target	Appendix
01	02	03	04	05





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

Interim Results

2017 Interim Results Key Focus

1

- Contracted sales of **HK\$127.3b, +33.7% YoY**
- Revenue of **HK\$87.2b, +3.5% YoY¹**

2

- Gross profit margin of **30.5%** with net profit margin of **24.8%**
- EPS of **HK\$1.98, +13.1% YoY¹**, DPS of **HK35 cents**

3

- 1H2017 ROE of **9.3%**
- Core profit of **HK\$16.8b, +26.0% YoY¹**

4

- Net gearing maintained at an industry low level of **16.1%** with cash on hand of **HK\$119.5b**
- Weighted avg. borrowing cost of **4.2%**, maintaining cost competitive edge of low financing cost

¹ YoY comparison with restated financial information for the six months ended 30 June 2016

2017 Interim Results Financial Summary

Consolidated Income Statement	Unit	1H2017	1H2016		Change	
			Restated ¹	Before Restatement	Restated ¹	Before Restatement
Revenue	HK\$ m	87,199	84,267	78,150	+3.5%	+11.6%
Gross Profit	HK\$ m	26,595	23,181	22,039	+14.7%	+20.7%
Attributable Profit	HK\$ m	21,654	17,293	19,686	+25.2%	+10.0%
Core Profit	HK\$ m	16,776	13,314	15,785	+26.0%	+6.3%
Gross Profit Margin	%	30.5%	27.5%	28.2%	+3.0ppts	+2.3ppts
ROE	%	9.3%	8.2%	10.0%	+1.1ppts	-0.7ppts
EPS	HK\$	1.98	1.75	2.00	+HK\$0.23	-HK\$0.02
DPS	HK\$	0.35	0.35	0.35	-	-

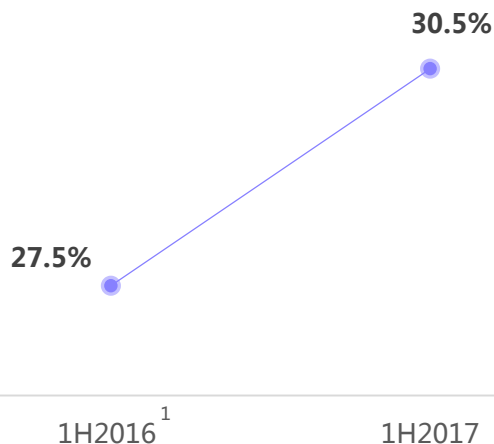
Consolidated Statement of Financial Position	Unit	1H2017	FY2016	Change
Cash on Hand	HK\$ m	119,505	157,162	-24.0%
Total Assets	HK\$ m	588,123	571,289	+2.9%
Shareholders' Equity	HK\$ m	243,442	222,248	+9.5%
Net Gearing	%	16.1%	7.5%	+8.6ppts
Debts to Assets	%	57.6%	60.2%	-2.6ppts
Net Assets per share	HK\$	22.22	20.29	+9.5%

¹The interim financial information of the Group for the six months ended 30 June 2016 was restated using the principle of merger accounting

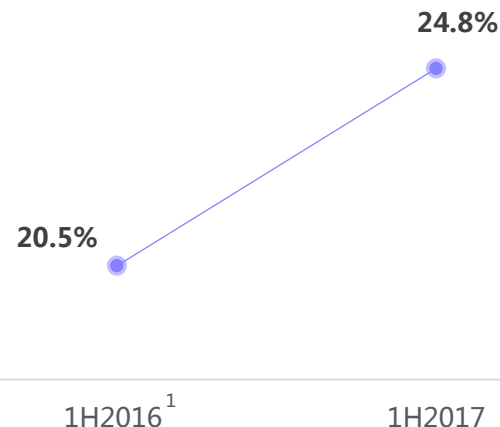
Industry-leading Profit Margin

- ◆ Gross profit margin increased 3.0ppts YoY to 30.5%
- ◆ Net profit margin increased 4.3ppts YoY to 24.8%

Gross Profit Margin(%)



Net Profit Margin(%)

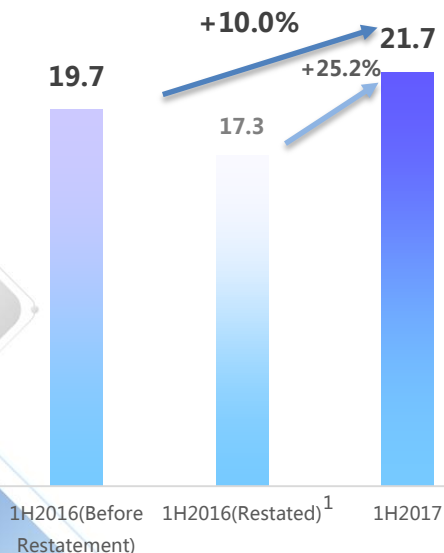


¹The interim financial information of the Group for the six months ended 30 June 2016 was restated using the principle of merger accounting

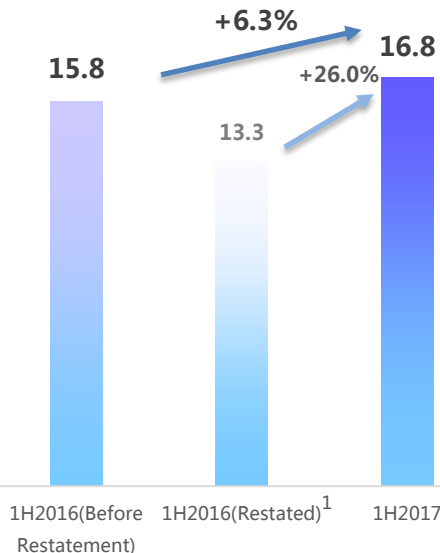
Enhanced Profit Structure

- ◆ Attributable profit increased to HK\$21.7b (up 10.0% YoY before restatement)
- ◆ Core profit increased to HK\$16.8b (up 6.3% YoY before restatement)

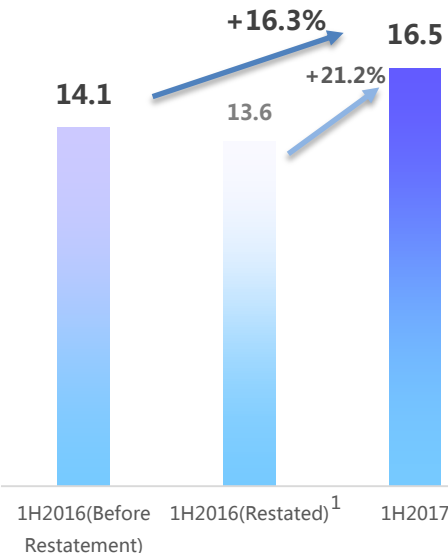
Attributable Profit(HK\$ b)



Core Profit(HK\$ b)



Recurring Profit(HK\$ b)²



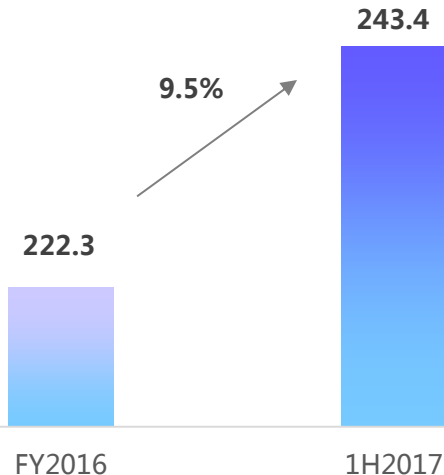
¹ The interim financial information of the Group for the six months ended 30 June 2016 was restated and prepared using the principle of merger accounting

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

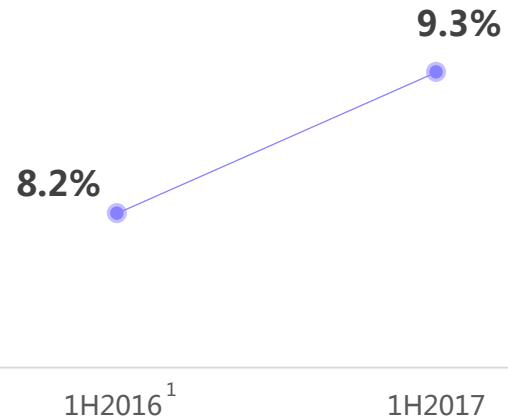
Continuously Uplift Shareholders' Value

- ◆ Shareholders' equity increased 9.5% to HK\$243.4b
- ◆ 1H2017 ROE was 9.3%

Shareholders' Equity(HK\$ b)



ROE(%)

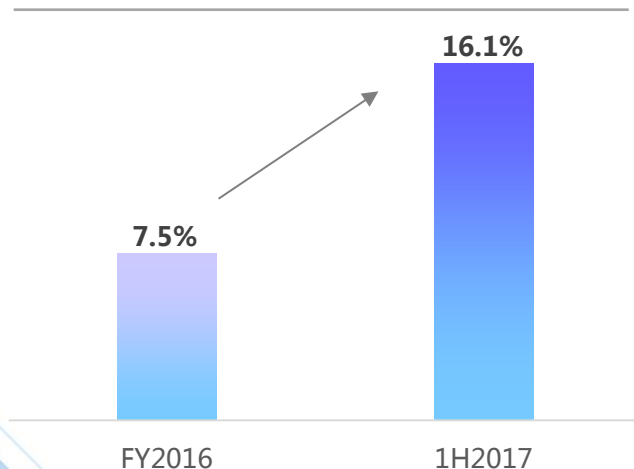


¹ The interim financial information of the Group for the six months ended 30 June 2016 was restated using the principle of merger accounting

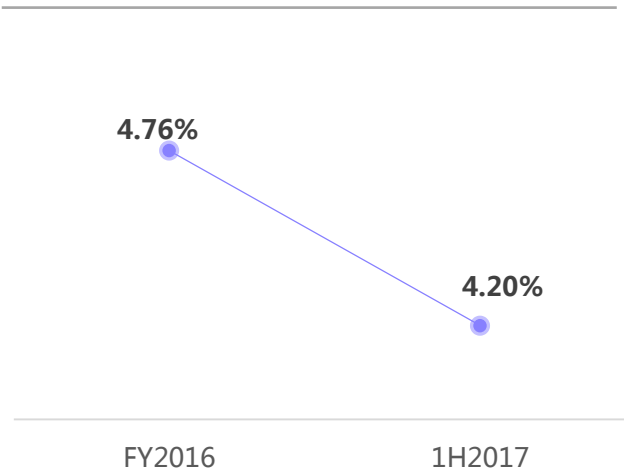
Prudent Capital Structure

- ◆ Net gearing increased from 7.5% in FY2016 to 16.1%, with weighted avg. borrowing cost down to 4.2%
- ◆ Cash on hand was HK\$119.5b, together with undrawn credit facility, total available financial resources reached HK\$163.7b
- ◆ Long term debt(maturing over 1 year) accounted for 81.4% of total debt

Net Gearing(%)



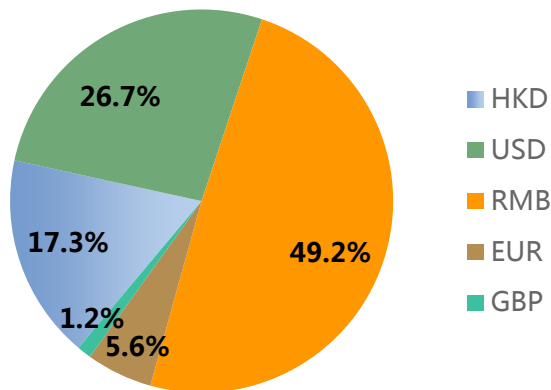
Weighted Avg. Borrowing Cost(%)



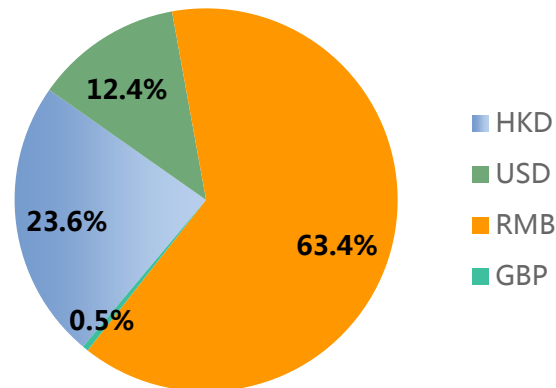
Exchange Rate Risks Manageable

- ◆ 1H2017 non-RMB debt was 50.8% of total debt
- ◆ The Group will leverage on its onshore and offshore financing advantage to manage outstanding debt effectively to reduce exchange rate risks

Interest Bearing Debt by Currency(%)



Bank Balances and Cash by Currency¹(%)



¹ Including a small amount of other currencies



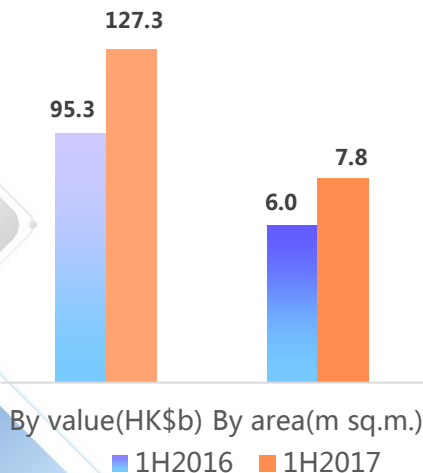
中國海外發展有限公司
CHINA OVERSEAS LAND & INVESTMENT LTD.

Business Review

Contracted Sales – Record High

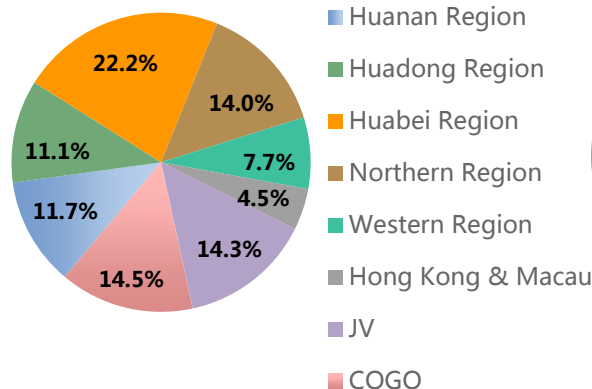
- Contracted sales increased 33.7% YoY to HK\$127.3b, and corresponding area sold increased 29.7% YoY to 7.8 million sq.m.
- 1H2017 average selling price was HK\$16,329/sq.m.
- Balanced contracted sales from each region supporting steady growth in future

Contracted Sales by Value and Area

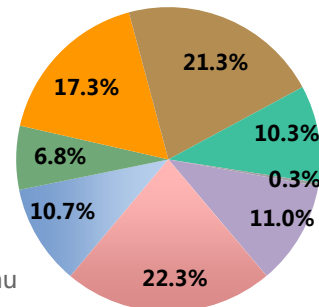


1H2017 Contracted Sales Breakdown

By Value (HK\$127.3b)



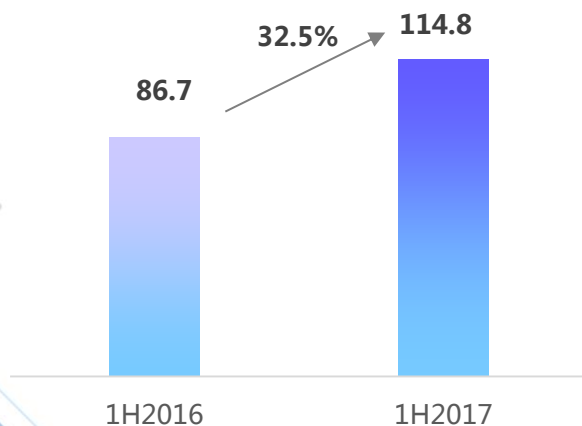
By Area (7.8m sq.m.)



Contracted Sales – Cash Collection and Inventory Sales

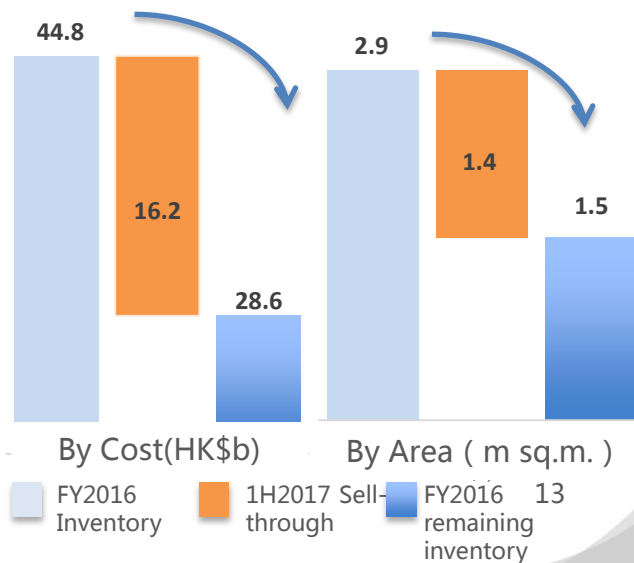
- ◆ 1H2017 total cash collection¹ was HK\$114.8b, +32.5% YoY
- ◆ High cash collection ratio of 90.2%, continuously remained at industry leading level
- ◆ Recorded strong inventory sales from FY2016, with sell-through rate respectively at 36.1% and 48.0%, by cost and by area, both showing significant improvement

Cash Collection(HK\$b) ¹



¹Including JV and associate
²The Group, car park not included

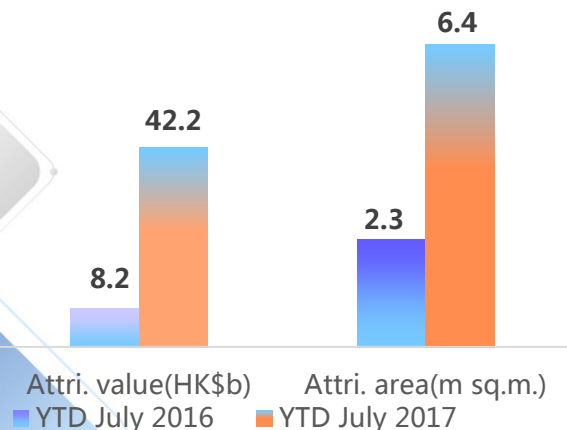
1H2017 Inventory Sell-through²



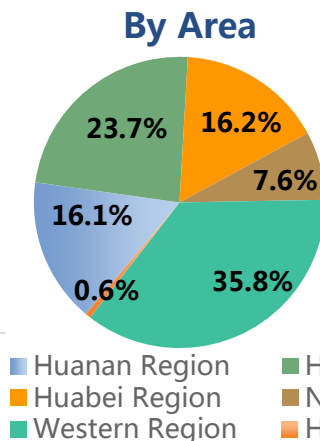
Land Bank – Expanded Scale

- ◆ As of June 2017, the Group's total land bank was 58.5m sq.m. (FY2016:56.8m sq.m., +1.7m sq.m.), attributable land bank was 49.5m sq.m. (FY2016:48.8m sq.m., +0.7m sq.m.)
- ◆ YTD July 2017, the Group acquired 36 land parcels distributed well in different cities, adding total GFA of 7.8m sq.m. and attributable GFA of 6.4m sq.m., an increase of 241.6% and 181.4% YoY respectively
- ◆ YTD July 2017, total land premium for new land acquisition was RMB56.6b(HK\$64.3b)¹, attributable land premium was RMB42.2b(HK\$48.0b)¹, achieving 48% of FY2017 HK\$100b target

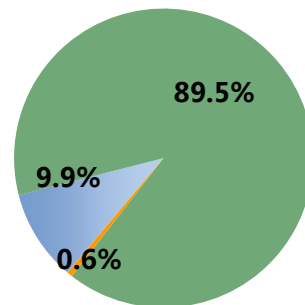
YTD July Land Acquisition



YTD July Newly Acquired Land Breakdown (By Attributable GFA of 6.4m sq.m.)



By City Tier²



¹ Converted using the exchange rate of HK\$ to RMB 0.88.

² Tier 1 cities include Beijing, Shanghai and Guangzhou; Tier 2 cities include Harbin, Nanjing, Dongguan, Wuhan, Xi'an, Zhengzhou, Suzhou, Yantai, Wuxi, Chengdu, Chongqing, Foshan, Zhongshan, Fuzhou, Urumqi, Qingdao, etc

Land Bank – Return Meets Expectation

- ◆ YTD July 2017, the Group acquired 36 land parcels (35 in Mainland China) with average premium rate of 38.8%
- ◆ 5 land parcels acquired with zero premium in core cities(1 in Beijing and 4 in Xi'an) with total GFA of 2.1m sq.m.(Attributable GFA of 1.3m sq.m.), representing 27.5% and 20.4% of YTD July new land acquisitions' total and attributable GFA respectively
- ◆ Investments meet the Group's return requirement



**Zhengzhou Huiji
District Project**



**Zhengzhou Huiji
District Project #2**

¹ Tier 1 cities include Beijing, Shanghai and Guangzhou; Tier 2 cities include Harbin, Nanjing, Dongguan, Wuhan, Xi'an, Zhengzhou, Suzhou, Yantai, Wuxi, Chengdu, Chongqing, Foshan, Zhongshan, Fuzhou, Urumqi, Qingdao, etc

Land Bank – Diversified Land Acquisition Channel

Land auction as a foundation, further enhance development by cooperation, primary & secondary linked development, shanty town redevelopment and urban renewal, and seize acquisition opportunities from receding central and local SOEs



- **Internal Cooperation:** Establish a project company with CCFC (a wholly-owned infrastructure subsidiary of CSCECL) to jointly develop residential projects in Zhengzhou



Beijing Beixinan Project

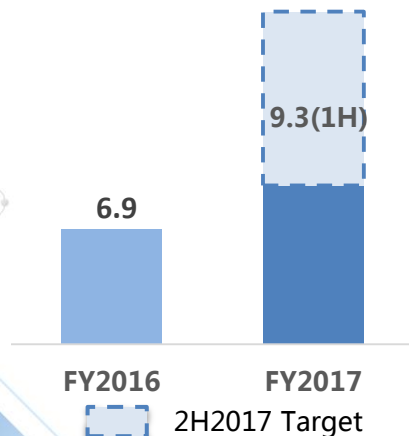
- **Shanty town redevelopment, Urban Renewal and Primary & Secondary Land Development:** With the Group's SOE background and strong financial strength, there are several primary & secondary linked and urban renewal projects in the pipeline (Beijing Beixinan and Shenzhen Qingshuihe projects)

Construction Commencement and GFA Under Construction Reached Historical High

- ◆ Record high construction commencement of 9.3m sq.m. in 1H2017
- ◆ FY2017 GFA under construction is expected to exceed 30m sq.m., highest among all years
- ◆ Well-balanced distribution of construction commencement and GFA under construction, ensuring sustainable growth for future saleable resources

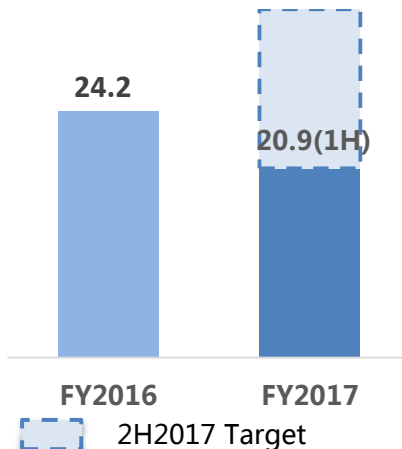
Construction Commencement (m sq.m.)¹

FY2017 Target: >19m



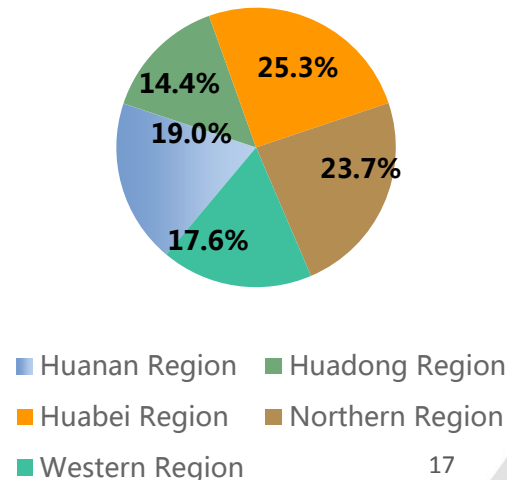
GFA under Construction (m sq.m.)¹

FY2017 Target: >30m



1H Breakdown of GFA under Construction(%)

GFA commencement: 9.3m sq.m.



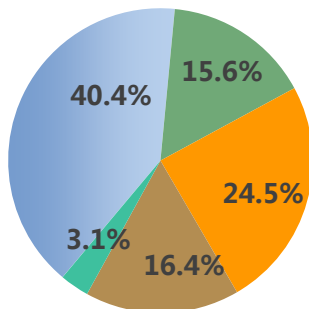
¹Excluding COGO (if included, 2016 total construction commencement was 7.6m sq.m.)

Construction Completion and Presales Carried Forward

- ◆ 39 projects completed with total GFA of 5.5m sq.m. in 1H2017
- ◆ Presales carried forward¹ was HK\$110.5b

**Completed Total GFA Breakdown
(By region)¹**

Completed area: 5.5m sq.m.



■ Huanan region ■ Huadong region
■ Huabei region ■ Northern region
■ Western region

**Presales Carried Forward(HK\$ b)
& GFA(m sq.m.)¹**

110.5

6.1

■ By value ■ By GFA

¹Including JV and associates (excluding COGO)

Group-held Properties Overview

Group-held Properties Key Financials(HK\$b)	1H2017	1H2016 (Restated)	Change (%)
Rental Income ¹	1.16	1.06	+8.9%
Office	0.96	0.93	+3.2%
Retail	0.20	0.13	+53.8%
Hotel and Other Operating Income	0.23	0.22	+4.5%
Group-held Properties Total Income	1.39	1.28	+8.6%

Group-held Properties	Completion			Under Construction or to-be-developed	
	#	Total GFA (m sq.m.)	Rentable GFA (m sq.m.)	#	Total GFA (m sq.m.)
Office	32	1.96	1.37	32	3.39
Retail	6	0.70	0.27	13	1.09
Hotel	6	0.24	0.23	10	0.55
Total	44	2.90	1.87	55	5.03

¹ Including office and shopping mall rental income (hotel and golf courses not included)

² Golf courses not included

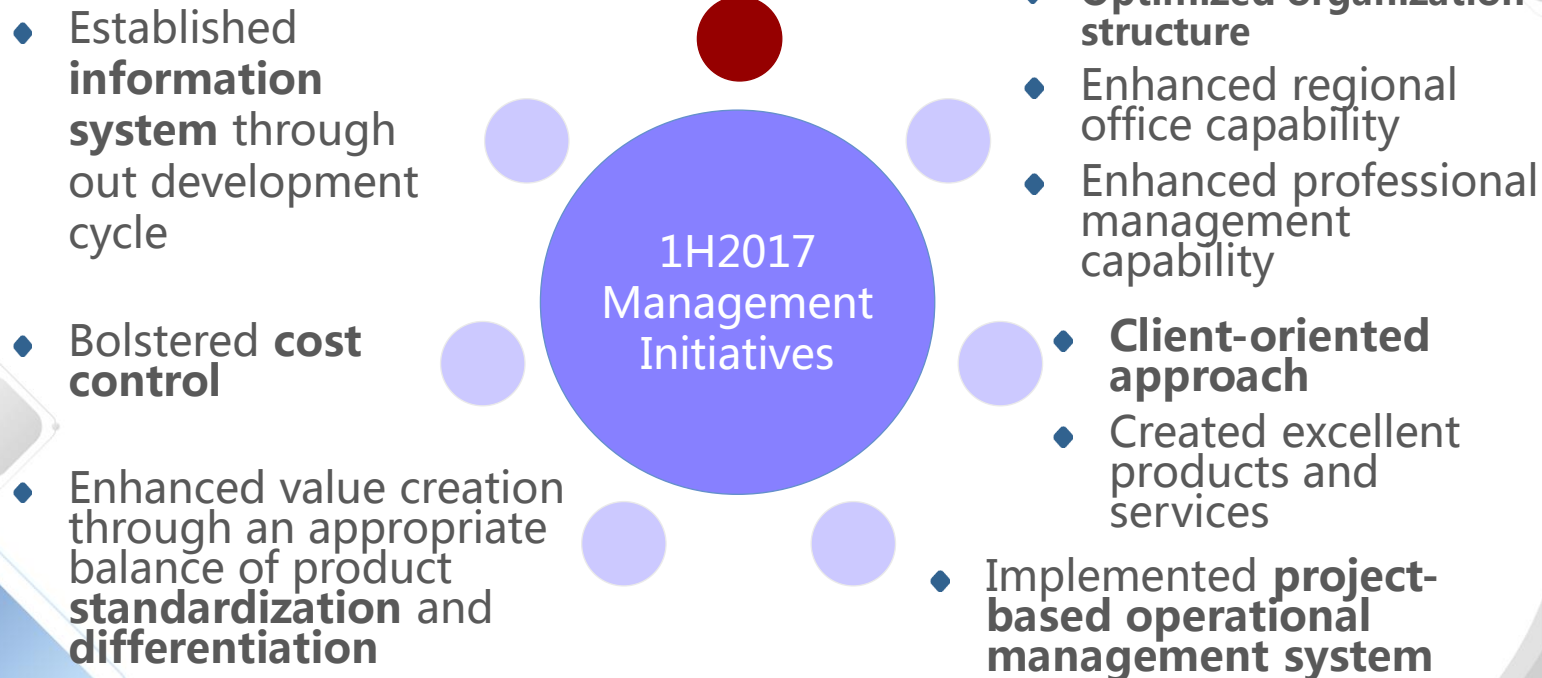
- ◆ 1H2017 rental¹ and hotel and other operating income was HK\$1.39b, up 8.6% YoY
- ◆ **Properties under operations²** with total GFA of 2.9m sq.m.
 - 32 **office buildings** : 1.96m sq.m.
 - 6 **retail properties** : 0.7m sq.m.
- ◆ **Total GFA under construction or to-be-developed** 5.03m sq.m.

Group-held Properties – 2017 Completion

Project Name	City	Total GFA (sq.m.)
Office		451,658
Ao Nan4# – China Overseas International Center	Beijing	92,978
Jianguo East Road	Shanghai	128,115
Lane #9 (#4)	Tianjin	73,580
Lane #9 (#5)	Tianjin	61,685
No.8 The Milestone	Tianjin	95,300
Retail		173,521
Peace of Gate – Sam's Club	Shenyang	71,340
River Bay	Chengdu	39,535
Jianguo East Road	Shanghai	27,607
Ao Nan4# – Unipark	Beijing	35,039
Total		625,179

1H2017 Management Initiatives

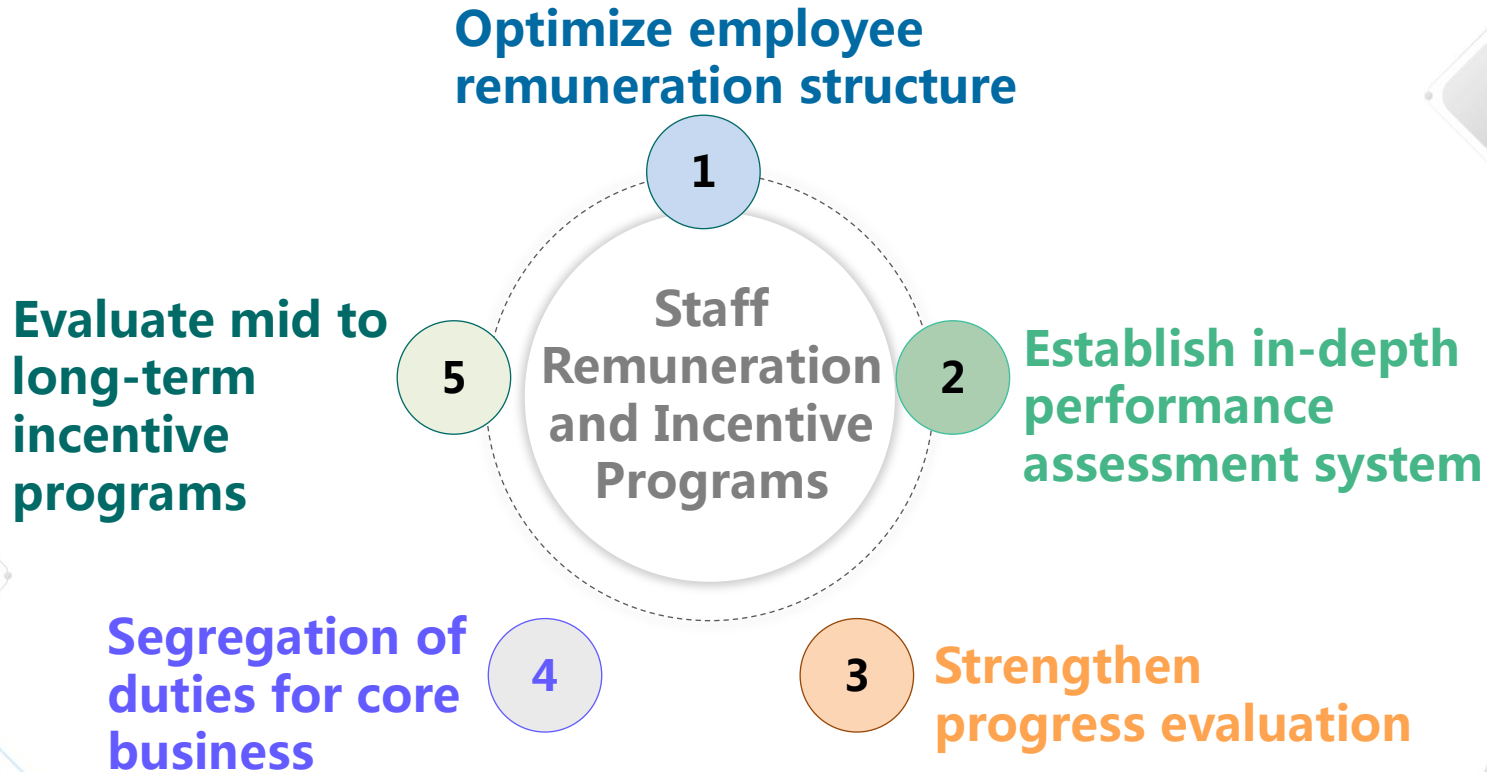
Formulated 2017-2020 strategic plans



Uplift in Delicacy Management in All Aspects of the Value Chain

- 1 Control system:** Establish systems and optimize decision making and processes
- 2 Duty Management System:** Standardize and formulate working plans and operating procedures for all positions
- 3 Operating System:** Establish project-based operating system
- 4 Training System:** Establish online and offline training platforms for all employees
- 5 Value Creation System:** Establish value creation system based on customer study and feedback
- 6 Information System:** Implement a whole-process information management system in phases

Optimize Appraisal System and Evaluate Mid to Long-term Incentive Programs





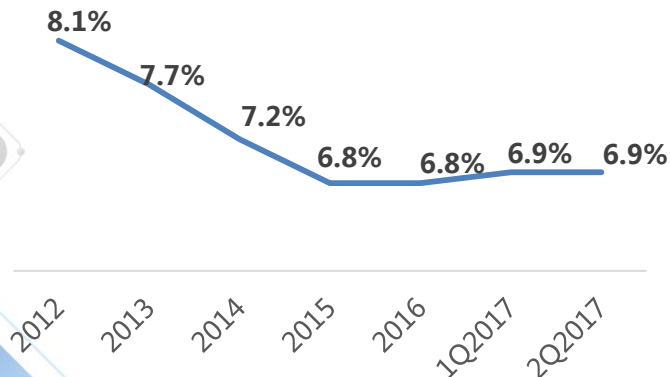
中國海外發展有限公司
CHINA OVERSEAS LAND & INVESTMENT LTD.

Outlook and Strategy

Macro Economy

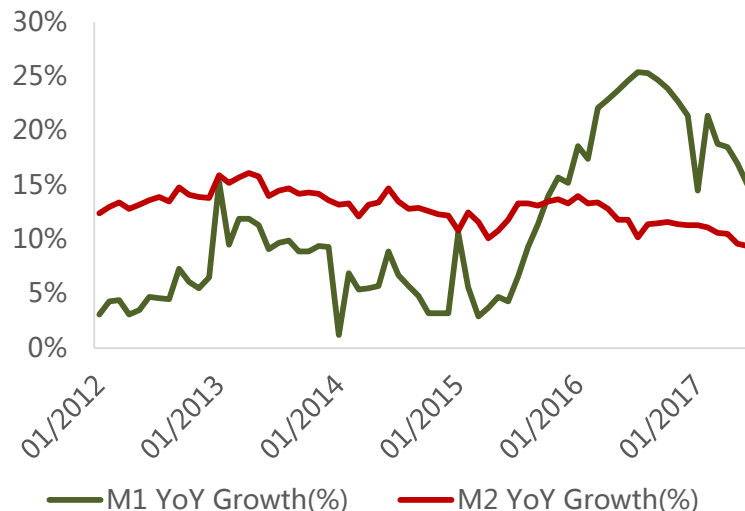
- ◆ Global macro economy continued to improve
- ◆ 2H China economy is expected to be in an upward trend
- ◆ Monetary policy remains stable, 2H financial deleveraging will continue and the sector's funding may slightly tightened

China GDP Growth(%)



Source: NBS and Wind

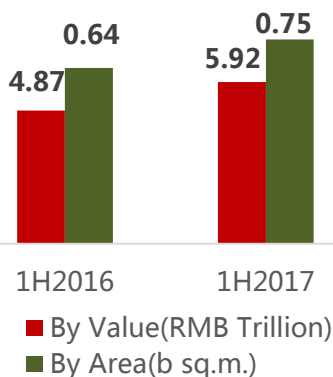
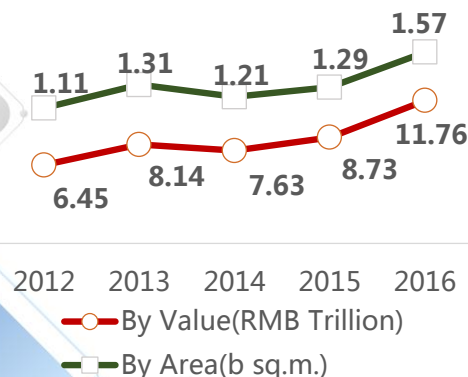
M1&M2 YoY Growth(%)



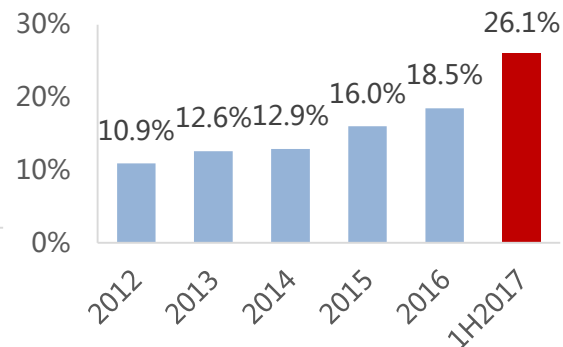
Sector Enters a Stable Growth Period

- ◆ Huge market potential with mid to long-term national sales exceeds RMB10 trillion
- ◆ The sector will remain subject to policy fluidity and volatility until a permanent mechanism is established
- ◆ Upgrading demand will become the main support of growth
- ◆ The sector will be further fragment and industry profitability will continue to tighten, market share concentration is expected to continue
- ◆ Cautiously optimistic market outlook for 2H: volume growth in a slower pace than 1H

National Commodity Housing Sales



Market Share of Top 10 Developers(%)



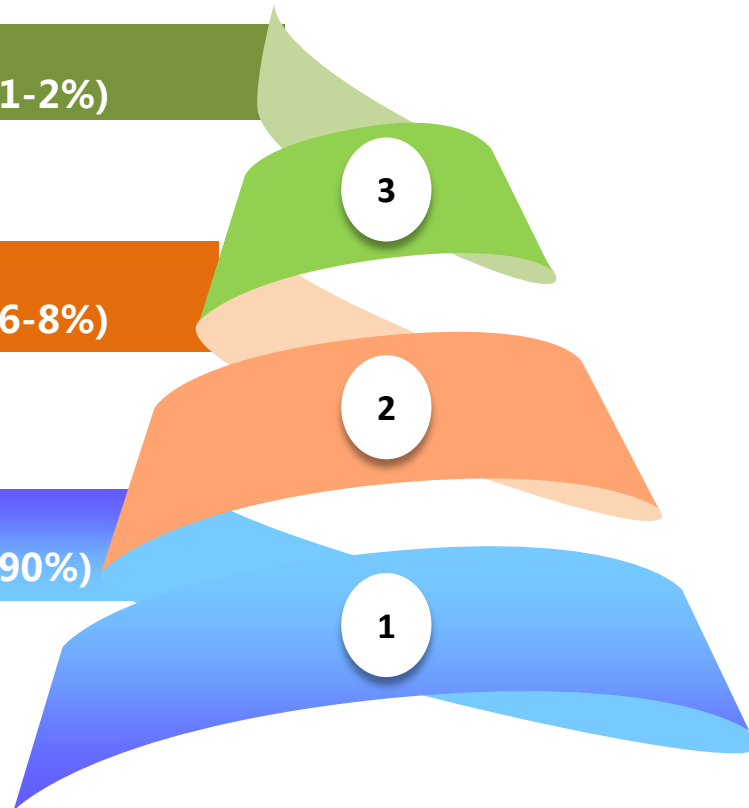
Future Development Strategies

Maintain faster development on a quality and effective base

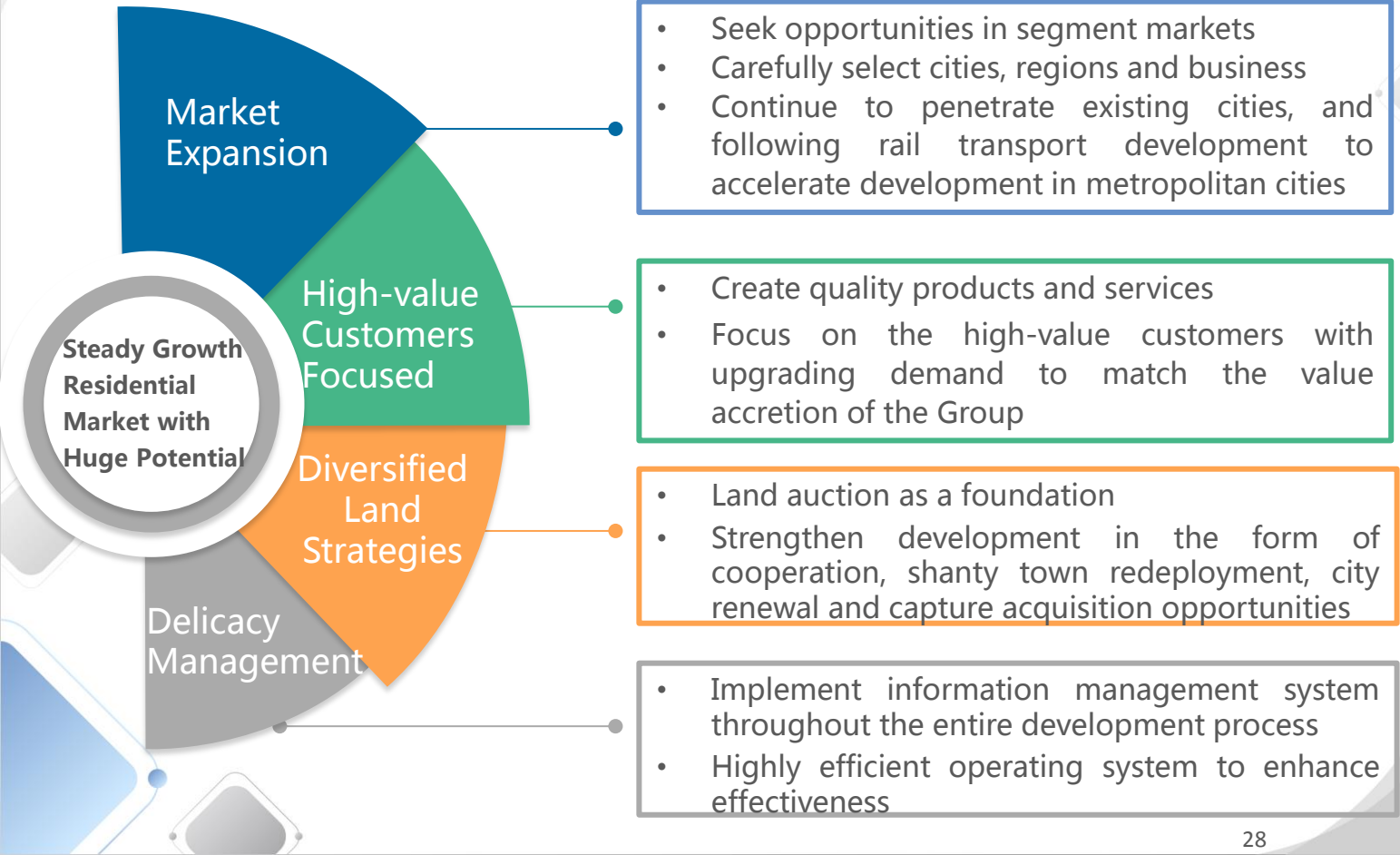
Innovative Business
(Resources Allocation : 1-2%)

Commercial Business
(Resources Allocation : 6-8%)

Residential Business
(Resources Allocation : 90%)



Operation Strategies – Residential Development Strategies



Operation Strategies – Group-held Properties

Group-held properties' income exceeding HK\$5b in 2020, and striving to reach HK\$10b in the next decade

Current Stage



- ◆ Being one of the largest developer of wholly owned office buildings
- ◆ Continuously improve professional operation capability
- ◆ Enter into education and retirement, which is complementary to our core business, for stable development



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

Operational Target



2017 Guidance

Faster development on a quality and effective base

	1H2017 Completed	2017 Initial Target	Completed % (After Adjustment)	Guidance Adjustment
Contracted Sales (HK\$b) ¹	127.3	210.0	55.1%	Revise upwards by 10%
Construction Commencement (m sq.m.) ²	9.3	19.0	49.1%	Unchanged
Construction Completion (m sq.m.) ²	5.5	>13.5	40.6%	Unchanged
Capital Expenditure (HK\$b) ²	77.8	160	48.7%	Unchanged
	Jan-Jul 2017 Completed	2017 Initial Target	Completed % (After Adjustment)	Guidance Adjustment
New Land Acquisition Premium(HK\$b) ²	47.9 ³	100.0	47.9%	Unchanged

¹ Including COGO, JV and associate

² Including JV and associate (COGO excluded)

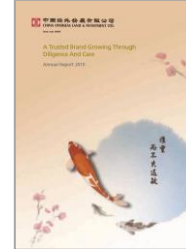
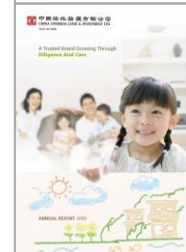
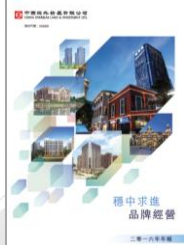
³ RMB42.2, converted using the exchange rate of HK\$ to RMB 0.88.

25th Listing Anniversary

To Shareholders

For the past 25 years, COLI's market value has surged from HK\$4.2 billion at its initial listing to approximately HK\$280 billion. Accumulated dividend paid exceeds HK\$38 billion to bring desired return for shareholders.

Business operations are long-distance race with never-ending pursuits and time is the most powerful weapon in the world. Stepping into the next 25 years, we march with vision and passion, to share the rewards over time with each and every COLI shareholder.



THANK YOU!

Q&A



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



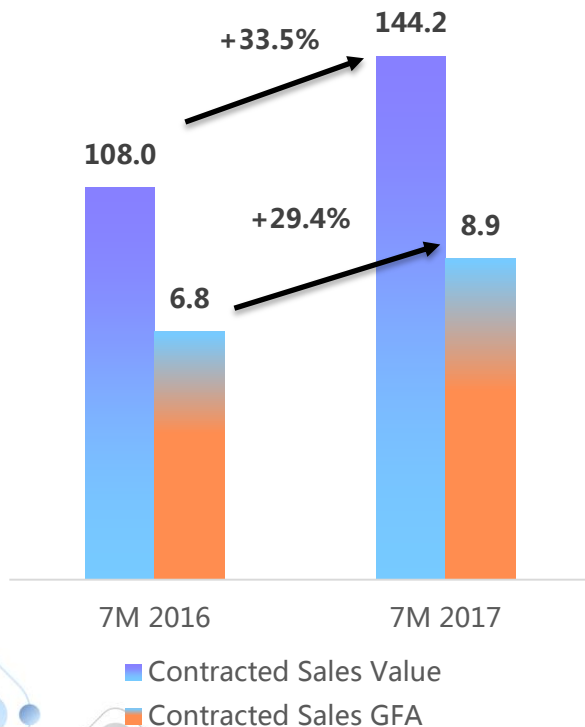
中國海外發展有限公司
CHINA OVERSEAS LAND & INVESTMENT LTD.

Appendix



Operational Update for July 2017

Contracted Sales by Value(HK\$b) & GFA(m sq.m.) in the First 7 Months



◆ From January to July 2017, accumulated contracted sales amounted to HK\$144.2b and accumulated corresponding GFA sold of 8.9 m sq.m., up 33.5% and 29.4% respectively

◆ In July, the Group acquired 9 land parcels in Fuzhou, Nanjing, Xi'an, Qingdao, Guangzhou and Zhangzhou with aggregate attributable GFA of approximately 1.1 m sq.m., of which two will be developed in form of cooperation project. The land premium payable amounted to approximately RMB6.4b

Appendix: 1H2017 Land Bank

Region	City	GFA (m ²)	%	Attri. GFA (m ²)	%
Huanan Region	Shenzhen(incl. Dongguan)	1,520,657	2.6%	844,726	1.7%
	Haikou	1,868,480	3.2%	1,647,619	3.3%
	Guangzhou	4,587,054	7.8%	1,265,866	2.6%
	Foshan(incl. Zhongshan)	2,256,172	3.9%	1,593,130	3.2%
	Changsha	1,176,514	2.0%	1,168,050	2.4%
	Xiamen	297,717	0.5%	297,717	0.6%
	Fuzhou	814,428	1.4%	814,428	1.7%
	Zhuhai	720,705	1.2%	599,741	1.2%
	Subtotal	13,241,726	22.6%	8,231,277	16.7%
Huadong Region	Suzhou(incl. Wuxi)	3,302,442	5.7%	2,543,813	5.2%
	Nanjing	883,051	1.5%	883,051	1.8%
	Ningbo	427,654	0.7%	364,427	0.7%
	Hangzhou	298,166	0.5%	220,835	0.4%
	Nanchang	657,678	1.1%	657,678	1.3%
	Shanghai	879,994	1.5%	694,711	1.4%
	Subtotal	6,448,985	11.0%	5,364,515	10.8%
Northern Region	Changchun	1,415,568	2.4%	1,415,568	2.9%
	Qingdao	2,808,041	4.8%	2,757,446	5.6%
	Dalian	1,364,314	2.3%	1,122,970	2.3%
	Shenyang	3,711,811	6.3%	3,711,811	7.5%
	Yantai	1,040,660	1.8%	1,040,660	2.1%
	Harbin	1,033,827	1.8%	1,033,827	2.1%
	Subtotal	11,374,221	19.4%	11,082,282	22.5%
Huabei Region	Beijing	3,283,283	5.6%	2,990,985	6.0%
	Tianjin	3,623,396	6.2%	3,238,987	6.5%
	Jinan	7,617,371	13.0%	7,617,371	15.4%
	Wuhan	504,404	0.9%	504,404	1.0%
	Zhengzhou	549,334	1.0%	549,334	1.1%
	Taiyuan	544,020	0.9%	406,831	0.8%
	Subtotal	16,121,808	27.6%	15,307,912	30.8%
Western Region	Chengdu	3,206,326	5.5%	3,206,326	6.5%
	Xi'an	2,248,336	3.9%	1,585,106	3.2%
	Chongqing	3,658,530	6.3%	3,133,167	6.3%
	Kunming	198,965	0.3%	198,965	0.4%
	Urumqi	1,724,820	2.9%	1,140,622	2.3%
	Subtotal	11,036,977	18.9%	9,264,186	18.7%
Hong Kong	Hong Kong	305,266	0.5%	228,669	0.5%
	Subtotal	305,266	0.5%	228,669	0.5%
Total		58,528,984	100.0%	49,478,841	100.0%

Disclaimer

- ◆ These materials have been prepared by China Overseas Land and Investment Ltd. (“COLI” or the “Company”) solely for information use during its presentation may not be reproduced or redistributed to any other person without the permissions from COLI. By attending this presentation, you are agreeing to be bound by the foregoing restrictions.
- ◆ It is not the intention to provide, and you may not rely on these materials as providing, a complete or comprehensive analysis of the company’ s financial or trading position or prospects. The information and opinions in these materials are provided as at the date of this presentation and are subject to change without notice. None of the Company nor any of its respective affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of these materials.
- ◆ The information in this material contains certain forward-looking statements. These include statements regarding outlook on future development schedules, business plans and expectations of capital expenditures.
- ◆ These statements are based on current expectations that involve a number of risks and uncertainties which could cause actual results to differ from those anticipated by the Company.
- ◆ The materials and information in the presentations and other documents are for informational purposes only, and are not an offer or solicitation for the purchases or sale of any securities or financial instruments or to provide any investment service or investment advice.

