中國海外宏洋集團有限公司

CHINA OVERSEAS GRAND OCEANS GROUP LTD.

(formerly known as Shell Electric Mfg. (Holdings) Company Limited

蜆壳電器工業（集團）有限公司*)*

(incorporated in Hong Kong with limited liability)

(Stock Code: 00081)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

The board of directors (the "Board") of China Overseas Grand Oceans Group Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2010. The Group's unaudited consolidated profit attributable to the owners of the Company for the first half of 2010 amounted to HK$52.6 million. Basic earnings per share was HK7.9cents.

Having acquired the controlling interest of the Company during the period by China Overseas Land & Investment Ltd. ("COLI"), the Company has changed its name to China Overseas Grand Oceans Group Limited with effect from 4 June 2010.

COLI is one of the leading property development and investment companies in the PRC, with property development projects in 20 major cities in the PRC and is widely recognized for its industry track record and experience. It is a subsidiary of China State Construction Engineering Corporation, one of the largest construction conglomerates in the PRC.

With the completion of the group reorganization and restructuring on 10 February 2010, the primary focus of the Group is now on the residential and mixed use developments in emerging second and third tier cities, as well as selective, smaller scale developments in tier-one and tier-two cities, if opportunities arise. The primary business of the Group will continue to be real estate development and investment in Mainland China. By leveraging on COLI's real estate investment, development and project management expertise, the Group would further develop its platform in the PRC.

REVENUE AND OPERATING RESULTS

Following major group capital reorganization and restructuring early this year, the Group has now aligned its major focus in the property development and investment in the PRC. The Group’s continuing operations reported revenue of HK$1,025.6 million and gross profit of HK$268.1 million for the period ended 30 June 2010. These represent a decrease of 9.3% in revenue and a decrease of 25.4% in gross profit, compared to the last corresponding period. The reduction in profit margin from 31.8% in last corresponding period to 26.1% in current period mainly reflect a change in sales mix of property development projects from different cities.

Operating profit for the period ended 30 June 2010 was HK$146.0 million, representing a decrease of HK$437.9 million or 75.0% over the corresponding period last year. This was attributable to a number of factors, including: (i) lower gross profit arising from decreased sales and changes in sales mix, (ii) one-off, non-cash share-based payment as staff cost of HK$56.9 million in respect of the 10% equity interest transferred to certain ex-management staff in a Beijing residential development project under a compensation agreement as approved by the Extraordinary General Meeting on 26 May 2010, and (iii) absence of significant fair value gain on investment properties occurred last period.

Overall, profit after interest and tax for the period ended 30 June 2010 was HK$73.0 million. Excluding the non-controlling interests, profit attributable to equity shareholders of the Company amounted to HK$52.6 million (2009: profit of HK$34.1 million).

The Group’s core business as a PRC property developer is conducted via its 70% interest in China Overseas Grand Oceans Property Group Co., Ltd. (previously named as, China Ever Bright Real Estate Development Limited, hereinafter described as “COGO”), a wholly-foreign-owned enterprise incorporated in the PRC.

During the period under review, property prices remained buoyant, probably due to the result of a moderately loose monetary policy in the PRC, aimed at stimulating the economy after the financial tsunami. A summary of the business activities of COGO’s major projects during the period is as follows:

PROPERTY SALES AND DEVELOPMENT

Guangzhou Ever Bright Garden, Phase K North Section, in Haizhu District, Gaungzhou has completed for occupation. Except for 1,388 sq.m. of commercial units remained in stock, all of the other properties were sold. During the period, sales revenue recognized for Phase K North Section amounted to RMB 838.1 million in value, representing 70,478 sq.m. in area. Phase J Section under construction (now named as “Banyan Bay”) was pre-sold during the period, with about 55,956 sq. m. had been contracted for sales of RMB1,111.6 million. Other than these, there are 12,632 sq.m. of unsold commercial units in other sections carried forward from last year. COGO owns 100% of the project.

Academic Sect, the commercial and residential development project located in Haidian district, Beijing. The project is fully completed. During the period, sales of 481 sq.m. in area was recognized as revenue, amounting to RMB 10.8 million. Stock of commercial and residential units aggregating 47,200 sq.m remained unsold. COGO owns 100% of the project.

Glorious City (previously described as “Jinxiu City”), a residential development in Saihan District, Hohhot City recorded further sales since its successful launching last year. During the period, unit area of 37,382 sq.m was pre-sold for RMB 177.6 million. COGO owns 100% equity interest of this secondary property development project company.

PROPERTY LEASING

At period end, the Ever Bright World Center Tower 1 in Xicheng District, Beijing has approximately 17,185 sq. m. of saleable/leasable area (net of area sold/leased; with additional 400 basement parking spaces). During the period, about 566 sq. m. were rented, with total area of about 19,400 sq. m. leased out. COGO owns 100% of the project.

The scientific research office building in the Zhang Jiang High-tech Zone in Shanghai is 72% let. COGO owns 65% interest in this project.

The status of the other projects listed below has not changed materially from the descriptions given in the Group’s 2009 annual report:

- The low density residential development project located in the northern suburb of Beijing
- The residential and retail shopping mall development project located in Haizhu district, Guangzhou
- The franchised primary development project in Hohhot, Inner Mongolia
- The Guilin project, and
- The Huizhou project

To ensure business sustainability, COGO maintained a land bank of approximately 2.3 million sq. m. (of which, COGO has an attributable interest in 2.1 million sq. m.) in the PRC as at 30 June 2010.

DISCONTINUED OPERATIONS

As a result of the group restructuring in February this year, the Group has, by way of distribution in specie, discontinued its operations in electrical household appliances, property leasing (for industrial properties and commercial units located in Hong Kong, the PRC and the United States), securities trading, car rental and all other segments.

DISTRIBUTION IN SPECIE

On 10 February 2010, a wholly-owned subsidiary of the Company, Shell Electric Holdings Limited (the "Privateco"), acquired certain subsidiaries and certain assets and liabilities of the Company by issuing shares to the Company. All the shares of the Privateco then held by the Company have been distributed in specie to the shareholders of the Company. The net asset value per Privateco Share is approximately HK$3.75 calculated based on the 523,484,562 Privateco Shares in issue as at 10 February 2010 and the consolidated net asset value of the Privateco Group of approximately HK$1,965 million as at 10 February 2010.

FINANCIAL RESOURCES AND LIQUIDITY

As a Hong Kong incorporated and listed entity, the Company has access to funds from both investors and financial institutions. During the period under review, proceeds from new issues of shares under the Subscription Agreement dated 9 September 2009 and placing of new shares amounted to HK$660 million. A sum of HK$522 million was distributed in species to the shareholders while another sum of HK$798 million was repaid in accordance with term of the Subscription Agreement to a private group established as a result of the group restructuring.

As of 30 June 2010, net working capital amounted to HK$2,366.6 million (31 December 2009: HK$2,701.1 million). Cash and cash equivalents were 41.1% lower at HK$502.1 million compared with the last financial year end (HK$853.1 million). In PRC, long term bank borrowings of RMB1,435 million (of which, 45% is repayable within one year), were secured by certain property assets located in the Mainland China, with interest charged at floating rates at weighted average interest rate of 5.681% per annum. Interest cover of the Group for the period ended 30 June 2010, calculated as operating profit divided by total interest expenses net of those capitalized and interest income, stood at 21.5 times.

Given the current economic situation, the Group would constantly re-evaluate its operational and investment status with a view to improving its cash flow and minimizing its financial risks. The Group would maintain a satisfactory financial position with its financial resources and liquidity position consistently monitored.

FOREIGN EXCHANGE EXPOSURE

The Group's borrowings were mainly denominated in Renminbi. As the Group conducted its sales, receivables and payables, bank borrowings and expenditures in Renminbi for its PRC property development business, the directors considered that a natural hedge mechanism existed. While the Group would closely monitor the volatility of the Renminbi exchange rate, the directors considered that the Group's risk exposure to foreign exchange rate fluctuations remained minimal.

GEARING RATIO

The Group continued to follow its policy of maintaining a prudent gearing ratio. As at 30 June 2010, the Group recorded a gearing ratio, expressed as a percentage of total bank borrowings net of cash and cash equivalents to total equity of the Company of 52.0% (31 December 2009: 41.8%). The increase in the ratio mainly reflects the result of the reorganization and restructuring of the Group in February 2010, which had stripped out the less geared distributed business.

CAPITAL COMMITMENTS AND GUARANTEE

During the period under review, the Group had capital commitments totaling HK$2,433.1 million which related mainly to property development and construction works. In addition, the Group issued guarantees to banks amounting to HK$1,206 million, (equivalent to RMB1,052 million) mainly for facilitating end-user mortgages in connection with its PRC property sales.

CAPITAL EXPENDITURE AND CHARGES ON ASSETS

The Group had capital expenditures totaling HK$1 million approximately during the period under review. Based on certain real estate in Mainland China with an aggregate carrying value of HK$2,985 million, the Group secured certain mortgage loans totaling HK$1,644.9 million (equivalent to RMB1,435 million) from certain PRC banks for property development projects during the period under review.

EMPLOYEES

As at 30 June 2010, the Group has approximately 166 employees, a significant reduction of 3,284 headcounts (most of them had been continuously employed by Privateco as a result of the group restructuring), comparing with last year end. The pay levels of these employees are commensurate with their responsibilities, performance and market condition. In addition, share option schemes are put in place as a longer term incentive to align interests of employees to those of shareholders.

PROSPECTS

The Economy

The dedicated efforts of Central Government to tame inflation in the year started to bear fruit in recent months. The recently announced Purchasing Manager Index and Gross Domestic Product has dropped quarter-on-quarter, reflecting the economic growth rate has slowed down in the PRC. Despite that the Consumer Price Index for the first half year 2010 remained recording an increment of 2.6% on a year-on-year basis, taking into account the lagging factors, it is generally believed that it would be topping out very soon with inflationary pressure relieved.

In the foreseeable future, progressive development of the fundamental economies, and the gradual transformation of the industrial and commercial businesses, would be beneficial to the overall development of the general economy in the PRC.

Real Estate Development

Further to the adjustment of macroscopic policy of the Central Government in April this year, a series of control measures to combat property prices were launched. The transaction volume of property sales dropped by nearly 50% in the PRC with the rocketed property price contained. However, there are still uncertainties in the aftermath, depending on the magnitude of whether a tight or loose control policy is to be adopted by the Central Government in monitoring of the property market, as well as the external economic changes in global environment, especially the Euro region.

The consistency of China's macroscopic economic policies, significant recovery in the economy, together with a strong housing demands are all contributing to the rapid development of the property market in the China Mainland.

Group Strategy

The Group is cautiously optimistic in respect of the China property market in 2010, and expects that the market fundamentals will revert to a more normal and stable situation. After the acquisition of the controlling stake of the Company in cash by our parent company, China Overseas Land & Investment Ltd. (listed on the main board of The Stock Exchange of Hong Kong Limited, stock code: 00688) early this year, the professional manpower resources and management of the group's property business were beefed up. New marketing strategies and direction for the group's rebranding activities were in place, together with providing of high quality after-sales services and property management services.

The Group would closely follow the trend of the external economy and policy decisions to conduct comprehensive research and analysis. It would operate prudently and down to earth, safeguards its interest against risks. It would actively pursue any opportunity to perfect the development and marketing of the existing projects, as well as speeding up cash inflows. On these bases, the Group would also look for possible investment opportunities. The Group would collaborate with its parent company in project developments, operation models, sharing of market intelligences and resources so as to achieve a synergy effect. It would spare no efforts to enhance the returns to development projects and control costs effectively. These would create value for shareholders, and materialize the sustainable and healthy development of the Group's property development businesses.

CONDENSED CONSOLIDATED INCOME STATEMENT

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2010 and the comparative figures for the corresponding period in 2009 are as follows:

		Six months ended 30 June	
		2010	2009
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
			(Restated)
Continuing operations			
Revenue	*4*	**1,025,567**	1,130,156
Cost of sales and services provided		**(757,448)**	(770,948)
Gross profit		**268,119**	359,208
Other income		**3,174**	3,158
Distribution and selling expenses		**(13,178)**	(26,910)
Administrative expenses		**(120,069)**	(57,602)
Other operating expenses		**(3,625)**	(3,625)
Other gains			
Fair value gain on investment properties		**11,326**	292,385
Gain on disposal of a subsidiary		**-**	17,286
Others		**300**	28
Operating profit		**146,047**	583,928
Finance costs		**(9,327)**	(20,821)
Share of results of jointly controlled entities		**(218)**	(2,436)
Profit before income tax	*6*	**136,502**	560,671
Income tax expense	*7*	**(81,470)**	(298,674)
Profit for the period from continuing operations		**55,032**	261,997
Discontinued operations			
Profit/(Loss) for the period from discontinued operations	*8*	**17,926**	(154,926)
Profit for the period		**72,958**	107,071
Profit for the period attributable to:			
Owners of the Company		**52,596**	34,053
Non-controlling interests		**20,362**	73,018
		72,958	107,071
		HK Cents	HK Cents
Earnings/(Loss) per share	*10*		
Basic			
- From continuing and discontinued operations		**7.9**	6.5
- From continuing operations		**5.2**	36.0
- From discontinued operations		**2.7**	(29.5)
Diluted			
- From continuing and discontinued operations		**7.7**	5.0
- From continuing operations		**5.0**	34.5
- From discontinued operations		**2.7**	(29.5)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit for the period	**72,958**	107,071
Other comprehensive income		
Exchange difference arising from translation of overseas operations		
- subsidiaries	**11,228**	938
- associates and jointly controlled entities	**2,151**	1,965
	13,379	2,903
Reclassification from assets revaluation reserve to profit or loss upon sales of inventories of properties	**(36,802)**	(60,321)
Income tax	**14,345**	19,762
	(22,457)	(40,559)
Other comprehensive income for the period, net of tax	**(9,078)**	(37,656)
Total comprehensive income for the period	**63,880**	69,415
Total comprehensive income attributable to:		
Owners of the Company	**47,915**	7,929
Non-controlling interests	**15,965**	61,486
	63,880	69,415

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2010 (Unaudited) HK$'000	31 December 2009 (Audited) HK$'000
Non-current assets			
Investment properties		**728,013**	1,244,869
Property, plant and equipment		**41,971**	212,284
Prepaid lease rental on land		**3,407**	20,305
Goodwill		**85,330**	84,991
Other intangible assets		**41,110**	236,570
Interests in associates		**-**	459,795
Interests in jointly controlled entities		**221,471**	223,219
Available-for-sale financial assets		**-**	3,300
Loans receivable		**-**	106,597
Deferred tax assets		**-**	2,098
		1,121,302	2,594,028
Current assets			
Inventories of properties		**5,878,409**	6,416,537
Other inventories		**884**	100,851
Trade and other receivables, prepayments and deposits	*11*	**683,398**	715,487
Prepaid lease rental on land		**83**	527
Loans receivable		**-**	4,013
Amount due from an associate		**-**	2,340
Amounts due from jointly controlled entities		**118,169**	119,077
Amount due from an investee		**-**	8,411
Amounts due from minority shareholders		**4,241**	4,202
Investments held for trading		**-**	28,499
Tax prepaid		**9,988**	8,631
Restricted cash and deposits		**299,011**	137,837
Cash and cash equivalents		**502,108**	853,072
		7,496,291	8,399,484
Current liabilities			
Trade and other payables	*12*	**1,892,874**	2,688,665
Sales deposits received		**1,698,299**	1,347,027
Amount due to a holding company		**1,562**	-
Amount due to an associate		**-**	96
Amount due to a jointly controlled entity		**229**	227
Amount due to a minority shareholder		**69,777**	82,385
Amounts due to a related party		**-**	291
Consideration payable on acquisition of a subsidiary		**63,940**	74,082
Taxation liabilities		**661,381**	745,109
Bank borrowings		**741,630**	760,502
		5,129,692	5,698,384
Net current assets		**2,366,599**	2,701,100
Total assets less current liabilities		**3,487,901**	5,295,128

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2010 (Unaudited) HK$'000	31 December 2009 (Audited) HK$'000
Non-current liabilities		
Bank borrowings	**903,253**	1,483,718
Loan from a minority shareholder	**-**	3,599
Other liabilities	**-**	12,015
Deferred tax liabilities	**388,392**	464,601
	1,291,645	1,963,933
Net assets	**2,196,256**	3,331,195
Capital and reserves		
Share capital	**7,675**	261,742
Reserves	**1,669,653**	2,609,901
Equity attributable to owners of the Company	**1,677,328**	2,871,643
Non-controlling interests	**518,928**	459,552
Total equity	**2,196,256**	3,331,195

1. GENERAL INFORMATION

China Overseas Grand Oceans Group Limited (formerly known as Shell Electric Mfg. (Holdings) Company Limited) (the "Company") is a limited company incorporated in the Hong Kong Special Administrative Region ("Hong Kong"), the People's Republic of China (the "PRC") and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office and principal place of business of the Company is situated at 11th Floor, Three Pacific Place, 1 Queen's Road East, Hong Kong. The principal activities of the Company and its subsidiaries (collectively, the "Group") mainly comprise property investment and development, property leasing and investment holding. The Group's business activities are principally carried out in Guangzhou, Beijing, Hohhot, Inner Mongolia, Shanghai and other regions in the PRC.

As at the date of these financial statements, the Group is controlled by China Overseas Land & Investment Limited ("COLI"), a company incorporated in Hong Kong with limited liability and its shares are listed on the Stock Exchange. The ultimate parent company of the Group is China State Construction Engineering Corporation, an entity established in the PRC.

Pursuant to the special resolution passed at the annual general meeting held on 18 May 2010 and with the approval of the Registrar of Companies in Hong Kong on 4 June 2010, the board of directors (the "Board") announced that with effect from 4 June 2010 the name of the Company has been changed from "Shell Electric Mfg. (Holdings) Company Limited 蜆壳電器工業(集團)有限公司" to "China Overseas Grand Oceans Group Limited 中國海外宏洋集團有限公司".

The unaudited condensed consolidated financial statements for the six months ended 30 June 2010 (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange. The Interim Financial Statements do not include all of the information required for annual financial statements and thereby they should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2009.

The Interim Financial Statements are unaudited, but have been reviewed by the Audit Committee of the Company. The Interim Financial Statements were approved for issue on 3 August 2010.

GROUP REORGANIZATION AND DISCONTINUED OPERATIONS

Following the approval by the shareholders of the Company in an extraordinary general meeting on 31 December 2009, the making of order confirming the Capital Reorganization (as defined below) by the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the "Court") on 1 February 2010, and the completion of subscription agreement (the "Subscription Agreement") dated 9 September 2009 entered into between the Company, Mr. Billy Yung, a director of the Company, and COLI, the following transactions (the "Transactions") have been completed on 10 February 2010:

(i) To facilitate the Distribution in Specie as mentioned in (ii) below, the share capital of the Company has been reduced by an amount of HK$256,507,000 from 523,485,000 shares of HK$0.5 each, totaling HK$261,742,000, to 523,485,000 shares of HK$0.01 each, totaling HK$5,235,000 and the amount standing to the credit of the share premium account of the Company has been cancelled (collectively, the "Capital Reorganization").

(ii) A wholly-owned subsidiary of the Company, Shell Electric Holdings Limited (the "Privateco"), acquired certain subsidiaries and certain assets and liabilities of the Company by issuing shares to the Company. All the shares of the Privateco then held by the Company have been distributed in specie (the "Distribution in Specie") to the shareholders of the Company on the basis of one share of the Privateco for one share of the Company held. The Privateco and its subsidiaries (the "Privateco Group") continue to carry on the business of manufacturing and marketing, as well as contract manufacturing, of electric fans and other electrical household appliances, property leasing, security trading and taxi rental (the "Distributed Businesses"). Part of the Distributed Businesses, mainly property leasing and trading of computer hardware and software, are conducted by associates and jointly controlled entities.

1. GENERAL INFORMATION (Continued)

GROUP REORGANIZATION AND DISCONTINUED OPERATIONS (Continued)

(iii) The Company continues to be a publicly listed company with its subsidiaries concentrating on the business of property investment and development in the PRC.

(iv) The Company issued 157,045,368 new shares at HK$2.90 each to Star Amuse Limited, a direct wholly-owned subsidiary of COLI, as per the Subscription Agreement (the "Subscription"), representing approximately 23.08% of the issued share capital of the Company as enlarged by the Subscription. Pursuant to the Subscription Agreement, Mr. Billy Yung has undertaken to procure his associates to accept the offer to be made by COLI subsequent to the completion of the Transactions to acquire shares of the Company to the extent that COLI will own no less than 50.1% of the issued share capital of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared under the historical cost convention except for investment properties, financial instruments classified as available-for-sale and at fair value through profit or loss, and derivative financial instruments which are measured at fair values.

The accounting policies used in preparing the Interim Financial Statements are consistent with those followed in the Group's annual financial statements for the year ended 31 December 2009 with the addition of certain standards and interpretations of Hong Kong Financial Reporting Standards ("HKFRSs") issued and became effective in the current interim period as described below.

Due to the Group Reorganization, as described in note 1, the Distributed Businesses constitute discontinued operations under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", certain comparative figures were restated so as to reflect the results for the continuing operations and discontinued operations. Accordingly, results of the Distributed Businesses arising from the period from 1 January 2010 to 10 February 2010 were included in the Group during the period as discontinued operations.

3. ADOPTION OF NEW AND REVISED HKFRSs

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

(a) New and amended standards adopted by the Group:

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

As the Group has adopted HKFRS 3 (revised), it is required to adopt HKAS 27 (revised), 'Consolidated and separate financial statements', at the same time. HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control of an entity is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

3. ADOPTION OF NEW AND REVISED HKFRSs (Continued)

HK(IFRIC)-Int 17, 'Distributions of non-cash assets to owners' is effective for annual periods beginning on or after 1 July 2009. This interpretation clarifies that a dividend payable in the form of non-cash assets should be recognised when the dividend is appropriately authorised and the dividend payable should be measured at the fair value of the net assets to be distributed. The difference between the dividend paid and the carrying amount of the net assets distributed should be recognised in profit or loss. This interpretation does not apply to a distribution of a non-cash asset that is ultimately controlled by the same party or parties before and after the distribution. As a result of this interpretation, the Distribution in Specie during the current period as mentioned in note 8 is accounted for following HKFRS 5. Other than this, the adoption of this interpretation does not result in any financial impact on the Group.

(b) The following new standards, new interpretations and amendments to standards and interpretations that are relevant to the Group have been issued but are not effective for the financial year beginning on 1 January 2010 and have not been early adopted:

HKFRS 9, 'Financial instruments' addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption.

HKAS 24 (Revised) 'Related party disclosures' supersedes HKAS 24 'Related party disclosures' issued in 2003. The revised HKAS 24 is required to be applied from 1 January 2011. Earlier application, for either the entire standard or the government-related entity, is permitted.

Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010, by HKICPA. All improvements are effective in the financial year of 2011.

The Group is in the process of assessing the impact of these new standards, amendments and interpretation on its results of operations and financial position.

4. REVENUE

The principal activities of the Group are disclosed in note 1. Turnover of the Group is the revenue from these activities. Revenue from the Group's principal activities recognised during the period is as follows:

	Continuing operations Six months ended 30 June		Discontinued operations Six months ended 30 June		Total Six months ended 30 June	
	2010	2009	**2010**	2009	**2010**	2009
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Sales of properties	**969,947**	1,068,481	**-**	-	**969,947**	1,068,481
Sales of goods	**-**	-	**149,339**	486,703	**149,339**	486,703
Property management fee income	**24,300**	29,276	**-**	-	**24,300**	29,276
Property rental income	**31,320**	32,399	**6,912**	30,213	**38,232**	62,612
Taxi licence fee income	**-**	-	**8,155**	25,379	**8,155**	25,379
Total revenue	**1,025,567**	1,130,156	**164,406**	542,295	**1,189,973**	1,672,451

5. SEGMENT INFORMATION

The operating segments are reported in a manner consistent with the way in which information is reported internally to the Group's most senior management for the purposes of resource allocation and assessment of segment performance. The Group has identified the following reportable segments for its operating segments:

Continuing operations

Property investment and development	—	This segment constructs commercial and residential properties in the PRC for external customers.
Property leasing	—	This segment leases commercial units located in the PRC to generate rental income and gain from appreciation in the properties' values in the long term. Part of the business is carried out through a jointly controlled entity.

Discontinued operations

Electrical household appliances	—	This segment manufactures electrical appliances including electric fans, vacuum cleaners, lighting products, fuser and laser scanner. The Group's manufacturing facilities are located primarily in the PRC and products are mainly sold to customers in the PRC and overseas such as North America and European countries.
Property leasing	—	This segment leases industrial properties and commercial units located in Hong Kong, the PRC and the United States to generate rental income and gain from appreciation in the properties' values in the long term. Part of the business is carried out through certain associates.
Securities trading	—	This segment mainly carries out trading of securities to generate gain from appreciation in the value of the securities.
Car rental	—	This segment carries out taxi rental operation in the PRC and generates licence fee income.
All other segments	—	Operating segments which are not reportable comprise manufacturing and trading of electric cables and trading of computer hardware and software which generate revenue from sales of goods, as well as direct investments which derive gain from holding investments in enterprises engaging in high-tech business.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment profit/loss includes the Group's share of profit/loss arising from the activities of the Group's associates and jointly controlled entities. Reportable segment profit/loss excludes corporate income and expenses from the Group's profit/loss before income tax. Corporate income and expenses are income and expenses incurred by corporate headquarters which are not allocated to the operating segments. Each of the operating segments is managed separately as the resources requirement of each of them is different.

5. SEGMENT INFORMATION (CONTINUED)

Segment assets include all assets with the exception of corporate assets, including available-for-sale financial assets, bank balances and cash and other assets which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis.

Segment results and segment assets

Information regarding the Group's reportable segments including the reconciliations to revenue, profit/(loss) before income tax and total assets are as follows:

	Continuing operations			**Discontinued operations**						
	Property investment and development HK$'000	Property leasing HK$'000	**Sub-total HK$'000**	Electrical household appliances HK$'000	Property leasing HK$'000	Securities trading HK$'000	Car rental HK$'000	All other segments HK$'000	**Sub-total HK$'000**	**Consolidated HK$'000**
Six months ended 30 June 2010 (Unaudited)										
Reportable segment revenue*	**969,947**	**55,620**	**1,025,567**	**146,482**	**6,912**	**-**	**8,155**	**2,857**	**164,406**	**1,189,973**
Reportable segment profit/(loss)	**141,604**	**6,248**	**147,852**	**11,826**	**13,364**	**(1,612)**	**3,301**	**(306)**	**26,573**	**174,425**
Corporate income			**-**						**16,255**	**16,255**
Corporate expenses			**(11,350)**						**(10,825)**	**(22,175)**
Elimination ^			**-**						**(3,870)**	**(3,870)**
Profit before income tax			**136,502**						**28,133**	**164,635**
										Total HK$'000
As at 30 June 2010 (Unaudited)										
Reportable segment assets	**7,514,431**	**886,140**	**8,400,571**	**-**	**-**	**-**	**-**	**-**	**-**	**8,400,571**
Corporate assets										**217,022**
Total assets										**8,617,593**
Six months ended 30 June 2009 (Unaudited)										
Reportable segment revenue*	1,097,757	32,399	1,130,156	477,599	30,213	-	25,379	9,104	542,295	1,672,451
Reportable segment profit/(loss)	262,592	313,132	575,724	24,695	(91,493)	17,268	13,438	(16,894)	(52,986)	522,738
Corporate income			-						27,506	27,506
Corporate expenses			(15,053)						(32,091)	(47,144)
Elimination ^			-						(11,919)	(11,919)
Profit/(Loss)before income tax			560,671						(69,490)	491,181
										Total HK$'000
As at 31 December 2009 (Unaudited)										
Reportable segment assets	7,613,574	937,178	8,550,752	482,590	1,036,437	57,899	247,815	156,623	1,981,364	10,532,116
Corporate assets										461,396
Total assets										10,993,512

* *This represents sales from external customer and there were no inter-segment sales between different business segments.*

^ *Inter-company interest elimination*

6. PROFIT BEFORE INCOME TAX

	Continuing operations Six months ended 30 June		**Discontinued operations Six months ended 30 June**		**Total Six months ended 30 June**	
	2010	2009	**2010**	2009	**2010**	2009
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Profit before income tax is arrived at after charging:						
Amortisation:						
Prepaid lease rental on land	**73**	60	**50**	250	**123**	310
Other intangible assets	**2,208**	2,199	**-**	-	**2,208**	2,199
Depreciation of property, plant and equipment	**2,149**	3,234	**2,423**	11,117	**4,572**	14,351
Total amortisation and depreciation	**4,430**	5,493	**2,473**	11,367	**6,903**	16,860
Equity-settled share-based payments	**73,300**	27,906	**-**	-	**73,300**	27,906

7. INCOME TAX EXPENSE

	Continuing operations Six months ended 30 June		**Discontinued operations Six months ended 30 June**		**Total Six months ended 30 June**	
	2010	2009	**2010**	2009	**2010**	2009
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Income tax expenses comprise:						
Current tax for the period						
Hong Kong profits tax	**-**	-	**1,167**	2,814	**1,167**	2,814
Other regions of the PRC						
— Enterprise income tax ("EIT")	**58,299**	100,496	**3,564**	6,769	**61,863**	107,265
— Land appreciation tax ("LAT")	**48,596**	76,168	**-**	-	**48,596**	76,168
Others	**-**	-	**140**	664	**140**	664
	106,895	176,664	**4,871**	10,247	**111,766**	186,911
Under provision in prior year						
Hong Kong profits tax	**-**	-	**-**	78,708	**-**	78,708
Other regions of the PRC						
— EIT	**99**	1,264	**-**	2,257	**99**	3,521
	99	1,264	**-**	80,965	**99**	82,229
Deferred tax	**(25,524)**	120,746	**5,336**	(5,776)	**(20,188)**	114,970
	81,470	298,674	**10,207**	85,436	**91,677**	384,110

Hong Kong profits tax is calculated at 16.5% (six months ended 30 June 2009: 16.5%) on the estimated assessable profits for the period.

EIT arising from other regions of the PRC is calculated at 10% to 25% of the estimated assessable profits (six months ended 30 June 2009: 10% to 25%).

PRC LAT is levied at progressive rates from 30% to 60% (six months ended 30 June 2009: 30% to 50%) on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including cost of land use rights and development and construction expenditure.

8. DISCONTINUED OPERATIONS

As described in note 1, the results of the Distributed Businesses which constitute discontinued operations during the period are set out below:

	Notes	**From 1January 2010 to 10 February 2010 (Unaudited) HK$'000**	Six months ended 30 June 2009 (Unaudited) HK$'000
Revenue	*4*	**164,406**	542,295
Cost of sales and services provided		**(130,105)**	(428,174)
Gross profit		**34,301**	114,121
Other income		**17,789**	43,426
Distribution and selling expenses		**(3,255)**	(14,082)
Administrative expenses		**(21,415)**	(62,740)
Other operating expenses		**(1,642)**	(18,112)
Other gains/(losses)			
Fair value gain/(loss) on investment properties		**3,780**	(120,925)
Fair value (loss)/gain on investments held for trading		**(1,497)**	14,491
Fair value loss on derivative financial instruments		**-**	(1,073)
Impairment loss on owner-occupied property		**-**	(992)
Others		**1,556**	1,329
Operating profit / (loss)		**29,617**	(44,557)
Finance costs		**(1,253)**	(9,218)
Share of results of associates		**3,312**	(4,816)
Share of results of jointly controlled entities		**327**	1,020
Elimination^		**(3,870)**	(11,919)
Profit/(Loss) before income tax	*6*	**28,133**	(69,490)
Income tax expense	*7*	**(10,207)**	(85,436)
		17,926	(154,926)

^ *Inter-company interest elimination*

The Company distributed the equity interest in the Privateco to its shareholders and the net assets of the Distributed Businesses as at the date of distribution on 10 February 2010 were HK$1,964,986,000.

9. DIVIDENDS

	Six months ended 30 June 2010 (Unaudited) HK$'000	2009 (Unaudited) HK$'000
Distribution in Specie *(*note *(8))*	**1,964,986**	-
Interim dividend declared *(note)*	**-**	10,470
	1,964,986	10,470

Note: The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2010. During last period, the Board declared interim dividend of HK$0.02 per ordinary share, totaling HK$10,470,000.

10. EARNINGS/(LOSS) PER SHARE

The calculations of basic earnings/(loss) per share from continuing and discontinued operations are based on profit/(loss) attributable to the owners of the Company as set out below and the weighted average number of ordinary shares in issue during the period of 662,682,000 (six months ended 30 June 2009: 524,066,000):

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit/(Loss) attributable to owners of the Company:		
From continuing operations	**34,541**	188,432
From discontinued operations	**18,055**	(154,379)
	52,596	34,053

For the six months ended 30 June 2010, the calculation of diluted earnings per share was based on the following data:

	From continuing operations (Unaudited) HK$'000	**From discontinued operations (Unaudited) HK$'000**	**Total (Unaudited) HK$'000**
Earnings			
Earnings used in calculating basic earnings per share	**34,541**	**18,055**	**52,596**
Adjustment to the share of profit of a subsidiary based on dilution of its earnings per share	**(1,856)**	**-**	**(1,856)**
	32,685	**18,055**	**50,740**

For the six months ended 30 June 2009, the calculation of diluted earnings/(loss) per share was based on the following data:

	From continuing operations (Unaudited) HK$'000	From discontinued operations (Unaudited) HK$'000	Total (Unaudited) HK$'000
Earnings/ (Loss)			
Earnings/ (Loss) used in calculating basic earnings/ (loss) per share	188,432	(154,379)	34,053
Adjustment to the share of profit of a subsidiary based on dilution of its earnings per share	(7,561)	-	(7,561)
	180,871	(154,379)	26,492

For the six months ended 30 June 2010, the denominators for the calculation of diluted earnings per share are the same as those used for the basic earnings per share i.e. the weighted average number of ordinary shares in issue during the period of 662,682,000 (six months ended 30 June 2009: 524,066,000).

11. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

The ageing analysis of the trade receivables (based on invoice date) net of impairment allowance is as follows:

	30 June 2010 (Unaudited) HK$'000	31 December 2009 (Audited) HK$'000
30 days or below	**5,836**	87,779
31–60 days	**336**	77,146
61–90 days	**296**	34,099
91–180 days	**467**	4,352
181–360 days	**53**	2,065
Over 360 days	**704**	504
	7,692	205,945

Proceeds receivable in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements.

Before accepting any new tenant customer, the Group uses an internal credit assessment system to assess the potential customers' credit quality and defines credit limits by customer.

The Group has minimal trade receivable balances which are past due at the reporting date.

In determining the recoverability of trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no credit provision required as at the end of the reporting period.

12. TRADE AND OTHER PAYABLES

The ageing analysis of trade payables (based on invoice date) is as follows:

	30 June 2010 (Unaudited) HK$'000	31 December 2009 (Audited) HK$'000
30 days or below	**1,137,394**	1,631,386
31–60 days	**67,099**	29,567
61–90 days	**837**	13,011
91–180 days	**341**	23,537
181–360 days	**206,836**	295,484
Over 360 days	**241,246**	217,648
	1,653,753	2,210,633

INTERIM DIVIDENDS

Despite the healthy financial position of the Group, the Board believes that it would be in the interests of the Company and the shareholders at this stage to retain funds for the Group's future expansion of its business. In this respect, the Board did not recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009: HK2 cents per share).

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

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct for dealings in securities of the Company by the Directors. Having made thorough enquiry of the Directors, the Company can reasonably confirm that the Directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2010.

On 22 September 2005, the Board has approved that the Model Code also applies to certain specified relevant employees of the Group regarding their dealings in the securities of the Company. Following the cessation of employment of such employees with the Group on/before 10 February 2010, the Model Code no longer applies to employees other than directors of the Company.

CORPORATE GOVERNANCE

The Company has complied with all the provisions (except Code Provision A.2.1 and A.4.1 as stated below) of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2010, and also most of the Recommended Best Practices.

Code Provision A.2.1

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

Mr. Billy K Yung was the Group Chairman and Chief Executive of the Company until the completion of the group restructuring. Such structure deviated from Code Provision A.2.1, however, the Board believed that this can promote the efficient formulation and implementation of the Company's strategies.

In February 2010, Mr. Billy K. Yung resigned from the post of Chief Executive of the Company and redesignated from Chairman of the Board and Executive Director to Vice Chairman of the Board and Non-Executive Director of the Company. Thereafter, the roles of chairman and chief executive officer of the Company have been performed by different persons. Mr. Hao Jian Min and Mr. Chen Bin are currently the Chairman and Chief Executive Officer of the Company respectively.

Code Provision A.4.1
Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Though the Non-Executive Directors of the Company were not appointed for a specific term, they are subject to retirement by rotation and re-election in accordance with the Company's Articles of Association.

REVIEW ON INTERIM REPORT BY AUDIT COMMITTEE

The Audit Committee of the Board of Directors has reviewed the Company's unaudited interim results for the six months ended 30 June 2010, and discussed with the Company's management regarding auditing, internal control and other important matters.

APPRECIATION

I would like to take this opportunity to thank my fellow directors, our staff and all our stakeholders for their continued support.

By order of the Board
China Overseas Grand Oceans Group Limited
Hao Jian Min
Chairman and Non-Executive Director

Hong Kong, 3 August 2010

As at the date of this announcement, the Board comprises nine directors, of which four are executive directors, namely, Mr. Chen Bin, Mr. Yu Shangyou, Mr. Xiang Hong and Mr. Zhu Bing Kun; two non-executive directors, namely Mr. Hao Jian Min and Mr. Billy K Yung, and three independent non-executive directors, namely Mr. Timpson Chung Shui Ming, Mr. Jeffrey Lam Kin Fung and Mr. Dantes Lo Yiu Ching.

This interim results announcement is published on the Company's website (http://www.cogogl.com.hk) and the website of the Stock Exchange (http://www.hkexnews.hk). The Interim Report will also be available at the aforementioned websites on/about 26 August 2010 and will be despatched to shareholders of the Company thereafter.