中國海外宏洋集團有限公司
CHINA OVERSEAS GRAND OCEANS GROUP LTD.

(incorporated in Hong Kong with limited liability)

(Stock Code: 00081)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2011	2010
Revenue *(HK$ million)*	**2,054.2**	1,025.6
Profit attributable to owners of the Company *(HK$ million)*	**803.7**	52.6
Basic earnings per share *(HK cents)*	**87.3**	7.9

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 2011. The Group's unaudited consolidated profit attributable to the owners of the Company for the first half year of 2011 amounted to HK$803.7 million. Basic earnings per share was HK87.3 cents.

In the last six months, the Group's operating businesses has experienced continuous rapid development. During the period, the Group has penetrated into three third-tier cities in PRC including Jilin, Hefei and Nanning. As of 30 June 2011, the Group has operated in nine cities in the PRC with a land bank reached 5,931,500 square meter ("sq.m.").

The Company has also completed the issuance of 246,785,579 consideration shares in February and May this year for the acquisition of the 30% minority interest in China Overseas Grand Oceans Property Group Co., Ltd. ("COGO"), a wholly-foreign-owned enterprise incorporated in the PRC. Accordingly, potential payment liability of about HK$505.8 million as stated in the last balance sheet date has been capitalized as equity interest. Coupled with the significant increase of the Company's share price since last year end, reflecting the confidence of investors in the intrinsic value of the Company's shares under the new strategic direction, the market capitalization of the Company has now exceeded HK$10 billion (31 December 2010: HK$4.15 billion) at the date of this report.

REVENUE AND OPERATING RESULTS

As a new year of full swing operation in property development business in the PRC, the Group recorded revenue of HK$2,054.2 million and gross profit of HK$1,075.9 million for the six months ended 30 June 2011. Revenue was doubled with progressive handover of completed properties pre-sold and stock sales in the period, while gross profit increased by three folds compared to the last corresponding period. Profit margin strengthened from 26.1% in last corresponding period to 52.4% in current period primarily due to increase in average selling price and change in sales mix of property development projects from different cities.

Operating profit increased by HK$1,214.2 million or 8.3 times against the corresponding period last year and reached HK$1,360.2 million for the period ended 30 June 2011. The increase was attributable to a number of factors, including: (i) an increase in sales volume and profit margin, (ii) fair value gain of HK$157.7 million from re-classification of inventories to investment properties, and (iii) recovery of HK$213.3 million upon fulfillment of contractual liabilities by a third party to re-purchase the Group's interest in a subsidiary in Qingdao, PRC, details of which had been disclosed in the 2009 Annual Report.

Finance costs increased to HK$12.9 million from HK$9.3 million of last corresponding period.

Overall, profit attributable to equity shareholders of the Company amounted to HK$803.7 million for the six months ended 30 June 2011 (2010: HK$52.6 million).

PROPERTY SALES AND DEVELOPMENT

During the period under review, marketing and sales activities under the renowned brand name of "China Overseas Property" was successful with robust demands for the Group's high-end quality housing products. Such product differentiation strategy was particularly prominent in the third-tier cities, where people would be willing to pay a reasonable price to obtain and substitute for better living condition as well as to preserve the value of their major capital investment. Contracted sales was HK$4,240.7 million, representing a saleable gross floor area of 203,319 sq.m., of which 87.5% has been received at period end date.

Accordingly, recognized revenue increased to HK$1,981.0 million (2010: HK$969.9 million) while segment result soared to HK$1,168.4 million (2010: HK$141.6 million) as well mainly due to significant increase in sales and higher profit margin.

At period end date, properties under construction and stock of completed properties amounted to 1,002,785 sq.m. and 110,616 sq.m. respectively, totaling 1,113,401 sq.m.. Properties of 197,587 sq.m. had been contracted for sales and were pending for completion of the transactions upon handover.

The business activities of the Group's major projects during the period are summarized as follows:

Banyan Bay, Guangzhou
Construction work of Zone J Section was progressing well and would be fully completed on schedule in the second half year. Meanwhile, the project continued to record sales of RMB1,484.5 million, representing 62,944 sq.m. in area while revenue recognized on properties handover to buyer (36,783 sq.m.) amounted to RMB738.0 million.

At period end, 97% of the project was sold.

Academic Pavilion, Beijing
During the period, further renovation works were carried out to part of the completed properties. Revenue of RMB565.4 million was recognized for sales of 25,603 sq.m. in area. At period end, 83% of the project was sold.

Glorious City, Hohhot
The signature project in Hohhot was fully completed during the period and recorded additional sales of RMB233.9 million for 21,082 sq.m sold. Overall, the project was 98% sold. With progress handover of completed units to buyers, revenue recognized amounted to RMB362.2 million for 53,917 sq.m. in area.

Royal East, Hohhot
Pre-sales had been commenced last year. In this period, additional contract sales of RMB410.7 million for 59,260 sq.m. in area was recorded.

The Oakwood, Guangzhou
Pre-sales of the project was commenced on 26 March 2011. The prestigious location and quality of the development attracts popular responses with contracted sales reached RMB1,207.0 million for 53,079 sq.m. in area for the period.

The Group owns 100% equity interest of the above property development projects.

LAND BANK
As the Group strategy is to expand into potential third-tier cities in the PRC, the Group succeeded in entering into three emerging cities including Jilin, Hefei and Nanning during the period. New acquisitions of land parcels with total gross floor area 965,800 sq.m approximately amounted to RMB1,726.9 million in aggregate.

As at 30 June 2011, total land reserves of the Group is estimated available to build gross floor area of approximately 5,931,500 sq.m. (of which, 4,773,100 sq.m. are attributable to the Group) in the PRC.

During the period, construction work had been commenced for part of the reserved land parcels in Hohhot and Shanghu, Beijing as well as the new project in Jilin.

The status of the other projects listed below has not changed materially from the descriptions given in the Group's 2010 annual report:

- The Guilin projects at Mau Er Shan, and Guilin Environment Garden

- The Yinchuan project, and

- The Beijing Tonghui River project (held under a jointly controlled entity)

PROPERTY LEASING

For the period ended 30 June 2011, rental income amounted to HK$48.0 million (2010: re-stated as HK$31.3 million) with a segment profit of HK$190.2 million (2010: re-stated as HK$9.0 million). This includes a fair value gain of HK$157.7 million (2010: 11.3 million) from the investment properties and contribution from the jointly controlled entities of HK$1.2 million (2010: loss of HK$0.1 million).

At period end, occupancy rates for the China Overseas International Center (previously translated as "China Overseas World Center") in Xicheng District, Beijing and the scientific research office building in the Zhang Jiang High-tech Zone in Shanghai were about 90% and 76% let respectively. The Group owns 100% and 65% of these projects respectively.

ISSUANCE OF CONSIDERATION SHARES

In relation to the acquisition of the remaining 30% minority interest in COGO as disclosed in the circular dated 26 November 2010, the wholly-foreign-owned enterprise incorporated in the PRC, through which, the Group conducted a majority of its existing property development and investment business, the Company had issued 189,493,224 and 57,292,355 consideration shares (in aggregate, 246,785,579 shares) on 22 February 2011 and 5 May 2011 respectively as the full settlement of the purchase consideration.

Accordingly, the number of shares of the Company in issue has increased to 1,014,328,842.

FINANCIAL RESOURCES AND LIQUIDITY

As a Hong Kong incorporated and listed entity, the Company and its subsidiaries have multiple accesses to funds from both investors and financial institutions in the PRC and international market through Hong Kong as a leading international financial center.

As at 30 June 2011, total borrowings (net of repayment of HK$719.1 million in the period), increased by 40.6% to HK$3,160.3 million against last year end. Interest was charged at floating rates with a weighted average of 5.01% per annum. About 24.7% of the borrowings is repayable within one year.

On the other hand, net working capital amounted to HK$5,084.2 million as of 30 June 2011, (31 December 2010: HK$3,368.6 million) with a quick ratio of 0.9 (31 December 2010: 0.7). With significant sales achieved during the period, cash and cash equivalents were 82.6% higher at HK$3,451.8 million compared with the last financial year end (HK$1,890.6 million).

Accordingly, the Group was at net cash position (i.e. cash and cash equivalents plus restricted cash and deposits exceed the total borrowings) as at 30 June 2011. Interest income from surplus cash also exceeded interest expenses after capitalization.

Taking into consideration of the unutilized bank credit facilities available to the Group of HK$776.8 million, the Group's total available funds reached HK$4,228.6 million as at 30 June 2011. The Group would regularly re-evaluate its operational and investment status and endeavour to improve its cash flow and minimize its financial risks.

FOREIGN EXCHANGE EXPOSURE

As at 30 June 2011, about 76% and 24% of the Group's borrowings were denominated in Renminbi and Hong Kong Dollar respectively. As the Group conducted its sales, receivables and payables, expenditures and part of the borrowings 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.

CAPITAL COMMITMENTS AND GUARANTEE

During the period under review, the Group had capital commitments totaling HK$6,727.8 million which related mainly to property development and construction works. In addition, the Group issued guarantees to banks amounting to HK$2,604.4 million, (equivalent to RMB2,165.8 million) mainly for facilitating end-user mortgages in connection with its PRC property sales as a usual commercial practice.

CAPITAL EXPENDITURE AND CHARGES ON ASSETS

The Group had capital expenditures totaling HK$2.9 million approximately during the period under review, mainly referred to additions in motor vehicles, furniture and fittings.

On the other hand, as at 30 June 2011, certain property assets and trade receivables with an aggregate carrying value of HK$1,616.4 million in the PRC were pledged to secure 13.3% of the group borrowings, or HK$420.9 million (equivalent to RMB350.0 million) from certain PRC banks.

EMPLOYEES

As at 30 June 2011, the Group has approximately 295 employees (31 December 2010: 214). The pay levels of these employees are commensurate with their responsibilities, performance and the prevailing market condition.

PROSPECTS

The Economy

Up to June 2011, the CPI index has soared by 6.4% year-on-year comparing with a target of 4% for the full year and 3.3% last year in the PRC. Price inflation triggered by external influx of excessive liquidity and internal costs escalation remained the major issues closely monitored by the Central Government. Money supply has been suppressed through numerous increases in the reserve requirement ratio and interest rate since last year end.

While the GDP growth is estimated to ease to 9.3% for the year according to World Bank from a peak of 10.3% last year, the challenge ahead is to strike a balance between the contracting and expanding monetary policy for stabilizing economic growth subtly, in order to secure a sound and sustainable economic development of the PRC as a developing country.

Real Estate Development

Following the new round of nation-wide property industry control measures launched in January early this year, municipal governments in major cities have proclaimed different follow-up rules including restrictions on mortgage financing and acquisition. On one hand, this would alleviate the property price pressure in the first- and second-tier cities, and on the other hand, it may also relieve the core demands in the third-tier cities and allow a healthy development.

Up to June 2011, statistics revealed that property price increases in major cities were contained. Concurrently, the vigorous transaction activities also confirmed the persistent strong core demands as a whole with improving national output, enhanced purchasing power of the general public and stabilized property price in China.

Group Strategy

With the progressive economic transition, China needs to have industrial upgrade and move up the value chain in manufacturing and develops its high value-added service industry for development into a modern society. Massive investment in infrastructure has greatly reduced the inter-city distance and facilitates people mobilization. While China is a vast country with cities at different stage of development, the better developed commercial and industrial businesses from the coastal regions would expand into the inner China mainland areas to deploy untapped natural resources and cheaper labour forces to maintain competitive advantages and operating scales. Rapid industrialization and urbanization in these inland cities are therefore underway.

The Group is thus dedicated to focus on the high-end property markets in third-tier emerging cities with best investment value and growth potentials. In the last six months, the Group has succeeded in entering into three such cities. Going forward, key approaches of the Group would be progressive transformation, sustainable development, and high-end quality production. The Group will continue to expand its land bank in selective third-tier cities for a sustainable business growth.

Noting of the volatile external environment, the Group would closely attend to the impacts to the China economy and property market arising from the global economic environment and capital market.

CONDENSED CONSOLIDATED INCOME STATEMENT

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2011 and the comparative figures for the corresponding period in 2010 are as follows:

		Six months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Continuing operations			
Revenue	*4*	**2,054,172**	1,025,567
Cost of sales and services provided		**(978,282)**	(757,448)
Gross profit		**1,075,890**	268,119
Other income		**14,093**	3,174
Distribution and selling expenses		**(48,987)**	(13,178)
Administrative expenses		**(89,198)**	(120,069)
Other operating expenses		**(815)**	(3,625)
Other gains			
Fair value gain on reclassification of inventories of properties to investment properties		**157,657**	-
Fair value gain on investment properties		**-**	11,326
Gain on disposal of a subsidiary		**213,340**	-
Reversal of impairment on assets		**22,329**	-
Others		**15,915**	300
Operating profit		**1,360,224**	146,047
Finance costs		**(12,882)**	(9,327)
Share of results of jointly controlled entities		**1,100**	(218)
Profit before income tax	*6*	**1,348,442**	136,502
Income tax expense	*7*	**(547,912)**	(81,470)
Profit for the period from continuing operations		**800,530**	55,032
Discontinued operations			
Profit for the period from discontinued operations		**-**	17,926
Profit for the period		**800,530**	72,958
Profit for the period attributable to:			
Owners of the Company		**803,707**	52,596
Non-controlling interests		**(3,177)**	20,362
		800,530	72,958
		HK Cents	HK Cents
Earnings per share	*9*		
Basic			
- From continuing and discontinued operations		**87.3**	7.9
- From continuing operations		**87.3**	5.2
- From discontinued operations		**-**	2.7
Diluted			
- From continuing and discontinued operations		**79.7**	7.7
- From continuing operations		**79.7**	5.0
- From discontinued operations		**-**	2.7

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit for the period	**800,530**	72,958
Other comprehensive income		
Exchange difference arising from translation of overseas operations		
- subsidiaries	**80,976**	11,228
- associates and jointly controlled entities	**5,342**	2,151
	86,318	13,379
Reclassification from assets revaluation reserve to profit or loss upon sales of inventories of properties	**(8,305)**	(36,802)
Income tax	**3,125**	14,345
	(5,180)	(22,457)
Other comprehensive income for the period, net of tax	**81,138**	(9,078)
Total comprehensive income for the period	**881,668**	63,880
Total comprehensive income attributable to:		
Owners of the Company	**881,458**	47,915
Non-controlling interests	**210**	15,965
	881,668	63,880

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2011 (Unaudited) HK$'000**	31 December 2010 (Audited) HK$'000
Non-current assets			
Investment properties		**1,583,941**	1,309,549
Property, plant and equipment		**33,844**	40,214
Prepaid lease rental on land		**3,502**	3,458
Goodwill		**87,133**	86,258
Other intangible assets		**38,465**	39,870
Interests in jointly controlled entities		**235,891**	229,449
Deferred tax assets		**98,682**	96,442
		2,081,458	1,805,240
Current assets			
Inventories of properties		**6,058,148**	5,068,407
Other inventories		**1,003**	840
Trade and other receivables, prepayments and deposits	*10*	**2,077,434**	1,683,279
Prepaid lease rental on land		**87**	85
Amounts due from jointly controlled entities		**126,497**	123,644
Amounts due from minority shareholders		**11,664**	11,399
Tax prepaid		**35,045**	14,863
Restricted cash and deposits		**886,727**	337,415
Cash and cash equivalents		**3,451,787**	1,890,555
		12,648,392	9,130,487
Current liabilities			
Trade and other payables	*11*	**1,405,932**	1,573,126
Sales deposits received		**3,654,133**	1,876,686
Amount due to a jointly controlled entity		**240**	234
Amount due to minority shareholders		**369,119**	-
Consideration payable for acquisition of a subsidiary		**69,299**	67,726
Taxation liabilities		**1,283,808**	1,306,294
Borrowings		**781,625**	937,810
		7,564,156	5,761,876
Net current assets		**5,084,236**	3,368,611
Total assets less current liabilities		**7,165,694**	5,173,851

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2011 (Unaudited) HK$'000	31 December 2010 (Audited) HK$'000
Non-current liabilities		
Borrowings	**2,378,714**	1,309,690
Consideration payable for acquisition of non-controlling interests	**-**	505,803
Deferred tax liabilities	**604,531**	560,079
	2,983,245	2,375,572
Net assets	**4,182,449**	2,798,279
Capital and reserves		
Share capital	**10,143**	7,675
Reserves	**4,002,902**	2,667,739
Equity attributable to owners of the Company	**4,013,045**	2,675,414
Non-controlling interests	**169,404**	122,865
Total equity	**4,182,449**	2,798,279

1. GENERAL INFORMATION

China Overseas Grand Oceans Group 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 Suite 3012, 30th Floor, One Pacific Place, 88 Queensway, 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 Beijing, Guangzhou, Guilin, Hefei, Hohhot-Inner Mongolia, Jilin, Yinchuan and other regions in the PRC.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2011 (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 2010.

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 2 August 2011.

GROUP REORGANIZATION AND DISCONTINUED OPERATIONS (for the corresponding period in 2010 only)

During the six months ended 30 June 2010, the Company completed capital reorganization and distribution in specie which constitute discontinued operations. As at the date of distribution on 10 February 2010, the net assets value of the distributed businesses as a distribution in specie were HK$1,964,986,000. Details were disclosed in the annual financial statements for the year ended 31 December 2010.

2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared under the historical cost convention except for investment properties which are stated 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 2010 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, in form of distribution in specie, constitute discontinued operations under HKFRS 5 "Non-current Assets Held for Sale 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 corresponding period in 2010 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 2010, 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 2011.

HKAS 24 (Revised) Related Party Disclosures

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

3. ADOPTION OF NEW AND REVISED HKFRSs (CONTINUED)

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

Amendment to HKAS 34 "Interim financial reporting"

It requires the update of relevant information related to significant events and transactions in the most recent annual financial report. HKAS 34 now specifies events and transactions for which disclosures are required, and guidance has been added covering the application of the requirements for financial instruments..

Improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by the HKICPA, except for amendment to HKAS 34 "Interim financial reporting" as disclosed in above, all those amendments have no significant financial impact on the Group.

(b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted：

Amendments to HKFRS 7 Disclosure – Transfer of Financial Assets

The amendments to HKFRS 7 improve the derecognition disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

HKFRS 9 Financial Instruments

The standard addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortized cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Fair value gains and losses will be recognized in profit or loss except for those on certain equity investments which will be presented in other comprehensive income.

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 introduce a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The amendment will be applied retrospectively.

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 recognized 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**	
	2011 (Unaudited) HK$'000	2010 (Unaudited) HK$'000	**2011 (Unaudited) HK$'000**	2010 (Unaudited) HK$'000	**2011 (Unaudited) HK$'000**	2010 (Unaudited) HK$'000
Sales of properties	**1,981,034**	969,947	**-**	-	**1,981,034**	969,947
Sales of goods	**-**	-	**-**	149,339	**-**	149,339
Property rental income	**47,980**	31,320	**-**	6,912	**47,980**	38,232
Property management fee income	**25,158**	24,300	**-**	-	**25,158**	24,300
Taxi licence fee income	**-**	-	**-**	8,155	**-**	8,155
Total revenue	**2,054,172**	1,025,567	**-**	164,406	**2,054,172**	1,189,973

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.
Other segment	—	This segment provides management services to certain housing estate in the PRC and generates management fee income.

Discontinued operations (for the six months ended 30 June 2010 only)

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 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.

Segment assets include all assets with the exception of corporate assets, including 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.

Certain comparative figures in the segment information for the six months ended 30 June 2010 has been reclassified. Previously, property management was reported under the segment of "Property leasing". For the six months ended 30 June 2011, property management was reclassified and reported as a separate segment as a result of the change in information reported internally for the purposes of resources allocation and assessment of business performance. Comparative figures have been reclassified accordingly.

5. SEGMENT INFORMATION (CONTINUED)

Segment results and segment assets

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

	Continuing operations				Discontinued operations						
	Property investment and development HK$'000	Property leasing HK$'000	Other segment 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$'000**
Six months ended 30 June 2011 (Unaudited)											
Reportable segment revenue*	**1,981,034**	**47,980**	**25,158**	**2,054,172**	**-**	**-**	**-**	**-**	**-**	**-**	**2,054,172**
Reportable segment profit	**1,168,424**	**190,218**	**991**	**1,359,633**	**-**	**-**	**-**	**-**	**-**	**-**	**1,359,633**
Corporate income				**227**						**-**	**227**
Corporate expenses				**(11,418)**						**-**	**(11,418)**
Profit before income tax				**1,348,442**						**-**	**1,348,442**
											Total HK$'000
As at 30 June 2011 (Unaudited)											
Reportable segment assets	**12,608,122**	**1,848,575**	**62,450**	**14,519,147**	**-**	**-**	**-**	**-**	**-**	**-**	**14,519,147**
Corporate assets											**210,703**
Total assets											**14,729,850**
		(Restated)	(Restated)								
Six months ended 30 June 2010 (Unaudited)											
Reportable segment revenue*	969,947	31,320	24,300	1,025,567	146,482	6,912	-	8,155	2,857	164,406	1,189,973
Reportable segment profit/(loss)	141,604	8,975	(2,727)	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 31 December 2010 (Audited)											
Reportable segment assets	9,099,619	1,499,114	55,144	10,653,877	-	-	-	-	-	-	10,653,877
Corporate assets											281,850
Total assets											10,935,727

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

^ *Inter-company interest elimination*

During the six months ended 30 June 2011, the Group reclassified certain inventories of properties with carrying value of HK$95,715,000 (six months ended 30 June 2010: Nil) as investment properties and recognized a fair value gain of HK$157,657,000 (six months ended 30 June 2010: Nil) on the date of reclassification. The fair value gain is reported under the segment of "Property leasing".

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	
	2011	2010	**2011**	2010	**2011**	2010
	(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 / (crediting):						
Amortization:						
Prepaid lease rental on land	**37**	73	**-**	50	**37**	123
Other intangible assets	**2,306**	2,208	**-**	-	**2,306**	2,208
Depreciation of property, plant and equipment	**2,343**	2,149	**-**	2,423	**2,343**	4,572
Total amortization and depreciation	**4,686**	4,430	**-**	2,473	**4,686**	6,903
(Reversal of impairment)/Impairment losses on financial assets:						
- Loans and receivables	**(12,814)**	-	**-**	417	**(12,814)**	417
Reversal of impairment loss on non-financial assets:						
- Other assets	**(9,515)**	-	**-**	-	**(9,515)**	-

7. INCOME TAX EXPENSE

	Continuing operations Six months ended 30 June		Discontinued operations Six months ended 30 June		Total Six months ended 30 June	
	2011	2010	**2011**	2010	**2011**	2010
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Income tax expense comprise:						
Current tax for the period						
Hong Kong profits tax	**-**	-	**-**	1,167	**-**	1,167
Other regions of the PRC						
— Enterprise income tax ("EIT")	**237,609**	58,299	**-**	3,564	**237,609**	61,863
— Land appreciation tax ("LAT")	**277,150**	48,596	**-**	-	**277,150**	48,596
Others	**-**	-	**-**	140	**-**	140
	514,759	106,895	**-**	4,871	**514,759**	111,766
Under provision in prior year						
Other regions of the PRC — EIT	**1,612**	99	**-**	-	**1,612**	99
Deferred tax	**31,541**	(25,524)	**-**	5,336	**31,541**	(20,188)
	547,912	81,470	**-**	10,207	**547,912**	91,677

For the six months ended 30 June 2011, no Hong Kong profits tax has been provided as the Group did not derive any estimated assessable profits for the period. For the six months ended 30 June 2010, Hong Kong profits tax was calculated at 16.5% on the estimated assessable profits for that 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 2010: 10% to 25%).

PRC LAT is levied at progressive rates from 30% to 60% (six months ended 30 June 2010: 30% to 60%) 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. DIVIDENDS

	Six months ended 30 June 2011 (Unaudited) HK$'000	Six months ended 30 June 2010 (Unaudited) HK$'000
Distribution in specie *(note (i))*	**-**	1,964,986

Notes:

(i) Details of the distribution in specie are set out in note 1.

(ii) The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

(iii) During the period, a dividend of HK$0.10 (six months ended 30 June 2010: Nil) per share, amounting to HK$101,433,000 was paid to shareholders as the final dividend for 2010.

9. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share from continuing and discontinued operations attributable to the owners of the Company are based on the following data:

Earnings	**From continuing operations (Unaudited) HK$'000**	**From discontinued operations (Unaudited) HK$'000**	**Total (Unaudited) HK$'000**
For the six months ended 30 June 2011			
Earnings used in calculating basic earnings per share	**803,707**	**-**	**803,707**
Adjustment to the profit of the Group based on effect of dilutive potential ordinary shares	**4,550**	**-**	**4,550**
Earnings used in calculating diluted earnings per share	**808,257**	**-**	**808,257**
For the six months ended 30 June 2010			
Earnings used in calculating basic earnings per share	34,541	18,055	52,596
Adjustment to the share of profit of subsidiaries based on dilution of their earnings per share	(1,856)	-	(1,856)
Earnings used in calculating diluted earnings per share	32,685	18,055	50,740

Weighted average number of ordinary shares	**Six months ended 30 June 2011 (Unaudited) '000**	Six months ended 30 June 2010 (Unaudited) '000
Weighted average number of ordinary shares used in calculating basic earnings per share	**920,639**	662,682
Effect of dilutive potential ordinary shares	**93,690**	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	**1,014,329**	662,682

10. 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 2011 (Unaudited) HK$'000	31 December 2010 (Audited) HK$'000
30 days or below	**43,381**	43,820
31–60 days	**16,847**	489
61–90 days	**-**	-
91–180 days	**4,045**	47
181–360 days	**1,559**	-
Over 360 days	**-**	29
	65,832	44,385

The credit terms in connection with sales of properties granted to the buyers are set out in the sale and purchase agreements and vary for different agreements. Rentals receivable from tenants and service income receivable from customers are payable on presentation of invoices. Other than these, the Group generally allows a credit period of not exceeding 60 days to customers.

In general, trade receivables that are aged below one year are not considered impaired based on management's historical experience and management would consider allowance for impairment of trade receivables which are aged one year or above.

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

In determining the recoverability of trade receivables, the Group also considers any change in the credit quality of the trade receivables 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.

11. TRADE AND OTHER PAYABLES

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

	30 June 2011 (Unaudited) HK$'000	31 December 2010 (Audited) HK$'000
30 days or below	**263,559**	877,031
31–60 days	**82,610**	117,461
61–90 days	**3,802**	7,676
91–180 days	**140,715**	112,806
181–360 days	**462,552**	72,293
Over 360 days	**199,063**	161,031
	1,152,301	1,348,298

INTERIM DIVIDENDS AND PROPOSED BONUS ISSUE

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil). However, in recognition of the continual support of the shareholders of the Company, the Board proposes a bonus issue of 1 bonus share for every 2 existing shares held. The Board believes that the bonus issue will enhance the liquidity of the shares of the Company in the market and thereby enlarging the shareholder and capital base. Full details of such bonus issue are set out in a separate announcement of the Company dated 2 August 2011 which is published on the websites of the Company and the Stock Exchange.

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

During the period ended 30 June 2011, the Company has issued

(1) 94,746,612 ordinary shares to Mr. Wang Tao Guang and 94,746,612 ordinary shares to Kentrise Company Inc. for HK$5.02132 per share on 22 February 2011 pursuant to the Acquisition Agreement dated 2 November 2010; and

(2) 28,646,177 ordinary shares to Mr. Wang Tao Guang and 28,646,178 ordinary shares to Kentrise Company Inc. for HK$5.02132 per share on 5 May 2011 pursuant to the Acquisition Agreement dated 2 November 2010.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period ended 30 June 2011.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 2011.

CORPORATE GOVERNANCE

The Company has complied with all the provisions (except Code Provision 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 2011, and also most of the Recommended Best Practices.

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term and subject to retirement by rotation and re-election. The non-executive Directors of the Company are not appointed for a specific term, but 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 2011, 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 our shareholders 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, 2 August 2011

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. Paul Wang Man Kwan; two non-executive Directors, namely Mr. Hao Jian Min and Mr. Billy Yung Kwok Kee, and three independent non-executive Directors, namely Dr. 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 before the end of August 2011 and will be despatched to shareholders of the Company thereafter.