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 2013

FINANCIAL HIGHLIGHTS

1. For the six months ended 30 June 2013, contracted property sales amounted to approximately HK$8,448.1 million for an aggregated area of 774,991 sq.m. sold, representing an increase of 5.5% and 50.8% respectively against the same period last year.

2. The Group increased its turnover by 55.9% to HK$8,008.8 million. Operating profit increased by HK$55.9 million or 2.2% against last period and reached HK$2,583.1 million. Profit attributable to the owners of the Company enhanced by 20.2% to HK$1,563.7 million against last corresponding period. Basic earnings per share was HK68.5 cents (2012: HK57.0 cents).

3. The Group expanded into Yancheng, Jiangsu, the PRC during the period. The Group successfully bid for three land parcels in Hohhot, Yancheng and Changzhou. In aggregate, new additions in land bank amounted to nearly 1,459,000 sq.m. for total consideration of approximately HK$2,964.0 million. As at 30 June 2013, total land bank of the Group is estimated available to build gross floor area of approximately 9,636,700 sq.m. (of which, 8,383,900 sq.m. are attributable to the Group, excluding non-controlling shareholders) in thirteen cities in PRC.

4. Cash and cash equivalents plus restricted cash and deposits were 17.1% higher at a total of HK$9,135.2 million compared with the last financial year end. The net gearing ratio, expressed as a percentage of net debts to equity attributable to owners of the Company, was 12.4% as at 30 June 2013.

5. The Board declared the payment of an interim dividend of HK5 cents per share (2012: HK5 cents) for the period ended 30 June 2013.

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 2013. For the first half year of 2013, the Group increased its turnover by HK$2,871.3 million or 55.9% to HK$8,008.8 million. The profit attributable to the owners of the Company was HK$1,563.7 million, an increase of 20.2% comparing with the same period last year. Basic earnings per share was HK68.5 cents (2012: HK57.0 cents).

Further to the inclusion as a constituent under the Morgan Stanley Capital International ("MSCI") China Small Cap Index last year, again, the Group was included as a constituent of the China Index under the MSCI Global Standard Indices in May this year. In addition, the Group is also a constituent of Hang Seng Global Composite Index and Hang Seng Composite Index (which includes Hang Seng Composite Industry Index – Properties & Construction and Hang Seng Composite SmallCap Index.) Inclusions in these well known benchmark indices clearly demonstrate the recognition of the operation scale, profitability and governance of the Company by both of the international and local investors.

In the last six months, the Group extended its business to Yancheng, Jiangsu, and successfully acquired three parcels of land in Hohhot City, Yancheng City and Changzhou City with total development area of approximately 1,459,000 sq.m.. As of 30 June 2013, total land bank of the Group in the PRC reached 9,636,700 sq.m.

REVENUE AND OPERATING RESULTS

As the Group rolled out its business plan to enter into more third-tier cities, revenue increased by 55.9% to HK$8,008.8 million for the six months ended 30 June 2013. Operating profit increased by HK$55.9 million or 2.2% against last period and reached HK$2,583.1 million.

In respect of the overhead costs, administrative expenses increased in line with current period's turnover by 59.8% to HK$217.0 million while the marketing cost efficiency was improved with distribution and selling expenses increased modestly by 30.4% to HK$151.4 million. Besides, reflecting the continual increase in rental value righteously, there was a fair value gain of HK$296.8 million (2012: HK$187.4 million) of the investment properties.

Finance costs lowered to HK$5.7 million from HK$7.8 million of last period, after capitalization of HK$256.3 million to the on-going development projects.

For the half year ended 30 June 2013, after taking out the non-controlling interests, profit attributable to equity shareholders of the Company increased by 20.2% to HK$1,563.7 million against last corresponding period (2012: HK$1,300.6 million).

LAND BANK

Targeting at emerging third-tier cities in the PRC with best investment value and growth potential, the Group expanded into Yancheng, Jiangsu, the PRC during the period. The Group also successfully bid for three land parcels in Hohhot, Yancheng and Changzhou. In aggregate, new additions in land bank amounted to nearly 1,459,000 sq.m. for total consideration of approximately HK$2,964.0 million.

As at 30 June 2013, total land bank of the Group is estimated available to build gross floor area of approximately 9,636,700 sq.m. (of which, 8,383,900 sq.m. are attributable to the Group, excluding non-controlling shareholders) in thirteen cities in PRC.

SEGMENT INFORMATION

PROPERTY SALES AND DEVELOPMENT

The operation strategy for entering into the medium to high-end market in the third tier cities continues to achieve results, with stable improvement in the current period.

During the six months ended 30 June 2013, contracted property sales amounted to approximately HK$8,448.1 million for an aggregated area of 774,991 sq.m. sold, representing an increase of 5.5% and 50.8% respectively against the same period last year. In the segmental sales analysis, there is a gradual dominance of sales mix from the third-tier cities. In addition, the balance of preliminary sales pending the completion of sales and purchase agreements as at 30 June 2013 was HK$1,358.0 million for an aggregated area of 111,900 sq.m..

As at 30 June 2013, 940,700 sq.m. of construction sites were completed (2012: 348,500 sq.m.) with about 84% of these sold out. Coupled with stock sales, recognized revenue increased to HK$7,909.9 million (2012: HK$5,047.5 million) while segment result decreased slightly to HK$2,287.9 million (2012: HK$2,327.3 million). However, on the basis of residence units sold (i.e. stripped out the one-off effect of the disposal of a commercial arcade in The Oakwook, Guangzhou in last period), the year-on-year half year segment result remains increased by HK$1,111.5 million or 94.5%.

At period end date, properties under construction and stock of completed properties amounted to 2,719,380 sq.m. and 418,000 sq.m. respectively, totaling 3,137,380 sq.m.. Properties of 783,728 sq.m. had been contracted for sales and were pending for completion of the transactions upon handover.

PROPERTY LEASING

For the period ended 30 June 2013, with continuous improvement in the level of rent and thus a higher average rental rate, rental income increased to HK$62.2 million (2012:

HK$57.3 million) with a segment profit of HK$346.3 million (2012: HK$225.0 million). The improvement includes a fair value gain of HK$296.8 million (2012: HK$187.4 million) in respect of the investment properties and contribution from the joint venture of HK$2.0 million (2012: HK$1.8 million).

At period end, China Overseas International Center in Xicheng District, Beijing was 90% let while the occupancy rate for the scientific research office building in Zhang Jiang High-tech Zone in Shanghai was about 84%. The Group owns 100% and 65% of these projects respectively.

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 to meet its working capital requirements. As at 30 June 2013, net working capital amounted to HK$17,197.5 million, (31 December 2012: HK$12,471.2 million) with a quick ratio of 0.9 (31 December 2012: 0.7).

During the six months ended 30 June 2013, the Group obtained new credit facilities of approximately HK$6,067.9 million from leading financial institutions. After taking into account drawdowns of HK$4,484.3 million and repayment of matured loans of HK$1,397.4 million during the period, total borrowings (exclude the liability portion of HK$1,675.4 million of the convertible bonds) increased by 57.1% to HK$8,650.1 million against last year end. Interest of such borrowings was charged at floating rates with a weighted average of 4.7% per annum. About 75.5% of such borrowings is repayable beyond one year.

On the other hand, coupled with sales achieved during the period, cash and cash equivalents plus restricted cash and deposits were 17.1% higher at a total of HK$9,135.2 million compared with the last financial year end (HK$7,803.2 million).

The net gearing ratio, expressed as a percentage of net debts (i.e. total borrowings, including the liability portion of the convertible bonds, net of cash and cash equivalents and restricted cash and deposits) to equity attributable to owners of the Company, was 12.4% as at 30 June 2013 (31 December 2012: net cash).

Taking into consideration of the unutilized bank credit facilities available to the Group of HK$2,592.6 million, the Group’s total available funds (including restricted cash and deposits of HK$2,173.0 million) reached HK$11,727.8 million as at 30 June 2013. 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 2013, about 37.0% and 63.0% of the Group's total borrowings (including the liability component of the convertible bonds) were denominated in Renminbi and Hong Kong Dollar/US 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 management considered that a natural hedge mechanism existed. While the Group would closely monitor the volatility of the Renminbi exchange rate, the management assessed that the Group's risk exposure to foreign exchange rate fluctuations remained at acceptable range.

CAPITAL COMMITMENTS AND GUARANTEE

As at 30 June 2013, the Group had capital commitments totaling HK$8,870.9 million which related mainly to property development and construction works. In addition, the Group issued guarantees to banks amounting to HK$6,935.2 million, (equivalent to RMB5,524.8 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$6.2 million approximately during this period, mainly referred to additions in motor vehicles, furniture, fixtures and office equipment.

On the other hand, as at 30 June 2013, certain property assets and trade receivables with an aggregate carrying value of HK$4,646.9 million in the PRC were pledged to obtain HK$881.4 million (equivalent to RMB702.1 million) of secured borrowings from certain PRC banks for the development projects.

EMPLOYEES

As at 30 June 2013, the Group has approximately 807 employees (31 December 2012: 677). The pay levels of these employees are commensurate with their responsibilities, performance and the prevailing market condition.

PROSPECTS

The Economy

In June 2013, Mr. Ben Bernanke, Chairman of the US Federal Reserve announced the possible timeline of gradual tapering of the bond purchase commitment as early as in the third quarter of the year, if the US economy continues to pick up, symbolizing the end of the its QE programs commencing since the financial turmoil in 2008. This may possibly imply the gradual interest rate hike after enjoying almost 5 years' of low interest environment.

In China, the Central Government re-affirmed its policy stance for tuning the economic restructure in order to lay down a better foundation for long term economic growth and stability. While this would adjust the over-reliance on certain economic growth factors, namely, investment and export previously, China is likely to shift to a more conservative and sustainable growth path with increasing productivity and domestic consumption in the long term. With agricultural modernization and progression to high value-added service industry, more rural population would migrate to near-by urban area under the town urbanization program. Economic reforms would also cultivate better competition, thus lower cost and stimulate employment. Those medium size cities with growth potential would ultimately play important role in the GDP contribution and general household income would gain much from the sharing of better economic outcome.

Real Estate Development

With the upward swing of property price in most of the major cities since the last year end, State Council re-affirmed the macroscopic property price control policy in China in March 2013. And further to the implementation of municipal government measures, there was a slowdown in the pace of property price increase. It would be expected that it is unlikely to have further tightening control policy to be launched.

Urbanization and systematic town planning would certainly provide better opportunities for the improvement and upkeep of the living standard and dwelling environment. The core demands for property housing would lead to a more stabilized development of the property market.

Group Strategy

It is the Group's firm vision and commitment to become a high-growth star property developer of the highest potential in the PRC residential property market and engages primarily in the emerging third-tier cities with best investment value and growth potentials, and targeting at the middle to high-end product ranges.

The Group is dedicated to enlarge the operating scale and speed up the pace of development, in order to increase the marginal cost efficiency. It is therefore of paramount importance that the Group would be able to build up and maintain a sizable quantum of quality land bank at competitive prices, for which the Group has actively rolled out its investment plans.

The Group has now entered into 13 cities with over 18 on-going development projects. While the Group would establish standardized management procedures, in the meantime, it would also strengthen the system development and speed up the project progress with the enhancement of the complete management capabilities.

The Group would also closely monitor the impacts from the external economic environment and national policy changes to the business operations.

CONDENSED CONSOLIDATED INCOME STATEMENT

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2013 and the comparative figures for the corresponding period in 2012 are as follows:

		Six months ended 30 June	
		2013	2012
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Revenue	*4*	**8,008,793**	5,137,466
Cost of sales and services provided		**(5,386,116)**	(2,564,863)
Gross profit		**2,622,677**	2,572,603
Other income		**32,583**	18,026
Distribution and selling expenses		**(151,399)**	(116,139)
Administrative expenses		**(217,020)**	(135,803)
Other operating expenses		**(545)**	(246)
Other gains, net			
Fair value gain on investment properties		**296,751**	187,359
Reversal of impairment on assets, net		**-**	1,413
Gain on disposal of an investment property		**28**	-
Operating profit		**2,583,075**	2,527,213
Finance costs		**(5,656)**	(7,829)
Share of results of a joint venture		**2,008**	1,784
Profit before income tax	*6*	**2,579,427**	2,521,168
Income tax expense	*7*	**(864,905)**	(1,177,202)
Profit for the period		**1,714,522**	1,343,966
Profit for the period attributable to:			
Owners of the Company		**1,563,727**	1,300,619
Non-controlling interests		**150,795**	43,347
		1,714,522	1,343,966
		HK Cents	HK Cents
Earnings per share	*9*		
Basic		**68.5**	57.0
Diluted		**61.4**	53.5

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit for the period	**1,714,522**	1,343,966
Other comprehensive income		
Items that will be reclassified subsequently to profit or loss:		
Exchange difference arising on translation		
- subsidiaries	**251,679**	(41,561)
- a joint venture	**1,430**	(409)
	253,109	(41,970)
Reclassification from assets revaluation reserve to profit or loss upon sales of inventories of properties	**-**	(4,360)
Tax effect	**-**	1,553
	-	(2,807)
Other comprehensive income for the period, net of tax	**253,109**	(44,777)
Total comprehensive income for the period	**1,967,631**	1,299,189
Total comprehensive income attributable to:		
Owners of the Company	**1,803,983**	1,257,960
Non-controlling interests	**163,648**	41,229
	1,967,631	1,299,189

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2013 (Unaudited) HK$'000**	31 December 2012 (Audited) HK$'000
Non-current assets			
Investment properties		**2,583,225**	2,248,932
Property, plant and equipment		**47,915**	47,177
Prepaid lease rental on land		**5,418**	5,479
Other intangible assets		**30,419**	32,277
Interests in a joint venture		**82,677**	79,238
Deferred tax assets		**159,928**	271,314
		2,909,582	2,684,417
Current assets			
Inventories of properties		**19,230,369**	17,522,426
Other inventories		**984**	963
Trade and other receivables, prepayments and deposits	*10*	**3,658,434**	2,792,833
Prepaid lease rental on land		**177**	174
Amount due from a joint venture		**-**	45,632
Amounts due from non-controlling interests		**58,599**	20,538
Tax prepaid		**29,580**	74,343
Restricted cash and deposits		**2,173,032**	1,821,131
Cash and cash equivalents		**6,962,206**	5,982,086
		32,113,381	28,260,126
Current liabilities			
Trade and other payables	*11*	**4,501,091**	4,034,650
Sales deposits received		**5,785,526**	7,060,789
Amounts due to non-controlling interests		**788,450**	799,119
Taxation liabilities		**1,721,987**	1,841,868
Borrowings		**2,118,860**	2,052,536
		14,915,914	15,788,962
Net current assets		**17,197,467**	12,471,164
Total assets less current liabilities		**20,107,049**	15,155,581
Non-current liabilities			
Borrowings		**6,531,279**	3,454,443
Convertible bonds	*12*	**1,675,434**	1,650,543
Deferred tax liabilities		**1,423,008**	1,441,497
		9,629,721	6,546,483
Net assets		**10,477,328**	8,609,098
Capital and reserves			
Share capital		**22,822**	22,822
Reserves		**9,610,452**	7,943,403
Equity attributable to owners of the Company		**9,633,274**	7,966,225
Non-controlling interests		**844,054**	642,873
Total equity		**10,477,328**	8,609,098

1. GENERAL INFORMATION

China Overseas Grand Oceans Group Limited (the “Company”) is a limited liability 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 address of the Company's registered office and principal place of business is Unit 6703, Level 67, International Commerce Centre, 1 Austin Road West, Kowloon, 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 certain regions in the PRC such as Lanzhou, Ganzhou, Hefei, Yinchuan, Beijing, Hohhot-Inner Mongolia, Yangzhou and Guilin.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2013 (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 2012.

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 29 July 2013.

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.

Save as described in note 3 “Adoption of new and revised Hong Kong Financial Reporting Standards (“ HKFRSs”) ”, the accounting policies used in preparing the Interim Financial Statements are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

3. ADOPTION OF NEW AND REVISED HKFRSs

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group’s financial statements:

- Amendments to HKAS 1, Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
- HKAS 27 (2011), Separate Financial Statements
- HKAS 28 (2011), Investments in Associates and Joint Ventures
- HKFRS 10, Consolidated Financial Statements
- HKFRS 11, Joint Arrangements
- HKFRS 12, Disclosure of Interests in Other Entities
- HKFRS 13, Fair Value Measurement
- Revised HKAS 19, Employee Benefits
- Amendments to HKFRS 10, HKFRS 11 and HKFRS 12, Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
- Annual Improvements to HKFRSs 2009-2011 Cycle
- Amendments to HKFRS 7, Disclosures – Offsetting Financial Assets and Financial Liabilities

3. ADOPTION OF NEW AND REVISED HKFRSs (CONTINUED)

Amendments to HKAS 1, Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

HKFRS 10, Consolidated Financial Statements

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and Separate Financial Statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special Purpose Entities*, it introduces a single control model to determine whether an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013. Accordingly, this new accounting policy does not have any material impact on the financial position and the financial result of the Group.

HKFRS 11, Joint Arrangements

HKFRS 11, which replaces HKAS 31, *Interests in Joint Ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognized on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the investment from jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

HKFRS 12, Disclosure of Interests in Other Entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in the interim financial report as a result of adopting HKFRS 12.

3. ADOPTION OF NEW AND REVISED HKFRSs (CONTINUED)

HKFRS 13, Fair Value Measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The Group has included the disclosures. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the group's assets and liabilities.

Revised HKAS 19, Employee Benefits

Revised HKAS 19 introduces a number of amendments to the accounting for defined benefit plans. As the Group does not have such defined benefit plans, the adoption of HKFRS 19 does not have any material impact on the financial position and the financial result of the Group.

Annual Improvements to HKFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker (CODM) and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. In respect of this amendment, the Group now excludes the disclosure of segment assets in the interim report on the basis that the amounts of reportable segments assets are not materially different from the amounts reported in the last annual financial statements.

Amendments to HKFRS 7 – Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognized financial instruments that are set off in accordance with HKAS 32, *Financial Instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32. The adoption of the amendments does not have an impact on the Group's interim financial report because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7.

The Group has not applied any new standards or interpretations that have been issued but are not yet effective for the current accounting period.

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:

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Sales of properties	**7,909,908**	5,047,489
Property rental income	**62,181**	57,336
Property management fee income	**36,704**	32,641
Total revenue	**8,008,793**	5,137,466

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:

Property investment and development	—	This segment constructs residential and commercial properties in the PRC.
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 joint venture.
Other segment	—	This segment provides management services to certain housing estate in the PRC and generates property management fee income.

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 revenue represents sales from external customer and there were no inter-segment sales between different operating segments. Segment profit/loss includes the Group's share of profit/loss arising from the activities of the Group's joint venture. 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.

The Group now excludes the disclosure of segment assets on the basis that the amounts of reportable segments assets are not materially different from the amounts reported in the last annual financial statements.

5. SEGMENT INFORMATION (CONTINUED)

Information regarding the Group's reportable segments including reportable segment revenue and the reconciliation of reportable segment profit/ (loss) to profit before income tax is as follows:

	Property investment and development HK$'000	Property leasing HK$'000	Other segment HK$'000	**Consolidated HK$'000**
Six months ended 30 June 2013 (Unaudited)				
Reportable segment revenue	**7,909,908**	**62,181**	**36,704**	**8,008,793**
Reportable segment profit	**2,287,885**	**346,309**	**435**	**2,634,629**
Corporate income				**279**
Corporate expenses				**(55,481)**
Profit before income tax				**2,579,427**
Six months ended 30 June 2012 (Unaudited)				
Reportable segment revenue	5,047,489	57,336	32,641	5,137,466
Reportable segment profit/(loss)	2,327,285	224,963	(2,136)	2,550,112
Corporate income				3,399
Corporate expenses				(32,343)
Profit before income tax				2,521,168

During the six months ended 30 June 2013, the Group recognized a fair value gain on investment properties of HK$296,751,000 (for the six months ended 30 June 2012: HK$187,359,000). The fair value gain is reported under the segment of "Property leasing".

6. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit before income tax is arrived at after charging / (crediting):		
Amortization:		
Prepaid lease rental on land	**157**	26
Other intangible assets #	**2,414**	2,385
Depreciation of property, plant and equipment	**5,881**	3,196
Total amortization and depreciation	**8,452**	5,607
Reversal of impairment on financial assets:		
- Loans and receivables*	**-**	(8,233)
Impairment/(Reversal of impairment loss) on non-financial assets:		
- Goodwill* (note)	**-**	19,122
- Other assets*	**-**	(12,302)

included in "Cost of sales and services provided" in the condensed consolidated income statement

* included in "Reversal of impairment on assets, net" in the condensed consolidated income statement

Note: For the six months ended 30 June 2012, due to the certain properties of project companies were nearly sold out and the management had no future plan on these project companies, the recoverable amount of these project companies as separate cash-generating units felt below their carrying amounts. Based on the results of the impairment testing, impairment loss of HK$19,122,000 was recognized for the project companies and the entire amounts of the impairment loss were fully allocated to the goodwill attributed to that cash-generating units.

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Income tax expense comprise:		
Current tax for the period		
PRC - Enterprise income tax ("EIT")	**506,940**	587,480
PRC - Land appreciation tax ("LAT")	**373,796**	634,953
	880,736	1,222,433
Over provision in prior year		
PRC - EIT	**(87,382)**	-
Deferred tax	**71,551**	(45,231)
	864,905	1,177,202

For the six months ended 30 June 2013, no Hong Kong profits tax has been provided as the Group did not derive any estimated assessable profits in Hong Kong for the period (six months ended 30 June 2012: Nil).

EIT arising from other regions of the PRC is calculated at 25% on the estimated assessable profits (six months ended 30 June 2012: 25%).

7. INCOME TAX EXPENSE (CONTINUED)

PRC LAT is levied at progressive rates from 30% to 50% (six months ended 30 June 2012: 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

The Board has declared that an interim dividend of HK$0.05 (six months ended 30 June 2012: HK$0.05) per share, amounting to HK$114,112,000 (six months ended 30 June 2012: HK$114,112,000), will be paid to the shareholders of the Company whose names appear in the Register of Members on 28 August 2013.

At the reporting date, a dividend of HK$0.06 per share, amounting to HK$136,934,000 was recognized as a liability as the final dividend for the financial year ended 31 December 2012. During the six months ended 30 June 2012, a dividend of HK$0.05 per share, amounting to HK$76,075,000 was paid to shareholders as the final dividend for the financial year ended 31 December 2011.

9. EARNINGS PER SHARE

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

Earnings

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Earnings used in calculating basic earnings per share	**1,563,727**	1,300,619
Adjustment to the profit of the Group – imputed interest on convertible bonds	**496**	345
Earnings used in calculating diluted earnings per share	**1,564,223**	1,300,964

Weighted average number of ordinary shares

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	'000	'000
Weighted average number of ordinary shares used in calculating basic earnings per share	**2,282,240**	2,282,240
Effect of dilutive potential ordinary shares – issuance of shares for conversion of convertible bonds	**263,347**	147,590
Weighted average number of ordinary shares used in calculating diluted earnings per share	**2,545,587**	2,429,830

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 2013 (Unaudited) HK$'000	31 December 2012 (Audited) HK$'000
30 days or below	**440,380**	169,539
31–60 days	**921**	-
61–90 days	**634**	-
91–180 days	**69,190**	-
181–360 days	**11,924**	26
Over 360 days	**102**	90
	523,151	169,655

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. In general, trade receivables are due on presentation of invoices.

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 but not impaired 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 2013 (Unaudited) HK$'000	31 December 2012 (Audited) HK$'000
30 days or below	**1,301,271**	1,885,481
31–60 days	**84,095**	165,129
61–90 days	**58,630**	117,299
91–180 days	**590,492**	283,095
181–360 days	**959,608**	559,869
Over 360 days	**472,032**	270,937
	3,466,128	3,281,810

12. CONVERTIBLE BONDS

The movement of the liability and equity components of the convertible bonds is set out as below:

	Liability component HK$'000	**Equity component HK$'000**
Fair value on initial recognition *(Audited)*	1,610,103	589,897
Direct transaction costs *(Audited)*	(51,685)	(8,701)
	1,558,418	581,196
Imputed interest expenses *(Audited)*	114,125	-
Finance costs paid *(Audited)*	(22,000)	-
Carrying amount as at 31 December 2012 and 1 January 2013 *(Audited)*	**1,650,543**	**581,196**
Imputed interest expenses *(Unaudited)*	**74,828**	**-**
Finance costs paid *(Unaudited)*	**(49,937)**	**-**
Carrying amount as at 30 June 2013 *(Unaudited)*	**1,675,434**	**581,196**

INTERIM DIVIDEND

After reviewing the interim result performance for the six months ended 30 June 2013 and working capital requirements for the Group's future expansion of its business, the Board declared an interim dividend of HK$0.05 per share (2012: HK$0.05 per share) which will be payable on 9 October 2013 to the members of the Company registered as at the close of business on 28 August 2013.

The Register of Members of the Company will be closed on 28 August 2013 during which time no transfer of shares can be registered. In order to qualify for the interim dividend, all transfers, accompanied by the relevant certificates, must be lodged with the Company's share registrar, Tricor Standard Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 27 August 2013.

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 2013.

CORPORATE GOVERNANCE

The Company always strives to raise the standard of its corporate governance and regards corporate governance as part of value creation. This reflects the commitment of the Board and senior management on abiding by the standards of corporate governance, as well as our willingness to maintain transparency and accountability to maximise the value of our shareholders as a whole.

Except for the deviations from codes A.4.1, A.6.7 and D.1.4, the Company has applied the corporate governance principles and complied with all the code provisions (where applicable, most of the recommended best practices) set out in Appendix 14 to the Listing Rules ("CG Codes") for the six months ended 30 June 2013.

CG Codes A.4.1 and D.1.4 stipulate that non-executive Directors should be appointed for a specific term and directors should have formal letters of appointment. The non-executive Directors of the Company are not appointed for a specific term and do not have a formal letters of appointment but they are subject to retirement by rotation and re-election in accordance with the Company's Articles of Association.

In addition to the above deviations, the Company has not complied with CG Code A.6.7 which requires the independent non-executive directors to attend the general meeting. Due to an overseas engagement, Dr. Timpson Chung Shui Ming, one of the independent non-executive directors, was unable to attend general meeting of the Company held on 7 May 2013. However, all other independent non-executive directors were present thereat to be available to answer any question to ensure effective communication with shareholders of the Company.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the six months ended 30 June 2013.

REVIEW OF INTERIM REPORT BY AUDIT COMMITTEE

The Audit Committee of the Board has reviewed the Company's unaudited interim results for the six months ended 30 June 2013, and discussed with the Company's management regarding auditing, internal control and other important matters.

APPRECIATION

Finally, I would like to take this opportunity to thank my fellow directors, our staff and our shareholders for their continued supports.

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

Hong Kong, 29 July 2013

As at the date of this announcement, the board of directors of the Company comprises nine directors, of which four are executive directors, namely, Mr. Chen Bin, Mr. Xiang Hong, Mr. Paul Wang Man Kwan and Mr. Yang Hai Song; 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), the website of the Stock Exchange (http://www.hkexnews.hk) and the website of TodayIR (Hong Kong) Ltd (http://www.todayir.com/en/showcases.php?code=81). The Interim Report will also be available at the aforementioned websites before the end of August 2013 and will be despatched to shareholders of the Company thereafter.