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 2014

FINANCIAL HIGHLIGHTS

1. For the six months ended 30 June 2014, contracted property sales amounted to approximately HK$8,220.0 million for an aggregated area of 771,700 sq.m. sold, representing a slight reduction of 2.7% and 0.4% respectively against the same period last year.

2. Group revenue decreased slightly by 1.4% to HK$7,893.9 million. Operating profit decreased by 23.2% against last period to HK$1,985.0 million. Profit attributable to the owners of the Company decreased by 31.3% to HK$1,074.2 million against last corresponding period. Basic earnings per share was HK47.1 cents (2013: HK68.5 cents per share).

3. The Group expanded into Shantou, Guangdong, the PRC during the period. At the same time, the Group successfully bid for four land parcels in Lanzhou, Shantou, Yangzhou and Nanning. In aggregate, new additions in land bank amounted to nearly 2,703,000 sq.m. for total consideration of approximately HK$5,250.8 million. As at 30 June 2014, total land bank of the Group is estimated available to build gross floor area of approximately 13,057,100 sq.m. (of which, 11,907,700 sq.m. are attributable to the Group, excluding non-controlling shareholders) in fifteen cities in PRC.

4. Cash and bank balances plus restricted cash and deposits were 8.9% higher at a total of HK$10,094.9 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 72.7% as at 30 June 2014.

5. On 23 January 2014, the Group issued a 5-year US$400 Million 5.125% Guaranteed Notes to enhance working fund.

6. The Board declared the payment of an interim dividend of HK4 cents per share (2013: HK5 cents per share) for the period ended 30 June 2014.

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 2014. Affected by a significant reduction in fair value gain of the investment properties as well as the short term effects of structural economic adjustments in PRC, the Group's unaudited consolidated profit attributable to the owners of the Company for the first half year of 2014 was HK$1,074.2 million, a decrease of 31.3% comparing with the same period last year. Basic earnings per share was HK47.1 cents (2013: HK68.5 cents per share).

In January 2014, the Group has further enlarged its source of fund from the world-wide capital market after successfully issued a 5-year US$400 Million Guaranteed Notes. This has not only strengthened the funding capability of the Group to propel its business plan, but also laid down a more solid foundation of the strategic framework.

In the last six months, the Group extended its business to Shantou, Guangdong, and successfully acquired four parcels of land in Lanzhou, Shantou, Yangzhou and Nanning with total development area of approximately 2,703,000 sq.m.. As of 30 June 2014, total land bank of the Group in the PRC reached 13,057,100 sq.m.

INTERIM DIVIDEND

After reviewing the interim result performance for the six months ended 30 June 2014 and working capital requirements for the Group's future expansion of its business, the Board declared an interim dividend of HK4 cents per share (2013: HK5 cents per share) which will be payable on 9 October 2014 to the members of the Company registered as at the close of business on 28 August 2014.

The Register of Members of the Company will be closed on 28 August 2014 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, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 27 August 2014.

REVENUE AND OPERATING RESULTS

With impacts from the structural economic adjustments in PRC such as the modification of housing monetary policy, sales in third-tier cities experienced significant challenges. While the Group has scaled down its property development activities in Beijing, revenue slipped slightly by 1.4% to HK$7,893.9 million for the six months ended 30 June 2014. Gross profit lowered by 12.7% against last period and stayed at HK$2,289.7 million, reflecting a lower but yet lucrative profit margin achievable for property development projects in third-tier cities.

The Group exercised stringent controls over the overhead costs. Both of the ratios that administrative expenses as well as distribution and selling expenses bore to revenue were in line with those of last period, at 2.7% and 2.1% respectively. Fair value gain of the investment properties for the current period was HK$29.9 million, significantly lowered by HK$266.8 million against last period. Accordingly, operating profit dropped by 23.2% to HK$1,985.0 million for the current period under review.

Finance costs increased to HK$8.5 million from HK$5.7 million of last period, after capitalization of HK$449.1 million to the on-going development projects.

For the half year ended 30 June 2014, profit attributable to equity shareholders of the Company decreased by 31.3% to HK$1,074.2 million against last corresponding period (2013: HK$1,563.7 million).

LAND BANK

The Group continued its expansion plan at emerging third-tier cities in the PRC with best investment value and growth potential. During the period under review, the Group expanded into Shantou, Guangdong. As well, the Group successfully bid for four land parcels in Lanzhou, Shantou, Yangzhou and Nanning. In aggregate, new additions in land bank amounted to nearly 2,703,000 sq.m. for total consideration of approximately HK$5,250.8 million.

As at 30 June 2014, total land bank of the Group is estimated available to build gross floor area of approximately 13,057,100 sq.m. (of which, 11,907,700 sq.m. are attributable to the Group, excluding non-controlling shareholders) in fifteen cities in PRC.

SEGMENT INFORMATION

PROPERTY SALES AND DEVELOPMENT

In response to the impact that macroscopic economic adjustments have modestly affected the short term demands in the property market, especially in the third-tier cities, the Group reacted spontaneously with adapted market strategies to boost sales and improve the sales-through rate in order to reduce shortfall against budget.

During the six months ended 30 June 2014, contracted property sales amounted to HK$8,220.0 million for an aggregated area of 771,700 sq.m. sold, representing a slight reduction of 2.7% and 0.4% respectively against the same period last year. However, the balance of preliminary sales pending the completion of sales and purchase agreements increased by 42.6% to HK$1,936.0 million (2013: HK$1,358.0 million) for an aggregated area of 101,400 sq.m. (2013: 111,900 sq.m.) comparing with last period.

As at 30 June 2014, construction work for 1,378,300 sq.m. were completed (2013: 940,700 sq.m.) with about 68% of these sold out. Coupled with stock sales, recognized revenue decreased slightly by 2.0% to HK$7,747.9 million (2013: HK$7,909.9 million) while segment result decreased by 15.8% to HK$1,925.8 million (2013: HK$2,287.9 million). On one hand, increase in revenue in third-tier cities against last period has basically subrogated the scaling down effects of business operation in Beijing, but on the other hand, due to the effects of macroscopic economic factors and market conditions, there remains some variations in the segment result.

Nonetheless, on the front line of third-tier cities alone, this period still showed an increase of 32.2% in segment revenue and 23.9% increase in segment gross profit against last period. The Group has continued to enlarge the market share in the third-tier cities. Accordingly, the operation result recorded sustainable improvement.

At period end, properties under construction and stock of completed properties amounted to 5,738,162 sq.m. and 797,558 sq.m. respectively, totaling 6,535,720 sq.m.. Properties of 779,555 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 2014, due to increased average rental rate together with further investment in investment properties in the second half of last year, rental income increased to HK$91.6 million (2013: HK$62.2 million) with a segment profit of HK$106.6 million (2013: HK$346.3 million). The reduction in segment profit was mainly due to a much lower fair value gain of HK$29.9 million (2013: HK$296.8 million) in respect of the investment properties while contribution of HK$2.1 million from the joint venture remains stable (2013: HK$2.0 million).

At period end, the occupancy rates for China Overseas International Center in Xicheng District, Beijing and the scientific research office building in Zhang Jiang High-tech Zone in Shanghai were about 98% and 90% respectively. The tenancy of China Overseas Building in Jilin continued to increase steadily. The Group fully owns the Beijing and the Jilin properties while it holds 65% of the Shanghai project.

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 2014, net working capital amounted to HK$24,575.7 million, (31 December 2013: HK$21,871.0 million) with a quick ratio of 0.6 (31 December 2013: 0.9).

During the six months ended 30 June 2014, the Group successfully issued US$400 Million 5.125% Guaranteed Notes due 2019. In addition, new credit facilities of approximately HK$3,466.7 million were secured from leading financial institutions. After taking into account drawdowns of HK$2,336.8 million and repayment of matured loans of HK$1,280.5 million during the period, total borrowings (exclude the liability portion of HK$1,760.4 million of the convertible bonds and the amortized cost payable of HK$3,122.8 million of the Guaranteed Notes) increased by 7.8% to HK$13,954.9 million against last year end. Interest of such borrowings was charged at floating rates with a weighted average of 4.2% per annum. About 74.9% of such borrowings is repayable beyond one year.

On the other hand, coupled with sales achieved during the period, cash and bank balances plus restricted cash and deposits were 8.9% higher at a total of HK$10,094.9 million compared with the last financial year end (HK$9,268.8 million).

The net gearing ratio, expressed as a percentage of net debts (i.e. total borrowings, including the liability portion of the convertible bonds as well as the Guaranteed Notes aforesaid, net of cash and bank balances and restricted cash and deposits) to equity attributable to owners of the Company, was 72.7% as at 30 June 2014 (31 December 2013: 47.8%), which was considered within the acceptable and manageable range of the management in light of the current pace of development and operation environment.

Taking into consideration of the unutilized bank credit facilities available to the Group of HK$2,852.1 million, the Group's total available funds (including restricted cash and deposits of HK$1,518.3 million) reached HK$12,947.0 million as at 30 June 2014. 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 2014, about 26.2% and 73.8% of the Group's total borrowings (including the liability component of the convertible bonds as well as the Guaranteed Notes aforesaid) 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 2014, the Group had capital commitments totaling HK$8,660.7 million which related mainly to property development and construction works. In addition, the Group issued guarantees to banks amounting to HK$10,700.1 million, (equivalent to RMB8,493.5 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$6.3 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 2014, certain property assets with an aggregate carrying value of HK$4,526.4 million in the PRC were pledged to obtain HK$1,308.9 million (equivalent to RMB1,039.0 million) of secured borrowings from certain PRC banks for the development projects.

EMPLOYEES

As at 30 June 2014, the Group has approximately 2,568 employees (31 December 2013: 2,546). The pay levels of these employees are commensurate with their responsibilities, performance and the prevailing market condition.

PROSPECTS

The Economy

Despite that the economy of the United States started to show signs of mild recovery with scaling down of its asset purchase program to continue, the world economic data are mixed and overall economic growth was below expectation. There remain numerous uncertainties surrounding the international environment.

In China, the initial effects on macroscopic economic adjustments from the "Decision on Major Issues Concerning Comprehensive Deepening Reforms" adopted in its third plenum of the 18th CPC Central Committee started to take place progressively. While the medium to long term effects arising from this fundamental internal economic restructuring would take time to materialize, there would inevitably be some impacts in the short run. However, the structural transformation, industrial upgrades and changes in the mode of economic growth would bring in fresh impetus for the macroscopic economic development of China.

Yet, comparing with most of the developed countries, China as a developing country and the world's 2nd largest economic entity would offer huge investment opportunities and unleashing its immense growth potential by maintaining a target GDP growth rate of 7.5% for 2014.

Real Estate Development

The National New-type Urbanization Plan (2014 – 2020) unveiled by the Central Government in March 2014 proposed to increase the target urbanization rate for permanent urban residents to reach 60% from the existing 53.7%. This measure would greatly enhance the pace of industrialization, and to accumulate the non-agricultural industries in the urbanized cities. In this way, rural population would migrate to the urbanized area and promote the overall national economic development.

Affected by the industrial upgrades process together with the influence of housing monetary policy, the trend of slowdown in the property market was apparent in the first half of this year. However, with the driving force from the urbanization policy and as property development is a major component of the capital investments, there remains a significant room for development to meet the ever-increasing basic accommodation needs of the urbanized citizens, especially the huge business opportunities from core demands.

Group Strategy

The Group's vision fully embraces the government's urbanization policy, with a firm commitment to become a high-growth star property developer of the highest potential in the PRC residential property market. With good customer satisfaction and company goodwill, the Group will continue to focus primarily in the emerging third-tier cities with best investment value and growth potentials, and positioning 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 would stay steadfastly on track to carry out its strategic plans. The Group has now entered into fifteen cities (including Beijing) with over 28 on-going development projects.

With standardized management systems, the Group would continue to streamline its operating processes and safeguard the internal controls. Leveraged with more mature understanding of the operation environment and challenges in the third-tier cities, the enhanced management capabilities of the professional teams would be able to optimize the project development cycle. To cope with the changing market environment, the Group continued to evolve new marketing methodologies, speed up sales programs and promote the sell-through rate of the inventory.

The Group would maintain a professional and prudent financial management of the financial resources and 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 2014 and the comparative figures for the corresponding period in 2013 are as follows:

		Six months ended 30 June	
		2014	2013
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Revenue	*4*	**7,893,929**	8,008,793
Cost of sales and services provided		**(5,604,245)**	(5,386,116)
Gross profit		**2,289,684**	2,622,677
Other income		**40,862**	32,583
Distribution and selling expenses		**(161,638)**	(151,399)
Administrative expenses		**(213,207)**	(217,020)
Other operating expenses		**(581)**	(545)
Other gains			
Fair value gain on investment properties		**29,905**	296,751
Gain on disposal of an investment property		**-**	28
Operating profit		**1,985,025**	2,583,075
Finance costs		**(8,480)**	(5,656)
Share of results of a joint venture		**2,117**	2,008
Profit before income tax	*6*	**1,978,662**	2,579,427
Income tax expense	*7*	**(760,186)**	(864,905)
Profit for the period		**1,218,476**	1,714,522
Profit for the period attributable to:			
Owners of the Company		**1,074,213**	1,563,727
Non-controlling interests		**144,263**	150,795
		1,218,476	1,714,522
		HK Cents	HK Cents
Earnings per share	*9*		
Basic		**47.1**	68.5
Diluted		**42.3**	61.4

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit for the period	**1,218,476**	1,714,522
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising from translation of overseas operations		
- subsidiaries	**(224,869)**	251,679
- a joint venture	**(951)**	1,430
Other comprehensive income for the period, net of tax	**(225,820)**	253,109
Total comprehensive income for the period	**992,656**	1,967,631
Total comprehensive income attributable to:		
Owners of the Company	**859,500**	1,803,983
Non-controlling interests	**133,156**	163,648
	992,656	1,967,631

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2014 (Unaudited) HK$'000**	31 December 2013 (Audited) HK$'000
Non-current assets			
Investment properties		**3,013,820**	3,012,622
Property, plant and equipment		**48,805**	49,296
Prepaid lease rental on land		**5,259**	5,400
Other intangible assets		**25,644**	28,356
Interests in a joint venture		**100,743**	99,577
Deferred tax assets		**218,806**	226,387
		3,413,077	3,421,638
Current assets			
Inventories of properties		**33,450,008**	23,204,257
Other inventories		**801**	806
Trade and other receivables, prepayments and deposits	*10*	**2,996,493**	7,034,976
Prepaid lease rental on land		**178**	179
Amounts due from non-controlling interests		**62,008**	40,295
Tax prepaid		**107,047**	30,312
Restricted cash and deposits		**1,518,280**	2,073,651
Cash and bank balances		**8,576,572**	7,195,114
		46,711,387	39,579,590
Current liabilities			
Trade and other payables	*11*	**7,759,706**	5,486,261
Sales deposits received		**6,840,563**	6,476,582
Amounts due to non-controlling interests		**777,775**	849,064
Taxation liabilities		**1,498,186**	1,935,527
Borrowings		**3,499,081**	2,961,185
Convertible bonds	*12*	**1,760,383**	-
		22,135,694	17,708,619
Net current assets		**24,575,693**	21,870,971
Total assets less current liabilities		**27,988,770**	25,292,609
Non-current liabilities			
Borrowings		**10,455,854**	9,981,497
Convertible bonds	*12*	**-**	1,731,858
Guaranteed notes payable	*13*	**3,122,831**	-
Deferred tax liabilities		**1,292,356**	1,307,590
		14,871,041	13,020,945
Net assets		**13,117,729**	12,271,664
Capital and reserves			
Share capital	*14*	**2,128,362**	22,822
Reserves		**9,899,028**	11,282,002
Equity attributable to owners of the Company		**12,027,390**	11,304,824
Non-controlling interests		**1,090,339**	966,840
Total equity		**13,117,729**	12,271,664

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 Changzhou, Ganzhou, Hefei, Jilin, Lanzhou, Nanning, Yancheng and Yinchuan.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2014 (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 2013.

The Interim Financial Statements are presented in Hong Kong Dollars ("HK$"), unless otherwise stated.

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 31 July 2014.

2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared under the historical cost basis 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 2013, as described in those annual financial statements.

3. ADOPTION OF NEW AND REVISED HKFRSs

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company.

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment Entities
- Amendments to HKAS 32, Offsetting Financial Assets and Financial Liabilities
- Amendments to HKAS 36, Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to HKAS 39, Novation of Derivatives and Continuation of Hedge Accounting
- HK(IFRIC) 21, Levies

The application of the above new or revised HKFRSs has had no material effect on the Group's results and financial position.

The Group has not applied any new and revised 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	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Sales of properties	**7,747,882**	7,909,908
Property rental income	**91,620**	62,181
Property management fee income	**54,427**	36,704
Total revenue	**7,893,929**	8,008,793

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 and segment liabilities on the basis that the amounts of reportable segments assets and segments liabilities 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, segment profit/(loss) and the reconciliation 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 2014 (Unaudited)				
Reportable segment revenue	**7,747,882**	**91,620**	**54,427**	**7,893,929**
Reportable segment profit/(loss)	**1,925,750**	**106,632**	**(1,555)**	**2,030,827**
Corporate income				**3,669**
Corporate expenses				**(55,834)**
Profit before income tax				**1,978,662**
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

During the six months ended 30 June 2014, the Group recognized a fair value gain on investment properties of HK$29,905,000 (six months ended 30 June 2013: HK$296,751,000). The fair value gain is reported under the segment of "Property leasing".

6. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Profit before income tax is arrived at after charging:		
Amortization:		
Prepaid lease rental on land	**89**	157
Other intangible assets #	**2,446**	2,414
Depreciation of property, plant and equipment	**6,363**	5,881
Total amortization and depreciation	**8,898**	8,452
Staff costs	**158,673**	126,244

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

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Income tax expense comprise:		
Current tax for the period		
PRC - Enterprise income tax ("EIT")	**498,938**	506,940
PRC - Land appreciation tax ("LAT")	**242,289**	373,796
	741,227	880,736
Under/(Over) provision in prior year		
PRC	**15,623**	(87,382)
Deferred tax	**3,336**	71,551
	760,186	864,905

For the six months ended 30 June 2014, 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 2013: Nil).

EIT arising from other regions of the PRC is calculated at 25% (six months ended 30 June 2013: 25%) on the estimated assessable profits.

PRC LAT is levied at progressive rates from 30% to 50% (six months ended 30 June 2013: 30% to 50%) on the estimated 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$0.04 (six months ended 30 June 2013: HK$0.05) per share, amounting to HK$91,290,000 (six months ended 30 June 2013: HK$114,112,000), will be paid to the shareholders of the Company whose names appear in the Register of Members on 28 August 2014.

At the reporting date, a dividend of HK$0.06 (six months ended 30 June 2013: HK$0.06) per share, amounting to HK$136,934,000 (six months ended 30 June 2013: HK$136,934,000) was recognized as a liability as the final dividend for the financial year ended 31 December 2013.

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	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Earnings used in calculating basic earnings per share	**1,074,213**	1,563,727
Adjustment to the profit of the Group		
– imputed interest on convertible bonds	**2,259**	496
Earnings used in calculating diluted earnings per share	**1,076,472**	1,564,223

Weighted average number of ordinary shares

	Six months ended 30 June	
	2014	2013
	(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**	263,347
Weighted average number of ordinary shares used in calculating diluted earnings per share	**2,545,587**	2,545,587

10. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

The ageing analysis of the trade receivables net of impairment allowance, based on invoice date or when appropriate, date of transfer of property, is as follows:

	30 June 2014	31 December 2013
	(Unaudited)	(Audited)
	HK$'000	HK$'000
30 days or below	**456,781**	473,535
31–60 days	**747**	678
61–90 days	**747**	-
91–180 days	**58,082**	58,773
181–360 days	**75,458**	48,485
Over 360 days	**822**	2,845
	592,637	584,316

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 generally due on presentation of invoices.

Overdue receivables are reviewed regularly by senior management and impairment provision would be considered for those balances.

The Group has minimal trade receivables balances which are past due but not impaired as at the reporting date.

10. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (CONTINUED)

At the end of each reporting period, management reviews receivables for evidence of impairment on both an individual and collective basis. Trade receivables at the end of the reporting period relate to a large number of unrelated customers who did not have a recent history of default. Accordingly, no impairment provision is necessary in respect of these receivables.

11. TRADE AND OTHER PAYABLES

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

	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000
30 days or below	**4,775,462**	2,900,942
31–60 days	**282,635**	124,574
61–90 days	**124,439**	84,258
91–180 days	**279,146**	378,171
181–360 days	**579,912**	520,233
Over 360 days	**542,389**	684,242
	6,583,983	4,692,420

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**
Carrying amount as at 1 January 2013 *(Audited)*	1,650,543	581,196
Imputed interest expense *(Audited)*	153,252	-
Finance costs paid *(Audited)*	(71,937)	-
Carrying amount as at 31 December 2013 *(Audited)* and 1 January 2014 *(Unaudited)*	**1,731,858**	**581,196**
Imputed interest expense *(Unaudited)*	**78,462**	**-**
Finance costs paid *(Unaudited)*	**(49,937)**	**-**
Carrying amount as at 30 June 2014 *(Unaudited)*	**1,760,383**	**581,196**

The convertible bonds will have the benefit of an irrevocable standby letter of credit issued in favour of the trustee, on behalf of the bondholders, by a bank. The Company, as a guarantor with reference to the letter of credit facility agreement, irrevocably and unconditionally undertakes with the bank for any amount incurred in relation to the standby letter of credit. Subject to certain exceptions, the irrevocable standby letter of credit shall expire on the date falling three years and thirty days after 21 March 2012.

According to the terms of the subscription agreement, each bondholder shall have the right to require the issuer to redeem all or some only of its convertible bonds at 100% of their principal amount on 21 March 2015. Accordingly, as at 30 June 2014, the liability component of the convertible bonds amounting to HK$1,760,383,000 was re-classified to current liability from non-current liability.

13. GUARANTEED NOTES PAYABLE

On 23 January 2014, the Group issued US$400,000,000 (equivalent to approximately HK$3,100,000,000) of 5.125% fixed rate guaranteed notes (the “Notes”), which mature on 23 January 2019 at their principal amount. The issue price for the Notes is 99.037%. The effective interest rate of the Notes is 5.505% per annum. The Notes bear interest from 23 January 2014 to 23 January 2019 and are payable semi-annually in arrears on 23 January and 23 July of each year, commencing on 23 July 2014.

The Notes are unconditionally and irrevocably guaranteed by the Company. As set out in the subscription agreement, in the event that there is a change of control with respect of the Company, each noteholder will have the right to require the issuer to redeem all, or some only, of such notes at their principal amount together with accrued interest.

The net proceeds from the issue of the Notes at 99.037% of the principal amount after the direct transaction costs of HK$20,982,000 is HK$3,049,165,000.

14. SHARE CAPITAL

	Par value per share HK$	Number of ordinary shares ’000	HK$’000
Authorized			
Balance at 1 January 2013 *(Audited)*, 31 December 2013 *(Audited)* and 1 January 2014 *(Unaudited)*	0.01	45,000,000	450,000
Balance at 30 June 2014 *(Unaudited)* (note (i))	**N/A**	**N/A**	**N/A**
Issued and fully paid			
Balance at 1 January 2013 *(Audited)*, 31 December 2013 *(Audited)* and 1 January 2014 *(Unaudited)*	0.01	2,282,240	22,822
Transition to no-par value regime on 3 March 2014 (note (ii))	**N/A**	-	**2,105,540**
Balance at 30 June 2014 *(Unaudited)*	**N/A**	**2,282,240**	**2,128,362**

Notes:

i) Under the Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists and also the Company’s shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition. All shares are equally eligible to receive dividends and to the repayment of capital and each share is entitled to one vote at shareholders’ meeting of the Company.

ii) In accordance with the transitional provisions set out in the Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, the amounts of HK$1,906,373,000, HK$44,822,000 and HK$154,345,000 standing to the credit of the share premium account, capital redemption reserve and other reserve respectively have become part of the Company’s share capital.

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 2014.

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 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 2014.

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.

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 2014.

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 2014, and discussed with the Company's management regarding auditing, internal control and other important matters.

APPRECIATION

Taking this opportunity, I would like to thank my fellow directors, our staff, our shareholders and business partners for their generous supports.

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

Hong Kong, 31 July 2014

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 2014 and will be despatched to shareholders of the Company thereafter.