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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

1. The Group fully achieved its revised sales target for the year with contracted property sales of HK$18,060.1 million (2013: HK$17,218.0 million), which corresponded to an aggregated sold area of 1,849,800 square meter ("sq.m.") (2013: 1,638,373 sq.m.).

2. The Group recorded a 12.1% reduction in revenue to HK$13,981.3 million for the year ended 31 December 2014 against last year. Contribution of property sales from third-tier cities represented 97.0% (2013: 78.7%) of the turnover. Gross profit and margin were HK$3,363.9 million and 24.1% respectively for the year, comparing with HK$5,252.5 million and 33.0% respectively in last year.

3. Operating profit lowered by 47.8% to HK$2,687.1 million against last year. Profit attributable to equity shareholders of the Company decreased by 59.6% to HK$1,267.4 million against last year (2013 : HK$3,136.0 million). Basic earnings per share was HK55.5 cents (2013: HK137.4 cents per share).

4. The Group succeeded in entering into a city, Shantou, Guangdong Province during the year. A total of four new acquisitions of land parcels were transacted through public land auctions, with an approximate gross floor area of 2,703,000 sq.m. in aggregate added to the Group's land bank for total consideration of approximately RMB4,161.4 million. Total land bank of the Group is estimated available to build gross floor area of approximately 12,071,200 sq.m. (of which, 11,374,400 sq.m. are attributable to the Group, excluding non-controlling shareholders).

5. Cash and bank balances plus restricted cash and deposits were 23.1% higher at a total of HK$11,409.8 million compared with the last financial year end. The net gearing ratio was 74.3% as at 31 December 2014.

6. The Board recommended the payment of a final dividend of HK1.0 cent per share (2013:HK6.0 cents per share) for the year ended 31 December 2014.

The board of directors (the “Board”) of China Overseas Grand Oceans Group Limited (the “Company”) is pleased to announce the annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2014.

The Group has aligned its business segments progressively with focus on those third-tier cities having stronger sustainability in the economic growth. However, in the light of structural reforms currently carried out in the PRC, macroscopic economic adjustments started to impact across the board while volatility in the China property market was apparent. The Group reacted with adapted market strategies to stimulate sales and streamline property stock to enhance the risk management capabilities and safeguard a healthy financial position as a sustainable entity.

For the year ended 31 December 2014, Group’s turnover reduced by 12.1% to HK$13,981.3 million, while profit attributable to the equity shareholders of the Company decreased by 59.6% to HK$1,267.4 million. Basic earnings per share was HK55.5 cents (2013: HK137.4 cents per share).

Nevertheless, the Group fully achieved its revised sales target for the year with contracted property sales of HK$18,060.1 million (2013: HK$17,218.0 million), which corresponded to an aggregated sold area of 1,849,800 square meter (“sq.m.”) (2013: 1,638,373 sq.m.). Besides, the balance of preliminary sales at the year-end pending the completion of formal sales and purchase agreements in the pipeline was HK$1,023.0 million for an aggregated area of 69,900 sq.m..

The Group has refined the corporate strategic development plan to align with the national pace in the year, during which, the Group extended its business to Shantou, Guangdong, while acquired four parcels of land in Lanzhou, Shantou, Yangzhou and Nanning with total development area of approximately 2,703,000 sq.m.. As at 31 December 2014, the Group has maintained a land bank of 12,071,200 sq.m. over 15 cities (includes Beijing) with 27 projects under property development.

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.

REVENUE AND OPERATING RESULTS

Due to disturbance in the China property market while the Group continued to scale down its property development activities in Beijing and with business alignment in third-tier cities, the Group recorded a 12.1% reduction in revenue to HK$13,981.3 million for the year ended 31 December 2014 against last year. Contribution of property sales from third-tier cities had became the key driver of business and represented 97.0% (2013: 78.7%) of the turnover. Gross profit and margin were HK$3,363.9 million and 24.1% respectively for the year, comparing with HK$5,252.5 million and 33.0% respectively in last year, reflecting the underlying intrinsic in third-tier cities, that was a lucrative vast market.

Coupled with absence in significant fair value gains of investment properties in the year (2013: HK$475.6 million), operating profit lowered by 47.8% to HK$2,687.1 million against last year. With increase in marketing activities to boost property sales and higher marginal cost for royalty payable upon renewal of trademark license in the year, distribution and selling expenses increased slightly by 0.8% to 2.4% per revenue dollar. On the other hand, administration expenses increased mildly by 6.7% or HK$28.0 million against last year.

Finance costs increased by HK$2.8 million to HK$22.3 million year on year, after capitalization of HK$966.8 million to the on-going development projects.

For the year ended 31 December 2014, profit attributable to equity shareholders of the Company decreased by 59.6% to HK$1,267.4 million against last year (2013 : HK$3,136.0 million).

LAND BANK

The Group’s management believes that a sizable and quality land bank is one of the most important resources for a property developer. A key success factor would therefore be the Group’s capability to acquire sites at competitive prices and at opportune times, thereby securing attractive returns on the properties it develops and sells.

As the Group’s strategy is to expand into emerging third-tier cities in the PRC, it succeeded in entering into a city, Shantou, Guangdong Province during the year. A total of four new acquisitions of land parcels were transacted through public land auctions, with an approximate gross floor area of 2,703,000 sq.m. in aggregate added to the Group’s land bank for total consideration of approximately RMB4,161.4 million.

As at 31 December 2014, total land bank of the Group is estimated available to build gross floor area of approximately 12,071,200 sq.m. (of which, 11,374,400 sq.m. are attributable to the Group, excluding non-controlling shareholders).

SEGMENT INFORMATION

PROPERTY SALES AND DEVELOPMENT

Leveraged with a quality driven national brand name, the Group developed a wide range of tailored housing products to suit specific needs of different local markets. With the scaling down of business operation in Beijing, the Group aligned its business focus in the highly selected third-tier cities and continued to maintain dominant market position in these cities.

For the year ended 31 December 2014, the Group operated in 14 third-tier cities besides Beijing with 27 projects under development. Contracted property sales increased by 4.9% to HK$18,060.1 million against last year, corresponding to a saleable gross floor area of 1,849,800 sq.m. (2013: 1,638,373 sq.m.). At year end, the balance of preliminary sales pending the completion of sales and purchase agreements was HK$1,023.0 million for an aggregated area of 69,900 sq.m..

Property sales from major projects during the year:

City	Name of project	Saleable Gross Floor Area (sq.m.)	Amount (HK$ Million)
Hefei	The Lagoon/ Maison du Lac	275,004	3,645.7
Nanning	International Community/ Royal Lakefront/ The Green Peak	253,614	1,923.9
Ganzhou	International Community	200,668	1,716.8
Changzhou	The Imperial/ The Phoenix/ Dragon Bay	187,637	1,716.7
Lanzhou	Glorioushire/ The Arch	165,054	1,452.5
Jilin	International Community / Royal East / Royal Waterfront	167,787	1,334.8
Yinchuan	International Community	156,772	1,291.3
Yancheng	The Century/ The Arch	111,157	1,003.8
Yangzhou	Jade Garden/ The Grand Canal	84,483	977.5
Nantong	The Aqua/ The Grove	84,326	813.4

Progress for all development projects were satisfactory and largely in line with the construction programs. Nearly 2,201,800 sq.m. of construction sites were completed for occupation in the year (2013: 2,005,600 sq.m.) with about 73% of these sold out by year end. While revenue generated from third-tier cities increased by 8.3% to HK$13,558.3 million and represented 99.3% (2013: 79.8%) of the segment turnover, however, the coincident of macroscopic economic adjustments causing turbulence in the property market had limited the sales to cover the shortfall arising from the scaling down effects of business operation in Beijing. Nonetheless, the Group reacted with adapted market strategies to stimulate sales and streamline property stock to safeguard a healthy financial position. For the year ended 31 December 2014, recognized revenue reduced by 12.9% to HK$13,660.3 million (2013: HK$15,681.0 million) while segment result decreased to HK$2,565.3 million (2013: HK$4,622.7 million).

Recognized revenue from major projects during the year:

City	Name of project	Saleable Gross Floor Area (sq.m.)	Amount (HK$ Million)
Ganzhou	International Community	301,241	2,516.3
Hefei	The Lagoon/ The Great Hill/ Maison du Lac	180,442	2,291.9
Lanzhou	The Arch	167,914	1,578.4
Yinchuan	International Community	201,518	1,516.7
Nanning / Guilin	Royal Lakefront/ The Green Peak/ The Chief Palace	165,554	1,369.8
Jilin	International Community Royal East/ Royal Waterfront	155,055	1,221.6
Changzhou	The Phoenix/ The Imperial/ Dragon Bay	101,766	828.9
Yangzhou	Jade Garden	62,097	789.1
Nantong	The Aqua	104,595	760.0
Yancheng	The Century	19,153	363.6

In addition to the above, the following projects had commenced the construction work in the year:

City	Name of project	Construction commenced
Hohhot	The Azure	March 2014
Yangzhou	Imperial No. 9 (previously named as "Jade Garden (Phase 2)")	March 2014
Beijing	Maple Palace	March 2014
Shaoxing	Century Manor	July 2014
Shantou	East Coast	October 2014

At year end date, properties under construction and stock of completed properties amounted to 5,920,407 sq.m. and 870,599 sq.m. respectively, totaling 6,791,006 sq.m.. Properties of 1,119,964 sq.m. had been contracted for sales and were pending for handover upon completion.

PROPERTY LEASING

For the year ended 31 December 2014, with increased average rental rate together with additional investment in investment properties in the second half of last year, rental income increased to HK$193.3 million (2013: HK$134.9 million) with a segment profit of HK$187.2 million (2013: HK$588.6 million). The reduction in segment profit was mainly due to a relatively lower fair value gain of HK$30.0 million (2013: HK$475.6 million) in respect of the investment properties while contribution from the joint venture also reduced to HK$3.6 million (2013: HK$17.6 million).

At the year 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 100% and 84% 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 31 December 2014, net working capital amounted to HK$25,523.5 million (31 December 2013: HK$21,871.0 million), with a quick ratio of 0.7 (31 December 2013: 0.9).

During the year, the Group successfully issued US$400 Million 5.125% Guaranteed Notes due 2019. In addition, new credit facilities of approximately HK$5,839.1 million were secured from leading financial institutions. After taking into account drawdowns of HK$5,088.7 million and repayment of matured loans of HK$2,423.1 million in the year, total borrowings (exclude the liability portion of HK$1,820.4 million of the convertible bonds and the amortized cost payable of HK$3,128.8 million of the Guaranteed Notes) increased by 20.5% to HK$15,597.4 million against last year end. Interest of such borrowings was charged at floating rates with a weighted average of 4.213% per annum. About 26.5% of such borrowings is repayable within one year.

On the other hand, coupled with sales achieved during the year, cash and bank balances plus restricted cash and deposits were 23.1% higher at a total of HK$11,409.8 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 74.3% as at 31 December 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$2,305.5 million, the Group’s total available funds (including restricted cash and deposits of HK$2,584.5 million) reached HK$13,715.3 million as at 31 December 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 31 December 2014, about 26.9% and 73.1% 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 31 December 2014, the Group had capital commitments totaling HK$8,116.4 million which related mainly to property development and construction works. In addition, the Group issued guarantees to banks amounting to HK$11,877.8 million, (equivalent to RMB9,370.3 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$10.9 million approximately during the year under review, mainly referred to additions in motor vehicles, furniture, fixtures and office equipment.

On the other hand, as at 31 December 2014, certain property assets with an aggregate carrying value of HK$4,431.7 million in the PRC were pledged to obtain HK$1,004.2 million (equivalent to RMB792.2 million) of secured borrowings from certain PRC banks for the development projects.

EMPLOYEES

As at 31 December 2014, the Group has approximately 2,739 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

As the United States concluded its asset purchase program in October 2014 with signs of economic recovery, 2015 simply commenced with mists of uncertainty. European Central Bank announced its long-anticipated and unprecedented QE stimulus program in January, following similar expansionary actions taken by US, Britain and Japan in previous years. While the effectiveness to rescue the recessionary economy in the EU zone is yet to be known, there would be invariably spillover effects over cross countries exchange rates, interest rates and asset prices, filtered through the international monetary network.

In contrast, GDP growth rate stayed vivid at 7.4% in China for the year as the world's second largest economy when structural and economic reforms embarked early in the year, driven by stronger growth rate in the tertiary industry with improved employment rate in the cities. Despite that there were certain short term impacts on the economy especially the property market in PRC, timely, tailored and effective government measures have been taken to fend off significant financial and system risk with adequate liquidity. This probably reflects that the reforms has followed the right track in enhancing its economic value-added in the long term, under the national pro-active fiscal policy and prudent monetary policy.

As Premier Li Keqiang said in Davos 2015 World Economic Forum in last January, China has determined to migrate to a new stage of development from low-to-medium level to medium-to-high level, at the expense of adjusting the gear of economic growth to medium-to-high speed. Such structural reforms aiming at promoting both the quality and efficiency of a sustainable economic development in the long run would provide fixing to ease and adjust the current tension as well as imbalance between supply and demand, channel better flow and utilization of resources and, reduce negative impact to the environment. China is entering into a more advanced stage of development with more sophisticated division of labour and a more optimized structure. The healthy economic development in China would lead to higher productivity, income level per capita and living standard of people in the long term under a more regulated framework.

Real Estate Development

Further to the Central Government's first high-level urbanization work conference held to introduce a new type of urbanization scheme in December 2013, the "National New-type Urbanization Plan (2014 – 2020)" was formally announced in March 2014 purported to increase the target urbanization rate for permanent urban residents to reach 60% from the existing 53.7%. That represents an approximation of migrating 17 million citizens from the rural areas to the urbanized cities per annum in the next few years to 2020, and would be a significant generation of core demand for housing needs in the cities. Such urbanization scheme has been an essential element in the underlying structural and economic reforms, intending to boost national per capita income and living standard in the long run through raising national employment and productivity.

Affected by the macroscopic government policies and microscopic market conditions, both risk and opportunities came into play in the property market. Town urbanization and demographic dividend would lead to a healthy development of core demand in the property market, and promote some of the needs for improvement of housing accommodation. However, it is important to monitor the market risks pro-actively and strike a balance between the distribution of housing units and the product structure.

With market adjustments started to cause its impact and effects to re-balance the supply and demand dynamics, there were signs that government interference commenced to fade out with gradual removal of macroscopic measures like purchase restriction. Going forward, the market at equilibrium would mean to establish a healthier, sustainable and affordable property market for the general public.

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.

During the past few years, the Group has successfully well placed itself to benefit from the ongoing infrastructure investment and the rapid industrialization and urbanization of various inland cities in the PRC, as urbanization and economic growth have been the main drivers of the growth in housing demand in China.

The Group is dedicated to enlarge the operating scale and speed up the pace of development in an orderly manner, so as to increase the marginal cost efficiency. It is 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 strategy plans at appropriate gearing structure.

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.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Revenue	4	**13,981,328**	15,905,893
Cost of sales and services provided		**(10,617,440)**	(10,653,416)
Gross profit		**3,363,888**	5,252,477
Other income		**77,918**	90,668
Distribution and selling expenses		**(338,540)**	(254,960)
Administrative expenses		**(445,456)**	(417,498)
Other operating expenses		**(689)**	(650)
Other gains			
Fair value gain on reclassification of inventories of properties to investment properties		**-**	109,238
Fair value gain on investment properties		**30,028**	366,386
Gain on disposal of an investment property		**-**	28
Operating profit		**2,687,149**	5,145,689
Finance costs		**(22,314)**	(19,480)
Share of results of joint ventures		**3,639**	17,588
Profit before income tax	6	**2,668,474**	5,143,797
Income tax expense	7	**(1,222,494)**	(1,761,144)
Profit for the year		**1,445,980**	3,382,653
Profit for the year attributable to:			
Owners of the Company		**1,267,402**	3,136,038
Non-controlling interests		**178,578**	246,615
		1,445,980	3,382,653
		HK Cents	HK Cents
Earnings per share	9		
Basic		**55.5**	137.4
Diluted		**50.6**	123.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
Profit for the year	**1,445,980**	3,382,653
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising from translation of overseas operations		
- subsidiaries	**(45,891)**	475,425
- joint ventures	**(319)**	2,751
Other comprehensive income for the year, net of tax	**(46,210)**	478,176
Total comprehensive income for the year	**1,399,770**	3,860,829
Total comprehensive income attributable to:		
Owners of the Company	**1,225,822**	3,589,645
Non-controlling interests	**173,948**	271,184
	1,399,770	3,860,829

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Investment properties		**3,032,606**	3,012,622
Property, plant and equipment		**48,055**	49,296
Prepaid lease rental on land		**5,203**	5,400
Intangible assets		**23,345**	28,356
Interests in joint ventures		**103,672**	99,577
Deferred tax assets		**205,781**	226,387
		3,418,662	3,421,638
Current assets			
Inventories of properties		**34,010,630**	23,204,257
Other inventories		**620**	806
Trade and other receivables, prepayments and deposits	*10*	**6,142,568**	7,034,976
Prepaid lease rental on land		**179**	179
Amounts due from non-controlling interests		**82,631**	40,295
Tax prepaid		**243,208**	30,312
Restricted cash and deposits		**2,584,487**	2,073,651
Cash and bank balances		**8,825,281**	7,195,114
		51,889,604	39,579,590
Current liabilities			
Trade and other payables	*11*	**8,710,603**	5,486,261
Sales deposits received		**8,978,024**	6,476,582
Amounts due to non-controlling interests		**1,027,229**	849,064
Convertible bonds – liability component	*12*	**1,820,403**	-
Taxation liabilities		**1,697,766**	1,935,527
Borrowings		**4,132,040**	2,961,185
		26,366,065	17,708,619
Net current assets		**25,523,539**	21,870,971
Total assets less current liabilities		**28,942,201**	25,292,609
Non-current liabilities			
Borrowings		**11,465,350**	9,981,497
Convertible bonds – liability component	*12*	**-**	1,731,858
Guaranteed notes payable	*13*	**3,128,825**	-
Deferred tax liabilities		**1,375,657**	1,307,590
		15,969,832	13,020,945
Net assets		**12,972,369**	12,271,664
Capital and reserves			
Share capital	*14*	**2,144,018**	22,822
Other reserves		**2,138,643**	4,149,799
Retained profits		**7,995,772**	6,995,269
Proposed dividend	*8*	**22,822**	136,934
Equity attributable to owners of the Company		**12,301,255**	11,304,824
Non-controlling interests		**671,114**	966,840
Total equity		**12,972,369**	12,271,664

1. GENERAL INFORMATION

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 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, Lanzhou, Nanning, Yancheng, Yangzhou and Yinchuan.

The Company is an associated company of China Overseas Land & Investment Limited ("COLI"). COLI is a company incorporated in Hong Kong with limited liability and its shares are listed on the Stock Exchange and its ultimate holding company is China State Construction Engineering Corporation (“CSCEC”), an entity established in the PRC.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards (“HKAS”) and Interpretations (hereinafter collectively referred to “HKFRS”) and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements, which for the financial year and the comparative period continue to be those of the Hong Kong Companies Ordinance, Cap. 32, in accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance, Cap. 622 “Accounts and Audit” which are set out in Sections 76 to 87 of Schedule 11 to that Ordinance. In addition, the financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The financial statements for the year ended 31 December 2014 were approved for issue by the Board on 23 March 2015.

2. PRINCIPAL ACCOUNTING POLICIES

These financial statements have been prepared under the historical cost basis except for investment properties, which are measured at fair value.

The accounting policies used in preparing the consolidated financial statements are consistent with those followed in the Group’s annual financial statements for the year ended 31 December 2013 with the addition of certain standards and interpretations of HKFRSs issued and became effective in current year as described in note 3 “Adoption of New or Revised HKFRSs”.

3. ADOPTION OF NEW OR REVISED HKFRSs

(a) Adoption of new or revised HKFRSs – effective 1 January 2014

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 January 2014:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
HK (IFRIC) 21	Levies

3. ADOPTION OF NEW OR REVISED HKFRSs (CONTINUED)

(a) Adoption of new or revised HKFRSs – effective 1 January 2014 (continued)

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any offsetting arrangements.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit to those periods in which an impairment loss has been recognized or reversed, and expand the disclosures where the recoverable amount of impaired assets or cash generating units has been determined based on fair value less costs of disposal. The amendments are applied retrospectively.

The adoption of the amendments has no material impact on these financial statements.

HK (IFRIC) 21 Levies

HK (IFRIC) 21 clarifies that an entity recognizes a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation has been applied retrospectively.

The adoption of HK (IFRIC) 21 has no material impact on these financial statements.

(b) New or revised HKFRSs that have been issued but not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
HKFRS 9 (2014)	Financial Instruments[5]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[4]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2018

3. ADOPTION OF NEW OR REVISED HKFRSs (CONTINUED)

(b) New or revised HKFRSs that have been issued but not yet effective (continued)

The Group is in the process of making an assessment of the potential impact of these new or revised HKFRSs.

(c) New Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Companies Ordinance, Cap. 622, in relation to the preparation of financial statements will apply to the Company in its first financial year beginning on or after 3 March 2014 (i.e. the financial year ending 31 December 2015).

The directors consider that there will be no impact on the Group’s financial position or performance, however the new Companies Ordinance, Cap. 622, would have impacts on the presentation and disclosures in the consolidated financial statements.

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 year is as follows:

	2014	2013
	HK$'000	HK$'000
Sales of properties	**13,660,341**	15,680,986
Property rental income	**193,345**	134,913
Property management fee income	**127,642**	89,994
Total revenue	**13,981,328**	15,905,893

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 holds commercial units located in the PRC for leasing 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 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 revenue from external customers and there were no inter-segment sales between different operating segments for the years ended 31 December 2014 and 2013. 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.

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

Segment liabilities include trade and other payables, accrued liabilities, amounts due to non-controlling interests and other liabilities directly attributable to the business activities of the operating segments and exclude tax liabilities, corporate liabilities and liabilities such as bank borrowings, convertible bonds and guarantee notes payable that are managed on a group basis.

5. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities

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

	Property investment and development HK$'000	**Property leasing HK$'000**	**Other segment HK$'000**	**Consolidated HK$'000**
For the year ended 31 December 2014				
Reportable segment revenue	**13,660,341**	**193,345**	**127,642**	**13,981,328**
Reportable segment profit/(loss)	**2,565,298**	**187,181**	**(9,445)**	**2,743,034**
Corporate income				**3,846**
Corporate expenses				**(78,406)**
Profit before income tax				**2,668,474**
As at 31 December 2014				
Reportable segment assets	**51,228,784**	**3,278,762**	**105,525**	**54,613,071**
Tax assets				**448,989**
Corporate assets				**246,206**
Total consolidated assets				**55,308,266**
Reportable segment liabilities	**18,411,656**	**109,584**	**119,490**	**18,640,730**
Tax liabilities				**3,073,423**
Borrowings				**15,597,390**
Convertible bonds				**1,820,403**
Guaranteed notes payables				**3,128,825**
Corporate liabilities				**75,126**
Total consolidated liabilities				**42,335,897**
For the year ended 31 December 2013				
Reportable segment revenue	15,680,986	134,913	89,994	15,905,893
Reportable segment profit	4,622,739	588,575	890	5,212,204
Corporate income				349
Corporate expenses				(68,756)
Profit before income tax				5,143,797
As at 31 December 2013				
Reportable segment assets	39,223,018	3,379,725	98,489	42,701,232
Tax assets				256,699
Corporate assets				43,297
Total consolidated assets				43,001,228
Reportable segment liabilities	12,599,377	100,862	79,217	12,779,456
Tax liabilities				3,243,117
Borrowings				12,942,682
Convertible bonds				1,731,858
Corporate liabilities				32,451
Total consolidated liabilities				30,729, 564

5. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (continued)

Other information

	Property investment and development HK$'000	**Property leasing HK$'000**	**Other segment HK$'000**	**Corporate HK$'000**	**Consolidated HK$'000**
Year ended 31 December 2014					
Interest income	**60,438**	**1,066**	**593**	**3,846**	**65,943**
Depreciation and amortization	**9,000**	**6,096**	**639**	**1,270**	**17,005**
Fair value gain on investment properties	**-**	**30,028**	**-**	**-**	**30,028**
Share of results of joint ventures	**-**	**3,639**	**-**	**-**	**3,639**
Additions to specified non-current assets #	**7,971**	**-**	**1,001**	**2,655**	**11,627**
Write-off of property, plant and equipment	**7**	**-**	**-**	**-**	**7**
As at 31 December 2014					
Interests in joint ventures	**-**	**102,897**	**-**	**775**	**103,672**
Year ended 31 December 2013					
Interest income	76,131	3,978	587	322	81,018
Depreciation and amortization	8,855	6,159	606	1,003	16,623
Fair value gain on reclassification of inventories of properties to investment properties	-	109,238	-	-	109,238
Fair value gain on investment properties	-	366,386	-	-	366,386
Gain on disposal of an investment property	-	28	-	-	28
Gain on disposal of property, plant and equipment	59	-	-	-	59
Share of results of a joint venture	-	17,588	-	-	17,588
Additions to specified non-current assets #	10,708	533	913	240	12,394
Write-off of property, plant and equipment	9	-	-	-	9
As at 31 December 2013					
Interests in a joint venture	-	99,577	-	-	99,577

Including additions to the Group's investment properties, other properties, plant and equipment, prepaid lease rental on land, intangible assets and interests in joint ventures (i.e. "specified non-current assets") but exclude transfer from inventories of properties

5. SEGMENT INFORMATION (CONTINUED)

Geographical information

All of the Group's revenue is derived from activities in the PRC (other than Hong Kong). Accordingly, no analysis of the Group's revenue by geographical locations is presented.

An analysis of the Group's specified non-current assets by geographical locations, determined based on physical location of the assets or location of operations in case of interests in joint ventures, is as follows:

	2014	2013
	HK$'000	HK$'000
Hong Kong	**5,111**	3,725
Other regions of the PRC	**3,207,770**	3,191,526
	3,212,881	3,195,251

Information about major customer

For the years ended 31 December 2014 and 2013, none of the customers individually contributed 10% or more of the Group's revenue for the respective years.

6. PROFIT BEFORE INCOME TAX

	2014	2013
	HK$'000	HK$'000
Profit before income tax is arrived at after charging:		
Amortization:		
Prepaid lease rental on land	**178**	247
Intangible assets #	**4,892**	4,857
Depreciation of property, plant and equipment	**11,935**	11,519
Total amortization and depreciation	**17,005**	16,623

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

7. INCOME TAX EXPENSE

	2014	2013
	HK$'000	HK$'000
Income tax expense comprise:		
Current tax for the year		
Other regions of the PRC		
- Enterprise income tax ("EIT")	**699,106**	1,047,681
- Land appreciation tax ("LAT")	**418,739**	935,267
	1,117,845	1,982,948
Under/(Over) provision in prior years		
Other regions of the PRC	**12,391**	(97,050)
Deferred tax	**92,258**	(124,754)
	1,222,494	1,761,144

For the year ended 31 December 2014, no Hong Kong profits tax has been provided as the Group did not derive any estimated assessable profit in Hong Kong for the year (2013: nil).

7. INCOME TAX EXPENSE (CONTINUED)

EIT arising from other regions of the PRC is calculated at 25% (2013: 25%) of the estimated assessable profits.

PRC LAT is levied at progressive rates from 30% to 50% (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

(a) Dividends payable to owners of the Company attributable to the year:

	2014	2013
	HK$'000	HK$'000
Interim dividend – HK$0.04 (2013: HK$0.05) per ordinary share	**91,290**	114,112
Proposed final dividend – HK$0.01 (2013: HK$0.06) per ordinary share *(note)*	**22,822**	136,934
	114,112	251,046

Note:
The final dividend of HK$0.01 (2013: HK$0.06) per ordinary share, amounting to approximately HK$22,822,000 (2013: HK$136,934,000), has been proposed by the Board and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

(b) Dividends paid to owners of the Company attributable to the previous financial year:

	2014	2013
	HK$'000	HK$'000
Final dividend in respect of previous financial year, approved and paid during the year of HK$0.06 (2013: HK$0.06) per ordinary share	**136,934**	136,934

9. EARNINGS PER SHARE

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

Earnings	**2014**	2013
	HK$'000	HK$'000
Earnings used in calculating basic earnings per share	**1,267,402**	3,136,038
Adjustment to the profit of the Group attributable to imputed interest on convertible bonds	**20,164**	9,147
Earnings used in calculating diluted earnings per share	**1,287,566**	3,145,185

Weighted average number of ordinary shares	**2014**	2013
	'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

	2014	2013
	HK$'000	HK$'000
Trade receivables, net	**336,359**	584,316
Other receivables	**377,910**	294,995
Prepayments and deposits	**5,428,299**	6,155,665
	6,142,568	7,034,976

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

	2014	2013
	HK$'000	HK$'000
30 days or below	**211,984**	473,535
31–60 days	**1,469**	678
61–90 days	**974**	-
91–180 days	**22,680**	58,773
181–360 days	**93,667**	48,485
Over 360 days	**5,585**	2,845
	336,359	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 receivables 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.

11. TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	HK$'000
Trade payables	**6,374,692**	4,692,420
Other payables and accruals	**1,856,916**	656,194
Deposits received	**478,995**	137,647
	8,710,603	5,486,261

The ageing analysis of the Group's trade payables based on invoice date is as follows:

	2014	2013
	HK$'000	HK$'000
30 days or below	**3,541,095**	2,900,942
31–60 days	**386,937**	124,574
61–90 days	**269,098**	84,258
91–180 days	**565,875**	378,171
181–360 days	**733,470**	520,233
Over 360 days	**878,217**	684,242
	6,374,692	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	1,650,543	581,196
Imputed interest expense	153,252	-
Finance costs paid	(71,937)	-
Carrying amount as at 31 December 2013 and 1 January 2014	**1,731,858**	**581,196**
Imputed interest expense	**160,483**	**-**
Finance costs paid	**(71,938)**	**-**
Carrying amount as at 31 December 2014	**1,820,403**	**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 convertible bonds issuer to redeem all or some only of its convertible bonds at 100% of their principal amount on 21 March 2015 (note 15) (the "Put Options"). Accordingly, the liability component of the convertible bonds amounting to HK$1,820,403,000 as at 31 December 2014 was re-classified to current liabilities from non-current liabilities.

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 "Guaranteed Notes"), which mature on 23 January 2019 at their principal amount. The Guaranteed Notes are unsecured and unsubordinated obligations of the Guaranteed Notes issuer and are unconditionally and irrevocably guaranteed by the Company. The net proceeds from the issue of the Guaranteed Notes at 99.037% of the principal amount after the direct transaction costs of HK$20,982,000 is HK$3,049,165,000. The effective interest rate of the Guaranteed Notes is 5.505% per annum. The Guaranteed Notes bear coupon interest from 23 January 2014 to 23 January 2019, payable semi-annually in arrears on 23 January and 23 July of each year, commencing on 23 July 2014.

The Guaranteed Notes are initially measured at fair value, net of directly attributable costs incurred, and subsequently measured at amortised cost using effective interest method.

14. SHARE CAPITAL

	Par value per share HK$	Number of ordinary shares '000	HK$'000
Authorized			
Balance at 1 January 2013, 31 December 2013 and 1 January 2014	0.01	45,000,000	450,000
Balance at 31 December 2014 (note (i))	**N/A**	**N/A**	**N/A**
Issued and fully paid			
Balance at 1 January 2013, 31 December 2013 and 1 January 2014	0.01	2,282,240	22,822
Transition to no-par value regime on 3 March 2014 (note (ii))	**N/A**	**-**	**2,121,196**
Balance at 31 December 2014	**N/A**	**2,282,240**	**2,144,018**

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$170,001,000 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.

15. EVENT AFTER THE REPORTING DATE

As announced on 23 March 2015, all the bondholders had given notices to exercise their Put Options, the Group has redeemed all the outstanding convertible bonds on 21 March 2015. The total redemption money payable was HK$2,200,000,000, being 100% of the principal amount of the convertible bonds.

Upon redemption, all the convertible bonds will be cancelled and accordingly delisted from the Singapore Exchange Securities Trading Limited.

PROPOSED FINAL DIVIDEND

After reviewing the result performance for the year and working capital requirements for the Group's future expansion of its business, the Board recommended the payment of a final dividend of HK1.0 cent per share (2013: HK6.0 cents per share) for the year ended 31 December 2014 which will be payable on 8 July 2015 to the members of the Company registered as at the close of business on 8 June 2015. Together with the interim dividend of HK4.0 cents per share (2013: HK5.0 cents per share) paid in October 2014, total dividends will amount to HK5.0 cents per share (2013: HK11.0 cents per share) for the year.

The proposed final dividend is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting to be held on Tuesday, 2 June 2015 (the "AGM").

The Register of Members of the Company will be closed from Monday, 1 June 2015 to Tuesday, 2 June 2015 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the identity of the Members who are entitled to attend and vote at AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 29 May 2015.

The Register of Members of the Company will also be closed on Monday, 8 June 2015, no transfer of shares will be effected on that day. In order to determine the identity of the Members for entitlement of the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 5 June 2015.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The audit committee of the Company has discussed and reviewed with management the annual results and consolidated accounts for the year ended 31 December 2014.

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

Save as disclosed in note 13 – Guaranteed Notes Payable in this announcement, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 December 2014.

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 year ended 31 December 2014.

CORPORATE GOVERNANCE PRACTICE

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 deviation from code A.4.1, 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 year ended 31 December 2014.

CG Code A.4.1 stipulates that non-executive Directors should be appointed for a specific term. Two non-executive Directors of the Company are not appointed for a specific term, however, they are subject to retirement by rotation and re-election in accordance with the articles of association of the Company.

During the year, the Company entered into service contracts with Directors and considers that it has complied with the requirements set out in CG Code D.1.4.

PUBLICATION OF RESULTS ANNOUNCEMENT ON THE WEBSITES OF THE STOCK EXCHANGE, THE COMPANY AND TODAYIR (HONG KONG) LTD

This results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk under "Latest Information", the Company's website at http://www.cogogl.com.hk and the website of TodayIR (Hong Kong) Ltd at http://www.todayir.com/en/showcases.php?code=81.

The printed copy of the 2014 Annual Report will be sent to shareholders of the Company before the end of April 2015 and the soft copy of the Annual Report will be published on websites of the Stock Exchange, the Company and TodayIR (Hong Kong) Ltd in due course.

APPRECIATION

Human resources are amongst the essences to the success of any business. I would like to take this opportunity to express my heartfelt thanks to my fellow directors and our staff for their dedicated efforts and contributions to the Group for the year, as well as the continued supports rendered by our shareholders.

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

Hong Kong, 23 March 2015

As at the date of this announcement, the Board comprises nine Directors, of which four are executive Directors, namely, Mr. Zhang Guiqing, 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.