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 2015

FINANCIAL HIGHLIGHTS

1. For the six months ended 30 June 2015, Group's contracted property sales amounted to HK$10,075.0 million, for an aggregated area of 1,072,300 sq.m., representing an increase of 22.6% and 39.0% respectively against the same period last year.

2. For the six months ended 30 June 2015, Group's revenue was HK$7,278.5 million which slipped slightly by 7.8% against last corresponding period. Operating profit amounted to HK$1,051.9 million, a drop of 47.0% comparing with the same period last year. Profit attributable to the owners of the Company amounted to HK$595.0 million, a decrease of 44.6% against last corresponding period. Basic earnings per share was HK26.1 cents (the corresponding period in 2014: HK47.1 cents per share).

3. As at 30 June 2015, total land bank of the Group available to build gross floor area is approximately 10,969,500 sq.m. in 15 cities in the PRC (of which, 10,305,800 sq.m. are attributable to the Group, excluding interest attributable to non-controlling shareholders). The Group did not acquire any land parcel in the first half of the year.

4. Cash and bank balances plus restricted cash and deposits were at a total of HK$11,006.1 million. The net gearing ratio, expressed as a percentage of net debts to equity attributable to owners of the Company, was 85.9% as at 30 June 2015.

5. The Group redeemed all convertible bonds on 21 March 2015. The total redemption money was HK$2,200.0 million, being 100% principal amount of the convertible bonds.

6. On 28 May 2015, the Group completed the disposal of 100% equity interest in subsidiaries, which carry out property management business in the PRC, with a cash consideration of RMB50.0 million (approximately HK$63.2 million).

7. The Board did not recommend the payment of an interim dividend (the corresponding period in 2014: HK4 cents per share) for the period ended 30 June 2015.

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 2015. Facing China’s economic structural reforms and property market adjustments, the Group achieved contracted property sales of HK$10,075.0 million and revenue of HK$7,278.5 million. The Group’s unaudited consolidated profit attributable to the owners of the Company was HK$595.0 million. Basic earnings per share was HK26.1 cents (the corresponding period in 2014: HK47.1 cents per share).

In the first half of 2015, the Group proactively adjusted its marketing strategies, enhanced marketing efforts to boost sales and harmonized the development pace with the local market conditions in every city we operate in order to preserve our solid foundation and financial health.

The Group is still deliberating the amount of land bank in the cities where we have operations and in the emerging cities we consider to have investment value. During the period, the Group did not acquire any land parcel. As of 30 June 2015, total land bank of the Group in the PRC reached 10,969,500 sq.m..

INTERIM DIVIDEND

After reviewing the working capital requirements for the Group’s future expansion of its business, the Board did not recommend the payment of an interim dividend (the corresponding period in 2014: HK4 cents per share) for the period ended 30 June 2015.

REVENUE AND OPERATING RESULTS

In the first half year, the PRC real estate market is still facing a number of challenges. Various cities have introduced housing and monetary policies to support the healthy development of the real estate industry. In response to the ever-changing market environment, the Group has made various adjustments on the pace of development and enhanced sales promotion efforts. For the six months ended 30 June 2015, the revenue was HK$7,278.5 million which slipped slightly by 7.8% against last corresponding period. Gross profit was HK$1,419.6 million that was 38.0% lower than the same period last year.

Due to the extended direct promotion and marketing activities, distribution and selling expenses to contracted property sales increased slightly by 0.1% to 2.1% against last corresponding period. Administrative expenses to revenue was in line with last corresponding period, at 2.7%. At the same time, the Group has exercised stringent controls over the overhead costs.

During the current period, no fair value adjustment is made from the investment properties, compared with a gain of HK$29.9 million in the last corresponding period.

On 28 May 2015, the Group completed the disposal of 100% equity interest in subsidiaries, which carry out property management business in the PRC, with a cash consideration of RMB50.0 million (approximately HK$63.2 million). The management considers that the core businesses of the Group are real estate development and investment in the PRC. After the disposal, the management of the Group will be relieved from responsibilities for non-core operations and can better focus on improving the operating efficiency of the property development business. In relation to the disposal, the Group recognized a gain of HK$2.9 million.

In addition, on 21 March 2015, the Group, in accordance with the options exercised by all the bondholders, redeemed the convertible bonds issued by the Group on 21 March 2012 by cash. The amount had been arranged through a banking facility. The total redemption money was HK$2,200.0 million, being 100% principal amount of the convertible bonds. The Group recognized a loss on the redemption of the convertible bonds of HK$6.0 million.

Due to reduced gross profit, operating profit amounted to HK$1,051.9 million for the current period under review, a drop of 47.0% comparing with the same period last year.

Finance costs increased to HK$12.9 million from HK$8.5 million of last corresponding period, after capitalization of HK$476.6 million to the on-going development projects.

For the half year ended 30 June 2015, profit attributable to owners of the Company amounted to HK$595.0 million (the corresponding period in 2014: HK$1,074.2 million), a decrease of 44.6% against last corresponding period.

LAND BANK

The Group did not acquire any land parcel in the first half of the year. The Group continues to investigate its existing cities and explore into new cities in the PRC with growth potential and best investment value.

As at 30 June 2015, total land bank of the Group available to build gross floor area is approximately 10,969,500 sq.m. in 15 cities in the PRC (of which, 10,305,800 sq.m. are attributable to the Group, excluding interest attributable to non-controlling shareholders).

SEGMENT INFORMATION

PROPERTY SALES AND DEVELOPMENT

The Group proactively adjusted market strategies to boost sales and improve the sales-through rate. During the six months ended 30 June 2015, contracted property sales amounted to HK$10,075.0 million, for an aggregated area of 1,072,300 sq.m., representing an increase of 22.6% and 39.0% respectively against the same period last year. The balance of preliminary sales pending the completion of sales and purchase agreements increased by 6.2% to HK$2,056.0 million (the corresponding period in 2014: HK$1,936.0 million) for an aggregated area of 165,100 sq.m. (the corresponding period in 2014: 101,400 sq.m.).

As at 30 June 2015, construction work for 1,130,000 sq.m. were completed (the corresponding period in 2014: 1,378,300 sq.m.) with about 67% of these sold out. Coupled with stock sales, recognized revenue was HK$7,125.3 million (the corresponding period in 2014: HK$7,747.9 million), a slight decrease of 8.0% comparing with the same period last year. Revenue of the current period was mainly recognized from the high-rise residential projects, comparing with higher gross margin sales of commercial properties recognized in the same period last year. As a result, the segment result was HK$975.2 million (the corresponding period in 2014: HK$1,925.8 million) for the period which was 49.4% lower than the last corresponding period.

At period end, properties under construction and stock of completed properties amounted to 5,580,388 sq.m. and 1,045,315 sq.m. respectively, totaling 6,625,703 sq.m.. Properties of 1,463,912 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 2015, due to slightly increased average rental rates, rental income increased to HK$103.3 million (the corresponding period in 2014: HK$91.6 million) with a segment profit of HK$86.4 million (the corresponding period in 2014: HK$106.6 million). Comparing with the same period last year, the leasing business profit in this segment increased by HK$9.7 million. However, there was no fair value gain in respect of the investment properties recognized in this period (the corresponding period in 2014: HK$29.9 million), segment profit reduced by HK$20.2 million. Contribution from the joint ventures remained stable at HK$2.1 million (the corresponding period in 2014: HK$2.1 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 100% and 96% respectively. The Group fully owns the Beijing property while it owns 65% of the Shanghai project. On the other hand, according to the local market conditions, the leasing business development plan in relation to the China Overseas Building located in Jilin has been changed. To speed up the payback of investment on the property, the property is now being sold in the form of sub-units.

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 2015, net working capital amounted to HK$26,876.1 million (31 December 2014: HK$25,523.5 million), with a quick ratio of 0.7 (31 December 2014: 0.7).

During the six months ended 30 June 2015, the Group secured new credit facilities of approximately HK$4,281.4 million from leading financial institutions. After taking into account drawdowns of HK$4,595.9 million and repayment of matured loans of HK$1,568.2 million during the period, total borrowings (exclude the guaranteed notes payable of HK$3,132.1 million) increased by 19.4% to HK$18,627.1 million against last year end. At period end, interest of the bank borrowings was charged at floating rates with a weighted average of 3.8% per annum. About 67.1% of such borrowings is repayable beyond one year.

On the other hand, coupled with healthy sales achieved during the period, cash and bank balances plus restricted cash and deposits were at a total of HK$11,006.1 million, slightly dropped 3.5% compared with the last financial year end (HK$11,409.8 million).

The net gearing ratio, expressed as a percentage of net debts (i.e. total borrowings, including the guaranteed notes payable aforesaid, net of cash and bank balances and restricted cash and deposits) to equity attributable to owners of the Company, was 85.9% as at 30 June 2015 (31 December 2014: 74.3%). Management is actively pursuing different means to reduce the net gearing ratio to maintain the Group's solid financial position.

Taking into consideration of the unutilized bank credit facilities available to the Group of HK$1,991.4 million, the Group's total available funds (including restricted cash and deposits of HK$2,984.2 million) reached HK$12,997.5 million as at 30 June 2015. 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 2015, about 25.1% and 74.9% of the Group's total borrowings (including the guaranteed notes payable) 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 in an acceptable range.

CAPITAL COMMITMENTS AND GUARANTEE

As at 30 June 2015, the Group had capital commitments totaling HK$6,892.5 million which related mainly to property development and construction works. In addition, the Group issued guarantees to banks amounting to HK$14,584.0 million (equivalent to RMB11,500.7 million) in aggregate, 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$1.1 million approximately during the current period, mainly referred to additions in furniture, fixtures and office equipment.

On the other hand, as at 30 June 2015, certain property assets with an aggregate carrying value of HK$4,264.0 million in the PRC were pledged to obtain HK$1,064.0 million (equivalent to RMB839.1 million) of secured borrowings in total from certain PRC banks for the development projects.

EMPLOYEES

As at 30 June 2015, the Group has 989 employees (31 December 2014: 2,739). The substantial reduction in the number of employees is due to the disposal of the property management business during the period. The pay levels of these employees are commensurate with their responsibilities, performance and the prevailing market condition.

PROSPECTS

The Economy

Despite the economy of the United States started to show signs of mild recovery and the market expectation that interest rates would start to rise in the second half of this year, world economic data were mixed and overall economic growth remained weak. The number of national central banks joining the rate cuts is unabated. The global economic recovery is still uncertain.

China, as the world’s second largest economic entity, is in the advanced stage of structural and economic reforms. To combat the new challenges, the use of different fiscal and monetary policies becomes a regular exercise.

People’s Bank of China continues to implement the steady monetary policies. In the first half of this year, there were three reductions in both required reserve ratios and deposit and lending interest rates which continue to support the development of the economy and reduce the corporate cost of financing.

Real Estate Development

In the first half of this year, the attitude of the respective developers in land acquisition was still prudent. Promotional destocking is still an essential objective for most developers. While the market underwent adjustment during the period, the pricing and transaction volume gradually reached the stage of stabilization.

With the driving force from the urbanization policy and, as property development is still a major component of the capital investments, there is still significant room for steady growth in the sector to meet the ever-increasing basic accommodation needs of the urbanized population, especially the huge development potential 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 with the highest development potential in the PRC residential property market. With good customer satisfaction and company goodwill, the Group will continue to focus its scope of business primarily in the emerging 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 and stock turnover rate. It is therefore of paramount importance that the Group would be able to build up and maintain an appropriate 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 15 cities (including Beijing) with over 26 on-going development projects.

With standardized management systems, the Group will continue to streamline its operating processes and safeguard the internal controls. Over the past few years, leveraged with more mature understanding of the business environment and challenges in the cities with established presence, the enhanced management capabilities of the professional teams were further improved to optimize the project development cycle efficiently. To cope with the changing market environment, the Group continued to explore all kinds of marketing methodologies to speed up sales programs and further improve the sell-through rate of the inventory.

The Group will also maintain professional and prudent financial management of the financial resources, closely monitor the impacts from the external economic environment and national policy changes on the business operations and continue to enhance our advantages and market share in the cities we operate.

CONDENSED CONSOLIDATED INCOME STATEMENT

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2015 and the comparative figures for the corresponding period in 2014 are as follows:

		Six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Revenue	*4*	**7,278,508**	7,893,929
Cost of sales and services provided		**(5,858,923)**	(5,604,245)
Gross profit		**1,419,585**	2,289,684
Other income		**41,885**	40,862
Distribution and selling expenses		**(209,807)**	(161,638)
Administrative expenses		**(196,271)**	(213,207)
Other operating expenses		**(434)**	(581)
Other (losses)/gains			
Fair value gain on investment properties		**-**	29,905
Loss on redemption of convertible bonds	*12*	**(5,962)**	-
Gain on disposal of subsidiaries	*14*	**2,874**	-
Operating profit		**1,051,870**	1,985,025
Finance costs		**(12,945)**	(8,480)
Share of results of joint ventures		**2,143**	2,117
Profit before income tax	*6*	**1,041,068**	1,978,662
Income tax expense	*7*	**(402,215)**	(760,186)
Profit for the period		**638,853**	1,218,476
Profit for the period attributable to:			
Owners of the Company		**595,038**	1,074,213
Non-controlling interests		**43,815**	144,263
		638,853	1,218,476
		HK Cents	HK Cents
Earnings per share	*9*		
Basic		**26.1**	47.1
Diluted		**24.9**	42.3

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Profit for the period		**638,853**	1,218,476
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising from translation of overseas operations			
- subsidiaries		**3,433**	(224,869)
- joint ventures		**45**	(951)
Release of translation reserve upon disposal of subsidiaries	*14*	**(2,836)**	-
Other comprehensive income for the period, net of tax		**642**	(225,820)
Total comprehensive income for the period		**639,495**	992,656
Total comprehensive income attributable to:			
Owners of the Company		**595,343**	859,500
Non-controlling interests		**44,152**	133,156
		639,495	992,656

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
Non-current assets			
Investment properties		**3,033,802**	3,032,606
Property, plant and equipment		**41,445**	48,055
Prepaid lease rental on land		**5,115**	5,203
Intangible assets		**20,896**	23,345
Interests in joint ventures		**105,860**	103,672
Deferred tax assets		**146,707**	205,781
		3,353,825	3,418,662
Current assets			
Inventories of properties		**34,819,061**	34,010,630
Other inventories		**-**	620
Trade and other receivables, prepayments and deposits	*10*	**6,917,832**	6,142,568
Prepaid lease rental on land		**179**	179
Amounts due from non-controlling interests		**160,525**	82,631
Tax prepaid		**471,659**	243,208
Restricted cash and deposits		**2,984,195**	2,584,487
Cash and bank balances		**8,021,894**	8,825,281
		53,375,345	51,889,604
Current liabilities			
Trade and other payables	*11*	**7,855,871**	8,710,603
Sales deposits received		**10,461,091**	8,978,024
Amounts due to non-controlling interests		**867,854**	1,027,229
Convertible bonds – liability component	*12*	**-**	1,820,403
Taxation liabilities		**1,194,450**	1,697,766
Borrowings		**6,120,026**	4,132,040
		26,499,292	26,366,065
Net current assets		**26,876,053**	25,523,539
Total assets less current liabilities		**30,229,878**	28,942,201
Non-current liabilities			
Borrowings		**12,507,103**	11,465,350
Guaranteed notes payable		**3,132,144**	3,128,825
Deferred tax liabilities		**1,372,621**	1,375,657
		17,011,868	15,969,832
Net assets		**13,218,010**	12,972,369
Capital and reserves			
Share capital	*13*	**2,144,018**	2,144,018
Reserves		**10,370,114**	10,157,237
Equity attributable to owners of the Company		**12,514,132**	12,301,255
Non-controlling interests		**703,878**	671,114
Total equity		**13,218,010**	12,972,369

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 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, Nanning, Shantou, Yancheng and Yangzhou.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2015 (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 "Listing Rules"). 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 2014.

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 18 August 2015.

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 or 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 2014, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3. ADOPTION OF NEW OR REVISED HKFRSs

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

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans – Employee Contributions

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

3. ADOPTION OF NEW OR REVISED HKFRSs (CONTINUED)

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted by the Group.

HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 11	Accounting for Acquisitions of Interests in Joint Operation[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations[1]
Amendments to HKFRS 7	Financial Instruments: Disclosures[1]
Amendments to HKAS 19	Employee Benefits[1]
Amendments to HKAS 34	Interim Financial Reporting[1]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 9	Financial Instruments[3]
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2017
[3] Effective for annual periods beginning on or after 1 January 2018

The Group has not applied any new or revised standards 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	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Sales of properties	**7,125,348**	7,747,882
Property rental income	**103,298**	91,620
Property management fee income	**49,862**	54,427
Total revenue	**7,278,508**	7,893,929

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. 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 the operating segments as these assets are managed on a group basis.

Segment liabilities include trade and other payables, accrued liabilities, amount 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 borrowing and guaranteed notes payable that are managed on a group basis.

5. SEGMENT INFORMATION (CONTINUED)

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

	Property investment and development HK$'000	Property leasing HK$'000	Other segment HK$'000	Consolidated HK$'000
Six months ended 30 June 2015 (Unaudited)				
Reportable segment revenue	**7,125,348**	**103,298**	**49,862**	**7,278,508**
Reportable segment profit	**975,162**	**86,378**	**14,146**	**1,075,686**
Corporate income				**392**
Corporate expenses				**(35,010)**
Profit before income tax				**1,041,068**
As at 30 June 2015 (Unaudited)				
Reportable segment assets	**52,146,316**	**3,299,891**	**-**	**55,446,207**
Tax assets				**618,366**
Corporate assets				**664,597**
Total consolidated assets				**56,729,170**
As at 30 June 2015 (Unaudited)				
Reportable segment liabilities	**19,013,350**	**102,969**	**-**	**19,116,319**
Tax liabilities				**2,567,071**
Borrowings				**18,627,129**
Guaranteed notes payable				**3,132,144**
Corporate liabilities				**68,497**
Total consolidated liabilities				**43,511,160**

5. SEGMENT INFORMATION (CONTINUED)

	Property investment and development	**Property leasing**	**Other segment**	**Consolidated**
	HK$'000	HK$'000	HK$'000	HK$'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
As at 31 December 2014 (Audited)				
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
As at 31 December 2014 (Audited)				
Reportable segment liabilities	18,411,656	109,584	119,490	18,640,730
Tax liabilities				3,073,423
Borrowings				15,597,390
Convertible bonds – liability component				1,820,403
Guaranteed notes payable				3,128,825
Corporate liabilities				75,126
Total consolidated liabilities				42,335,897

For the six months ended 30 June 2015, the Group did not recognize any fair value gain on investment properties (six months ended 30 June 2014: HK$29,905,000). The fair value gain was reported under the segment of "Property leasing".

On 18 May 2015, the Group entered into an agreement to dispose the property management services companies and does not intend to re-engage in such non-core business in the medium term (note 14). Thus, no other segment assets and other segment liabilities were reported at this reporting date. The gain on disposal of subsidiaries was reported under the segment of "Other segment" for the six months ended 30 June 2015.

6. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit before income tax is arrived at after charging:		
Amortization:		
Prepaid lease rental on land	**89**	89
Intangible assets #	**2,453**	2,446
Depreciation of property, plant and equipment	**6,207**	6,363
Total amortization and depreciation	**8,749**	8,898
Staff costs	**155,806**	158,673

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

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Income tax expense comprises:		
Current tax for the period		
Other regions of the PRC		
- Enterprise income tax ("EIT")	**218,991**	498,938
- Land appreciation tax ("LAT")	**130,313**	242,289
	349,304	741,227
(Over)/Under provision in prior years		
Other regions of the PRC	**(2,523)**	15,623
Deferred tax	**55,434**	3,336
	402,215	760,186

For the six months ended 30 June 2015, 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 2014: Nil).

EIT arising from other regions of the PRC is calculated at 25% (six months ended 30 June 2014: 25%) on the estimated assessable profits.

PRC LAT is levied at progressive rates from 30% to 50% (six months ended 30 June 2014: 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 did not recommend the payment of an interim dividend for the six months ended 30 June 2015. During the last period, the Board declared interim dividend of HK$0.04 per share, amounting to HK$91,290,000.

At the reporting date, a dividend of HK$0.01 (six months ended 30 June 2014: HK$0.06) per share, amounting to HK$22,822,000 (six months ended 30 June 2014: HK$136,934,000) was recognized as a liability as the final dividend for the financial year ended 31 December 2014.

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

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Earnings used in calculating basic earnings per share	**595,038**	1,074,213
Adjustment to the profit of the Group attributable to imputed interest on convertible bonds	**1,382**	2,259
Earnings used in calculating diluted earnings per share	**596,420**	1,076,472

Weighted average number of ordinary shares

	Six months ended 30 June	
	2015	2014
	(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	**116,396**	263,347
Weighted average number of ordinary shares used in calculating diluted earnings per share	**2,398,636**	2,545,587

10. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

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:

	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
30 days or below	**270,101**	211,984
31–60 days	**533**	1,469
61–90 days	**9,217**	974
91–180 days	**34,997**	22,680
181–360 days	**119,250**	93,667
Over 360 days	**15,108**	5,585
	449,206	336,359

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.

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 the Group's trade payables based on invoice date is as follows:

	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
30 days or below	**4,000,522**	3,541,095
31–60 days	**337,850**	386,937
61–90 days	**191,163**	269,098
91–180 days	**731,907**	565,875
181–360 days	**706,643**	733,470
Over 360 days	**647,480**	878,217
	6,615,565	6,374,692

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 2014 *(Audited)*	1,731,858	581,196
Imputed interest expense *(Audited)*	160,483	-
Finance costs paid *(Audited)*	(71,938)	-
Carrying amount as at 31 December 2014 *(Audited)* and 1 January 2015 *(Unaudited)*	**1,820,403**	**581,196**
Imputed interest expense *(Unaudited)*	**35,991**	**-**
Finance costs paid *(Unaudited)*	**(22,000)**	**-**
Amount redeemed *(Unaudited)*	**(1,834,394)**	**(581,196)**
Carrying amount as at 30 June 2015 *(Unaudited)*	**-**	**-**

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. All the bondholders gave notice to the Group to exercise their redemption option to redeem all of their outstanding convertible bonds on 21 March 2015. Accordingly, the Group has redeemed all outstanding convertible bonds on 21 March 2015. The total redemption money was HK$2,200,000,000, being the 100% principal amount of the convertible bonds. The Group recognized a loss on redemption of the convertible bonds of HK$5,962,000 and a balance of convertible bond equity reserve in amount of HK$221,552,000 was transferred to the retained profits of the Group during the six months ended 30 June 2015.

13. SHARE CAPITAL

	Par value per share HK$	Number of ordinary shares '000	HK$'000
Authorized			
Balance at 1 January 2014 *(Audited)*	0.01	45,000,000	450,000
Balance at 31 December 2014 *(Audited)*, 1 January 2015 *(Unaudited)* and 30 June 2015 *(Unaudited)* (note (i))	**N/A**	**N/A**	**N/A**
Issued and fully paid			
Balance at 1 January 2014 *(Audited)*	0.01	2,282,240	22,822
Transition to no-par value regime on 3 March 2014 *(Audited)* (note (ii))	**N/A**	**-**	**2,121,196**
Balance at 31 December 2014 *(Audited)*, 1 January 2015 *(Unaudited)* and 30 June 2015 *(Unaudited)*	**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 authorized 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.

14. DISPOSAL OF SUBSIDIARIES

On 18 May 2015, the Group entered into an agreement (the "Agreement") with 中海物業管理有限公司 (China Overseas Property Management Co., Ltd.*) (the "COPM") in relation to disposal of its 100% equity interest in 中海宏洋物業管理有限公司 (China Overseas Grand Oceans Property Management Limited*) (the "COGOPM") and the COGOPM's subsidiaries (collectively, the "COGOPM Group") for a cash consideration of RMB50,030,000 (equivalent to approximately HK$63,161,000). The COPM is an indirect wholly-owned subsidiary of China Overseas Land & Investment Limited (the "COLI"), a controlling shareholder of the Company.

Before the disposal, the COGOPM was a wholly-owned subsidiary of the Group. Upon completion of the disposal in May 2015, the COGOPM was no longer a subsidiary of the Group.

14. DISPOSAL OF SUBSIDIARIES (CONTINUED)

The net assets of the COGOPM Group at the date of disposal were as follows:

	(Unaudited) HK$'000
Property, plant and equipment	526
Other inventories	100
Trade and other receivables, prepayments and deposits	383
Amount due from a shareholder	66,923
Cash and bank balances	29,535
Trade and other payables	(26,363)
Sales deposit received	(7,390)
Amounts due to fellow subsidiaries	(73)
Tax liabilities	(518)
	63,123

The gain on the disposal of the COGOPM Group is calculated as follows:

Consideration pursuant to the Agreement	63,161
Less: Net assets disposed of	(63,123)
Add: Reclassification of cumulative exchange differences from translation reserve to profit or loss	2,836
Gain on disposal	2,874

Net cash inflow arising on disposal:

Cash consideration received	63,161
Less: Cash and bank balances disposed of	(29,535)
	33,626

Upon the disposal of the COGOPM Group aforesaid, the cumulative amount of exchange differences amounting to HK$2,836,000 previously recognized in other comprehensive income and accumulated in translation reserve was reclassified from translation reserve to profit or loss.

During the six months ended 30 June 2015, the disposed COGOPM Group had contributed to the Group's operating cash outflow of approximately HK$68,587,000 and investing cash inflow of approximately HK$2,000. The revenue and post-tax profit of the disposed COGOPM Group included in the Group's Interim Financial Statements amounted to HK$49,862,000 and HK$10,850,000 respectively.

Before the COGOPM became a subsidiary of the COLI, members of the COGOPM Group were engaged to provide property management services in respect of various property development projects owned by the Group in the PRC. These property management transactions have become related party transactions of the Group following the completion of the disposal.

**English translation is for identification only.*

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 2015.

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 A.6.7, 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 2015.

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.

In addition to the above deviation, the Company has not complied with CG Code A.6.7 which requires the independent non-executive directors to attend the general meeting. Due to an overseas engagement, Dr. Timpson Chung Shui Ming, one of the independent non-executive directors, was unable to attend annual general meeting of the Company held on 2 June 2015. However, all other independent non-executive directors were present thereat to be available to answer any question to ensure effective communication with shareholders of the Company.

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

Save as disclosed in note 12 – Convertible Bonds 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 period ended 30 June 2015.

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 2015, 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, 18 August 2015

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. 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.

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 September 2015 and will be despatched to shareholders of the Company thereafter.