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 2015

FINANCIAL HIGHLIGHTS

1. The contracted property sales of the Group for the year further increased to HK$22,007.0 million (2014: HK$18,060.1 million), representing an increase of 21.9% against last year, which corresponded to an aggregated sold area of 2,406,600 square meter ("sq.m.") (2014: 1,849,800 sq.m.).
2. For the year ended 31 December 2015, the Group recorded revenue of HK$16,613.9 million, 18.8% increase comparing with last year. Gross profit and margin for the year were HK$2,599.6 million and 15.6% respectively, comparing with HK$3,363.9 million and 24.1% respectively in last year.
3. Operating profit for the year amounted to HK$1,743.9 million, representing a drop of 35.1% against last year. Profit attributable to owners of the Company was HK$851.2 million, 32.8% lower than last year. Basic earnings per share were HK37.3 cents (2014: HK55.5 cents per share).
4. During the year, the Group successfully acquired a total of four land parcels in Lanzhou, Shantou and Hefei through public land auctions with a gross floor area of 1,653,041 sq.m. for a total consideration of approximately RMB2,723.7 million. As at 31 December 2015, total land bank of the Group is estimated available to build gross floor area of approximately 10,930,900 sq.m. (of which, 10,238,100 sq.m. are attributable to the Group, excluding non-controlling shareholders).
5. Cash and bank balances plus restricted cash and deposits were HK$13,026.6 million in total, 14.2% higher as compared with the last financial year end (HK$11,409.8 million). The net gearing ratio was 50.7% as at 31 December 2015.
6. 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.
7. On 28 May 2015, the Group completed the disposal of 100% equity interest in subsidiaries, which carried out property management business in China, with a cash consideration of RMB50.0 million (approximately HK$63.2 million).
8. The Board did not recommend the payment of final dividend for the year ended 31 December 2015 (2014: HK1.0 cent per share).

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 2015.

For the year ended 31 December 2015, the Group’s revenue increased by 18.8% to HK$16,613.9 million comparing with last year, while profit attributable to owners of the Company was HK$851.2 million, 32.8% lower than last year. Basic earnings per share were HK37.3 cents (2014: HK55.5 cents per share).

The operating environment for the year 2015 was filled with uncertainties. In light of the continual economic structural reforms in China, depreciation of the value of Renminbi (“RMB”) and the unsatisfactory macroscopic economic environment aboard, growth of China’s economy slowed down. The property market in China was also challenging. Despite of the roll out of favorable measures by the Central Government to stabilize the property market, the overall market may still need time to fully rejuvenate.

Facing the complicated and fast-changing business environment, the Group stayed focus on consolidation of its businesses in the cities being operated and proactively adjusted its marketing strategies to meet the market demands. During the year, the Group has streamlined the management structure of sales planning and project development in order to improve the management efficiency. Furthermore, to expedite property sales, the Group employed different sales channels with flexible sales tactics and introduced more promotional campaigns. The Group also disposed its property management business in the year with the target of improving the operating efficiency of the property development business. In addition, the Group continued to enhance its projects in order to meet the customers’ needs and maintain its leading market position.

Driven by additional sales efforts, the contracted property sales of the Group for the year further increased to HK$22,007.0 million (2014: HK$18,060.1 million), representing an increase of 21.9% against last year, which corresponded to an aggregated sold area of 2,406,600 square meter (“sq.m.”) (2014: 1,849,800 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$1,105.0 million for an aggregated area of 82,800 sq.m..

While actively accelerated property sales in the year, the Group remained discreet in land bank replenishment and continued to exercise due care in bidding for land with high investment potential so as to enhance the land bank portfolio and lay the foundation for persisted growth. During the year, the Group acquired a total of four parcels of land in Lanzhou, Shantou and Hefei with total development area of 1,653,041 sq.m. (attributable to the Group : 1,574,315 sq.m.). As at 31 December 2015, the Group has maintained a land bank of 10,930,900 sq.m. over 15 cities with 27 projects under property development (attributable to the Group : 10,238,100 sq.m.).

DIVIDEND

No interim dividend had been paid for the six months ended 30 June 2015 (2014: HK4.0 cents per share).

After reviewing the result performance for the year and the Group's future expansion of its business, the Board of the Company did not recommend the payment of final dividend for the year ended 31 December 2015 (2014: HK1.0 cent per share).

BUSINESS REVIEW

REVENUE AND OPERATING RESULTS

For the year ended 31 December 2015, the Group recorded revenue of HK$16,613.9 million, 18.8% increase comparing with last year. The surge in revenue was driven by additional sales effort of the Group and the purchase power in the market. Gross profit and margin for the year were HK$2,599.6 million and 15.6% respectively, comparing with HK$3,363.9 million and 24.1% respectively in last year. The Group improved stock turnover aggressively during the year, which led to the shrink in gross profit margin.

Due to the extended promotion and marketing activities, distribution and selling expenses to contracted property sales for the year increased slightly to 2.0%, 0.1% higher than last year. Administrative expenses to revenue for the year decreased slightly to 3.1%, 0.1% lower than last year. The Group still exercised stringent controls over the expenses while speeding up sales.

No fair value gain was recognized by the Group in respect of the investment properties in the year (2014: HK$30.0 million).

On 28 May 2015, the Group completed the disposal of 100% equity interest in subsidiaries, which carried out property management business in China, 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 China. After the disposal of property management business, the management can better focus on improving the operating efficiency of the core property development business. In relation to this 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.

Operating profit for the year amounted to HK$1,743.9 million, representing a drop of 35.1% against last year. It was mainly due to decline in gross profit margin in the year as the selling prices of certain selected projects were adjusted to match the purchase power of the market to accelerate sales.

Finance costs increased by HK$4.9 million year-on-year, to HK$27.3 million after capitalization of HK$871.9 million to the on-going development projects.

Income tax expense for the year decreased by 34.7% against last year to HK$798.9 million, mainly due to decrease in the provision for enterprise income tax.

In total, for the year ended 31 December 2015, profit attributable to owners of the Company decreased by 32.8% against last year to HK$851.2 million (2014 : HK$1,267.4 million).

LAND BANK

The Group's management believes that a sizable and quality land bank is one of the most important assets to 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 enhancing the land bank portfolio to lay the foundation for persisted growth of the Group and maximize the returns to shareholders in the long term.

With deeper understanding of the operating environment, the Group continued to evaluate land acquisition opportunities in the cities where it was developing and with high growth potential. During the year, the Group successfully acquired a total of four land parcels in Lanzhou, Shantou and Hefei through public land auctions with a gross floor area of 1,653,041 sq.m. for a total consideration of approximately RMB2,723.7 million. As announced on 31 December 2015, the Group has entered into a cooperation agreement for the development of the piece of land acquired in Hefei and owns 45% interest in this project.

As at 31 December 2015, total land bank of the Group is estimated available to build gross floor area of approximately 10,930,900 sq.m. (of which, 10,238,100 sq.m. are attributable to the Group, excluding non-controlling shareholders).

With its prudent expansion strategy, the Group would keep on closely monitoring the market situation and search for suitable land pieces for development in order to maintain a quality land bank at reasonable price.

SEGMENT INFORMATION

PROPERTY SALES AND DEVELOPMENT

Leveraged with a quality driven national brand name, the Group focused on the cities with high investment value and developed a wide range of tailored and high graded housing products, including flats with different layouts, sizes and orientations, to suit specific needs of different local markets and customers. As a result, the Group was able to sustain its leading market position in these cities despite of challenging property market environment.

For the year ended 31 December 2015, the Group operated in 15 cities with 27 projects under development. Contracted property sales increased by 21.9% against last year to HK$22,007.0 million (2014: HK$18,060.1 million), corresponding to a saleable gross floor area of 2,406,600 sq.m. (2014: 1,849,800 sq.m.). At year end, the balance of preliminary sales pending the completion of sales and purchase agreements was HK$1,105.0 million for an aggregated area of 82,800 sq.m..

Contracted property sales from major projects during the year:

City	Name of project	Saleable Gross Floor Area (sq.m.)	Amount (HK$ Million)
Hefei	The Lagoon	238,149	2,959.6
Lanzhou	Glorioushire	242,344	1,941.5
Ganzhou	International Community	226,118	1,902.4
Nanning	International Community/ Royal Lakefront/ The Green Peak	241,248	1,893.2
Shantou	East Coast	154,761	1,831.2
Jilin	International Community/ Royal Waterfront	248,477	1,786.6
Changzhou	The Imperial/ Dragon Bay/ The Phoenix	194,148	1,595.3
Yangzhou	Jade Garden/ The Grand Canal/ Imperial No.9	139,555	1,419.3
Yinchuan	International Community	206,077	1,283.3
Yancheng	The Century/ The Arch	159,374	1,269.5

Progress for all development projects were satisfactory and largely in line with the construction programs. Nearly 2,521,500 sq.m. of construction sites were completed for occupation in the year (2014: 2,201,800 sq.m.) and of which, about 79% was sold out by year end. In response to the volatile market, the Group reacted with adapted market strategies to stimulate sales and optimize inventory. Further, while accelerated the property sales, the Group also seized chances, after cautious assessment, to acquire quality land pieces with high investment potential at reasonable prices to safeguard a healthy financial position and achieve sustainable development scale. For the year ended 31 December 2015, recognized revenue increased by 19.7% against last year to HK$16,354.7 million (2014: HK$13,660.3 million) while segment result decreased to HK$1,658.8 million (2014: HK$2,565.3 million).

Recognized revenue from major projects during the year:

City	Name of project	Saleable Gross Floor Area (sq.m.)	Amount (HK$ Million)
Changzhou	The Imperial/ The Phoenix/ Dragon Bay	279,011	2,087.8
Nanning	International Community/ Royal Lakefront/ The Green Peak	236,718	1,754.5
Yangzhou	The Grand Canal/ Jade Garden/ Imperial No.9	163,032	1,575.9
Hefei	The Lagoon	104,714	1,546.0
Jilin	International Community	219,019	1,461.0
Nantong	The Grove/ The Aqua	157,655	1,398.1
Hohhot	The Azure/ The Bund	164,311	1,339.8
Ganzhou	International Community	126,864	1,286.3
Yancheng	The Century/ The Arch	159,367	1,267.9
Yinchuan	International Community	156,141	995.0
Lanzhou	Glorioushire	124,106	983.9

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

City	Name of project	Construction commenced
Hohhot	Left Bank	April 2015

At year end date, properties under construction and stock of completed properties amounted to 4,068,037 sq.m. and 1,121,340 sq.m. respectively, totaling 5,189,377 sq.m.. Properties of 1,710,036 sq.m. had been contracted for sales and were pending for handover upon completion.

PROPERTY LEASING

For the year ended 31 December 2015, driven by increased average rental rate, rental income increased to HK$209.4 million (2014: HK$193.3 million) with a segment profit of HK$149.9 million (2014: HK$187.2 million). The reduction in segment profit was mainly attributed to no fair value gain was recognized in the year (2014: HK$30.0 million) in respect of the investment properties while contribution from the joint venture increased to HK$4.1 million (2014: HK$3.6 million).

As at 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 88% (2014: 100%) and 97% (2014: 84%) respectively. 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 the investment on the property, the property is now being sold in the form of the sub-units. The Group fully owns the Beijing and the Jilin properties while it holds 65% of the Shanghai project.

FINANCIAL RESOURCES AND LIQUIDITY

The Group has consistently adopted prudent financial management approach and its financial condition remained healthy. Having worked hard over the past few years, the Company and its subsidiaries have gained multiple accesses to funds from both investors and financial institutions in China and international market to meet its requirements in working capital, refinancing and project development. As at 31 December 2015, net working capital amounted to HK$23,725.4 million (31 December 2014: HK$25,523.5 million), with a quick ratio of 0.6 (31 December 2014: 0.7).

The bank loan drawdowns and repayments during the year were HK$6,311.1 million and HK$6,122.3 million respectively. Nevertheless, after taking into account of the decrease of HK$233.8 million due to translation of RMB loan, bank borrowings decreased mildly by 0.3% against last year end to HK$15,552.3 million. Of which, RMB loan amounted to RMB2,623.1 million (equivalent to HK$3,130.9 million) while the Hong Kong Dollar loan and US Dollar loan amounted to HK$10,793.9 million and HK$1,627.5 million respectively. As at year end, interest of such borrowings was charged at floating rates with a weighted average of 3.583% per annum. About 31.6% of such borrowings is repayable within one year.

In respect of the Group’s US$400 million 5.125% guaranteed notes due 2019, the amortized cost payable amounted to HK$3,138.4 million as at 31 December 2015.

On the other hand, coupled with sales achieved during the year, cash and bank balances plus restricted cash and deposits were HK$13,026.6 million in total, 14.2% higher as compared with the last financial year end (HK$11,409.8 million). Of which, 99.1% is denominated in RMB while the remaining is mainly in Hong Kong Dollar.

The net gearing ratio, expressed as a percentage of net debts (i.e. total borrowings, including the guaranteed notes, net of cash and bank balances and restricted cash and deposits) to equity attributable to owners of the Company, was 50.7% as at 31 December 2015, significantly reduced by 23.6% from 74.3% as at 31 December 2014, 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$1,892.3 million, the Group's total available funds (including restricted cash and deposits of HK$3,323.7 million) reached HK$14,918.9 million as at 31 December 2015.

In terms of capital management, the Group implements centralized financing and treasury policies to ensure efficient fund utilization. The liquidity position of the Group remains healthy and the Group has sufficient resources to satisfy its commitment and working capital needs.

The Group manages its capital structure with the objective to maximize its shareholders' returns in the long term by maintaining a healthy financial position, sustainable gearing structure and reasonable finance costs in the built-up of an optimal operation scale. The Group would closely monitor the financial market and explore opportunities to enter into appropriate long-term financing to improve its capital structure continuously.

The Group would closely review its operational and financial status to ensure continual fulfillment of the financial covenants as agreed with different financial institutions. The Group would also regularly re-evaluate its operational and investment status and endeavour to improve its cash flow and minimize its financial risks.

FOREIGN EXCHANGE EXPOSURE

As the Group conducted its sales, receivables and payables, expenditures and part of the borrowings in RMB for its property development business in China, the management considered a natural hedge mechanism existed in that operations. However, as at 31 December 2015, about 16.8% and 83.2% of the Group's total borrowings (including the guaranteed notes) were denominated in RMB and Hong Kong Dollar/US Dollar respectively. Hence, take into account of the debt financing structure, the Group is subject to foreign exchange risk from the volatility of RMB exchange rate.

The exchange rate of RMB to Hong Kong Dollar fell by 5.8% in the year and accordingly, the net asset value of the Group decreased by HK$1,633.8 million which arose from currency translation.

During the year, the Group has not entered into any financial derivatives either for hedging or speculative purpose. The Group would continue to closely monitor the volatility of the RMB exchange rate. In consideration of the lower finance costs for borrowings in Hong Kong Dollar/ US Dollar and the expectation of stable RMB exchange rate in the medium to long term, the management, after balancing the finance cost and risks, would fine-tune the financing strategy gradually to optimize the ratio of RMB and Hong Kong Dollar/ US Dollar debt at appropriate time to minimize the foreign exchange risk.

COMMITMENTS AND GUARANTEE

As at 31 December 2015, the Group had other commitments totaling HK$4,221.8 million which related mainly to property development and construction works. In addition, the Group issued guarantees to banks amounting to HK$18,742.8 million (equivalent to RMB15,702.7 million), mainly for facilitating end-user mortgages in connection with its property sales in China as a usual commercial practice.

CAPITAL EXPENDITURE AND CHARGES ON ASSETS

The Group had capital expenditures totaling HK$2.6 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 2015, a development project with a carrying value of HK$390.6 million in China was pledged to obtain HK$179.0 million (equivalent to RMB150.0 million) of secured borrowing from a bank in China for the project.

EMPLOYEES

As at 31 December 2015, the Group has 1,343 employees (31 December 2014: 2,739). The substantial reduction in the number of employees was due to the disposal of property management business during the year.

The Group is keen to motivate and retain talent and reviews the remuneration policies and packages on a regular basis to recognize employee contributions and respond to changes in the employment market. The total staff costs incurred for the year ended 31 December 2015 was approximately HK$360.1 million (2014: HK$373.7 million). The pay levels of the employees are determined based on their responsibilities, performance and the prevailing market condition. Discretionary bonus was paid to employees based on individual performance while other remuneration and benefits, including the provident fund contributions/ retirement pension scheme, remained at appropriate levels. Different trainings and development opportunities continued to be offered to enhance employees' capabilities.

PROSPECTS

The Economy

As the economy of United States has recovered progressively, the Federal Reserve Board of the United States commenced the normalization of interest rate and announced, in December 2015, the first rise in interest rate since the financial crisis. The impact of start of rate hiking cycle on the economy, however, is still uncertain and may take time to be fully reflected. Amidst loose monetary policy and low interest rate environment, economic growth of Europe and Japan remains sluggish and the fundamental for continuous recovery is still far from solid. For the emerging countries, capital outflow has dampened the liquidity and added downward pressure on economies. In general, the outlook of global economy is still gloomy.

In China, after years of expansion by way of investments, the focus of economic growth has migrated gradually from heavy industries and manufacturing to consumption and service industries. China has stepped into a crucial stage in economic structural transformation and upgrade. The industrial structure has been optimized steadily and led by the growth in tertiary industry, GDP of China for the year 2015 increased by 6.9% year-on-year. Emphasized in the "13th Five Year Plan", unveiled in November 2015, and during the Central Economic Work Conference, took place in December 2015, the structural reform of the supply side would be strengthened to increase the quality and efficiency of supply system. With China's economy would advance to the "new normal", the economic growth model would change by pursuing innovative, coordinated, green, open and shared development in order to achieve long-lasting development and balanced growth. Under a more regulated and structured framework, the healthy economic development would improve the living standard of people in the long term.

Moreover, International Monetary Fund decided to include RMB in the Special Drawing Right (SDR) basket, along with the US Dollar, the Euro, the Japanese yen and British pound, with effective from 1 October 2016. Following the inclusion of RMB in the SDR basket, exchange rate of RMB is expected to be further market oriented and internationalized. Although the exchange rate of RMB would be volatile in the short term, the economic development of China would be benefited in the long run.

Real Estate Development

In 2015, the Central Government has gradually eased some restrictive measures and launched different policies to stabilize the property market such as reduced the reserve rate and interest rate, lowered down payment ratio and fine-tuned the policy of the housing provident fund. After the implementation of the policies, the property market of first and second tier cities has been picking up while the market of third and fourth tier cities is in the phase of market transition.

The Central Economic Work Conference identified “destocking” as one of the five major tasks of economic reform this year. Various measures have been proposed to facilitate the development of property market which include the reform of household registration system to allow the non-registered population, like farmers and migrant workers, to settle in cities where they are working and become the new demand of properties in their working places. In addition, rental housing market would be promoted to raise the demand of properties. The stepping up of raising the urbanization ratio of registered population and deepening of household registration system reform would not only help to stabilize the property market by expanding the base of potential home buyers in the cities but also would improve the living environment of citizen in general and benefit the development of social fairness and justice.

Headwind in the property market is still strong but with the support of the macroscopic government policies and flexible monetary policy, both risks and chances co-exist. The continued urbanization would lead to a healthy development of core demand in the property market. On the other hand, the market condition could inevitability fluctuate during the upgrade of the industrial structure. In view of the above, strategies have to be adjusted proactively and timely in order to manage the risks and seize the development opportunities.

Group Strategy

The Group continues to fully embrace the government's urbanization policy, with a firm commitment to become a high-growth star property developer of the highest potential in the residential property market in China. With a professional management, effective organization, good customer satisfaction and company goodwill, the Group would continue to focus in the emerging cities with best investment value and growth potentials, and positioning at the middle to high-end product ranges.

Having developed tirelessly in 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 China, as urbanization and economic growth have been the main drivers of the growth in housing demand in China.

The Group consistently practices its prudent investment strategy and is dedicated to enlarge the operating scale and speed up the pace of development in an orderly manner, so as to raise the marginal cost efficiency and stock turnover rate. It is also of paramount importance that the Group would be able to build up and maintain a quality land bank at competitive prices in order to maximize shareholders' returns in long term. At appropriate and sustainable gearing structure, the Group would continue to explore business opportunities.

With standardized management systems, the Group would continue to streamline its operating processes, strengthen its internal controls and tighten cost controls. In spite of the challenging market condition, leveraged with more mature understanding of the operating environment and dynamics in the cities being developed, the enhanced management capabilities of the professional teams would be able to optimize the project development cycle and stock management as well as raise customers' satisfaction. To cope with the ever-changing market environment, the Group would strive to improve quality of properties, evolve new marketing methodologies, speed up sales programs and promote the sell-through rate of the inventory. The Group is determined to extend its competitive edge and safeguard its leading position in the market.

The Group would maintain a professional and prudent financial management of the financial resources and closely monitor the impacts from the external economic environment, volatility of exchange rate of RMB and national policy changes to the business operations.

KEY RISKS FACTORS AND UNCERTAINTIES

The Group monitors the development of the industry on regular basis and timely assesses different types of risks in order to formulate proper strategies to minimize the impact to the Group. The followings are the key risks and uncertainties identified by the Group:

INVESTMENT RISK

The property market is filled with challenges amidst the slowdown of growth of China's economy during the economic structural transformation and upgrade.

The Group would carry on its prudent investment approach. Based on the latest market condition, the Group would select cautiously the locations for investment and pick out high quality land pieces with development potential. The Group would strictly control costs for land acquisition to minimize the risk exposure to volatility of market.

FOREIGN EXCHANGE RISK

The exchange rate of RMB to US Dollar has fluctuated and dropped noticeably since the second half of 2015 as affected by the factors like interest rate hike in the United States and downward trend in economy of China. The value of RMB against Hong Kong Dollar also has depreciated markedly given Hong Kong Dollar is pegged to US Dollar under The Linked Exchange Rate System.

As aforesaid, under the existing capital structure, the Group is subject to foreign exchange risk from the volatility of RMB exchange rate. Nevertheless, the Group would continue to actively monitor the volatility of RMB exchange rate and after balancing the finance cost and risks, would fine-tune the financing strategy gradually to optimize the ratio of RMB and Hong Kong Dollar/ US Dollar debt at appropriate time to minimize the foreign exchange risk.

MARKET RISK

The advance of urbanization, macroscopic policies and flexible monetary policy are favorable to the growth of property market. However, the market would be volatile as the economic structural transformation persists. Therefore, the property market would be under pressure of sales and high stock level in the short term.

Benefited from the national brand for excellence product, the Group would develop different types of properties tailored for the cities being operated to serve the preferences of customers in different regions. Moreover, the Group would alter the construction program of the projects to match the sales status so that the stock level could be optimized while the supply of properties could still be warranted.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue	*4*	**16,613,887**	13,981,328
Cost of sales and services provided		**(14,014,268)**	(10,617,440)
Gross profit		**2,599,619**	3,363,888
Other income		**105,412**	77,918
Distribution and selling expenses		**(435,887)**	(338,540)
Administrative expenses		**(519,793)**	(445,456)
Other operating expenses		**(2,333)**	(689)
Other (losses)/gains			
Fair value gain on investment properties		**-**	30,028
Loss on redemption of convertible bonds	*12*	**(5,962)**	-
Gain on disposal of subsidiaries	*14*	**2,874**	-
Operating profit		**1,743,930**	2,687,149
Finance costs		**(27,259)**	(22,314)
Share of results of joint ventures		**4,062**	3,639
Profit before income tax	*6*	**1,720,733**	2,668,474
Income tax expense	*7*	**(798,894)**	(1,222,494)
Profit for the year		**921,839**	1,445,980
Profit for the year attributable to:			
Owners of the Company		**851,196**	1,267,402
Non-controlling interests		**70,643**	178,578
		921,839	1,445,980
		HK Cents	HK Cents
Earnings per share	*9*		
Basic		**37.3**	55.5
Diluted		**36.5**	50.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Profit for the year		**921,839**	1,445,980
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of overseas operations			
- subsidiaries		**(1,627,623)**	(45,891)
- joint ventures		**(6,174)**	(319)
Release of translation reserve upon disposal of subsidiaries	*14*	**(2,836)**	-
Other comprehensive income for the year, net of tax		**(1,636,633)**	(46,210)
Total comprehensive income for the year		**(714,794)**	1,399,770
Total comprehensive income attributable to:			
Owners of the Company		**(746,038)**	1,225,822
Non-controlling interests		**31,244**	173,948
		(714,794)	1,399,770

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Investment properties		**2,855,569**	3,032,606
Property, plant and equipment		**34,181**	48,055
Prepaid lease rental on land		**4,730**	5,203
Intangible assets		**17,354**	23,345
Interests in joint ventures		**100,784**	103,672
Deferred tax assets		**147,479**	205,781
		3,160,097	3,418,662
Current assets			
Inventories of properties		**34,475,481**	34,010,630
Other inventories		**-**	620
Trade and other receivables, prepayments and deposits	*10*	**4,403,865**	6,142,568
Prepaid lease rental on land		**168**	179
Amounts due from non-controlling interests		**140,781**	82,631
Tax prepaid		**589,609**	243,208
Restricted cash and deposits		**3,323,705**	2,584,487
Cash and bank balances		**9,702,914**	8,825,281
		52,636,523	51,889,604
Current liabilities			
Trade and other payables	*11*	**8,341,624**	8,710,603
Sales deposits received		**13,933,973**	8,978,024
Amounts due to non-controlling interests		**770,711**	1,027,229
Convertible bonds – liability component	*12*	**-**	1,820,403
Taxation liabilities		**946,143**	1,697,766
Borrowings		**4,918,627**	4,132,040
		28,911,078	26,366,065
Net current assets		**23,725,445**	25,523,539
Total assets less current liabilities		**26,885,542**	28,942,201
Non-current liabilities			
Borrowings		**10,633,642**	11,465,350
Guaranteed notes payable		**3,138,399**	3,128,825
Deferred tax liabilities		**1,303,664**	1,375,657
		15,075,705	15,969,832
Net assets		**11,809,837**	12,972,369
Capital and reserves			
Share capital	*13*	**2,144,018**	2,144,018
Other reserves		**74,719**	2,138,643
Retained profits		**8,954,014**	7,995,772
Proposed dividend	*8*	**-**	22,822
Equity attributable to owners of the Company		**11,172,751**	12,301,255
Non-controlling interests		**637,086**	671,114
Total equity		**11,809,837**	12,972,369

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, Jilin, Lanzhou, Nanning, Shantou and Yangzhou.

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 ("HKASs") and Interpretations (hereinafter collectively referred to "HKFRS") and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements. 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 information relating to the years ended 31 December 2015 and 2014 included in this preliminary announcement of annual results 2015 do not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2015 in due course.

The Company’s auditor has reported on the financial statements of the Group for both years. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The financial statements for the year ended 31 December 2015 were approved for issue by the Board on 17 March 2016.

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 2014 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 2015

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 2015:

HKFRSs (Amendments)	Annual Improvements 2010 – 2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011 – 2013 Cycle

Annual Improvements 2010 – 2012 Cycle and 2011 – 2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear.

The adoption of these amendments has no material impact on the Group's 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 2012-2014 Cycle [1]
Amendments to HKAS 1	Disclosure Initiative [1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements [1]
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 [1]
HKFRS 9 (2014)	Financial Instruments [2]
HKFRS 14	Regulatory Deferral Accounts [1]
HKFRS 15	Revenue from Contracts with Customers [2]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective date to be determined

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 apply to the Company in this financial year.

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

4. REVENUE

The principal activities of the Group are disclosed in note 1. Revenue from the Group's principal activities recognized during the year is as follows:

	2015	2014
	HK$'000	HK$'000
Sales of properties	**16,354,663**	13,660,341
Property rental income	**209,362**	193,345
Property management fee income	**49,862**	127,642
Total revenue	**16,613,887**	13,981,328

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 two reportable segments and other segment 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 estates in the PRC and generates management fee income. During the year ended 31 December 2015, the Company disposed of its entire equity interest in those companies principally engaged in the provision of property management services. Further details of the disposal are set out in note 14.

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 2015 and 2014. Segment profit/loss includes the Group's share of profit/loss arising from the activities of the Group's joint ventures. Reportable segment profit/loss excludes corporate income and expenses (including finance costs) 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, the liability component of the convertible bonds and guaranteed 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, reportable segment profit/(loss), segment assets, segment liabilities, reconciliation 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 2015				
Reportable segment revenue	**16,354,663**	**209,362**	**49,862**	**16,613,887**
Reportable segment profit	**1,658,827**	**149,907**	**14,146**	**1,822,880**
Corporate income				**2,625**
Finance costs				**(27,259)**
Other corporate expenses				**(77,513)**
Profit before income tax				**1,720,733**
As at 31 December 2015				
Reportable segment assets	**51,382,040**	**3,083,657**	**-**	**54,465,697**
Tax assets				**737,088**
Corporate assets ^				**593,835**
Total consolidated assets				**55,796,620**
Reportable segment liabilities	**22,887,156**	**102,027**	**-**	**22,989,183**
Tax liabilities				**2,249,807**
Borrowings				**15,552,269**
Guaranteed notes payable				**3,138,399**
Corporate liabilities				**57,125**
Total consolidated liabilities				**43,986,783**

5. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (continued)

	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
Finance costs				(22,314)
Other corporate expenses				(56,092)
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 – liability component				1,820,403
Guaranteed notes payable				3,128,825
Corporate liabilities				75,126
Total consolidated liabilities				42,335,897

^ Corporate assets as at 31 December 2015 included cash and bank balances amounting to HK$482,706,000 (2014: HK$241,079,000) which were managed on group basis.

Certain comparative figures in the segment information for the year ended 31 December 2014 have been reclassified. Previously, finance costs were included in corporate expenses for segment reporting purposes. For the year ended 31 December 2015, finance costs are reclassified and presented separately in the reconciliation of reportable segment results to profit before income tax for better presentation.

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 2015					
Interest income	**88,507**	**926**	**68**	**2,504**	**92,005**
Depreciation and amortization	**9,297**	**7,080**	**176**	**1,393**	**17,946**
Loss on redemption of convertible bonds	**-**	**-**	**-**	**5,962**	**5,962**
Gain on disposal of subsidiaries	**-**	**-**	**2,874**	**-**	**2,874**
Share of results of joint ventures	**-**	**4,062**	**-**	**-**	**4,062**
Additions to specified non-current assets #	**1,401**	**1,091**	**61**	**-**	**2,553**
Write-off of property, plant and equipment	**82**	**-**	**876**	**-**	**958**
As at 31 December 2015					
Interests in joint ventures	**-**	**100,784**	**-**	**-**	**100,784**
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

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")

5. SEGMENT INFORMATION (CONTINUED)

Geographical information

All of the Group's revenue is derived from activities conducted in the PRC excluding 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:

	2015	2014
	HK$'000	HK$'000
Hong Kong	**2,942**	5,111
Other regions of the PRC	**3,009,676**	3,207,770
	3,012,618	3,212,881

Information about major customer

None of the customers individually contributed 10% or more of the Group's revenue for the years ended 31 December 2015 and 2014.

6. PROFIT BEFORE INCOME TAX

	2015	2014
	HK$'000	HK$'000
Profit before income tax is arrived at after charging:		
Amortization:		
Prepaid lease rental on land	**176**	178
Intangible assets #	**4,826**	4,892
Depreciation of property, plant and equipment	**12,944**	11,935
Total amortization and depreciation	**17,946**	17,005

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

7. INCOME TAX EXPENSE

	2015	2014
	HK$'000	HK$'000
Income tax expense comprises:		
Current tax for the year		
Other regions of the PRC		
- Enterprise income tax ("EIT")	**432,009**	699,106
- Land appreciation tax ("LAT")	**308,506**	418,739
	740,515	1,117,845
(Over)/Under provision in prior years		
Other regions of the PRC	**(1,552)**	12,391
Deferred tax	**59,931**	92,258
	798,894	1,222,494

For the year ended 31 December 2015, no Hong Kong profits tax has been provided as the Group did not derive any estimated assessable profit in Hong Kong for the year (2014: nil).

7. INCOME TAX EXPENSE (CONTINUED)

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

PRC LAT is levied at progressive rates from 30% to 60% (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

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

	2015	2014
	HK$'000	HK$'000
Interim dividend – Nil (2014: HK$0.04 per ordinary share)	**-**	91,290
Proposed final dividend – Nil (2014: HK$0.01 per ordinary share) *(note)*	**-**	22,822
	-	114,112

Note:
The directors did not recommend the payment of a final dividend for the current financial year.

In respect of last financial year, final dividend of HK$0.01 per ordinary share had been proposed by the directors and was approved by the shareholders of the Company in the annual general meeting on 2 June 2015.

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

	2015	2014
	HK$'000	HK$'000
Final dividend in respect of previous financial year, approved and paid during the year of HK$0.01 (2014: HK$0.06) per ordinary share	**22,822**	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	**2015**	2014
	HK$'000	HK$'000
Earnings used in calculating basic earnings per share	**851,196**	1,267,402
Adjustment to the profit of the Group attributable to imputed interest on convertible bonds	**3,625**	20,164
Earnings used in calculating diluted earnings per share	**854,821**	1,287,566

Weighted average number of ordinary shares	**2015**	2014
	'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	**57,720**	263,347
Weighted average number of ordinary shares used in calculating diluted earnings per share	**2,339,960**	2,545,587

10. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2015	2014
	HK$'000	HK$'000
Trade receivables, net	**623,997**	336,359
Other receivables	**607,206**	377,910
Prepayments and deposits	**3,172,662**	5,428,299
	4,403,865	6,142,568

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:

	2015	2014
	HK$'000	HK$'000
30 days or below	**570,605**	211,984
31–60 days	**3,432**	1,469
61–90 days	**7,421**	974
91–180 days	**8,028**	22,680
181–360 days	**15,964**	93,667
Over 360 days	**18,547**	5,585
	623,997	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 which are neither past due nor impaired 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

	2015 HK$'000	2014 HK$'000
Trade payables	**7,588,088**	6,374,692
Other payables and accruals	**672,373**	1,856,916
Deposits received	**81,163**	478,995
	8,341,624	8,710,603

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

	2015 HK$'000	2014 HK$'000
30 days or below	**4,005,546**	3,541,095
31–60 days	**194,599**	386,937
61–90 days	**87,419**	269,098
91–180 days	**494,174**	565,875
181–360 days	**1,104,039**	733,470
Over 360 days	**1,702,311**	878,217
	7,588,088	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	1,731,858	581,196
Imputed interest expense	160,483	-
Finance costs paid	(71,938)	-
Carrying amount as at 31 December 2014 and 1 January 2015	**1,820,403**	**581,196**
Imputed interest expense	**35,991**	**-**
Finance costs paid	**(22,000)**	**-**
Redemption of the convertible bonds	**(1,834,394)**	**(581,196)**
Carrying amount as at 31 December 2015	**-**	**-**

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 year ended 31 December 2015.

12. CONVERTIBLE BONDS (CONTINUED)

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

13. SHARE CAPITAL

	Par value per share HK$	Number of ordinary shares '000	HK$'000
Authorized			
Balance at 1 January 2014	0.01	45,000,000	450,000
Balance at 31 December 2014, 1 January 2015 and 31 December 2015 (note (i))	**N/A**	**N/A**	**N/A**
Issued and fully paid			
Balance at 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, 1 January 2015 and 31 December 2015	**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 the 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 approximate HK$63,161,000). The COPM was 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 disposed of were as follows:

	2015 **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:

	2015 **HK$'000**
Consideration pursuant to the Agreement	**63,161**
Less: Net assets disposed of	**(63,123)**
Add: Release of translation reserve upon disposal of subsidiaries	**2,836**
Gain on disposal	**2,874**

The net cash inflow arising from the disposal of the COGOPM Group is calculated as follows:

	2015 **HK$'000**
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.

Before the disposal of equity interest in COGOPM Group, 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.*

ANNUAL GENERAL MEETING

The annual general meeting (the "AGM") of the Company will be held on Monday, 23 May 2016.

The Register of Members of the Company will be closed from Friday, 20 May 2016 to Monday, 23 May 2016 (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 Thursday, 19 May 2016.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited 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 2015.

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 year ended 31 December 2015.

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 2015.

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 maximize 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 year ended 31 December 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.

PUBLICATION OF RESULTS ANNOUNCEMENT ON THE WEBSITES OF THE STOCK EXCHANGE, THE COMPANY AND EQS TODAYIR LIMITED

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 EQS TodayIR Limited at http://www.todayir.com/en/showcases.php?code=81.

The printed copy of the 2015 Annual Report will be sent to shareholders of the Company before mid of April 2016 and the soft copy of the Annual Report will be published on websites of the Stock Exchange, the Company and EQS TodayIR Limited 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 committed staff for their dedication, hard work and contributions to the Group for the year, and our shareholders and business partners for their continued confidence and support.

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

Hong Kong, 17 March 2016

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. Liu Jun; 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.