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 2016

FINANCIAL HIGHLIGHTS

1. For the six months ended 30 June 2016, Group's contracted property sales amounted to HK$11,501.0 million, for an aggregated area of 1,374,400 sq.m., representing an increase of 14.2% and 28.2% respectively against the same period last year.

2. For the six months ended 30 June 2016, Group's revenue reached HK$10,287.3 million, increased by 41.3% against the corresponding period last year. Operating profit amounted to HK$1,393.8 million, a rise of 32.5% comparing with the same period last year. Profit attributable to the owners of the Company amounted to HK$630.0 million, an increase of 5.9% against last corresponding period. Basic earnings per share was HK27.6 cents (the corresponding period in 2015: HK26.1 cents per share).

3. As at 30 June 2016, total land bank of the Group available to build gross floor area is approximately 9,537,900 sq.m. in 13 cities in China (of which, 8,901,400 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$14,474.4 million. The net gearing ratio, expressed as a percentage of net debts to equity attributable to owners of the Company, was 24.5% as at 30 June 2016.

5. The Board did not recommend the payment of an interim dividend for the period ended 30 June 2016 (the corresponding period in 2015: Nil).

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 2016. For the first half year ended 30 June 2016, contracted property sales of the Group was HK$11,501.0 million. The Group attained a turnover of HK$10,287.3 million for the period. The Group’s unaudited consolidated profit attributable to owners of the Company for the first half of 2016 was HK$630.0 million. Basic earnings per share was HK27.6 cents (the corresponding period in 2015: HK26.1 cents).

In the first half of the year, sentiment of property market in China has improved but the operating environment as a whole was still challenging in view of the volatility of exchange rate of Renminbi (“RMB”) and the unstable macroscopic economic environment. Facing the dynamic market environment, the Group stayed focus on consolidation of its businesses in the cities being operated and proactively adjusted its marketing strategies as well as launched more promotional campaigns to boost property sales. At the same time, the Group also kept on enhancing the quality of its projects in order to satisfy the customers’ needs.

In addition, adhere firmly to its prudent investment principle, the Group has continued to closely monitor land purchase opportunities in the market and would acquire projects with reasonable returns for land bank replenishment and enhancement in order to lay a solid foundation for persisted growth. During the first half of the year, the Group did not acquire any land parcel. As at 30 June 2016, total land bank of the Group in China reached 9,537,900 sq.m. (attributable to the Group: 8,901,400 sq.m.).

INTERIM DIVIDEND

After reviewing the result performance for the period and the working capital requirement for the Group’s future expansion of its business, the Board did not recommend the payment of an interim dividend for the period ended 30 June 2016 (the corresponding period in 2015: Nil).

REVENUE AND OPERATING RESULTS

In the first half year, the sentiment of property market in China has improved. In response to the government’s strategy of adoption of different policies in different cities as appropriate to their local conditions, the Group has continuously made various adjustments on the pace of development and launched more promotional campaigns in order to enhance the inventory turnover rate. With the additional sales effort, the revenue for the six months ended 30 June 2016 reached HK$10,287.3 million, increased by 41.3% against the corresponding period last year. Gross profit for the period was HK$1,862.3 million, 31.2% higher than the same period last year. Gross profit margin slightly decreased by 1.4% to 18.1%.

On 24 March 2016, the Group and China State Construction International Holdings Limited (the "CSC"), entered into a framework agreement that the Group appointed the CSC group to provide the construction supervision service for the property development projects of the Group in China. The service further ensures the smooth running on the property development projects with no significant impact on costing as a whole.

On the other hand, the reform program to replace business tax with a value-added tax for the real estate development industry has been effective from the first of May this year. Since majority of the revenue for the period was recognized from the sales prior to the effective of the new tax rules, the revenue and gross margin for the period did not fully reflect the impact of the reform. Nevertheless, under the existing operation situation of the Group, the new value-added tax rule is expected to have a positive impact on the gross margin of the property sales.

Due to the extended effective direct promotion and marketing activities to boost the property sales, distribution and selling expenses to contracted property sales for the period increased slightly by 0.2% to 2.3% against last corresponding period. Administrative expenses to revenue reduced slightly by 0.1% to 2.6% compared with the last corresponding period. The Group has exercised stringent controls over the overhead costs.

In relation to the fair value of the investment properties, no fair value adjustment is recognized for the period, same as the last corresponding period.

Due to the increased revenue and gross profit, operating profit amounted to HK$1,393.8 million for the current period under review, a rise of 32.5% comparing with the same period last year.

Total interest expense reduced to HK$369.2 million from HK$489.6 million of last corresponding period, mainly due to a mild decrease in the average interest rate of the bank loans and the drop of total averaged borrowings amounted to HK$3.1 billion in the period. Finance costs slightly decreased to HK$12.8 million from HK$12.9 million of last corresponding period, after capitalization of HK$356.4 million to the on-going development projects.

Income tax expenses comprised profit tax and land appreciation tax. The income tax expenses surged by HK$338.9 million compared with the last corresponding period to HK$741.1 million which was mainly due to increase in the land appreciation tax levied as driven by the profit recognition of a project in Beijing with higher profit margin during the period.

For the half year ended 30 June 2016, profit attributable to owners of the Company amounted to HK$630.0 million (the corresponding period in 2015: HK$595.0 million), an increase of 5.9% against last corresponding period.

LAND BANK

With its prudent expansion strategy, the Group kept on closely monitoring the market situation and searched for suitable land pieces for development. 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 China with growth potential and best investment value.

The constructions of the Maple Palace project located in Beijing and the Chief Palace project located in Guilin are almost completed. As a result, total land bank of the Group available to build gross floor area is approximately 9,537,900 sq.m. in 13 cities in China as at 30 June 2016 (of which, 8,901,400 sq.m. are attributable to the Group, excluding interest attributable to non-controlling shareholders).

Moreover, in early August, the Group has confirmed with an independent third party to develop a piece of land with gross floor area of about 180,000 sq.m. in Shantou and owns 51% interest in this project.

SEGMENT INFORMATION

PROPERTY SALES AND DEVELOPMENT

The Group continuously targets at boosting sales and improving the sales-through rate. During the six months ended 30 June 2016, contracted property sales amounted to HK$11,501.0 million, for an aggregated area of 1,374,400 sq.m., representing an increase of 14.2% and 28.2% respectively against the same period last year. As at 30 June 2016, the balance of preliminary sales pending the completion of sales and purchase agreements was HK$638.0 million (30 June 2015: HK$2,056.0 million) for an aggregated area of 44,500 sq.m. (30 June 2015: 165,100 sq.m.).

As at 30 June 2016, construction works for 1,122,100 sq.m. were completed (the corresponding period in 2015: 1,130,000 sq.m.) and of which about 91% were sold out. Coupled with stock sales, recognized revenue was HK$10,192.6 million (the corresponding period in 2015: HK$7,125.3 million), an increase of 43.0% comparing with the same period last year. Same as the corresponding period last year, the revenue of the current period was mainly recognized from the sales of high-rise residential projects. Driven by extra effort to accelerate sales, the gross profit margin for the period though reduced comparing with the same period last year, the volume of property sales and handover increased during the period. Hence, the segment result was HK$1,340.2 million (the corresponding period in 2015: HK$975.2 million) for the period, 37.4% higher than the last corresponding period.

At period end, properties under construction and stock of completed properties amounted to 4,207,881 sq.m. and 864,467 sq.m. respectively, totaling 5,072,348 sq.m.. Properties of 1,726,934 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 2016, rental income amounted to HK$94.7 million (the corresponding period in 2015: HK$103.3 million), a drop of 8.3% comparing with the same period last year. This was due to a slight drop in average occupancy rate and also the RMB currency translation effect. The segment profit was HK$78.4 million (the corresponding period in 2015: HK$86.4 million). Comparing with the same period last year, the leasing business remained stable in general. Contribution from a joint venture rose to HK$2.7 million (the corresponding period in 2015: 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 91% and 94% respectively. The Group fully owns the Beijing property while it owns 65% of the Shanghai project. On the other hand, to speed up the payback from investment, the Group continued the sales of China Overseas Building in Jilin in the form of sub-units.

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 30 June 2016, net working capital amounted to HK$23,465.6 million (31 December 2015: HK$23,725.4 million), with a quick ratio of 0.7 (31 December 2015: 0.6).

During the six months ended 30 June 2016, the Group secured new credit facilities of approximately HK$4,875.5 million from leading financial institutions. After taking into account drawdowns of HK$3,911.1 million, repayment of loans of HK$5,327.0 million and decrease of HK$40.4 million due to translation of RMB loan during the period, total borrowings (exclude the guaranteed notes payable of HK$3,142.4 million) decreased by 9.4% to HK$14,096.0 million as compared to the end of last year. At period end, interest of all bank borrowings was charged at floating rates with a weighted average of 3.1% per annum. About 74.8% of such borrowings is repayable beyond one year.

In respect of the Group’s US$400 million 5.125% guaranteed notes due 2019, the amortized cost payable amounted to HK$3,142.4 million as at 30 June 2016.

Also, coupled with healthy sales achieved during the period, cash and bank balances plus restricted cash and deposits were at a total of HK$14,474.4 million (31 December 2015: HK$13,026.6 million), increased by 11.1% compared with the last financial year end. Of which, 99.6% 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 payable aforesaid, net of cash and bank balances and restricted cash and deposits) to equity attributable to owners of the Company, was 24.5% as at 30 June 2016 (31 December 2015: 50.7%). With a solid financial position, the management considers that the Group is ready for further expanding its operation scale under such net gearing ratio.

Taking into consideration of the unutilized bank credit facilities available to the Group of HK$2,591.8 million, the Group's total available funds (including restricted cash and deposits of HK$2,506.0 million) reached HK$17,066.2 million as at 30 June 2016.

In terms of capital management, the Group implements centralized financing and treasury policies to ensure efficient fund utilization. The operational and financial position of the Group remains healthy. The Group would ensure continual fulfillment of the financial covenants as agreed with different financial institutions and sufficient resources to satisfy its commitment and working capital needs. While the Group is ready for further expansion, it would still regularly re-evaluate its operational and investment status, monitor the financial market and explore opportunities to enter into appropriate long-term financing to improve its capital structure continuously. The Group would maintain its healthy 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 30 June 2016, about 10.0% and 90.0% 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 around 2.0% in the period and accordingly, the net asset value of the Group decreased by HK$530.7 million which arose from currency translation.

During the period, 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 continue to 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 30 June 2016, the Group had other commitments totaling HK$3,130.5 million which related mainly to property development and construction works. In addition, the Group issued guarantees to banks amounting to HK$21,521.1 million (equivalent to RMB18,394.1 million) in aggregate, 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$1.1 million approximately during the current period, mainly referred to additions in furniture, fixtures and office equipment and motor vehicles.

On the other hand, all the secured bank borrowings were repaid during the period. Thus, the Group did not have any assets pledged at 30 June 2016.

EMPLOYEES

As at 30 June 2016, the Group has 1,349 employees (31 December 2015: 1,343). The pay levels of these employees are commensurate with their responsibilities, performance and the prevailing market condition. Discretionary bonus was paid to employees based on individual performance. Different trainings and development opportunities continued to be offered to enhance employees' capabilities.

PROSPECTS

The Economy

Britain's vote to leave the European Union at the 23 June referendum not only has shocked the Eurozone economic system, but also has brought huge instability and uncertainties to the global economy, stock market and foreign exchange market. Although economy of the United States has continued to recover moderately in the first half of the year, its growth momentum and pace of interest rate hike are subject to scrutinize due to Brexit. Further, with Japan's economy remained sluggish, the risks to international financial market are on the rise while the development of global economy is still vague.

Amid the critical stage of industrial transformation and upgrading, the economy of China would fluctuate inevitably. Adhere to the general working guideline of making progress while maintaining stability, the Central Government keeps on implementing proactive fiscal policy and prudent monetary policy and unswervingly advances the supply-side structural reform to promote the sustainable and healthy development of the economy. Therefore, the economy of China still runs in a stable manner and achieves moderate but steady development in the complex global financial environment.

As the exchange rate of RMB getting more market oriented, RMB exchange rate would be affected by volatility of foreign exchange market. Nevertheless, the economic development of China would be benefited from the internationalization of the exchange rate of RMB in the long run.

Real Estate Development

Destocking has been the keynote of China's property market since last year. Though the operating environment varied among different cities, the market sentiment in general has become better and property sales has increased in the period. With the adoption of different policies in different cities as appropriate to their local conditions, despite of the implementation of tightened policies in the first tier cities and cities where the property markets are overheat, the macroscopic and credit policies remain less stringent. The measures launched such as reduction of the reserve rate, adjustment to down payment ratio of the first home mortgage (except in cities with home purchase restrictions) and offering of tax relief, would benefit the stable development of property market.

In light of the continual structural reforms, the transformation and upgrading of economy would drive the progress of urbanization which would lead to a healthy development of core demand in the property market and would effectively improve the stock position.

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 on the emerging cities with best investment value and growth potentials, and positioning at the middle to high-end product ranges.

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. As at 30 June 2016, the Group held a land bank distributed in 13 cities with 24 on-going development projects.

The Group continues to build up and maintain a quality land bank at competitive prices in order to maximize shareholders' returns in long term. Moreover, for right property projects, the Group would explore to develop jointly with reliable business partners to expand its businesses and broaden its earnings base.

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 raise 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.

CONDENSED CONSOLIDATED INCOME STATEMENT

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2016 and the comparative figures for the corresponding period in 2015 are as follows:

		Six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Revenue	*4*	**10,287,267**	7,278,508
Cost of sales and services provided		**(8,424,971)**	(5,858,923)
Gross profit		**1,862,296**	1,419,585
Other income		**56,163**	41,885
Distribution and selling expenses		**(260,243)**	(209,807)
Administrative expenses		**(263,709)**	(196,271)
Other operating expenses		**(746)**	(434)
Other (losses)/gains			
Loss on redemption of convertible bonds		**-**	(5,962)
Gain on disposal of subsidiaries		**-**	2,874
Operating profit		**1,393,761**	1,051,870
Finance costs		**(12,820)**	(12,945)
Share of results of joint ventures		**2,505**	2,143
Profit before income tax	*6*	**1,383,446**	1,041,068
Income tax expense	*7*	**(741,100)**	(402,215)
Profit for the period		**642,346**	638,853
Profit for the period attributable to:			
Owners of the Company		**630,003**	595,038
Non-controlling interests		**12,343**	43,815
		642,346	638,853
		HK Cents	HK Cents
Earnings per share	*9*		
Basic		**27.6**	26.1
Diluted		**27.6**	24.9

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit for the period	**642,346**	638,853
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of overseas operations		
- subsidiaries	**(526,300)**	3,433
- joint ventures	**(4,371)**	45
Release of translation reserve upon disposal of subsidiaries	**-**	(2,836)
Other comprehensive income for the period, net of tax	**(530,671)**	642
Total comprehensive income for the period	**111,675**	639,495
Total comprehensive income attributable to:		
Owners of the Company	**110,007**	595,343
Non-controlling interests	**1,668**	44,152
	111,675	639,495

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2016 (Unaudited) HK$'000**	31 December 2015 (Audited) HK$'000
Non-current assets			
Investment properties		**2,799,108**	2,855,569
Property, plant and equipment		**28,765**	34,181
Prepaid lease rental on land		**4,554**	4,730
Intangible assets		**14,743**	17,354
Interests in joint ventures		**258,314**	100,784
Deferred tax assets		**169,941**	147,479
		3,275,425	3,160,097
Current assets			
Inventories of properties		**30,706,490**	34,475,481
Trade and other receivables, prepayments and deposits	*10*	**2,925,585**	4,403,865
Prepaid lease rental on land		**165**	168
Amounts due from non-controlling interests		**177,778**	140,781
Tax prepaid		**807,450**	589,609
Restricted cash and deposits		**2,506,026**	3,323,705
Cash and bank balances		**11,968,354**	9,702,914
		49,091,848	52,636,523
Current liabilities			
Trade and other payables	*11*	**7,501,065**	8,341,624
Sales deposits received		**12,655,299**	13,933,973
Amounts due to non-controlling interests		**755,473**	770,711
Taxation liabilities		**1,158,882**	946,143
Borrowings		**3,555,540**	4,918,627
		25,626,259	28,911,078
Net current assets		**23,465,589**	23,725,445
Total assets less current liabilities		**26,741,014**	26,885,542
Non-current liabilities			
Borrowings		**10,540,430**	10,633,642
Guaranteed notes payable		**3,142,447**	3,138,399
Deferred tax liabilities		**1,136,625**	1,303,664
		14,819,502	15,075,705
Net assets		**11,921,512**	11,809,837
Capital and reserves			
Share capital	*12*	**2,144,018**	2,144,018
Reserves		**9,138,740**	9,028,733
Equity attributable to owners of the Company		**11,282,758**	11,172,751
Non-controlling interests		**638,754**	637,086
Total equity		**11,921,512**	11,809,837

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, Hohhot, Jilin, Lanzhou, Nanning, Nantong, Yancheng and Yangzhou.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2016 (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 2015.

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

The financial information relating to the financial year ended 31 December 2015 included in this preliminary announcement of interim results as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements 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 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. 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 report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Companies Ordinance.

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 2016.

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 value.

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 2015, 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 new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company:

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortization
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

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

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 2016 and have not been early adopted by the Group:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]

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

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. Revenue from the Group's principal activities recognized during the period is as follows:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Sales of properties	**10,192,576**	7,125,348
Property rental income	**94,691**	103,298
Property management fee income	**-**	49,862
Total revenue	**10,287,267**	7,278,508

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. Part of the business is carried out through a joint venture.
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. Thus, no financial information of this segment was reported in the current period.

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 ventures. Reportable segment profit/loss excludes corporate income and expenses (including finance cost) 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, 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 and guaranteed notes payable that are managed on a group basis.

5. SEGMENT INFORMATION (CONTINUED)

Information regarding the Group's reportable segments including the reportable segment revenue, reportable segment profit, 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	Consolidated HK$'000
Six months ended 30 June 2016 (Unaudited)			
Reportable segment revenue	**10,192,576**	**94,691**	**10,287,267**
Reportable segment profit	**1,340,159**	**78,410**	**1,418,569**
Corporate income			**1,852**
Finance costs			**(12,820)**
Other corporate expenses			**(24,155)**
Profit before income tax			**1,383,446**
As at 30 June 2016 (Unaudited)			
Reportable segment assets	**48,266,337**	**3,066,853**	**51,333,190**
Tax assets			**977,391**
Corporate assets ^			**56,692**
Total consolidated assets			**52,367,273**
As at 30 June 2016 (Unaudited)			
Reportable segment liabilities	**20,785,708**	**89,503**	**20,875,211**
Tax liabilities			**2,295,507**
Borrowings			**14,095,970**
Guaranteed notes payable			**3,142,447**
Corporate liabilities			**36,626**
Total consolidated liabilities			**40,445,761**

5. SEGMENT INFORMATION (CONTINUED)

	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
Finance costs				(12,945)
Other corporate expenses				(22,065)
Profit before income tax				1,041,068
As at 31 December 2015 (Audited)				
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
As at 31 December 2015 (Audited)				
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

^ Corporate assets as at 30 June 2016 included cash and bank balances amounting to HK$53,322,000 (31 December 2015: HK$482,706,000) which were managed on group basis.

Certain comparative figures in the segment information for the six months ended 30 June 2015 have been reclassified. Previously, finance costs were included in corporate expenses for segment reporting purposes. For the six months ended 30 June 2016, finance costs are reclassified and presented separately in the reconciliation of reportable segment results to profit before income tax for better presentation.

6. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit before income tax is arrived at after charging/(crediting):		
Amortization:		
Prepaid lease rental on land	**84**	89
Intangible assets #	**2,304**	2,453
Depreciation of property, plant and equipment	**4,784**	6,207
Total amortization and depreciation	**7,172**	8,749
Gain on disposal of property, plant and equipment	**(1,605)**	-
Staff costs	**205,503**	155,806

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

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current tax for the period		
Other regions of the PRC		
- Enterprise income tax ("EIT")	**462,015**	218,991
- Land appreciation tax ("LAT")	**447,403**	130,313
	909,418	349,304
Over provision in prior years		
Other regions of the PRC	**-**	(2,523)
Deferred tax	**(168,318)**	55,434
	741,100	402,215

For the six months ended 30 June 2016, 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 2015: Nil).

EIT arising from other regions of the PRC is calculated at 25% (six months ended 30 June 2015: 25%) on the estimated assessable profits.

PRC LAT is levied at progressive rates from 30% to 60% (six months ended 30 June 2015: 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 2016 (six months ended 30 June 2015: Nil).

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	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Earnings used in calculating basic earnings per share	**630,003**	595,038
Adjustment to the profit of the Group attributable to imputed interest on convertible bonds (note)	**-**	1,382
Earnings used in calculating diluted earnings per share	**630,003**	596,420

Weighted average number of ordinary shares

	Six months ended 30 June	
	2016	2015
	(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 (note)	**-**	116,396
Weighted average number of ordinary shares used in calculating diluted earnings per share	**2,282,240**	2,398,636

Note: On 21 March 2015, the Company, on behalf of its wholly-owned subsidiary, has redeemed all convertible bonds. Accordingly, for the six months ended 30 June 2016, basic and diluted earnings per share are the same as the Company did not have any dilutive equity instruments throughout the period.

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 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
30 days or below	**1,571**	570,605
31–60 days	**462**	3,432
61–90 days	**3,205**	7,421
91–180 days	**16,695**	8,028
181–360 days	**70,641**	15,964
Over 360 days	**3,179**	18,547
	95,753	623,997

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

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

	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
30 days or below	**3,331,993**	4,005,546
31–60 days	**105,262**	194,599
61–90 days	**114,587**	87,419
91–180 days	**397,881**	494,174
181–360 days	**1,754,655**	1,104,039
Over 360 days	**1,082,096**	1,702,311
	6,786,474	7,588,088

12. SHARE CAPITAL

	Number of ordinary shares '000	HK$'000
Issued and fully paid		
Balance at 1 January 2015 *(Audited)*, 31 December 2015 *(Audited)*, 1 January 2016 *(Unaudited)* and 30 June 2016 *(Unaudited)*	**2,282,240**	**2,144,018**

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 2016.

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 commitment 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 2016.

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 23 May 2016. However, all other independent non-executive directors were present thereat to be available to answer any question to ensure effective communication with shareholders of the Company.

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

There was no purchase, sale or redemption of the Company’s listed securities by the Company or any of its subsidiaries during the period ended 30 June 2016.

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 2016, 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 2016

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. 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.

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 EQS TodayIR Limited (http://www.todayir.com/en/showcases.php?code=81). The Interim Report will also be available at the aforementioned websites before mid of September 2016 and will be despatched to shareholders of the Company thereafter.