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 2021

FINANCIAL HIGHLIGHTS

1. For the six months ended 30 June 2021, contracted property sales of the Group and its associates and joint ventures amounted to RMB43,287.3 million, for an aggregated contracted area of 3,185,500 sq.m., representing an increase of 55.3% and 31.6% respectively against the same period last year.

2. For the six months ended 30 June 2021, Group's revenue reached RMB25,737.7 million, increased by 59.8% against the corresponding period last year. Operating profit amounted to RMB5,111.1 million, an increase of 16.1% comparing with the same period last year. Profit attributable to owners of the Company amounted to RMB2,700.1 million, an increase of 32.7% against last corresponding period. Basic earnings per share was RMB78.9 cents (the corresponding period in 2020: RMB59.4 cents per share).

3. In the first half year, the Group extended its business to three cities, namely Anqing (Anhui province), Yiwu (Zhejiang province) and Huai'an (Jiangsu province). The total gross floor area of the land addition of the Group during the period was about 6,042,100 sq.m. (attributable to the Group: 5,261,400 sq.m.) for a total consideration of approximately RMB26,513.0 million.

4. As at 30 June 2021, the gross floor area of total land bank of the Group and its associates and joint ventures in China reached 32,835,700 sq.m., of which, 1,522,100 sq.m. is held by associates and joint ventures. The gross floor area of land bank attributable to the Group (including the interests in associates and joint ventures) is 28,915,300 sq.m..

5. Cash and bank balances plus restricted cash and deposits were at a total of RMB27,446.3 million. The net gearing ratio, expressed as a percentage of net debts to total equity, was 48.0% as at 30 June 2021.

6. In February 2021, the Group successfully completed the issuance of 5-year US$512 million 2.45% guarantee notes.

7. The Board declared the payment of an interim dividend of HK8 cents per share for the period ended 30 June 2021 (the corresponding period in 2020: HK7 cents per share).

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 2021.

CHAIRMAN'S STATEMENT

INTRODUCTION

I am pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2021. The Group's unaudited consolidated profit attributable to owners of the Company for the first half of 2021 was RMB2,700.1 million (the corresponding period in 2020: RMB2,034.8 million), representing an increase of 32.7% over the corresponding period last year. Basic earnings per share were RMB78.9 cents.

At the beginning of the year, many countries around the world began to carry out coronavirus vaccination programs for their citizens, hoping to get out of the extraordinary year of 2020 and rejuvenate the economy the soonest. However, affected by the emergence of coronavirus variant, the speed of the global economic recovery is still uncertain.

Over the past half year, the Group ensured that the pandemic control management was in place. The Group has adjusted the rhythm of property sales and the construction schedule of the projects according to the pandemic situations in various regions to mitigate the impact of uncertainty arising from the pandemic. Therefore, the contracted sales was satisfactory and revenue continued to grow in the first half of the year. Besides, the Group seized the opportunity and successfully completed the issuance of 5-year US$512 million guaranteed notes in February 2021. The proceeds have been mainly used for refinancing purpose as planned.

At present, the scale of the Group's operations is gradually expanding. Riding on the satisfied contracted sales, it speeds up the rhythm of the land acquisition simultaneously. It is also continuing on hunting for premium land pieces with the best investment value, so as to secure a solid foundation for sustainable growth of the business. Firmly adhered to its prudent investment principle, the Group replenished and enlarged its land bank with high quality projects at reasonable costs. In the first half of 2021, the Group newly extended its footprints to Anqing (Anhui province), Yiwu (Zhejiang province) and Huai'an (Jiangsu province) after handpicked. Together with the land pieces purchased in the cities with presence, the Group acquired a total of twenty-six parcels of land with a total gross floor area of about 5,428,100 square meters ("sq.m.") (attributable to the Group: 4,877,300 sq.m.). In addition, the Group has committed to third parties to jointly develop three property projects with a gross floor area of about 614,000 sq.m. (attributable to the Group: 384,100 sq.m.). Thus, the total gross floor area of the land addition during the period was about 6,042,100 sq.m. (attributable to the Group: 5,261,400 sq.m.). As at 30 June 2021, the gross floor area of total land bank of the Group and its associates and joint ventures in China reached 32,835,700 sq.m., of which, about 1,522,100 sq.m. is held by associates and joint ventures. The gross floor area of land bank attributable to the Group (including the interests in associates and joint ventures) is about 28,915,300 sq.m.. The Group held a land bank distributed in 39 cities as at 30 June 2021.

RESULTS

For the half year ended 30 June 2021, contracted property sales of the Group and its associates and joint ventures was RMB43,287.3 million (the corresponding period in 2020: RMB27,867.5 million), for an aggregated contracted area of 3,185,500 sq.m. (the corresponding period in 2020: 2,420,700 sq.m.), (in which, RMB1,128.6 million [the corresponding period in 2020: RMB1,071.2 million] for an aggregated contracted area of 60,100 sq.m. [the corresponding period in 2020: 88,000 sq.m.] was contributed from associates and joint ventures) representing an increase of 55.3% and 31.6% respectively against the same period last year. Besides, as at 30 June 2021, the balance of preliminary sales pending the completion of sales and purchase agreements was RMB1,473.0 million (30 June 2020: RMB1,125.0 million) for an aggregated contracted area of 111,300 sq.m. (30 June 2020: 83,700 sq.m.).

The Group attained a turnover of RMB25,737.7 million (the corresponding period in 2020: RMB16,109.3 million) for the period, representing an increase of 59.8% over the corresponding period last year. Profit attributable to owners of the Company for the period reached RMB2,700.1 million (the corresponding period in 2020: RMB2,034.8 million), 32.7% higher than the same period last year. Basic earnings per share was also up 32.7% comparing with the corresponding period last year, to RMB78.9 cents (the corresponding period in 2020: RMB59.4 cents per share).

INTERIM DIVIDEND

After reviewing the results performance for the period, working capital requirements for the Group’s future expansion of its business and macro-economic environment, the Board is grateful to declare an interim dividend of HK8 cents per share (the corresponding period in 2020: HK7 cents per share).

PROSPECTS

The Economy

The emergence of coronavirus variant has once again made the speed of the global economic recovery uncertain. Relatively, the central government has continued to take prudential measures to respond to the emergence of coronavirus variant. Coupled with proper execution of supportive policies, the China's economy, as a result, rebounded well and macro-economic index have recovered steadily. The Group has full confidence in China’s economic development and remains optimistic about the sustained and healthy development of the mainland real estate industry.

Real Estate Development

In view of the global inflationary pressure resulting from abundancy of liquidity and the increase in domestic land auction prices, the average selling price of residential property will maintain a slight increase, and the transaction volume of residential property is expected to achieve a new breakthrough in 2021. Nevertheless, under the main principle of "housing is for living in, not for speculation", the central control policies have been effectively implemented. With the "three red lines" on monitoring capital and regulating financing management of the property developers and set up of the real estate loan concentration management system, and also the introduction of the new policy of the “two centralizations of land supply”, it is expected that the market expectations and demand will be more stable. It is also laying a firm foundation for the long-term stability and healthy development of the market.

Group Strategy

In recent years, stability is the core principle of the central government’s policies on the real estate market. The real estate industry is going to revolute. The economic structure is transforming. The process of urbanization is deepening. The demographic structure is changing. Also, the market fragmentation is ongoing. In the current market environment, we will adhere to customer value as the core, adhere to long-termism, strengthen value creation, build corporate comparative advantages, strive to improve internal system governance capabilities, and continue to provide customers with high-quality residential service solutions. The Group will continue to cautiously expand its operating scale and continue to create different values for stakeholders such as customers, employees, suppliers and shareholders.

The promotion of urbanization is conducive to the Group's current business strategy which includes the embracement of the government's urbanization and long-term housing policies and also continuing the proactive and prudent investment strategy. Project developments in popular cities, popular locations and with popular products remain the basic investment theme. The strategy of focusing on metropolitan areas and urban agglomerations will be further optimized. Setting its sights on customers looking for high quality residential properties, development of middle to high-end products is still the core business of the Group.

The Group fully believes that it is of paramount importance to build up and maintain a scaled high quality land bank at competitive costs for sustainable growth and maximizing shareholders' returns in long term. With risks and opportunities usually co-exist, its solid financial position enables the Group to hold a pole position in expanding its land portfolio in a dynamic market environment. At appropriate and sustainable capital and debt structure, the rhythm of land acquisition is adjusted timely. It will proactively seek for new development opportunities with good returns.

Property market in China is fragment that development pace and phases of markets in different regions are not the same. The Group closely monitors operating environment and land acquisition opportunities in different regions. After undertaking comprehensive reviews and detailed assessments, it will select qualified property projects with high investment value for expansion to fuel the business growth. To complete strategic geographic development plan, the Group not only replenishes land in its well-performed cities, but also actively explores to penetrate into some new cities, mainly regional economic centres closed to metropolitan areas and with high growth potential, and districts where synergies can be achieved with the existing cities being operated.

Facing the current land auction policy, the Group adopts flexible fund management to enhance the efficiency of land acquisition. Open market land auction has been the major and most important source of land addition. Also, the Group keeps on exploring diversified land acquisition channels in order to accelerate the development pace and maintain a balanced land bank with reasonable investment returns. To broaden its earnings base and balance its risks, the Group continues to look up the opportunities to jointly develop property projects with reliable business partners, including but not limited to reputable property developers and trustworthy financial institutions.

Tremendous efforts have been made on customer services as the Group realizes the significance of customer orientation in long-term development of the business. Market surveys have been conducted regularly to obtain customers feedbacks for the purposes of continuous amelioration of products and services. Through offering of the best of the class products, caring services and exceptional customer experiences in property handover, the Group strives to exceed the customer expectations and become the market leader in the area of customer satisfaction so as to accumulate loyal customers for sustainable business growth.

As a leading developer in the market, the Group consistently keeps the high standard of its product quality and continues upgrading its property projects with popular layouts and improved material to meet the ever-changing customer requirements. Developing popular products with high-quality, green, healthy, wisdom and technology remains the key product strategy of the Group. Adhered to the spirit of excellence in craftsmanship, the Group conducts multi-dimensional research in the aspects of functions and living experiences and establishes research centres for customers and products to find out the new requirements of the customers timely to perfect each product details and evolve new features. Taking into account the characteristics of the cities its projects located, the Group integrates the architectural aesthetics of the East with the West to build its property products with professionalism. Backed by the enhanced capabilities in product development and production, the Group continues to raise the proportion of renovated units in its property projects to meet the escalating customer demands for quality products and uplift its profitability.

Together with the upgrade of product design, the construction program is being scrutinized and optimized continuously. With the implementation of stringent controls in project management and monitoring, the Group is determined to raise the quality of the projects and shorten project development cycle to match the sales schedule and expedite cash collection.

The Group pledges to increase its operating scale progressively. Leveraged with the highly recognized nationwide brand, the Group closely monitors the market environment in different regions and grasps the best window to launch tailor-made sales programs to accelerate the sell-through rate of inventory. Performing thorough studies on the market and target customer segments, the sales and marketing team formulates well-placed strategies to promote the effectiveness of the sales campaigns. Technology is ever-changing. Updated marketing methodologies will continue to be adopted to speed up the property sales.

The operating environment is as competitive as ever. Facing the fast-changing market condition, the operating process and corporate structure are reviewed by the management regularly and are optimized to support the strategic business development plan and extend the competitive edge of the Group. Built on the standardized operation systems, the Group continues to enhance its management information system and workflows. Customized digital platforms are being applied in a broader basis to facilitate the management decision process and improve the operating efficiency. At the same time, the Group will keep on reinforcing its internal controls, tightening its cost controls and strengthening its risk management system to warrant healthy growth of the business.

Facing the stringent regulatory environment and volatile financial and capital market, the Group maintains professional and prudent financial management of the financial resources and will continue to enhance its financial management capability. Financial returns and cash collection status of property projects will be tracked closely to ensure the progress is in line with the business plan. In view of the volatility of financial and capital market nowadays, debt structure and profile will be reviewed regularly and will be maintained at a healthy level continuously. The Group will keep eye on the impacts from the external political and economic environment, volatility of exchange rate of Renminbi, and national policy changes to the business operations.

Talent capital is the key to success and continuous development of business. With the provision of all-rounded trainings and an open and inclusive organization structure and working environment, the Group intends to cultivate staff with potential to ensure the marching forward of the corporate. The Group will keep abreast of the market conditions and continue to optimize its competitive remuneration package for staff to maintain a professional, dedicated and highly effective team. The Group continues to grow together with its staff.

APPRECIATION

Last but not least, I would like to take this opportunity to express my heartfelt thanks to my fellow directors and our committed staff for their dedication, contributions to the Group and the spirit of unity to overcome current difficulties, and our shareholders, customers and business partners for their continued confidence and support during the period.

China Overseas Grand Oceans Group Limited
Zhuang Yong
Chairman and Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE AND OPERATING RESULTS

Carried on the policy in last year, the Group continues to enhance its operating efficiency, expands its online sales promotional campaigns and maintains its sales rhythm. Thus, the contracted property sales was satisfactory in the first half of the year. The contracted property sales of the Group and its associates and joint ventures reached RMB43,287.3 million, increased by 55.3% against the same period last year, in which, RMB1,128.6 million (the corresponding period in 2020: RMB1,071.2 million) was contributed from associates and joint ventures. Besides, through management of construction procedures, the Group ensured the development progress and the handover schedule of the property projects were on track. The Group's revenue for the six months ended 30 June 2021 reached RMB25,737.7 million, increased by 59.8% against the corresponding period last year. Furthermore, gross profit for the period was RMB6,062.9 million, 15.2% higher than the same period last year while the overall gross profit margin for the period was at its expected level of 23.6% (the corresponding period in 2020: 32.7%).

In terms of expenses, distribution and selling expenses for the period increased by RMB152.4 million against the same period last year to RMB705.5 million. The ratio of distribution and selling expenses to the Group's contracted property sales still maintained at the low level of 1.7%. In addition, as the operating scale has been expanding gradually, administrative expenses for the period increased by RMB62.5 million against the same period last year to RMB538.0 million. The Group maintained stringent cost control while its operating scale is expanding. Thus, the ratio of the administrative expenses to revenue dropped to 2.1% from 3.0% compared with the last corresponding period.

In respect of the investment properties, fair value gain of RMB20.0 million (the corresponding period in 2020: nil) was recognized during the period, which is arisen from the increase in fair value of China Overseas International Center in Beijing. During the period, taking into account of the local market condition, the Group decided to change the use of area in office building, excluding the part held for self-used, in China Overseas Plaza in Lanzhou and shop area in City Plaza in Huizhou from development for sales to investment property for leasing out to generate rental income. As such, a fair value gain of RMB80.7 million (the corresponding period in 2020: RMB8.1 million) from the reclassification of properties was reported.

Driven by a rise in gross profit, operating profit amounted to RMB5,111.1 million for the current period under review, an increase of 16.1% comparing with the same period last year.

Total interest expenses for the period increased by RMB94.6 million to RMB820.5 million from RMB725.9 million of last corresponding period, mainly driven by the rise in the overall borrowing balances. Finance costs slightly increased to RMB22.4 million from

RMB19.5 million of last corresponding period, after capitalization of RMB798.1 million to the on-going development projects.

During the first half of the year, no revenue from property sales was recognized by the Group's associates and thus, share of loss of associates amounted to RMB0.3 million (the corresponding period in 2020: RMB16.5 million). On the other hand, share of profit of joint ventures amounted to RMB6.4 million (the corresponding period in 2020: RMB7.2 million), which was mainly derived from the recognition of profit from the property projects located in Hefei.

Income tax expenses comprised enterprise income tax and land appreciation tax. The income tax expenses of the period decreased by RMB187.6 million to RMB2,103.5 million as compared with the same period last year, mainly due to decrease in effective tax rate on land appreciation tax as driven by the drop in the gross profit margin. Thus, the effective tax rate of the period dropped 11.1% compared with the last corresponding period.

For the half year ended 30 June 2021, profit attributable to owners of the Company amounted to RMB2,700.1 million (the corresponding period in 2020: RMB2,034.8 million), an increase of 32.7% against last corresponding period.

LAND BANK

In the first half year, the Group continued to explore cities with growth potential and entered into three new cities, namely Anqing (Anhui province), Yiwu (Zhejiang province) and Huai'an (Jiangsu province). Other than enriching land bank with land pieces in the new cities, the Group also replenished parcels of land in cities with presence and acquired a total of twenty six parcels of land with a total gross floor area of about 5,428,100 sq.m. (attributable to the Group: 4,877,300 sq.m.) for a total consideration of approximately RMB23,983.2 million in the first half of the year.

The table below shows the details of land parcels acquired during the half year ended 30 June 2021:

No.	City	Name of project	Attributable Interest	Total GFA (sq.m.)
1	Anqing	Yingjiang District Project	100%	640,300
2	Jiujiang	Lianxi District Project #1	100%	221,800
3	Jiujiang	Lianxi District Project #2	100%	220,000
4	Jiujiang	Lianxi District Project #3 (International Community)	100%	381,300
5	Jiujiang	Lianxi District Project #4	100%	318,300
6	Shaoxing	Yuecheng District Project (Marina One)	100%	136,200
7	Zhenjiang	Danyang City Huanan Gaoxin District Project #1	100%	2,900
8	Zhenjiang	Danyang City Huanan Gaoxin District Project #2	100%	4,500
9	Hefei	Xinzhan District Project	100%	155,900
10	Xining	Economic and Technological Development Zone Nanchuan Industrial Park District Project	100%	651,500
11	Quanzhou	Taiwanese Investment Zone Project (Elegance Mansion)	100%	305,700
12	Shantou	Longhu District Project #1	100%	98,300
13	Shantou	Longhu District Project #2	100%	119,200
14	Weifang	Weicheng District Project	100%	61,000
15	Yangzhou	Hanjiang District Project	100%	169,400
16	Xuzhou	Tongshan District Project #1	100%	149,000
17	Jinhua	Wucheng District Project	50%	258,500
18	Yiwu	Yiwu City Project	76%	141,700
19	Yancheng	Yandu District Project	45%	194,300
20	Weinan	Gaoxin District Project	100%	350,400
21	Zhanjiang	Xiashan District Project	50%	114,100
22	Huizhou	Huicheng District Project	50%	70,600
23	Huai’an	Huai'an District Project	100%	114,300
24	Hefei	Feidong County Project	100%	142,200
25	Xuzhou	Tongshan District Project #2	34%	184,200
26	Taizhou	Hailing District Project	70%	222,500
	Total			**5,428,100**

In addition, the Group has committed to third parties to jointly develop three property projects with a gross floor area of about 614,000 sq.m. (attributable to the Group: 384,100 sq.m.) for a total land consideration of approximately RMB2,529.8 million. Thus, the total gross floor area of the land addition during the period was about 6,042,100 sq.m. (attributable to the Group: 5,261,400 sq.m.) for a total consideration of approximately RMB26,513.0 million.

As at 30 June 2021, the gross floor area of total land bank of the Group and its associates and joint ventures in China reached 32,835,700 sq.m., of which, 1,522,100 sq.m. is held by associates and joint ventures. The gross floor area of land bank attributable to the Group (including the interests in associates and joint ventures) is 28,915,300 sq.m.. The Group held a land bank distributed among 39 cities as at 30 June 2021.

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 2021, contracted property sales of the Group and its associates and joint ventures amounted to RMB43,287.3 million, representing an increase of 55.3% against the same period last year. The contracted area sold was 3,185,500 sq.m., representing an increase of 31.6% against the same period last year. Of the contracted property sales, RMB1,128.6 million for an aggregated contracted area of 60,100 sq.m. (the corresponding period in 2020: contracted property sales amounted to RMB1,071.2 million for contracted area of 88,000 sq.m.) was contributed from associates and joint ventures. Besides, as at 30 June 2021, the balance of preliminary sales pending the completion of sales and purchase agreements was RMB1,473.0 million for an aggregated contracted area of 111,300 sq.m..

Contracted property sales from major projects during the half year ended 30 June 2021:

City	**Name of project**	**Contracted Area (sq.m.)**	**Amount (RMB Million)**
Yinchuan	International Community / Patrimonial Mansion / The Royal Peninsula / The New Metropolis	515,648	4,976.2
Jinhua	The Central Mansion	155,606	4,793.6
Hefei	Upper East / Royal Villa / The Halo / Central Mansion / Coli City	193,687	4,397.0
Shantou	The Riviera / Golden Coast / Platinum Mansion / La Cité	319,863	3,392.4
Changzhou	Clouds Fairyland / South Halcyon / Platinum Mansion	177,168	2,991.7
Nantong	Jade Park	98,170	2,339.8
Yangzhou	La Rive Gauche / Upper East	140,162	1,944.7
Huizhou	Riverview Mansion / Glorious Palace / Huizhou Tangquan	127,360	1,776.4
Lanzhou	La Cité / Platinum Giants / Platinum Pleased Mansion / The Platinum Mansion	115,669	1,676.8
Taizhou	The Central Mansion / Gorgeous Mansion*	99,695	1,515.1
Yancheng	Gorgeous Mansion / The Central Mansion / Glory Mansion	111,442	1,512.1
Hohhot	Zhonghai Shi Li Qing Chuan / Zhonghai He Shan Sheng Jing / Zhonghai He Shan Da Guan / Zhonghai He Shan Yuan Zhu / Zhonghai He Shan Guan Lan	117,396	1,429.8
Xuzhou	The Central Mansion / The Platinum Pleased Mansion / Patrimonial Mansion	99,440	1,340.1
Quanzhou	River View Mansion / Glorious	101,274	1,108.7
Jining	Coli City / Coli Phoenix Community	80,924	830.4
Jilin	La Cité / Glorioushire / Overlooking River Mansion / International Community	105,660	800.6

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Baotou	Wang Jing Mansion / Glorioushire / PT Hyatt	89,661	776.7
Xining	Mountain and Lake / Glorioushire	59,355	661.3
Tangshan	Maple Palace / The Pogoda	28,801	635.6
Weifang	Da Guan Tian Xia / The Phoenix / Royal Villa	83,918	580.0
Nanning	Celestial Heights / Harrow Community / International Community	34,520	416.3

* The project is held by the joint venture of the Group

During the period, gross floor area of 3,350,900 sq.m. of the Group’s construction sites were completed for occupation and of which, about 96% were sold out by period end. Coupled with stock sales, recognized revenue of the Group was RMB25,613.7 million (the corresponding period in 2020: RMB15,980.9 million), an increase of 60.3% comparing with the same period last year. The revenue for the current period was mainly recognized from the sales of high-rise residential projects. The gross profit margin of property sales for the period was at its expected level of 23.3% (the corresponding period in 2020: 32.4%).

Recognized revenue from major projects during the half year ended 30 June 2021:

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Hefei	Lakeville / Royal Villa / Coli City	247,901	3,541.0
Nantong	Jade Park / Upper East	134,617	3,271.1
Yinchuan	International Community / Mansion Yue	390,104	2,660.1
Quanzhou	Glorious	178,105	2,042.3
Yancheng	Glory Mansion	185,790	1,993.0
Ganzhou	The Riverside / One Riverside Park	132,980	1,437.1
Xuzhou	Treasure Mansion	134,580	1,348.4
Huizhou	Riverview Mansion / Huizhou Tangquan	105,783	1,318.1
Xining	Glorioushire	173,776	1,167.9
Lanzhou	Platinum Pleased Mansion	93,748	1,138.1
Jilin	Overlooking River Mansion	151,749	1,080.5
Baotou	Glorioushire	165,961	1,041.2
Yangzhou	Glory Manor	64,249	647.3
Weinan	Royal Mansion	101,006	531.5

The segment result included the fair value gain of RMB80.7 million (the corresponding period in 2020: RMB8.1 million) from the reclassification of properties was reported as abovementioned.

During the period, net loss of RMB0.3 million (the corresponding period in 2020: RMB16.5 million) was recorded from the property sales business of associates while net profit of RMB4.1 million (the corresponding period in 2020: RMB4.9 million) were posted by the property sales business of the joint ventures. During the period, the Group jointly develop additional two property projects in Huizhou (Guangdong province) and Zibo (Shandong province) with reliable business partners in the business model of associate.

The profit before income tax from this segment reached RMB5,047.1 million (the corresponding period in 2020: RMB4,404.1 million) for the period.

The following projects had commenced the construction work in the period:

City	Name of project	Commenced by
Yinchuan	COGO City	February
Taizhou	Jinmao Palace (previously named “Guangling District Project”)*	March
Yancheng	Gorgeous Mansion	March
Zhenjiang	Danyang City Huanan Gaoxin District Project #1	March
Zhenjiang	Danyang City Huanan Gaoxin District Project #2	March
Changzhou	South Halcyon (previously named “Jintan District Project”)	April
Ganzhou	One City South	April
Hefei	Central Park (previously named “Baohe District Project”)	April
Hohhot	Zhonghai Shi Li Qing Chuan	April
Hohhot	Zhonghai He Shan Guan Lan	April
Huizhou	Megacity Times (previously named “Zhongkai District Project”)	April
Jilin	La Cité	April
Tangshan	The Pogoda	April
Tianshui	The Platinum Pleased Mansion	April
Weifang	Royal Villa	April
Weifang	The Rivera	April
Taizhou	Gorgeous Mansion*	April
Jiujiang	International Community	May
Linyi	Cozy Land (previously named “Luozhuang District Project”)	May
Quanzhou	Elegance Mansion	May
Zhanjiang	We Love City (previously named “Xiashan District Project”)*	May
Anqing	Yingjiang District Project	June
Hohhot	Zhonghai Zhen Ru Fu	June
Shantou	The Rivera North City	June
Shaoxing	Marina one	June

* These projects are held by the joint ventures of the Group

At 30 June 2021, the gross floor area of properties under construction and stock of completed properties of the Group and its associates and joint ventures amounted to 21,270,800 sq.m. and 1,199,400 sq.m. respectively, totaling 22,470,200 sq.m.. Properties with gross floor area of 9,666,900 sq.m. had been contracted for sales and were pending for completion of the transactions upon handover.

PROPERTY LEASING

In respect of the business of property leasing, apart from the properties reclassified from inventories of properties during the period, majority of the investment properties of the Group were leased out to China Overseas Land and Investment Limited ("COLI") entirely and therefore, the business of property leasing remained relatively stable during the period. For the period ended 30 June 2021, rental income amounted to RMB116.6 million (the corresponding period in 2020: RMB116.4 million).

The Group holds 65% of equity interests of the scientific research office building in Zhang Jiang High-tech Zone in Shanghai and it has been leased out to COLI as a whole. The contribution from the joint venture, which is holding the above scientific research office building, amounted to RMB2.3 million and stayed at similar level as the last corresponding period.

The segment results included the fair value gain of investment properties of RMB20.0 million (the corresponding period in 2020: nil) abovementioned. In total, the profit before income tax from this segment increased by RMB21.6 million to RMB106.7 million from RMB85.1 million of the same period last year.

FINANCIAL RESOURCES AND LIQUIDITY

The Group has consistently adopted prudent financial management approach and its financial condition remained healthy. Currently, 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 for working capital, refinancing and project development. During the period, the Group explored a new financing channel and successfully completed the issuance of final payment of properties asset-back securities of aggregate nominal value of RMB525.0 million.

As at 30 June 2021, net working capital amounted to RMB54,114.0 million (31 December 2020: RMB50,796.7 million), with a current ratio of 1.4 (31 December 2020: 1.5).

During the six months ended 30 June 2021, the Group secured new credit facilities of approximately RMB12,175.0 million in total, from the credit facilities from leading financial institutions and the asset-back securities abovementioned. After taking into account drawdowns of RMB9,854.9 million, repayment of loans of RMB8,430.8 million and decrease of RMB150.8 million due to translation of Hong Kong Dollar ("HKD") loan during the period, total bank and other borrowings (exclude the guaranteed notes payable of RMB3,342.2 million) increased by RMB1,273.3 million to RMB38,423.5 million as compared to the end of last year.

The total bank and other borrowings included RMB loans of RMB24,719.1 million and HKD loan of HK$16,470.0 million (equivalent to RMB13,704.4 million). As at period end, interests of borrowings amounted to RMB3,283.9 million were charged at fixed rate from 3.9% to 6.6% while the remaining borrowings of RMB35,139.6 million were charged at floating rates with a weighted average of 3.7% per annum. About 64.9% of bank and other borrowings is repayable beyond one year.

In respect of guaranteed notes, the Group successfully completed the issuance of 5-year US$512 million 2.45% guaranteed notes in February 2021 and the proceeds was used for redemption of US$500 million 4.875% guaranteed note in June 2021. The total amortized cost payable of the guaranteed notes amounted to RMB3,342.2 million as at 30 June 2021.

Also, properties sales and sales deposits collection for the period was satisfactory. Cash and bank balances plus restricted cash and deposits were at a total of RMB27,446.3 million (31 December 2020: RMB28,069.1 million), decreased by RMB622.8 million compared with the last financial year end. Of which, 96.9% is denominated in RMB while the remaining are in HKD and US Dollar.

Along with the continual growth of the business, 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 total equity, is 48.0% as at 30 June 2021 (31 December 2020: 45.5%). The management closely monitors the financial position of Group to ensure healthy development of the operation scale and business.

Taking into consideration of the unutilized bank credit facilities available to the Group of RMB8,936.5 million, the Group's total available funds (including restricted cash and deposits of RMB10,723.6 million) reached RMB36,382.8 million as at 30 June 2021.

In view of continuous evolvement in the global pandemic situation, it is expected that central government would maintain the continuity, stability and sustainability of the macro policies, and continue the prudent monetary policies of reasonable and sufficient liquidity. Focusing on the liquidity risk management, the Group continues to implement centralized management policies in financing and cash management, maintains a good cash flow and minimizes its financial risks to ensure a healthy operation and financial position. The Group continues to fulfill the financial covenants as agreed with different financial institutions and maintains sufficient resources to satisfy its commitment and working capital needs.

The Group has not entered into any financial derivatives for hedging or speculative purpose during the period.

The Group regularly re-evaluates its operational and investment status, monitors the financial market and explores opportunities to invest in property development projects through joint venture model to improve its capital structure continuously.

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 those operations. As at 30 June 2021, about 59% and 41% (31 December 2020: 59% and 41%) of the Group's total borrowings (including the guaranteed notes) were denominated in RMB and HKD/US Dollar respectively. Hence, taking 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 HKD appreciated around 1.1% in the period and accordingly, the net asset value of the Group increased by RMB203.4 million which arose from currency translation.

The Group continued to enhance its risk management on foreign currency. After balancing the finance cost and risks, the management optimized the proportion of different currencies in its loan portfolio, in response to changes in market environment. The Group continues to closely monitor the volatility of the RMB exchange rate and, if necessary, will further fine-tune the ratio of RMB and HKD/ US Dollar debt to minimize the foreign exchange risk.

COMMITMENTS AND GUARANTEE

As at 30 June 2021, the Group had commitments totaling RMB31,093.9 million which related mainly to land premium, property development and construction works. In addition, as a usual commercial practice, the Group issued guarantees to banks totaling RMB36,585.2 million for facilitating end-user mortgages in connection with its property sales in China.

CAPITAL EXPENDITURE AND CHARGES ON ASSETS

The Group had capital expenditures totaling RMB29.3 million approximately during the current period, mainly referred to additions in right-of-use assets, land and buildings, motor vehicles and furniture, fixtures and office equipment. Besides, the use of a property was changed from development for sales to owner-occupied properties in the period, and thus, the Group has reclassified inventory of properties of carrying value of RMB9.2 million and RMB3.8 million to property, plant and equipment and right-of-use assets respectively.

On the other hand, as at 30 June 2021, certain property assets in China with aggregate carrying value of RMB10,751.6 million were pledged to obtain RMB2,713.8 million of secured borrowings from certain banks in China for the projects. Also, in respect of the asset-back securities aforesaid, certain receivables from the properties sold were pledged by the Group.

EMPLOYEES

As at 30 June 2021, the Group has 3,293 employees (31 December 2020: 2,974). The total staff costs incurred for the period was approximately RMB545.5 million (the corresponding period in 2020: RMB474.4 million). 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.

CONDENSED CONSOLIDATED INCOME STATEMENT

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2021 and the comparative figures for the corresponding period in 2020 are as follows:

		Six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
	Notes	**RMB'000**	RMB'000
Revenue	*4*	**25,737,715**	16,109,339
Cost of sales and services provided		**(19,674,863)**	(10,844,524)
Gross profit		**6,062,852**	5,264,815
Other income		**198,175**	166,109
Distribution and selling expenses		**(705,465)**	(553,044)
Administrative expenses		**(537,984)**	(475,492)
Other operating expenses		**(7,130)**	(9,199)
Other gains			
Fair value gain on reclassification of inventories of properties to investment properties		**80,683**	8,123
Fair value gain on investment properties		**20,000**	-
Operating profit		**5,111,131**	4,401,312
Finance costs		**(22,350)**	(19,500)
Share of results of associates		**(340)**	(16,482)
Share of results of joint ventures		**6,407**	7,174
Profit before income tax	*6*	**5,094,848**	4,372,504
Income tax expense	*7*	**(2,103,492)**	(2,291,114)
Profit for the period		**2,991,356**	2,081,390
Profit for the period attributable to:			
Owners of the Company		**2,700,143**	2,034,792
Non-controlling interests		**291,213**	46,598
		2,991,356	2,081,390
		RMB Cents	RMB Cents
Earnings per share	*9*		
Basic		**78.9**	59.4
Diluted		**78.9**	59.4

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit for the period	**2,991,356**	2,081,390
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising from translation into presentation currency	**203,370**	(272,694)
Other comprehensive income for the period, net of tax	**203,370**	(272,694)
Total comprehensive income for the period	**3,194,726**	1,808,696
Total comprehensive income attributable to:		
Owners of the Company	**2,903,513**	1,762,098
Non-controlling interests	**291,213**	46,598
	3,194,726	1,808,696

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2021 (Unaudited) RMB'000**	31 December 2020 (Audited) RMB'000
Assets and liabilities			
Non-current assets			
Investment properties		**3,948,235**	3,355,235
Property, plant and equipment		**863,637**	869,409
Right-of-use assets		**253,438**	239,150
Interests in associates		**11,966**	19,056
Interests in joint ventures		**827,445**	701,038
Financial assets at fair value through other comprehensive income		**1,000**	1,000
Deferred tax assets		**1,314,291**	1,242,877
		7,220,012	6,427,765
Current assets			
Inventories of properties		**121,054,067**	107,721,167
Other inventories		**13,076**	16,429
Contract assets		**129,582**	94,732
Trade and other receivables, prepayments and deposits	*10*	**20,463,409**	19,451,556
Amounts due from associates		**140,214**	124,838
Amounts due from joint ventures		**1,331,503**	2,091,043
Amounts due from non-controlling interests		**1,854,491**	871,139
Tax prepaid		**3,086,582**	2,545,737
Restricted cash and deposits		**10,723,628**	7,525,826
Cash and bank balances		**16,722,631**	20,543,265
		175,519,183	160,985,732
Current liabilities			
Trade and other payables	*11*	**19,156,134**	15,699,347
Contract liabilities		**78,981,389**	70,336,424
Amounts due to associates		**2,069**	13,136
Amounts due to joint ventures		**334,480**	584,458
Amounts due to non-controlling interests		**2,583,172**	2,834,726
Amounts due to related companies		**189,482**	189,482
Lease liabilities		**12,217**	11,196
Guaranteed notes payable		**-**	3,314,214
Taxation liabilities		**6,645,107**	6,757,759
Borrowings		**13,501,104**	10,448,303
		121,405,154	110,189,045
Net current assets		**54,114,029**	50,796,687
Total assets less current liabilities		**61,334,041**	57,224,452

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	**30 June 2021 (Unaudited) RMB'000**	31 December 2020 (Audited) RMB'000
Non-current liabilities			
Borrowings		**24,922,410**	26,701,867
Lease liabilities		**23,910**	21,819
Guaranteed notes payable	*12*	**3,342,242**	-
Amount due to a related company		**75,026**	75,026
Deferred tax liabilities		**3,157,267**	3,189,358
		31,520,855	29,988,070
Net assets		**29,813,186**	27,236,382
Capital and reserves			
Share capital	*13*	**5,579,100**	5,579,100
Reserves		**20,674,880**	18,554,125
Equity attributable to owners of the Company		**26,253,980**	24,133,225
Non-controlling interests		**3,559,206**	3,103,157
Total equity		**29,813,186**	27,236,382

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 Suites 701-702, 7/F., Three Pacific Place, 1 Queen's Road East, 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, Hefei, Jinhua, Nantong, Shantou, Taizhou, Yangzhou and Yinchuan.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2021 (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 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 2020.

The Interim Financial Statements are presented in Renminbi ("RMB"), unless otherwise stated.

The financial information relating to the year ended 31 December 2020 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 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 2020 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 20 August 2021.

2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared under the historical cost basis except for investment properties and certain financial instruments, which are stated at fair value.

(a) Receipts under securitization arrangements

Receipts under securitization arrangements are measured initially at fair value, net of transaction costs incurred. Receipts under securitization arrangements are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period using the effective interest method.

(b) Income tax

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

Save as described in above and note 3 "Adoption of Hong Kong Financial Reporting Standards ("HKFRS")", 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 2020, as described in those annual financial statements.

3. ADOPTION OF HKFRS

3.1 Adoption of new or revised HKFRS – effective 1 January 2021

The HKICPA has issued the following new HKFRS or amendments to HKFRS that are first effective for the current accounting period of the Group and the Company:

Amendments to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the new HKFRS and amendments to HKFRS in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these Interim Financial Statements.

3. ADOPTION OF HKFRS (CONTINUED)

3.2 New or revised HKFRS that have been issued but not yet effective

The following new or revised standards have been issued but are not effective for the financial year beginning on 1 January 2021 and have not been early adopted by the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current[3]
HK-Int 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
Amendments to HKAS 16	Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Annual Improvements to HKFRS 2018-2020	Amendments to HKFRS 9 Financial Instruments and HKFRS 16 Leases[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]

1 Effective for annual periods beginning on or after 1 January 2022.

2 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

3 Effective for annual periods beginning on or after 1 January 2023.

4 No mandatory effective date yet determined but available for adoption.

The Group has not applied any new or revised standards that have been issued but are not yet effective for the current accounting period. Those new or revised HKFRS that have been issued but are not yet effective are unlikely to have material impact on the Group's results and financial position upon application.

4. REVENUE

The principal activities of the Group are disclosed in note 1. Revenue derived from the Group's principal activities comprises of the followings:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Sales of properties	**25,613,680**	15,980,943
Property rental income	**116,563**	116,367
Hotel and other services income	**7,472**	12,029
Total revenue	**25,737,715**	16,109,339

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 resources 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 associates and joint ventures.
Property leasing	—	This segment holds office units, commercial units and hotel properties 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 engages in hotel operations and generates service fee income in relation to hotel operation and other ancillary services.

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 associates and joint ventures. Reportable segment profit/loss excludes corporate income and expenses and finance costs from the Group's profit 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 associates, joint ventures and non-controlling interests and other liabilities directly attributable to the business activities of the operating segments and exclude tax liabilities, other corporate liabilities and liabilities such as borrowings, amounts due to related companies 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/loss, segment assets, segment liabilities and reconciliations to revenue, profit before income tax, total consolidated assets and total consolidated liabilities are as follows:

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
Six months ended 30 June 2021 (Unaudited)				
Revenue from contracts with customers disaggregated by timing of revenue recognition	**25,613,680**	**-**	**7,472**	**25,621,152**
- Goods transferred at a point in time	**24,355,486**	**-**	**-**	**24,355,486**
- Goods transferred over time	**1,258,194**	**-**	**-**	**1,258,194**
- Services transferred over time	**-**	**-**	**7,472**	**7,472**
Revenue from other sources: rental income	**-**	**116,563**	**-**	**116,563**
Reportable segment revenue	**25,613,680**	**116,563**	**7,472**	**25,737,715**
Reportable segment profit/(loss)	**5,047,122**	**106,658**	**(19,516)**	**5,134,264**
Corporate income				**6,391**
Finance costs				**(22,350)**
Other corporate expenses				**(23,457)**
Profit before income tax				**5,094,848**
As at 30 June 2021 (Unaudited)				
Reportable segment assets	**172,532,909**	**4,136,431**	**627,224**	**177,296,564**
Tax assets				**4,400,873**
Corporate assets ^				**1,041,758**
Total consolidated assets				**182,739,195**
Reportable segment liabilities	**100,149,086**	**124,960**	**528**	**100,274,574**
Tax liabilities				**9,802,374**
Borrowings				**38,423,514**
Amounts due to related companies				**264,508**
Guaranteed notes payable				**3,342,242**
Other corporate liabilities				**818,797**
Total consolidated liabilities				**152,926,009**

5. SEGMENT INFORMATION (CONTINUED)

	Property investment and development RMB'000	Property leasing RMB'000	Other segment RMB'000	Consolidated RMB'000
Six months ended 30 June 2020 (Unaudited)				
Revenue from contracts with customers disaggregated by timing of revenue recognition	15,980,943	-	12,029	15,992,972
- Goods transferred at a point in time	12,987,238	-	-	12,987,238
- Goods transferred over time	2,993,705	-	-	2,993,705
- Services transferred over time	-	-	12,029	12,029
Revenue from other sources: rental income	-	116,367	-	116,367
Reportable segment revenue	15,980,943	116,367	12,029	16,109,339
Reportable segment profit/(loss)	4,404,072	85,090	(45,202)	4,443,960
Corporate income				5,758
Finance costs				(19,500)
Other corporate expenses				(57,714)
Profit before income tax				4,372,504
As at 31 December 2020 (Audited)				
Reportable segment assets	158,720,700	3,550,957	647,765	162,919,422
Tax assets				3,788,614
Corporate assets ^				705,461
Total consolidated assets				167,413,497
Reportable segment liabilities	89,279,244	130,520	1,151	89,410,915
Tax liabilities				9,947,117
Borrowings				37,150,170
Amounts due to related companies				264,508
Guaranteed notes payable				3,314,214
Other corporate liabilities				90,191
Total consolidated liabilities				140,177,115

^ Corporate assets as at 30 June 2021 mainly included property, plant and equipment, right-of-use assets and cash and bank balances of RMB100,429,000 (31 December 2020: RMB105,282,000), RMB95,844,000 (31 December 2020: RMB99,538,000) and RMB844,109,000 (31 December 2020: RMB499,329,000) respectively which were managed on a group basis.

6. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit before income tax is arrived at after charging:		
Depreciation:		
Property, plant and equipment	**31,904**	47,629
Right-of-use assets	**11,136**	10,511
Total depreciation	**43,040**	58,140
Staff costs	**545,547**	474,369
Net foreign exchange loss*	**3,906**	4,404

* included in "Administrative expenses" in the condensed consolidated income statement

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current tax for the period		
Other regions of the PRC		
- Enterprise income tax ("EIT")	**1,251,539**	1,082,783
- Land appreciation tax ("LAT")	**988,919**	1,135,654
	2,240,458	2,218,437
(Over)/Under provision in prior years		
Other regions of the PRC	**(33,461)**	1,573
Deferred tax	**(103,505)**	71,104
	2,103,492	2,291,114

No Hong Kong profits tax has been provided as the Group did not derive any estimated assessable profits in Hong Kong for the current period and the same period last year.

EIT arising from other regions of the PRC is calculated at 25% (six months ended 30 June 2020: 25%) on the estimated assessable profits.

PRC LAT is levied at progressive rates from 30% to 60% (six months ended 30 June 2020: 30% to 60%) on the estimated appreciation of land value, being the proceeds of sales of properties less deductible expenditure including cost of land use rights and development and construction expenditure.

8. DIVIDENDS

The Board has declared that an interim dividend of HK$0.08 (six months ended 30 June 2020: HK$0.07) per share, amounting to HK$273,869,000, equivalent to approximately RMB228,472,000 (six months ended 30 June 2020: HK$239,635,000, equivalent to approximately RMB214,458,000), will be paid to the shareholders of the Company whose names appear in the Register of Members on 23 September 2021.

At the reporting date, a dividend of HK$0.275 per share, amounting to HK$941,424,000, equivalent to approximately RMB782,758,000 was recognized as distribution of the final dividend for the financial year ended 31 December 2020. At 30 June 2020, a dividend of HK$0.195 per share, amounting to HK$667,555,000, equivalent to approximately RMB607,697,000 was recognized as distribution of the final dividend for the financial year ended 31 December 2019.

9. EARNINGS PER SHARE

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

Earnings

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit for the period attributable to owners of the Company	**2,700,143**	2,034,792

Weighted average number of ordinary shares

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	'000	'000
Weighted average number of ordinary shares in issue during the period	**3,423,360**	3,423,360

Diluted earnings per share were the same as the basic earnings per share for the six months ended 30 June 2021 and 2020 as there have been no dilutive potential ordinary shares in existence during both periods.

10. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

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

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
30 days or below	**10,239**	5,270
31–60 days	**25**	310
61–90 days	**356**	417
91–180 days	**12,832**	538
181–360 days	**105**	16,758
Over 360 days	**17,464**	1,042
	41,021	24,335

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.

As at 30 June 2021, no material provision was made against the gross amount of trade receivables, other receivables and contract assets.

11. TRADE AND OTHER PAYABLES

The ageing analysis of the Group's trade payables based on invoice date or contract terms, where appropriate, is as follows:

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
30 days or below	**4,062,258**	3,524,340
31–60 days	**1,259,312**	1,156,814
61–90 days	**221,211**	554,139
91–180 days	**2,382,607**	2,679,008
181–360 days	**4,100,200**	1,607,619
Over 360 days	**3,401,712**	4,205,183
	15,427,300	13,727,103

12. GUARANTEED NOTES PAYABLE

On 9 February 2021, China Overseas Grand Oceans Finance IV (Cayman) Limited, a wholly-owned subsidiary of the Company, issued US$512,000,000 2.45% guaranteed notes (the "2021 Guaranteed Notes"), which mature on 9 February 2026 at their principal amount. The 2021 Guaranteed Notes were issued at 99.916% of the principal amount and are listed on the Stock Exchange. The effective interest rate of the 2021 Guaranteed Notes is 2.54% per annum. The 2021 Guaranteed Notes bear interest from 9 February 2021 to 9 February 2026 and are payable semi-annually in arrears on 9 February and 9 August of each year, commencing on 9 August 2021.

The 2021 Guaranteed Notes are unconditionally and irrevocably guaranteed by the Company. Further details regarding the issue of the 2021 Guaranteed Notes are set out in the announcement of the Company dated 9 February 2021 and the circular published on 10 February 2021.

The net proceeds from the issue of the 2021 Guaranteed Notes after deducting the direct transaction costs of RMB10,966,000 were RMB3,310,714,000.

13. SHARE CAPITAL

	Number of ordinary shares '000	Carrying amount RMB'000
Issued and fully paid – ordinary shares with no par:		
Balance at 1 January 2020 *(Audited)*, 31 December 2020 *(Audited)*, 1 January 2021 *(Unaudited)* and 30 June 2021 *(Unaudited)*	**3,423,360**	**5,579,100**

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

After reviewing the working capital requirements for the Group's future expansion of its business, the Board declared an interim dividend of HK8 cents per share (2020: HK7 cents per share) for the six months ended 30 June 2021. The interim dividend will be payable in cash.

Relevant Dates for Interim Dividend Payment

Ex-dividend date	20 September 2021
Latest time to lodge transfer documents for registration with the Company's share registrar	At 4:30 p.m. on 21 September 2021
Closure of Register of Members	23 September 2021
Record date	23 September 2021
Despatch of dividend warrants	20 October 2021

In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with Company's share registrar at Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than the aforementioned latest time.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for securities transactions by directors of the Company (the "Code of Conduct") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules.

Having made specific enquiries to all directors of the Company, they confirmed that they have complied with the Code of Conduct throughout the six months ended 30 June 2021.

CORPORATE GOVERNANCE PRACTICE

The Group strives to raise the standards of 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 maximize the value of our shareholders as a whole.

Save as disclosed below, the Company has applied the corporate governance principles and complied with all the code provisions (where applicable, some of the recommended best practices) set out in the Corporate Governance Code in Appendix 14 to the Listing Rules (the "CG Code") during the six months ended 30 June 2021.

Code A.4.1 of the CG Code 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.

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

Save as disclosed below, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities during the six months ended 30 June 2021 and up to the date of this announcement.

On 26 January 2021, 中海宏洋地產集團有限公司 (China Overseas Grand Oceans Property Group Limited*, a wholly-owned subsidiary of the Company), issued RMB525,000,000 3.9 per cent. 2020 Phase I final payment of properties asset-backed securities due February 2022 (the "ABS"), which are guaranteed by the Company and listed on the Shenzhen Stock Exchange. The net proceeds, after deducting the expenses in connection with the issuance of the ABS, are used to repay the existing indebtedness and outstanding liabilities of the Group.

On 9 February 2021, the Company and China Overseas Grand Oceans Finance IV (Cayman) Limited ("COGO Cayman IV", a wholly-owned subsidiary of the Company) announced the issuance of US$512,000,000 2.45 per cent. guaranteed notes due 2026 (the "2021 Guaranteed Notes"). The 2021 Guaranteed Notes are guaranteed by the Company irrevocably and unconditionally and listed on the Stock Exchange. The net proceeds, after deducting the fees and other expenses in connection with the issuance of the 2021 Guaranteed Notes, amounted to approximately US$509.9 million, which are intended to be used to repay and/or refinance the existing indebtedness of the Group, and for general corporate purposes.

On 1 June 2021 (i.e. the maturity date of the guaranteed notes), COGO Cayman IV redeemed the US$500,000,000 4.875 per cent. guaranteed notes in whole at par, which were issued on 1 June 2018 and listed on the Stock Exchange prior to redemption.

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 2021, and discussed with the Company's management regarding auditing, internal control and other important matters.

** English translation for identification purpose only.*

By Order of the Board
China Overseas Grand Oceans Group Limited
Zhuang Yong
Chairman and Executive Director

Hong Kong, 20 August 2021

As at the date of this announcement, the board of directors of the Company comprises eight directors, of which three are executive directors, namely, Mr. Zhuang Yong, Mr. Yang Lin and Mr. Paul Wang Man Kwan; two non-executive directors, namely Mr. Guo Guanghui 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 and will be despatched to shareholders of the Company thereafter in due course.