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: 81)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS

1. For the six months ended 30 June 2022, contracted property sales of the Group and its associates and joint ventures amounted to RMB20,816.6 million, for an aggregated contracted area of 1,992,100 sq.m., representing a decrease of 51.9% and 37.5% respectively against the corresponding period last year.

2. For the six months ended 30 June 2022, Group's revenue reached RMB29,796.1 million, increased by 15.8% against the corresponding period last year. Operating profit amounted to RMB4,538.6 million, a decrease of 11.2% comparing with the same period last year. Profit attributable to owners of the Company amounted to RMB2,449.9 million, a decrease of 9.3% against the corresponding period last year. Basic earnings per share were RMB71.6 cents (the corresponding period in 2021: RMB78.9 cents).

3. The Group performed a review on the carrying amount of property projects during the period and made a write-down of inventories of properties. The write-down of inventories of properties has reduced the gross profit for the period by approximately RMB229.6 million. The gross profit margin for the period has also reduced from 19.2% (before such provision for impairment) to 18.4% (after such provision for impairment).

4. The total gross floor area of the land acquired of the Group and its associates and joint ventures during the period was about 1,014,400 sq.m. (attributable to the Group: 934,200 sq.m.) for a total consideration of approximately RMB5,108.3 million. After further taking into account of the acquisitions of additional partial equity interests in respect of the development projects situated in Jinhua and Xuzhou by the Group during the period, the total acquired gross floor area attributable to the Group during the period amounted to approximately 1,084,300 sq.m. with a total attributable consideration of RMB5,465.9 million.

5. As at 30 June 2022, the gross floor area of total land bank of the Group and its associates and joint ventures in Mainland China reached 27,336,000 sq.m., of which, 2,148,200 sq.m. was 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) was 23,541,600 sq.m..

6. As at 30 June 2022, cash and bank balances plus restricted cash and deposits were at a total of RMB30,497.0 million. The net gearing ratio, expressed as a percentage of net debts to total equity, was 46.9%.

7. The Board declared the payment of an interim dividend of HK6 cents per share for the period ended 30 June 2022 (the corresponding period in 2021: HK8 cents).

The board of directors (the "Board") of China Overseas Grand Oceans Group Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2022.

CHAIRMAN'S STATEMENT

INTRODUCTION

I am pleased to present the unaudited interim results review and outlook of the Group for the six months ended 30 June 2022 (the "first half of 2022" or the "Period Under Review").

In the first half of 2022, the Group achieved a turnover of RMB29,796.1 million, an increase of 15.8% as compared to the corresponding period last year. Profit attributable to owners of the Company amounted to RMB2,449.9 million, a decrease of 9.3% as compared to the corresponding period last year. Basic earnings per share recorded a year-on-year decrease of 9.3% to RMB71.6 cents.

The Board of the Company, after prudent assessment of the overall performance and the liquidity requirements for future business development, gratefully declared an interim dividend of HK6 cents per share for the six months ended 30 June 2022, a year-on-year decrease of 25.0%.

MARKET REVIEW

In the first half of 2022, the Federal Reserve further tightened its monetary policy as global inflationary pressure remained on the rise and the risk of stagflation in Europe and the United States is expected to increase and started to affect emerging countries. Meanwhile, affected by the conflict between Russia and Ukraine, global trade protectionism penetrated into three major sectors, namely manufacturing, energy and food, bringing more uncertainty to geopolitical and financial market stability.

In addition to the complex and challenging international environment, unexpected factors such as the continuous and sporadic outbreak of the COVID-19 pandemic dealt a heavy blow to the Chinese economy, significantly increasing the economic downward pressure in the second quarter. Through macroeconomic control and efficient epidemic prevention measures, the national economy stabilised and rebounded. With improvement in marginal production demand and basically stable market prices, people's livelihood was effectively guaranteed, while high-quality development persisted. In the first half of 2022, China's GDP grew by 2.5% year on year. In particular, the synergies in net exports, consumption and investment growth drove economic growth.

In the first half of 2022, the real estate industry experienced unprecedented challenges and pessimistic sentiment overall extended from the second half of 2021. The real estate market had experienced a continuous downward trend and became gradually stable. With the Central Government and various authorities frequently sending positive signals on "stabilising the real estate segment", local authorities duly implemented "city-specific policies" and improved more than 500 real estate-related policies. The regulatory policies for the industry are continuously easing. Nevertheless, affected by the resurgent outbreaks of the pandemic in multiple parts of China, the social economy was greatly impacted. The increasing unemployment pressure and the lowered households' income expectations have dampened the interest on property purchases as many property buyers adopted a wait-and-see approach. At the same time, the confidence of property buyers wanes amid the financial turmoil of certain real estate companies.

During the Period Under Review, the sales of real estate companies were sluggish under the mounting sales pressure. According to the National Bureau of Statistics, the residential sales area dropped by 26.6% as compared to the corresponding period last year and residential sales declined by 31.8% year on year. Although the sales in May and June improved month on month, the overall market recovery was expected to last for some time to realise.

Since 2021, the growth rate of financing for real estate companies had been limited and their channels of financing had been reduced with the implementation of the "three red lines" policy. Some companies experienced heavy debts due. Together with the decline in sales, and the slower-than-expected cash collection rate during the Period Under Review, some real estate companies were exposed to cash flow risk and were requesting for debt extension or declared default.

In the first half of 2022, under sluggish sales, shortfall of funds and resurgent pandemic, the willingness of real estate companies to invest and commence construction was also affected. According to the National Bureau of Statistics, the residential investment in China decreased by 4.5% year on year to RMB5.18 trillion. Furthermore, the residential construction area decreased by 2.9% year on year to 5,994 million square metres ("sq.m.") and the new construction area of residential buildings decreased by 35.4% year on year to 488 million sq.m..

During the Period Under Review, the 22 cities under the "Two Concentrations on Land Supply" policy completed the first round of land supply. Due to the weak sentiment of the land auction market and effect of the pandemic, some cities adjusted the timing of land sales for the year into four batches, resulting in a significant downsizing of the first-round land supply as compared to the corresponding period in 2021. Due to market downturn and tight credit, real estate companies tended to adopt a more cautious approach towards land acquisition. Over 60% of the top 100 real estate companies did not acquire any land. The transaction volume, transaction price and premium rate of the overall land market across China all dropped year on year, and even dropped drastically as compared to the second half of 2021.

BUSINESS REVIEW

The Group maintained steady operations throughout the first half of 2022. While reacting swiftly to market downturns, the Group took a flexible approach to unexpected events and seized opportunities when they arose.

During the Period Under Review, the Group made flexible adjustments to its supplies based on market changes in light of the market downturn and the resurgent pandemic outbreaks. The Group together with its associates and joint ventures (collectively the "Group Series of Companies") achieved contracted sales of RMB20,816.6 million, a decrease of 51.9% as compared to the corresponding period last year. The contracted area was 1.99 million sq.m., a decrease of 37.5% year on year and the average residential property sales price was about RMB12,000 per sq.m.. As at the end of the Period Under Review, the property subscription sales amounted to RMB921 million, with a contracted area of 69,400 sq.m. in aggregate.

During the Period Under Review, the Group maintained a stable market share in 40 cities in which it operated despite sluggish sales in the market. The Group ranked top three in 16 cities in terms of sales. In particular, the Group ranked first in six cities, namely Yinchuan, Taizhou, Jilin, Tangshan, Anqing and Yancheng, an addition of three cities as compared to 2021.

By seizing the opportunities for land acquisition and expanding land acquisition channels, as well as boosting the overall project return, the Group replenished its quality land bank at reasonable prices. In the first half of 2022, the Group Series of Companies acquired nine projects in total through mergers and acquisitions and public bidding, auction and listing, adding attributable gross floor area of around 1.08 million sq.m. with attributable land cost of around RMB5,465.9 million.

As of 30 June 2022, the gross floor area of the total land bank of the Group Series of Companies was 27.34 million sq.m., of which 23.54 million sq.m. were attributable to the Group.

During the Period Under Review, the Group persisted its primary goal of "guaranteeing the delivery of property, people's livelihood and stability". The progresses of 100 projects under construction in China were on schedule, with a real-time construction area of more than 18 million sq.m.. The Group's delivery capability was also well recognised by the market. In the first half of 2022, the total area completed for occupation was 3.46 million sq.m., an increase of 3.2% as compared to the corresponding period last year. The number of units occupied was about 21,800 and there were no overdue on contracted property deliveries. Customer satisfaction rating was 88%, leading its industry peers.

During the Period Under Review, the Group strengthened its operating cash flow management to reduce operational risks and improve the efficiency of capital use. At the same time, the Group optimised its debt structure by capturing the opportunities for financing. Cash and bank balances plus restricted cash and deposits totalled over RMB30 billion. None of the "three red lines" was breached and the weighted average financing cost remained at an industry low of 3.9%. As China encouraged high-quality real estate companies to take over and acquire the projects of struggling real estate companies, the Group successfully obtained a seven-year merger and acquisition loan at an interest rate of 3.7% per annum.

PROSPECTS

Real estate is the largest sector in the Chinese economy, making real estate companies an important driving force for local economic growth. Meanwhile, the property assets of urban households account for about 70% of the total wealth of Chinese residents. The virtuous cycle and healthy development of the real estate industry thus have a significant and systematic impact on China's economic development and financial risk prevention.

Under the keynote of the "properties are for accommodation, not for speculation" policy, the Central Government continues to optimise and adhere to the long-term industry policies. It implements policies according to specific situation of different cities so as to stabilise land prices, property prices and expectations, without using real estate as a short-term tool or means to boost the economy. During the "14th Five-Year Plan" period, China is still in a period of rapid urbanisation with strong momentum. The urbanisation rate of permanent residents in China will increase steadily. The rigid and improved housing demand in cities will continue to be unleashed.

Although the real estate sector has not yet fully recovered, it is expected that in the second half of 2022, China's economy will regain its positive momentum after recovering from the pandemic. The Central Government will be rolling out easing measures and there will be further room for doing so. Real estate related policies will be gradually paying off. The confidence in property sector will gradually improve and the real estate industry will enter the path of steady development.

Being a nationwide real estate development company focusing on second-, third- and fourth-tier cities, the Group finds both challenges and opportunities in the current profound changes of the real estate industry. Under the predicament, those who know about the game and those who make a solution can survive but the ultimate winner will be those who are in control of the game.

The "14th Five-Year" strategic development strategy of "One Body with Two Wings" proposed by the Group centres on residential property business, aiming at the orderly development and operation of its commercial and small town businesses, as well as the steady development of its innovative businesses such as low-carbon technology. The Group has also put forward the "14th Five-Year" strategic goals, striving to shape itself into the brand new "Valuable, High-quality and Happy COGO" that focuses on value creation.

In the face of the complex and volatile market situation and the increasingly prominent urban differentiation, the Group will target only quality investments and cultivate the urban markets where it operates, while seizing investment opportunities when they arise. Utilising its diversified land acquisition channels, the Group has established a presence in premium cities in urban clusters and metropolitan areas such as Beijing-Tianjin-Hebei, Yangtze River Delta and the Greater Bay Area. The Group also closely monitors the market for merger and acquisition opportunities with great development potential.

Comparing to past years, the Group will achieve relatively more delivered area in 2022. The Group sorts out and monitors projects that are ready for occupation within the next 12 months in advance by adopting an "N+12 months" rolling and inspection mechanism, in order to ensure projects to be delivered on schedule. Upholding the principle of "what you see is what you get", the Group creates quality products based on its "12345" quality product system to provide customers with the best experience. The three-year action plan of "Craftsmanship in COGO" is implementing as planned, to enhance safety management, to promote the intelligent operation at construction sites, to establish an evaluation system for the whole construction cycle, and to ensure project and delivery quality. The Group's customer satisfaction rating remains among the top in the industry and the excellent product delivery will help the Group build its reputation and strengthen the influence of the "China Overseas Properties" brand in the cities where it operates.

The Group has been adopting a sound and prudent approach in financial management under the industry's downward cycle and volatile financial market conditions. The Group will continue to enhance its cash flow management, cost and risk control capabilities to reduce costs and increase efficiency. By closely monitoring the financial returns and cash collections of property projects, the Group ensures that the progress of development and investment is in line with its business plan. The Group regularly reviews its debt structure and financing costs to ensure that it has sufficient cash on hand to maintain a healthy financial position and does not breach the "three red lines" policy.

Talents are essential for the success and sustainable development of an enterprise. The Group is committed to nurturing high-potential employees through its talent development plan, thus building up strength for the Group's rapid development. Meanwhile, the Group actively seeks talents in the open market, offering competitive remunerations and benefits with development opportunities.

Business operation is like a chess game where we are constantly looking for ways to win the game under market changes beyond our control. While it is sometimes essential to follow industry norms, sometimes smart and surprising moves are needed to promote high-quality, sustainable and healthy development of a company.

APPRECIATION

Finally, I would like to express my heartfelt gratitude to all directors, the management team and our employees for their efforts and dedication, as well as to our stakeholders, customers, partners and all sectors of the community for their continued trust and support to the Group. We will live up to the expectations and create greater value for all.

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

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE AND OPERATING RESULTS

In the first half of 2022, with the increasing global inflation pressure, the Federal Reserve of the United States further tightened the monetary policies. Coupled with the impact of the conflict between Russia and Ukraine, the international environment became complex and challenging. Facing an unexpected challenge on the widespread outbreak of coronavirus pandemic, the economy of Mainland China was under considerable downward pressure. Some real estate enterprises have encountered cash flow problems, which led to the suspension of construction and even non-performance of handover for certain property projects which were already on pre-sale stage. This further aggravated the market's wait-and-see sentiment. Coupled with the outbreak of pandemic in multiple cities during the first half of the year, the prevention and control policies have tightened, which posed a negative effect on the contracted sales. The real estate industry has experienced an unprecedented challenge.

On the other hand, in the first half of the year, favourable policies for the industry were frequently introduced. Mortgage interest rates were lowered and restrictions on property purchases and sales were relaxed. The central government and various bureaus frequently released positive signals to support the stability of the real estate industry and city-specific policies have been fully implemented locally. The environment on industrial policies has entered an easing cycle.

Facing the challenging market situation in the first half of 2022, the Group seized the opportunity to closely monitor the market and analyze the sales rhythm of various cities. While the proper work on pandemic prevention and control was in force simultaneously, raising sales was a race against time. For the six months ended 30 June 2022, the Group Series of Companies recorded contracted property sales of RMB20,816.6 million (the corresponding period in 2021: RMB43,287.3 million), representing a decrease of 51.9% against the corresponding period last year, in which, an amount of RMB1,638.8 million (the corresponding period in 2021: RMB1,128.6 million) was contributed by associates and joint ventures for the period. Besides, through management of construction procedures, the Group ensured the development progress and the handover schedule of the property projects were on track. Contracted property sales attributable to the Group amounted to RMB18,308.7 million for the period (the corresponding period in 2021: RMB39,419.9 million). For the six months ended 30 June 2022, the Group recorded revenue of RMB29,796.1 million (the corresponding period in 2021: RMB25,737.7 million), representing an increase of 15.8% against the corresponding period last year. Gross profit for the period was RMB5,477.0 million (the corresponding period in 2021: RMB6,062.9 million), representing a decrease of 9.7% against the corresponding period last year. The overall gross profit margin for the period was 18.4% (the corresponding period in 2021: 23.6%).

In terms of expenses, distribution and selling expenses for the period increased by RMB50.7 million against the corresponding period last year to RMB756.2 million (the corresponding period in 2021: RMB705.5 million). With a view to boosting the sales momentum in the midst of the cautious wait-and-see market sentiment in the first half of the year, the ratio of distribution and selling expenses to the Group's contracted property sales increased moderately to 3.9% for the period and the ratio of such expenses to the Group's revenue dropped from 2.7% for the corresponding period last year to 2.5% for the period. In addition, administrative expenses for the period slightly increased by RMB1.7 million against the corresponding period last year to RMB539.7 million (the corresponding period in 2021: RMB538.0 million). The Group maintained stringent cost control while its operating scale is gradually expanding. Therefore, the ratio of the administrative expenses to revenue dropped from 2.1% for the corresponding period last year to 1.8% for the period.

Driven mainly by a decline in gross profit, operating profit for the period amounted to RMB4,538.6 million (the corresponding period in 2021: RMB5,111.1 million), representing a decrease of 11.2% against the corresponding period last year.

The total interest expense for the period increased by RMB330.7 million against the corresponding period last year to RMB1,151.2 million (the corresponding period in 2021: RMB820.5 million), which was mainly due to the increase in interest-bearing amounts due to business partners from non-wholly-owned investment projects against the corresponding period last year, resulting in an increase of accrued interest of RMB207.4 million during the period. Finance costs, after capitalization of RMB1,127.1 million (the corresponding period in 2021: RMB798.1 million) to the on-going property development projects, was RMB24.1 million (the corresponding period in 2021: RMB22.4 million) for the period.

Currently, the property projects held by the Group through associates and joint ventures are in the development stage and the progress is in line with the expectation. It is anticipated that they could make contribution to the Group's profit in the coming future. Share of loss of associates for the period amounted to RMB3.6 million (the corresponding period in 2021: RMB0.3 million), while the share of profit of joint ventures for the period amounted to RMB0.9 million (the corresponding period in 2021: RMB6.4 million).

Income tax expense comprised enterprise income tax and land appreciation tax. Income tax expense for the period decreased by RMB268.6 million to RMB1,834.9 million (the corresponding period in 2021: RMB2,103.5 million) as compared with the corresponding period last year, mainly due to the decrease in operating profit for the period. The effective tax rate for the period was 40.7% (the corresponding period in 2021: 41.3%), which maintained at a similar level when compared to the corresponding period last year.

For the six months ended 30 June 2022, profit attributable to owners of the Company amounted to RMB2,449.9 million (the corresponding period in 2021: RMB2,700.1 million), representing a decrease of 9.3% against corresponding period last year.

LAND BANK

The management believes that a sizable and high-quality land bank can ensure the sustainable growth of the Group's business and is also one of the most important assets to a property developer. During the first half of the year, in response to the challenging market environment, the Group acquired land parcels at reasonable prices and prudently assessed the market situation to enhance the quality of land bank in a sustainable manner. During the six months ended 30 June 2022, the Group Series of Companies acquired six parcels of land at an aggregate consideration of RMB5,108.3 million with gross floor area of approximately 1,014,400 sq.m., of which approximately 934,200 sq.m. was attributable to the Group (including the interests in associates and joint ventures).

In addition, by further including the acquisitions of additional partial equity interests in respect of the development projects of three plots of land situated in Jinhua and Xuzhou by the Group in January 2022, the total acquired gross floor area attributable to the Group during the period amounted to approximately 1,084,300 sq.m. with a total attributable consideration of RMB5,465.9 million.

The table below shows the details of land parcels acquired during the six months ended 30 June 2022:

No.	City	Name of project	Attributable Interest	Total GFA (sq.m.)
1	Shantou	Longhu District Project (The Peninsula)	100%	286,800
2	Yinchuan	Jinfeng District Project #1 (Gorgeous Mansion)	100%	133,900
3	Nantong	Chongchuan District Project (Hills Scenery)	60%	200,300
4	Yinchuan	Jinfeng District Project #2 (Glory Mansion)	100%	190,100
5	Nanning	Liangqing District Project	100%	123,700
6	Nanning	Qingxiu District Project	100%	79,600
Total				1,014,400

Note: The above table does not include the acquisitions of partial equity interests in respect of the development projects of three plots of land situated in Jinhua and Xuzhou as disclosed in the announcement of the Company dated 28 January 2022.

As at 30 June 2022, the gross floor area of total land bank of the Group Series of Companies in Mainland China reached 27,336,000 sq.m. (31 December 2021: 29,768,900 sq.m.), of which 2,148,200 sq.m. (31 December 2021: 2,319,700 sq.m.) was held by associates and joint ventures collectively. The gross floor area of land bank attributable to the Group (including the interests in associates and joint ventures) was 23,541,600 sq.m. (31 December 2021: 25,530,700 sq.m.). The Group Series of Companies held a land bank distributed in 39 cities as at 30 June 2022.

SEGMENT INFORMATION

PROPERTY SALES AND DEVELOPMENT

For the six months ended 30 June 2022, contracted property sales of the Group Series of Companies amounted to RMB20,816.6 million (the corresponding period in 2021: RMB43,287.3 million), representing a decrease of 51.9% against the corresponding period last year. The contracted area sold was 1,992,100 sq.m. (the corresponding period in 2021: RMB3,185,500 sq.m), representing a decrease of 37.5% against the corresponding period last year. Of the contracted property sales, RMB1,638.8 million for an aggregated contracted area of 124,700 sq.m. (the corresponding period in 2021: contracted property sales amounted to RMB1,128.6 million for contracted area of 60,100 sq.m.) was contributed from associates and joint ventures. Besides, as at 30 June 2022, the balance of preliminary sales pending the completion of sales and purchase agreements was RMB921.0 million for an aggregated contracted area of 69,400 sq.m..

Contracted property sales from major projects during the six months ended 30 June 2022:

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Yinchuan	Patrimonial Mansion / International Community / Master Mansion / The Royal Peninsula	293,644	2,714.6
Quanzhou	Elegance Mansion	130,717	1,944.4
Hefei	Central Park / Halo Park / Vitality City / Central Mansion	74,887	1,208.3
Tangshan	The Pogoda / Maple Palace	54,088	970.4
Jinhua	The Halo* / Central Mansion / Central Park	52,146	943.5
Shantou	The Rivera North City / Platinum Mansion / La Cite / The Rivera East City / Golden Coast / Guan Lan Fu	84,247	883.6
Taizhou	Jinmao Palace* / Graceful Mansion / Royal Mansion / Gorgeous Mansion*	50,463	847.3
Lanzhou	La Cite / China Overseas Platinum Garden / China Overseas Platinum Pleased Mansion	64,734	839.4
Nantong	Jade Park	38,597	820.0
Huizhou	Sage Mansion^ / Riverview Mansion / Huizhou Tangquan / Glorious Palace / Megacity Times	53,784	686.9
Yancheng	Gorgeous Mansion / Haifu Garden^ / Mansion One	63,326	611.7
Hohhot	Zhonghai Zhen Ru Fu / Zhonghai He Shan Guan Lan / Zhonghai He Shan Sheng Jing / Zhonghai He Shan Ya Song	53,193	580.8
Anqing	The Metropolis	55,189	518.0
Changzhou	Jiang Nan Mansion	35,613	455.7
Weinan	The Crown / Master Mansion	95,254	453.0
Xuzhou	Lake City Mansion / Future Land / Upper East	35,909	449.9

Contracted property sales from major projects during the six months ended 30 June 2022: (Continued)

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Yangzhou	La Rive Gauche / The Paragon	33,022	378.9
Zhanjiang	We Love City* / Jindi Zhonghai Jincheng Garden*	33,855	368.5
Qingyuan	One Lake Vision	42,790	334.4
Baotou	Wang Jing Mansion / PT Hyatt	36,980	324.1
Zhuzhou	Zhonghai Xue Fu Li / International Community	40,944	322.1
Xining	Elite Palace / Mountain and Lake	39,893	319.5
Zunyi	New City of China / The Central Mansion	38,281	279.1
Zhenjiang	Epochal Mansion / Zhenru Mansion	23,544	277.6
Weifang	Royal Villa	29,322	202.9

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

^ These projects are held by the associates of the Group

Progress for all development projects was satisfactory and largely in line with the construction programs. During the period, gross floor area of 3,457,900 sq.m. (the corresponding period in 2021: 3,350,900 sq.m.) of the Group's construction sites were completed for handover and of which, about 86% (the corresponding period in 2021: 96%) were sold out by period end.

For the six months ended 30 June 2022, the recognized revenue of the Group for this segment was RMB29,681.2 million (the corresponding period in 2021: RMB25,613.7 million), representing an increase of 15.9% against the corresponding period last year. The revenue for the current period was mainly recognized from the sales of high-rise residential projects.

For the six months ended 30 June 2022, the cost of sales of this segment included a write-down of inventories of properties of RMB229.6 million. The Group performed a review based on the latest market conditions and made such provision for impairment of inventories of properties whose net realisable value was lower than cost. The Group estimated the net realisable value of inventories of properties mainly based on the latest selling prices and current market conditions.

Due to the higher gross profit margin of projects recognized in corresponding period last year and the recognition of write-down of inventories of properties as aforesaid, the gross profit margin of this segment narrowed to approximately 18.1% (the corresponding period in 2021: 23.3%) when compared to corresponding period last year.

Recognized revenue from major projects during the six months ended 30 June 2022:

City	**Name of project**	**Contracted Area (sq.m.)**	**Amount (RMB Million)**
Yangzhou	Upper East / Gorgeous Mansion / La Rive Gauche	252,409	3,568.7
Hohhot	The Premier Mansion / Zhonghai He Shan Yuan Zhu / Zhonghai He Shan Ya Song	277,415	3,442.7
Hefei	Central Mansion	147,462	3,164.5
Shantou	The Rivera / Platinum Mansion / Golden Coast	268,900	2,881.9
Yinchuan	International Community / The Royal Peninsula	329,776	2,523.4
Nantong	Jade Park	89,795	2,209.9
Changzhou	Clouds Fairyland / Hai Hua Garden	106,033	1,832.7
Shaoxing	Central Mansion	65,840	1,812.1
Jilin	Glorioushire	189,061	1,161.0
Taizhou	Central Mansion	73,181	983.8
Lanzhou	China Overseas Platinum Garden / China Overseas Platinum Pleased Mansion	80,422	943.9
Jiujiang	Central Mansion	74,794	845.2
Nanning	Harrow Community / Celestial Heights	64,204	761.8
Yancheng	The Central Mansion	30,366	719.7

The Group jointly developed new property development projects with reliable business partners under the business model of associates and joint ventures. The Group’s share of net loss from the associates and joint ventures included in the segment result for the period amounted to RMB3.8 million (the corresponding period in 2021: net profit of RMB3.8 million).

Overall, the segment profit for the period was recorded at RMB4,468.4 million (the corresponding period in 2021: RMB5,047.1 million).

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

City	Name of project	Commenced by
Xuzhou	Upper East	February
Huizhou	Huizhou Tangquan	March
Yinchuan	Master Mansion	March
Zunyi	New City of China	April
Chuzhou	Royal Mansion	June
Lanzhou	China Overseas Platinum Garden	June
Shantou	Guan Yun Fu	June
Shantou	The Peninsula	June
Yinchuan	Glory Mansion	June
Zibo	Jade Park^	June

^ The project is held by an associate of the Group

As at 30 June 2022, the gross floor area of properties under construction and stock of completed properties of the Group and its associates and joint ventures amounted to 18,775,600 sq.m. (31 December 2021: 20,803,600 sq.m.) and 1,781,700 sq.m. (31 December 2021: 1,413,400 sq.m.) respectively, totaling 20,557,300 sq.m. (31 December 2021: 22,217,000 sq.m.). Properties with gross floor area of 8,248,300 sq.m. (31 December 2021: 9,133,700 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, the majority of the investment properties of the Group were leased out to China Overseas Land & Investment Limited ("COLI") entirely. The Group keeps a corporate strategic development plan to maintain a portfolio of high-quality investment properties to provide a stable income stream for the Group. For the six months ended 30 June 2022, rental income amounted to RMB110.6 million (the corresponding period in 2021: RMB116.6 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 Group's share of profit from the joint venture for the period, which holds the above research office building, was RMB1.1 million (the corresponding period in 2021: RMB2.3 million) and included in the segment result for the period.

Overall, the segment profit for the period decreased by RMB23.0 million against the corresponding period last year to RMB83.7 million (the corresponding period in 2021: RMB106.7 million), which was mainly driven by the inclusion of a fair value gain on investment properties of RMB20.0 million in the segment result for the corresponding period last year and the impact of repeated outbreak of pandemic and the government policies on rental concession during the period.

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 Mainland China and international market to meet its requirements for working capital, refinancing and project development.

As at 30 June 2022, net working capital of the Group amounted to RMB66,026.0 million (31 December 2021: RMB63,056.2 million), with a current ratio of 1.6 (31 December 2021: 1.5).

During the six months ended 30 June 2022, the Group secured new credit facilities of RMB10,967.7 million from the leading financial institutions. After taking into account drawdowns of RMB9,653.4 million, repayment of loans of RMB7,634.1 million and increase of RMB638.2 million due to translation of Hong Kong Dollar ("HKD") loan during the period, total bank and other borrowings (excluding the guaranteed notes payable of RMB3,437.9 million) increased by RMB2,657.5 million as compared to the end of last year to RMB44,593.5 million (31 December 2021: RMB41,936.0 million).

The total bank and other borrowings included RMB loans of RMB30,037.8 million (31 December 2021: RMB28,151.3 million) and HKD loans of HK$17,020.0 million (equivalent to RMB14,555.7 million) (31 December 2021: HK$16,860.0 million <equivalent to RMB13,784.7 million>). As at 30 June 2022, interests of borrowings amounted to RMB5,090.0 million (31 December 2021: RMB4,910.0 million) were charged at fixed interest rates ranging from 4.15% to 5.23% (31 December 2021: 4.15% to 5.23%) per annum, while the remaining borrowings of RMB39,503.5 million (31 December 2021: RMB37,026.0 million) were charged at floating interest rates with a weighted average of 3.88% (31 December 2021: 3.72%) per annum. About 32.3% (31 December 2021: 30.5%) of bank and other borrowings is repayable within one year.

In respect of guaranteed notes, the total amortized cost payable amounted to RMB3,437.9 million as at 30 June 2022 (31 December 2021: RMB3,286.0 million).

As at 30 June 2022, the weighted average interest rate for the total borrowing (including guaranteed notes payable) of the Group was 3.89% per annum, which slightly increased from 3.77% per annum as at 31 December 2021. The increase was mainly due to the increase in Hong Kong Interbank Offered Rate ("HIBOR") during the period, resulting in the increase in borrowing cost for HKD loan of the Group.

For certain non-wholly-owned investment projects, the Group and its business partners have to finance the projects in proportion to their equity interests, including in form of the interest-bearing amounts due to non-controlling interests. As at 30 June 2022, the interest-bearing amounts due to non-controlling interests was RMB2,633.5 million (31 December 2021: RMB2,765.8 million) with fixed interest rate ranging from 4.75% to 8.00% (31 December 2021: 4.75% to 8.00%).

Sales deposits collection from properties sales remained satisfactory during the period. Cash and bank balances plus restricted cash and deposits were at a total of RMB30,497.0 million (31 December 2021: RMB32,492.4 million), decreased by RMB1,995.4 million against the last year end. Of which, 99.0% (31 December 2021: 99.5%) is denominated in RMB while the remaining are in HKD and United States Dollar ("USD").

As at 30 June 2022, the net gearing ratio, expressed as a percentage of net debts (i.e. total borrowings, including the guaranteed notes payable, net of cash and bank balances and restricted cash and deposits) to total equity, was 46.9% (31 December 2021: 35.6%). The management closely monitors the financial position of the Group to ensure healthy development of the operation scale and business.

Besides, according to the Three Red Lines real estate financial supervision policy in Mainland China, as at 30 June 2022, the liabilities-to-assets ratio (excluding receipts in advances) was 68.2% (31 December 2021: 69.4%), net gearing ratio was 46.9% (31 December 2021: 35.6%) and cash-to-short-term debt ratio was 1.4 times (31 December 2021: 1.6 times). Therefore, the Group did not breach any of the red lines and maintained as a Green Category enterprise.

Taking into consideration of the unutilized bank credit facilities available to the Group of RMB10,437.6 million (31 December 2021: RMB10,342.6 million), the Group's total available funds (including restricted cash and deposits of RMB10,718.7 million <31 December 2021: RMB12,616.3 million>) reached RMB40,934.6 million as at 30 June 2022 (31 December 2021: RMB42,835.0 million).

In view of rapidly-changing property and capital market conditions and government policies and regulations, liquidity risk management is essential to support the sustainability of business growth of the Group. The Group continues to implement centralized management policies in financing and cash management, maintains good cash flow and minimizes its financial risks to ensure healthy operations and financial positions. While the international environment is complex and dynamic and financial market is also volatile, the Group maintains close communication with financial institutions, and ensures the continual fulfillment of the financial covenants and receiving of continual supports from all parties.

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 in co-operation with reliable business partners through the business models of associates and joint ventures 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 Mainland China, the management considered a natural hedge mechanism existed in those operations. As at 30 June 2022, about 63% and 37% (31 December 2021: 62% and 38%) of the Group's total borrowings (including the guaranteed notes) were denominated in RMB and HKD/USD 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 depreciated by approximately 4.4% during the period and accordingly, the net asset value of the Group decreased by RMB797.4 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/USD debt to minimize the foreign exchange risk.

COMMITMENTS AND GUARANTEE

As at 30 June 2022, the Group had commitments totaling RMB26,109.4 million (31 December 2021: RMB28,521.1 million) which mainly related to land premium, property development and construction works. In addition, the Group issued guarantees to banks totaling RMB35,372.1 million (31 December 2021: RMB38,723.1 million) for facilitating end-user mortgages in connection with its property sales in Mainland China as a usual commercial practice and for a credit facility granted to a joint venture.

CAPITAL EXPENDITURE AND CHARGES ON ASSETS

The Group had capital expenditures totaling RMB13.2 million (the corresponding period in 2021: RMB29.3 million) during the period, mainly included additions of investment properties, right-of-use assets, motor vehicles and furniture, fixtures and office equipment.

On the other hand, as at 30 June 2022, certain properties in Mainland China with aggregate carrying value of RMB10,755.2 million (31 December 2021: RMB7,935.4 million) were pledged to obtain RMB3,242.2 million (31 December 2021: RMB2,187.3 million) of secured borrowings from certain banks in Mainland China for the property development projects.

EMPLOYEES

As at 30 June 2022, the Group has 3,176 employees (31 December 2021: 3,505). The total staff costs incurred for the period was approximately RMB601.4 million (the corresponding period in 2021: RMB545.5 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 to meet the pace of business growth.

CONDENSED CONSOLIDATED INCOME STATEMENT

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2022 and the comparative figures for the corresponding period in 2021 are as follows:

		Six months ended 30 June	
		2022	2021
		(Unaudited)	(Unaudited)
	Notes	**RMB'000**	RMB'000
Revenue	*4*	**29,796,142**	25,737,715
Cost of sales and services provided		**(24,319,114)**	(19,674,863)
Gross profit		**5,477,028**	6,062,852
Other income		**384,349**	198,175
Distribution and selling expenses		**(756,200)**	(705,465)
Administrative expenses		**(539,746)**	(537,984)
Other operating expenses		**(26,813)**	(7,130)
Other gains			
Fair value gain on reclassification of inventories of properties to investment properties		**-**	80,683
Fair value gain on investment properties		**-**	20,000
Operating profit		**4,538,618**	5,111,131
Finance costs		**(24,120)**	(22,350)
Share of results of associates		**(3,624)**	(340)
Share of results of joint ventures		**878**	6,407
Profit before income tax	*6*	**4,511,752**	5,094,848
Income tax expense	*7*	**(1,834,869)**	(2,103,492)
Profit for the period		**2,676,883**	2,991,356
Profit for the period attributable to:			
Owners of the Company		**2,449,936**	2,700,143
Non-controlling interests		**226,947**	291,213
		2,676,883	2,991,356
		RMB Cents	RMB Cents
Earnings per share	*9*		
Basic		**71.6**	78.9
Diluted		**71.6**	78.9

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit for the period	**2,676,883**	2,991,356
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising from translation into presentation currency	**(797,385)**	203,370
Other comprehensive income for the period, net of tax	**(797,385)**	203,370
Total comprehensive income for the period	**1,879,498**	3,194,726
Total comprehensive income attributable to:		
Owners of the Company	**1,652,551**	2,903,513
Non-controlling interests	**226,947**	291,213
	1,879,498	3,194,726

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2022 (Unaudited) RMB'000**	31 December 2021 (Audited) RMB'000
Assets and liabilities			
Non-current assets			
Investment properties		**3,990,235**	3,978,235
Property, plant and equipment		**805,406**	839,080
Right-of-use assets		**260,723**	256,478
Interests in associates		**159,497**	277,416
Interests in joint ventures		**931,323**	908,170
Financial assets at fair value through other comprehensive income		**1,000**	1,000
Deferred tax assets		**1,738,873**	1,883,460
		7,887,057	8,143,839
Current assets			
Inventories of properties		**135,846,035**	136,371,481
Other inventories		**7,712**	11,309
Contract assets		**144,524**	153,582
Trade and other receivables, prepayments and deposits	*10*	**9,170,701**	15,076,202
Amounts due from associates		**993,883**	994,964
Amounts due from joint ventures		**474,383**	752,391
Amounts due from non-controlling interests		**2,563,040**	2,215,461
Tax prepaid		**2,342,245**	2,574,823
Restricted cash and deposits		**10,718,687**	12,616,346
Cash and bank balances		**19,778,358**	19,876,023
		182,039,568	190,642,582
Current liabilities			
Trade and other payables	*11*	**19,076,941**	19,928,604
Contract liabilities		**72,336,424**	81,803,731
Amounts due to associates		**2,069**	2,069
Amounts due to joint ventures		**145,328**	84,928
Amounts due to non-controlling interests		**5,401,148**	5,510,332
Amounts due to related companies		**186,119**	186,119
Lease liabilities		**14,912**	14,534
Taxation liabilities		**4,465,964**	7,282,145
Borrowings		**14,384,704**	12,773,873
		116,013,609	127,586,335
Net current assets		**66,025,959**	63,056,247
Total assets less current liabilities		**73,913,016**	71,200,086

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	**30 June 2022 (Unaudited) RMB'000**	31 December 2021 (Audited) RMB'000
Non-current liabilities			
Borrowings		**30,208,787**	29,162,103
Lease liabilities		**36,481**	28,199
Guaranteed notes payable		**3,437,851**	3,286,018
Amount due to a related company		**75,026**	75,026
Deferred tax liabilities		**2,753,721**	2,892,481
		36,511,866	35,443,827
Net assets		**37,401,150**	35,756,259
Capital and reserves			
Share capital	*12*	**5,579,100**	5,579,100
Reserves		**24,224,321**	23,148,789
Equity attributable to owners of the Company		**29,803,421**	28,727,889
Non-controlling interests		**7,597,729**	7,028,370
Total equity		**37,401,150**	35,756,259

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, in which Hefei, Jinhua, Lanzhou, Quanzhou, Shantou, Taizhou, Tangshan and Yinchuan had significant contribution to the contracted property sales for the period.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2022 (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 2021.

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

The financial information relating to the year ended 31 December 2021 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 2021 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 17 August 2022.

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.

All values are rounded to the nearest thousand except otherwise stated.

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 2021, as described in those annual financial statements.

3. ADOPTION OF HKFRS

3.1 Adoption of new or revised HKFRS – effective 1 January 2022

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

Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	COVID-19-Related Rent Concessions Beyond 30 June 2021
Annual Improvements to HKFRS 2018-2020 Cycle	Amendments to HKFRS 9 Financial Instruments and Amendments to Illustrative Examples accompanying HKFRS 16 Leases

The application of the new 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 and amendments to HKFRS that have been issued but not yet effective

The following new and amendments to HKFRS have been issued but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted by the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current[1]
HK-Int 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]

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

2 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

Those new and amendments to 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	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Sales of properties	**29,681,190**	25,613,680
Property rental income	**110,639**	116,563
Hotel and other services income	**4,313**	7,472
Total revenue	**29,796,142**	25,737,715

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 two reportable segments and one other segment for its operating segments as follows:

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 mainly 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 mainly 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, non-controlling interests and related companies and other liabilities directly attributable to the business activities of the operating segments and exclude tax liabilities, corporate liabilities and liabilities such as borrowings, certain 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, 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 2022 (Unaudited)				
Revenue from contracts with customers disaggregated by timing of revenue recognition	**29,681,190**	**-**	**4,313**	**29,685,503**
- Goods transferred at a point in time	**29,461,069**	**-**	**-**	**29,461,069**
- Goods transferred over time	**220,121**	**-**	**-**	**220,121**
- Services transferred over time	**-**	**-**	**4,313**	**4,313**
Revenue from other sources: rental income	**-**	**110,639**	**-**	**110,639**
Reportable segment revenue	**29,681,190**	**110,639**	**4,313**	**29,796,142**
Reportable segment profit/(loss)	**4,468,376**	**83,699**	**(28,878)**	**4,523,197**
Corporate income				**22,731**
Finance costs				**(24,120)**
Other corporate expenses				**(10,056)**
Profit before income tax				**4,511,752**
As at 30 June 2022 (Unaudited)				
Reportable segment assets	**180,528,415**	**4,208,097**	**589,189**	**185,325,701**
Tax assets				**4,081,118**
Corporate assets^				**519,806**
Total consolidated assets				**189,926,625**
Reportable segment liabilities	**96,230,901**	**57,379**	**602**	**96,288,882**
Tax liabilities				**7,219,685**
Borrowings				**44,593,491**
Amount due to a related company				**75,026**
Guaranteed notes payable				**3,437,851**
Other corporate liabilities				**910,540**
Total consolidated liabilities				**152,525,475**

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 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 31 December 2021 (Audited)				
Reportable segment assets	189,185,833	4,182,650	611,595	193,980,078
Tax assets				4,458,283
Corporate assets^				348,060
Total consolidated assets				198,786,421
Reportable segment liabilities	107,479,679	58,992	933	107,539,604
Tax liabilities				10,174,626
Borrowings				41,935,976
Amount due to a related company				75,026
Guaranteed notes payable				3,286,018
Other corporate liabilities				18,912
Total consolidated liabilities				163,030,162

^ As at 30 June 2022, corporate assets mainly included property, plant and equipment of RMB91,131,000 (31 December 2021: RMB95,910,000), right-of-use assets of RMB105,259,000 (31 December 2021: RMB92,185,000) and cash and bank balances of RMB322,090,000 (31 December 2021: RMB158,688,000), which are managed on a group basis.

6. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit before income tax is arrived at after charging/(crediting):		
Depreciation:		
Property, plant and equipment	**35,043**	31,904
Right-of-use assets	**13,007**	11,136
Total depreciation	**48,050**	43,040
Cost of sales and services provided comprise		
- Amount of inventories recognized as expense	**24,060,905**	19,648,815
- Write-down of inventories of properties	**229,568**	-
Staff costs	**601,365**	545,547
Net foreign exchange (gain)/loss	**(22,082)**	3,906

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current tax for the period		
Other regions of the PRC		
- Enterprise income tax ("EIT")	**1,013,053**	1,251,539
- Land appreciation tax ("LAT")	**816,152**	988,919
	1,829,205	2,240,458
Over provision in prior years		
Other regions of the PRC	**(3,095)**	(33,461)
Deferred tax	**8,759**	(103,505)
	1,834,869	2,103,492

No Hong Kong profits tax has been provided in the financial statements as the Group did not derive any estimated assessable profit 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 2021: 25%) on the estimated assessable profits.

PRC LAT is levied at progressive rates from 30% to 60% (six months ended 30 June 2021: 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$0.06 (six months ended 30 June 2021: HK$0.08) per share, amounting to HK$213,562,000, equivalent to approximately RMB184,871,000 (six months ended 30 June 2021: HK$273,869,000, equivalent to approximately RMB228,472,000), will be paid to the shareholders of the Company whose names appear in the Register of Members on 21 September 2022.

At the reporting date, a dividend of HK$0.30 per share, amounting to HK$1,027,008,000, equivalent to approximately RMB878,160,000 was recognized as distribution of the final dividend for the financial year ended 31 December 2021. At 30 June 2021, 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.

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Earnings		
Profit for the period attributable to owners of the Company	**2,449,936**	2,700,143

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	'000	'000
Weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue during the period	**3,423,360**	3,423,360

Diluted earnings per share for the six months ended 30 June 2022 and 2021 are the same as the basic earnings per share 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 when appropriate, date of transfer of property, is as follows:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
30 days or below	**12,456**	61,660
31–60 days	**-**	393
61–90 days	**4,094**	192
91–180 days	**222**	2,567
181–360 days	**19,396**	2,162
Over 360 days	**3,293**	2,531
	39,461	69,505

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 2022, 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 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
30 days or below	**4,714,950**	4,963,403
31–60 days	**399,357**	980,182
61–90 days	**388,015**	332,051
91–180 days	**2,229,453**	2,414,362
181–360 days	**3,462,081**	3,493,279
Over 360 days	**4,553,124**	4,583,610
	15,746,980	16,766,887

12. SHARE CAPITAL

	Number of ordinary shares	Carrying amount RMB'000
Issued and fully paid – ordinary shares with no par		
Balance at 1 January 2021 *(Audited)*, 31 December 2021 *(Audited)*, 1 January 2022 *(Unaudited)* and 30 June 2022 *(Unaudited)*	**3,423,359,841**	**5,579,100**

On 20 June 2022, the Company's shareholders approved at the annual general meeting the declaration of a final dividend of HK$0.3 per share for the year ended 31 December 2021. Shareholders were given an option to elect to receive the final dividend in cash or an allotment of new and fully paid shares in lieu of cash in whole or in part (the "Scrip Dividend Scheme").

Subsequent to the end of the reporting period, on 16 August 2022, 136,014,891 new shares were issued by the Company at a deemed price of HK$3.984 per share, credited as fully paid, to shareholders of the Company who had elected to receive scrip dividend shares, either in whole or in part, in lieu of cash under the Scrip Dividend Scheme. The total number of shares in issue increased to 3,559,374,732 after such issuance.

13. EVENT AFTER THE END OF THE REPORTING PERIOD

On 26 July 2022, 中海宏洋地產集團有限公司 (China Overseas Grand Oceans Property Group Limited* ("COGOP"), a wholly-owned subsidiary of the Company), established the COGOP Receivable Asset-backed Scheme 2022 Phase I (the "ABS Scheme"), under which senior asset-backed securities in the principal amount of RMB700,000,000 and subordinated asset-backed securities in the principal amount of RMB37,000,000 were issued and guaranteed by the Company. The senior asset-backed securities with the interest rate of 2.7% were subscribed by qualified investors and are listed on the Shanghai Stock Exchange, and the subordinated asset-backed securities were subscribed by COGOP. The proceeds from the ABS Scheme are intended for the working capital and business development.

** English translation for identification purpose only*

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 HK6 cents per share (2021: HK8 cents per share) for the six months ended 30 June 2022. The interim dividend will be payable in cash.

Relevant Dates for Interim Dividend Payment

Ex-dividend date	19 September 2022
Latest time to lodge transfer documents for registration with the Company's share registrar	At 4:30 p.m. on 20 September 2022
Closure of Register of Members	21 September 2022
Record date	21 September 2022
Despatch of dividend warrants	19 October 2022

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 17/F, Far East Finance Centre, 16 Harcourt Road, 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 2022.

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.

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 during the six months ended 30 June 2022.

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 2022 and up to the date of this announcement.

On 26 July 2022, 中海宏洋地產集團有限公司 (China Overseas Grand Oceans Property Group Limited* ("COGOP"), a wholly-owned subsidiary of the Company), established the COGOP Receivable Asset-backed Scheme 2022 Phase I (the "ABS Scheme"), under which senior asset-backed securities in the principal amount of RMB700,000,000 and subordinated asset-backed securities in the principal amount of RMB37,000,000 were issued and guaranteed by the Company. The senior asset-backed securities with the interest rate of 2.7% were subscribed by qualified investors and are listed on the Shanghai Stock Exchange, and the subordinated asset-backed securities were subscribed by COGOP. The proceeds from the ABS Scheme are intended for the working capital and business development.

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 2022, and discussed with the Company's management regarding auditing, internal control and other important matters.

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

Hong Kong, 17 August 2022

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 (https://www.cogogl.com.hk), the website of the Stock Exchange (https://www.hkexnews.hk) and the website of EQS TodayIR Limited (https://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.