SINO-OCEAN 遠洋集團

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL HIGHLIGHTS

- Total contracted sales amounted to a record high of RMB50,380 million, representing an increase of 24%.
- Revenue increased by 12% to RMB34,551 million, and gross profit margin increased to 22%.
- Profit attributable to owners of the Company significantly increased by 60% to RMB3,812 million.
- Basic earnings per share significantly increased by 74% to RMB0.493.
- Total borrowings reduced by RMB8,116 million to RMB43,810 million. The net gearing ratio significantly reduced by 15 percentage points to 44%. Cash resources amounted to RMB22,341 million, maintaining financial soundness.
- The Group's weighted average interest rate decreased to 5.38%, a decrease of 87 basis points as compared to 2015.
- Total assets amounted to approximately RMB151,265 million, and equity attributable to owners of the Company amounted to RMB43,999 million.
- The Board proposed a final dividend of HKD0.12 per share, representing an increase of 140%. Together with the interim dividend of HKD0.079 per share, total dividend declared for the year was HKD0.199 per share. Dividend payout ratio increased 1 percentage point to 34%.

Sino-Ocean Group Holding Limited
(Incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance)
Stock Code : 03377

The Board of Directors (the “Board”) of Sino-Ocean Group Holding Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively “our Group”, “the Group” or “We”) for the year ended 31 December 2016.

For the twelve months ended 31 December 2016, the Group recorded RMB34,551 million in revenue, an increase of 12% compared to the previous year. Profit attributable to owners of the Company and earnings per share reached RMB3,812 million and RMB0.493, rising 60% and 74% respectively.

Based on the profit attributable to owners of the Company in 2016, the Board is pleased to propose a final dividend of HKD0.12 per share for the year ended 31 December 2016. Together with the interim dividend of HKD0.079 per share, total dividend per share for 2016 was HKD0.199 (2015: HKD0.125), representing a dividend payout ratio of 34% (2015: 33%). The payment of the 2016 final dividend would be subject to shareholders’ approval at the Company’s annual general meeting (the “AGM”).

MARKET REVIEW AND PROSPECT

2016 market review

2016 was a year of cycle reversal for the real estate industry. The relaxed policies since 2014 produced satisfactory results on de-stocking in the past year. Both volume and sales prices of commodity housing in major cities throughout the country in the first three quarters climbed. Total gross floor area (“GFA”) of commodity housing sold in 2016 rose to 1,573.49 million sq.m., an increase of 22.5% year-on-year (“YoY”). Total sales reached RMB11,762.7 billion, rising by 34.8% YoY, an all time high. Stock available for sale at the end of the year decreased even when investments in property development and GFA of new work rebounded. The rapid rise in transactions boosted property prices in popular cities excessively and also the potential risk of asset bubbles. In March 2016, some cities re-introduced policies to restrict purchase, loan and price. Since September, guided by the objectives of ‘de-leveraging’ and ‘suppressing asset bubbles’, major tier-one and tier-two cities adjusted the policies according to their own situation and tightened overall policies on purchase, loan, capital and land, transactions dropped as a result. Prices of commodity housing went into a period of stable consolidation.

The fluctuations of the market accentuated the differentiation of various cities. Asset prices of tier-one cities in prime city clusters such as Beijing-Tianjin-Hebei Region, the Yangtze Delta and Pearl River Delta quickly approached those of international cities and influenced transaction volumes and prices of peripheral cities such as Langfang, Suzhou, Foshan and Dongguan. Total GFA of commodity housing transacted in the three major city clusters amounted to 40% of the national total. Residential prices in regional centre cities such as Hefei, Zhengzhou, Wuhan and Jinan rose by 20%–40% YoY and stock for sale dropped to a record low. However, population in most tier-three and tier-four cities is unlikely to grow much. Therefore, overall stock level remained high despite improved transaction volumes and prices. People, resources and economic activities continued to be drawn towards prime city clusters and regional centre cities. These cities are still the foci of China’s regional economic development and the real estate industry will continue to gravitate towards the regions mentioned above.

As GFA sold and sales amount reached historical high again, the industry's total growth approached its limit and competition became even steeper. Pace of industry consolidation escalated. Sales of the top ten property developers exceeded 21% of the market share in 2016, 1.4% higher YoY. Market share of the next 20 developers dropped YoY and competition among branded enterprises heightened. As fierce competition in land bidding thrust land prices up, many plots were acquired at a premium in 2016 in the open market, each one higher than the other. Although the ratio of land sales in tier-one cities decreased, average land price of urban residential plots in 35 medium to large cities increased by approximately 38.1% accumulatively in the first three quarters and by 48.6% in the third quarter YoY. Faced with steep competition, property enterprises actively sought opportunities for acquisitions of companies and projects. Certain benchmarking enterprises had completed mergers and acquisitions at the company level. More and more developers are choosing merges and acquisitions of projects, joint-development and joint-acquisition of land as ways to tackle high land prices.

Market outlook in 2017

China's macro economy is still facing enormous internal and external pressures in 2017. The Central Government is working on stable growth but at the same time risk aversion. The goal is for the country's GDP to have a steady but progressive growth of about 6.5%. At the same time, to avoid fluctuations in asset values and systemic financial risk brought about by gearing in the initial phase, the government was determined to implement strict overall control in the real estate market since October 2016. Money supply was effectively controlled. All major cities in China continued to tighten land acquisition and policies on real estate finance and property sale. The likelihood of returning to lax real estate policies and letting property investments to stimulate the macro economic growth is small. The Central Economic Working Conference has proposed policies to curb real estate bubbles on the one hand and prevent excessive fluctuations on the other hand as the way the industry will go by in 2017.

In a regulated environment, superior property enterprises may see a rare window of opportunity in an unfavorable market in 2017. The People's Bank of China, the China Securities Regulatory Commission, the China Banking Regulatory Commission and the Asset Management Association of China strictly prohibit irregular entry of all non-standardized funds into real estate. Since the Shanghai Stock Exchange and Shenzhen Stock Exchange raised the threshold for the issue of corporate bonds by property enterprises, industry players are now relying more and more on their own funds. Many property companies recently were unable to raise capital they set out to do. In the meantime, the stringent control on property prices limited profit-yield of land acquired at high cost. The pressure on capital will provide considerable mergers and acquisitions opportunities for property enterprises in a solid financial position. In addition, with this round of regulations of 'supporting reasonable self-use purchase', demand in city clusters and major tier-two cities is suppressed in the short-term but will be released in an orderly manner later. In tier-one and tier-two cities where overall stocks are relatively low and have room for sales transactions and prices to grow, a sensible location planning of land bank will give premium developers a foundation for sustainable growth.

Certain emerging sub-segments in the real estate industry are hoped to progress from incubation to fast-growth in 2017. On the one hand, in an environment in which the primary business is affected by macro policies, traditional business becomes more competitive and core competitiveness of emerging sub-segments matures, property developers have the motivation and capability to speed up the growth of a diversified business. On the other hand, socio-economic changes such as the rising consumption power of the urban middle-class, the ageing of the first generation of baby-boomers, the bigger singles population and a lower threshold to starting a new business have created a lot of rooms for mid to high-end commercial space, logistics real estate, senior living real estate, long-lease apartments and co-work space to develop. To grow rapidly in areas where one has core competitiveness and resources, participating in setting industry standards and establishing an advantageous position will be the vantage point that traditional property developers fight for.

FINANCIAL REVIEW

Revenue

The Group's revenue in 2016 increased by 12% to RMB34,551 million, from RMB30,824 million in 2015. Property development segment remained the largest contributor which accounted for about 89% of the total revenue.

(RMB million)	**2016**	2015	Change (%)
Property development	**30,809**	27,095	14%
Property investment	**886**	767	16%
Property management	**899**	819	10%
Other real estate related businesses	**1,957**	2,143	-9%
Total	**34,551**	30,824	12%

Beijing as our home base accounted for approximately 46% (2015: 39%) of the Group's total revenue in 2016, amounting to RMB15,837 million (2015: RMB11,884 million). As we have developed a diversified portfolio of landbank, contributions from the other tier-one and tier-two cities remained stable. In 2016, contributions of revenue from cities including Dalian, Tianjin, Shanghai, Hangzhou and Zhongshan amounted to RMB15,187 million, accounting for approximately 44% of the total revenue (2015: 49%).

Cost of sales

The cost of property development, mainly comprising of land cost and construction cost, accounted for approximately 90% of the Group's total cost of sales in 2016 (2015: 90%). Excluding car parks, average land cost per sq.m. of property development business in 2016 decreased slightly to approximately RMB3,400 compared to RMB3,800 in 2015, which was due to more properties delivered from recently acquired projects at relatively lower cost during market downward cycle. Average construction cost per sq.m. (excluding car parks) for property development business decreased to approximately RMB5,900 for the year, compared to RMB6,400 in 2015.

Gross profit

Gross profit for the year was RMB7,636 million, representing an increase of 20% compared to 2015. Gross profit margin increased to 22% (2015: 21%).

Interest and other income and losses, net

Interest and other income increased by 31% to RMB1,508 million in 2016, compared to RMB1,153 million in 2015. Such increase was mainly due to the increase in the overall interest income during the year.

The Group recorded other losses (net) of RMB86 million (2015: RMB735 million). Other losses (net) were mainly comprised of exchange losses and revaluation gains on certain financial assets during the year.

Revaluation of investment properties

The Group recognized an increase in fair value on its investment properties (before tax and non-controlling interests) of RMB1,763 million for 2016 (2015: RMB703 million).

Operating expenses

Selling and marketing expenses for 2016 dropped to RMB519 million (2015: RMB550 million). These costs accounted for only approximately 1.0% of the total contracted sales amount for 2016 (2015: 1.4%).

Administrative expenses incurred for 2016 increased to RMB988 million (2015: RMB851 million), representing 2.9% of the total revenue for 2016 (2015: 2.8%). We will continue to adopt strict cost control measures to maintain these costs at a relatively stable and lower level.

Finance costs

Our weighted average interest rate decreased significantly to 5.38% in 2016 (2015: 6.25%), while total interest expenses paid or accrued amounted to RMB2,841 million (2015: RMB3,551 million), of which RMB818 million (2015: RMB701 million) was not capitalized and charged through consolidated income statement.

Taxation

The aggregate of enterprise income tax and deferred tax increased by 15% to RMB2,275 million in 2016 (2015: RMB1,983 million), reflecting an effective tax rate of 34% (2015: 47%). The decrease in effective tax rate was due to less one-off items and other tax non-deductible expenses during the year. In addition, land appreciation tax in 2016 increased to RMB1,787 million (2015: RMB421 million) due to more deliveries of high gross profit margin projects during the year, such as Ocean LA VIE in Beijing.

Profit attributable to owners of the Company

Profit attributable to owners of the Company increased significantly by 60% to RMB3,812 million in 2016, compared to RMB2,384 million in 2015. Excluding one-off items and fair value gains on investment properties, core profit amounted to RMB2,666 million, a decrease of 13% compared to RMB3,065 million in 2015 due to land appreciation tax of high gross profit margin projects. Core profit margin decreased 2 percentage points to 8% (2015: 10%).

Financial resources and liquidity

As at 31 December 2016, the Group had total cash resources (including cash and cash equivalents and restricted bank deposits) of RMB22,341 million, with a current ratio of 1.72 times. Together with unutilized credit facilities of about RMB118,700 million, the Group is financially sound.

The Group's net gearing ratio (i.e. total borrowings less total cash resources divided by total equity) significantly decreased by 15 percentage points to approximately 44% (2015: approximately 59%).

The maturities of the Group's total borrowings are set out as follows:

(RMB million)	**As at 31 December 2016**	As at 31 December 2015	Change (%)
Within 1 year	**6,195**	8,566	-28%
1 to 2 years	**4,005**	9,623	-58%
2 to 5 years	**19,065**	17,496	9%
Over 5 years	**14,545**	16,241	-10%
Total	**43,810**	51,926	-16%

BUSINESS REVIEW

Property development

Recognized sales

Revenue from property development business increased by 14% in 2016, amounting to RMB30,809 million (2015: RMB27,095 million). Saleable GFA delivered increased by 13% from approximately 2,058,000 sq.m. in 2015 to approximately 2,325,000 sq.m. in 2016. Excluding car parks sales, the average selling price recognized in 2016 was about RMB14,300 per sq.m. (2015: RMB14,600 per sq.m.).

Revenue and saleable GFA delivered from each project during 2016 are set out as follows:

Region	Cities	Projects	Revenue *(RMB million)*	Saleable GFA delivered *(sq.m.)*	Average selling price recognized *(RMB/sq.m.)*	Interest attributable to the Group *(%)*
Beijing-Tianjin-Hebei Region	Beijing	Ocean Crown	1,096	14,641	74,900	100%
		Ocean LA VIE	5,017	63,029	79,600	85.72%
		Ocean Manor	28	1,397	20,000	100%
		Ocean Melody	1,497	34,124	43,900	100%
		Ocean Palace	3,811	107,430	35,500	100%
		POETRY OF RIVER	829	26,223	31,600	100%
	Tianjin	Ocean Chanson	612	61,971	9,900	100%
		Ocean City	1,624	193,341	8,400	100%
		Ocean Express	49	7,072	6,900	100%
		Ocean International Center	97	7,115	13,600	100%
		Ocean Prospect	88	8,782	10,000	100%
		Royal River	158	21,203	7,500	100%
			14,906	**546,328**	**27,300**	
Northeast Region	Dalian	Ocean Diamond Bay	1,485	139,784	10,600	100%
		Ocean Worldview	1,237	136,782	9,000	100%
		The Place of Glory	3,076	316,300	9,700	100%
	Shenyang	Ocean Paradise	9	1,325	6,800	100%
		Ocean Residence	19	3,569	5,300	100%
	Changchun	Ocean Cannes Town	532	70,131	7,600	100%
			6,358	**667,891**	**9,500**	
Central Region	Shanghai	Ocean Fortune Center	390	10,973	35,500	100%
		Ocean Mansion No. 7	31	1,814	17,100	100%
		Ocean Melody	1,561	78,066	20,000	100%
	Hangzhou	Ocean In Your Heart	20	1,355	14,800	100%
		Ocean Mansion	209	6,248	33,500	100%
		Canal Business Center Project	714	32,237	22,100	100%
	Nanjing	Ocean International Center	1,055	44,216	23,900	100%
	Huangshan	An Island Paradise	52	5,913	8,800	100%
	Qingdao	Ocean Prospect	2	90	22,200	100%
	Wuhan	Ocean World	299	54,456	5,500	55%
			4,333	**235,368**	**18,400**	

Region	Cities	Projects	Revenue (RMB million)	Saleable GFA delivered (sq.m.)	Average selling price recognized (RMB/sq.m.)	Interest attributable to the Group (%)
Southern Region	Shenzhen	Ocean Express	339	10,951	31,000	84.70%
	Zhongshan	Ocean Aromas	567	106,225	5,300	51%
		Ocean Bloom	717	154,387	4,600	51%
		Ocean City	118	24,304	4,900	100%
		Ocean Emerald	599	128,136	4,700	51%
		Ocean Magic City	638	110,160	5,800	51%
		Ocean New Era	15	1,476	10,200	100%
		The Place	425	72,790	5,800	50%
	Haikou	Ocean Zen House	143	13,116	10,900	100%
	Sanya	Mountain Creek	692	21,950	31,500	98.27%
			4,253	**643,495**	**6,600**	
Subtotal			29,850	2,093,082	14,300	
Car Parks (various projects)			959	231,745	4,100	
Total			**30,809**	**2,324,827**	**13,300**	

Contracted sales

Our contracted sales (including our joint ventures and associates) in 2016 amounted to a record high of RMB50,380 million, representing a 24% increase compared to RMB40,537 million in 2015. The average selling price (excluding car parks) increased by 29% to RMB17,900 per sq.m. (2015: RMB13,900 per sq.m.). The average selling price (including car parks) increased by 37% to RMB17,400 per sq.m. (2015: RMB12,700 per sq.m.).

The contracted sales amounts and saleable GFA sold by projects in 2016 are set out below:

Region	Cities	Projects	Contracted sales amount *(RMB Million)*	Saleable GFA Sold *(sq.m)*	Average selling price *(RMB/sq.m.)*	Interest attributable to the Group *(%)*
Beijing-Tianjin-Hebei Region	Beijing	Ocean Crown	197	3,800	51,800	100%
		Ocean Epoch	4,584	59,800	76,700	67.50%
		Ocean LA VIE	2,398	40,400	59,400	85.72%
		Ocean Manor	271	5,700	47,500	100%
		Ocean Melody	78	2,100	37,100	100%
		Ocean Metropolis	2,599	69,800	37,200	75%
		Ocean Palace	1,823	51,900	35,100	100%
		26 Block	3,103	112,800	27,500	100%
		Core Center Plot, Tongzhou District	5,631	194,800	28,900	50%
		External Scenery	105	6,200	16,900	50%
		Our New World	694	22,000	31,500	100%
		POETRY OF RIVER	138	5,400	25,600	100%
	Tianjin	Ocean Chanson	415	28,200	14,700	100%
		Ocean City	1,861	183,700	10,100	100%
		Ocean Express	54	7,800	6,900	100%
		Ocean Great Harmony	1	100	10,000	100%
		Ocean International Center	666	42,300	15,700	100%
		Ocean Inside	1,229	87,900	14,000	55%
		Ocean Prospect	144	9,200	15,700	100%
		Royal River	407	41,000	9,900	100%
		Yixingbu Project, Beichen District	43	3,900	11,000	51%
			26,441	**978,800**	**27,000**	
Northeast Region	Dalian	Ocean Diamond Bay	1,200	111,400	10,800	100%
		Ocean Worldview	653	82,700	7,900	100%
		The Place of Glory	1,546	135,800	11,400	100%
	Shenyang	Ocean Paradise	19	3,500	5,400	100%
		Ocean Residence	20	2,400	8,300	100%
		Grand Canal Milestone	1,000	76,300	13,100	15%
	Changchun	Ocean Cannes Town	647	75,600	8,600	100%
			5,085	**487,700**	**10,400**	

Region	Cities	Projects	Contracted sales amount *(RMB Million)*	Saleable GFA Sold *(sq.m)*	Average selling price *(RMB/sq.m.)*	Interest attributable to the Group *(%)*
Central Region	Shanghai	Ocean Fortune Center	200	6,500	30,800	100%
		Ocean Mansion No. 7	100	8,900	11,200	100%
		Ocean Melody	2,408	107,000	22,500	100%
		Chongming Dongtan Project	1,206	47,500	25,400	13.54%
	Hangzhou	Ocean Chanson	877	63,000	13,900	51%
		Ocean In Your Heart	31	600	51,700	100%
		Ocean Mansion	92	2,200	41,800	100%
		Ocean Melody	699	29,500	23,700	100%
		Canal Business Center Project	793	60,400	13,100	100%
	Nanjing	Ocean International Center	1,200	43,100	27,800	100%
		Sino-Ocean Land Greenland Premier Court	303	16,200	18,700	50%
	Huangshan	An Island Paradise	10	1,500	6,700	100%
	Qingdao	Ocean Melody	520	56,900	9,100	100%
	Wuhan	Ocean World	934	150,300	6,200	55%
		Hejiadun Project	1,896	157,800	12,000	38%
			11,269	**751,400**	**15,000**	
Southern Region	Shenzhen	Ocean Express	4	100	40,000	84.70%
	Guangzhou	Elite Palace	2,586	81,800	31,600	30%
	Zhongshan	Ocean Aromas	114	20,900	5,500	51%
		Ocean Bloom	335	63,100	5,300	51%
		Ocean City	300	28,900	10,400	100%
		Ocean Emerald	645	114,500	5,600	51%
		Ocean Magic City	184	23,000	8,000	51%
	Haikou	Ocean Zen House	330	28,800	11,500	100%
	Sanya	Mountain Creek	907	22,800	39,800	98.27%

Region	Cities	Projects	Contracted sales amount *(RMB Million)*	Saleable GFA Sold *(sq.m)*	Average selling price *(RMB/sq.m.)*	Interest attributable to the Group *(%)*
	Chongqing	Sino-Ocean International GOLF Resort	275	19,400	14,200	42.25%
		Gaomiao Plot, Jiulongpo District	792	131,500	6,000	37.71%
			6,472	**534,800**	**12,100**	
Subtotal			49,267	2,752,700	17,900	
Other joint venture projects			807	52,200	15,500	
Subtotal (excluding car parks)			50,074	2,804,900	17,900	
Car parks (various projects)			306	97,100	3,200	
Total			**50,380**	**2,902,000**	**17,400**	

Landbank and Construction in Progress

Total GFA and total saleable GFA completed in 2016 were approximately 3,087,900 sq.m. and 2,525,500 sq.m., increasing by 17% and 31% respectively as compared to that in 2015.

The Group's landbank increased by 9% to approximately 21,699,000 sq.m. in 2016 (2015: 19,921,000 sq.m.); while landbank with attributable interest decreased by 5% to 13,746,000 sq.m. (2015: 14,545,000 sq.m.). In 2016, we acquired 17 plots of land and 2 matured projects. Total GFA and attributable interest GFA of the newly acquired land plots were 4,671,000 sq.m. and 1,447,000 sq.m. respectively, with average acquisition cost per sq.m. of RMB6,200. The average land cost per sq.m. for our landbank as at 31 December 2016 was approximately RMB4,700 (2015: RMB3,400).

The Group's landbank details as at 31 December 2016 are set out as follows:

Region	Cities	Projects	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
Beijing-Tianjin-Hebei Region	Beijing	26 Block	79	79	79	100%
		CBD Plot Z6	241	185	241	100%
		CBD Plot Z13	162	126	162	10%
		Changping Sci-tech Park F2 Project	256	193	251	50%
		Core Center Plot, Tongzhou District	479	334	479	50%
		Eternal Scenery	482	341	482	50%
		Happy Garden	195	163	164	30%
		Lize Business District Project	441	331	441	17.25%
		Mizhiyun Project	80	71	42	90%
		Nanfaxin Project, Shunyi District	277	206	277	23%
		Ocean Crown	224	197	11	100%
		Ocean Epoch	264	198	264	67.50%
		Ocean LA VIE	318	305	116	85.72%
		Ocean Manor	194	177	7	100%
		Ocean Melody	55	50	9	100%
		Ocean Metropolis	330	276	330	75%
		Ocean Palace	436	383	109	100%
		Our New World	109	91	109	100%
		Plot 6002, Mentougou, New Town	125	97	125	21%
		Xiang He Wan Run project	269	180	269	20%
		Xiji Plot C, Tongzhou District	221	170	221	30%
		Yizhuang Motor Tower Project	67	41	67	100%
	Tianjin	Haihe Jiaoyuyuan Plot 14	285	194	285	25%
		Haihe Jiaoyuyuan Plot 13	227	171	227	33%
		Ocean Chanson	204	199	141	100%
		Ocean City	2,137	1,683	657	100%
		Ocean Express	335	288	10	100%
		Ocean Great Harmony	350	290	50	100%
		Ocean International Center	321	200	178	100%
		Ocean Inside	183	176	183	55%
		Ocean Prospect	321	309	53	100%
		Royal River	349	333	257	100%
		Yixingbu Project, Beichen District	3,034	2,614	3,003	51%
			13,050	**10,651**	**9,299**	

Region	Cities	Projects	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
Northeast Region	Dalian	The Place of Glory	925	875	547	100%
		Ocean Diamond Bay	2,046	1,746	1,341	100%
		Ocean Worldview	1,903	1,645	368	100%
		Sino-Ocean Technopole	922	540	922	100%
		Xiaoyao Bay Project	219	175	219	100%
		Zhonghua Road Plot #2	111	52	111	100%
	Shenyang	Grand Canal Milestone	382	257	382	15%
		Ocean Paradise	713	695	17	100%
	Changchun	Ocean Cannes Town	1,237	898	674	100%
			8,458	**6,883**	**4,581**	
Central Region	Shanghai	Chongming Dongtan Project	1,072	672	1,072	13.54%
		Jinyi Project	24	–	24	100%
		Ocean Fortune Center	59	45	44	100%
		Ocean Mansion No. 7	117	110	21	100%
		Ocean Melody	312	279	225	100%
	Hangzhou	Canal Business Center Project	609	153	461	100%
		Natural Masterpiece	145	99	145	50%
		Ocean Chanson	98	72	98	51%
		Ocean In Your Heart	171	109	3	100%
		Ocean Melody	58	39	58	100%
	Nanjing	Ocean International Center	147	116	89	100%
		Sino-Ocean Land Greenl and PremierCourt	71	67	71	50%
	Huangshan	An Island Paradise	155	154	89	100%
	Qingdao	Ocean Melody	109	107	109	100%
		Ocean Seasons	146	132	17	100%
	Wuhan	Hejiadun Project	1,020	971	1,020	38%
		Ocean World	398	369	274	55%
			4,711	**3,494**	**3,820**	

Region	Cities	Projects	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
Southern Region	Shenzhen	Lishan Project	171	120	67	51%
		Long Chuan Tang Project	115	52	115	80%
		Ocean Express	556	437	354	84.70%
		Ocean Metropolis	390	292	377	85%
	Guangzhou	Elite Palace	310	279	310	30%
		Honoka Project in Baiyun District	285	198	285	16.66%
	Zhongshan	Da Xin Rong Jia Project	103	78	103	25%
		Jin Ma You Yi Chang Project	91	66	91	15%
		The Place	226	148	226	50%
		Ocean Aroma	141	125	17	51%
		Ocean Bloom	200	189	35	51%
		Ocean City	2,083	1,735	114	100%
		Ocean Emerald	437	412	301	51%
		Ocean Magic City	170	160	53	51%
		Ocean New Era	515	494	3	100%
	Hong Kong	LOHAS Park Package 6, Tseung Kwan O	137	136	137	40%
	Haikou	Ocean Zen House	117	106	77	100%
	Sanya	Mountain Creek	177	111	142	98.27%
	Chongqing	Gaomiao Plot, Jiulongpo District	126	125	126	37.31%
		Gaomiao Project, Phase II, Jiulongpo District	285	213	285	37.31%
		Jiuquhe Plot 2 of Yubei District	335	246	335	37.71%
		Sino-Ocean International GOLF Resort	592	480	244	42.25%
	Chengdu	Sino-Ocean Taikoo Li Chengdu	417	148	202	50%
			7,979	**6,350**	**3,999**	
Total			**34,198**	**27,378**	**21,699**	

Property investment

In 2016, revenue from property investment increased by 16% to RMB886 million (2015: RMB767 million). As at 31 December 2016, the Group held 10 operating investment properties, several small-scale office units, community retail streets and car parks for rental.

List of our investment properties as at 31 December 2016 is set out as follows:

	Approximate leasable area *(sq.m.)*	Office premises *(sq.m.)*	Retail space *(sq.m.)*	Others *(sq.m.)*	Occupancy rate as at 31 December 2016 *(%)*	Interest attributable to the Group *(%)*
Ocean Plaza (Beijing)	30,000	26,000	–	4,000	100%	72%
Ocean International Center Block A (Beijing)	101,000	75,000	9,000	17,000	92%	100%
Ocean Office Park (Beijing)	127,000	81,000	22,000	24,000	90%	100%
Ocean We-life Plaza (Beijing)	31,000	–	31,000	–	98%	100%
Ocean We-life Plaza (Tianjin)	41,000	–	41,000	–	93%	100%
North Carolina Project (USA)	12,000	12,000	–	–	89%	70%
Other projects	77,000	3,000	59,000	15,000	90%	99%
Sub-total	419,000	197,000	162,000	60,000		
Other						
INDIGO (Beijing)	176,000	49,000	71,000	56,000	94%	50%
Ocean International Center, Phase II (Beijing)	77,000	47,000	19,000	11,000	95%	35%
East Ocean Center (Shanghai)	62,000	43,000	7,000	12,000	96%	50%
Sino-Ocean Taikoo Li Chengdu (Chengdu)	99,000	–	82,000	17,000	91%	50%
Total	**833,000**	**336,000**	**341,000**	**156,000**		

The audited consolidated results of the Group for the year ended 31 December 2016 are as follows:

Consolidated Balance Sheet

	Note	**As at 31 December** **2016** ***RMB'000***	2015 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**896,922**	584,068
Land use rights		**53,788**	52,094
Investment properties		**16,292,128**	13,555,320
Goodwill		**128,227**	56,700
Investments in joint ventures		**10,859,178**	6,958,559
Investments in associates		**3,018,922**	2,773,307
Available-for-sale financial assets		**3,653,653**	3,306,136
Trade and other receivables	*5*	**9,419,822**	12,644,947
Deferred income tax assets		**1,110,453**	938,049
		45,433,093	40,869,180
Current assets			
Prepayments for land use rights		**5,983,061**	5,983,561
Properties under development		**33,900,115**	38,037,060
Inventories, at cost		**106,403**	80,371
Amounts due from customers for contract work		**538,571**	915,791
Land development cost recoverable		**1,987,353**	2,177,819
Completed properties held for sale		**18,058,115**	12,023,402
Financial assets at fair value through profit or loss		**355,228**	196,928
Trade and other receivables	*5*	**22,561,963**	24,174,723
Restricted bank deposits		**3,288,450**	3,456,473
Cash and cash equivalents		**19,052,833**	20,269,584
		105,832,092	107,315,712
Total assets		**151,265,185**	148,184,892

	Note	As at 31 December 2016 RMB'000	2015 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Capital		**26,920,490**	26,915,412
Shares held for Restricted Share Award Scheme		**(147,280)**	(32,366)
Reserves		**(359,691)**	(410,945)
Retained earnings		**17,585,122**	14,758,572
		43,998,641	41,230,673
Capital securities		**–**	2,532,866
Non-controlling interests		**5,331,239**	4,426,735
Total equity		**49,329,880**	48,190,274
LIABILITIES			
Non-current liabilities			
Borrowings		**37,614,895**	43,360,054
Trade and other payables	*6*	**7,112**	13,377
Deferred income tax liabilities		**2,759,924**	2,071,835
		40,381,931	45,445,266
Current liabilities			
Borrowings		**6,194,924**	8,565,785
Trade and other payables	*6*	**33,844,502**	25,261,541
Advance receipts from customers		**16,085,465**	16,563,682
Income tax payable		**5,428,483**	4,158,344
		61,553,374	54,549,352
Total liabilities		**101,935,305**	99,994,618
Total equity and liabilities		**151,265,185**	148,184,892

Consolidated Income Statement

	Note	Year ended 31 December 2016 RMB'000	2015 RMB'000
Revenue	4	**34,551,239**	30,823,708
Cost of sales		**(26,914,966)**	(24,469,785)
Gross profit		**7,636,273**	6,353,923
Interest and other income		**1,508,226**	1,153,079
Other losses — net	8	**(85,876)**	(735,001)
Fair value gains on investment properties		**1,762,637**	703,443
Selling and marketing expenses		**(518,759)**	(549,517)
Administrative expenses		**(988,084)**	(850,940)
Operating profit		**9,314,417**	6,074,987
Finance costs	9	**(818,247)**	(701,179)
Share of results of joint ventures		**53,561**	(650,550)
Share of results of associates		**(42,024)**	(68,201)
Profit before income tax		**8,507,707**	4,655,057
Income tax expense	10	**(4,062,147)**	(2,403,724)
Profit for the year		**4,445,560**	2,251,333
Attributable to:			
Owners of the Company		**3,812,230**	2,383,715
Non-controlling interests		**633,330**	(132,382)
		4,445,560	2,251,333
Earnings per share attributable to owners of the Company during the year (expressed in RMB)			
Basic earnings per share	11	**0.493**	0.284
Diluted earnings per share	11	**0.493**	0.283

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Profit for the year	**4,445,560**	2,251,333
Other comprehensive income		
Items that may be reclassified to profit or loss		
Fair value gains on available-for-sale financial assets	**281,212**	2,504
Reversal of fair value gains on available-for-sale financial assets due to the transfer from available-for-sale financial assets to associates	**(312,622)**	–
Currency translation differences	**(97,601)**	(46,149)
Share of other comprehensive income of investments accounted for using the equity method	**(34,427)**	(36,770)
Other comprehensive loss for the year	**(163,438)**	(80,415)
Total comprehensive income for the year	**4,282,122**	2,170,918
Total comprehensive income attributable to:		
— Owners of the Company	**3,637,380**	2,324,111
— Non-controlling interests	**644,742**	(153,193)
	4,282,122	2,170,918

1 GENERAL INFORMATION

Sino-Ocean Group Holding Limited, formerly known as Sino-Ocean Land Holdings Limited, (the "Company") is a limited liability company incorporated in Hong Kong on 12 March 2007. The address of its registered office is Suite 601, One Pacific Place, 88 Queensway, Hong Kong. The Company and its subsidiaries (together, the "Group") are principally engaged in investment holding, property development and property investment in the People's Republic of China (the "PRC").

The consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements have been approved for issue by the Board of Directors on 30 March 2017.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair values.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016 and which have no material impact on the Group:

Accounting for acquisitions of interests in joint operations — Amendments to HKFRS 11.

Clarification of acceptable methods of depreciation and amortisation — Amendments to HKAS 16 and HKAS 38.

Annual improvements to HKFRSs 2012–2014 cycle, and disclosure initiative — amendments to HKAS 1.

(b) *New and amended standards relevant to the Group that have been issued but are not effective for the financial year beginning 1 January 2016 and have not been early adopted*

HKFRS 9, "Financial instruments"

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The group does not intend to adopt HKFRS 9 before its mandatory date.

HKFRS 15, "Revenue from contracts with customers"

The Hong Kong Institute of Certified Public Accountants has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

HKFRS 16, "Leases"

HKFRS 16 will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

4 SEGMENT INFORMATION

The segment information provided to the chief operating committee for the reportable segments for the years ended 31 December 2016 and 2015 is as follows:

	Property development								
	Beijing-Tianjin-Hebei *RMB'000*	Northeast *RMB'000*	Central *RMB'000*	Southern *RMB'000*	Investment property *RMB'000*	All other segments *RMB'000*	Total *RMB'000*	Inter-company elimination *RMB'000*	Total *RMB'000*
Year ended 31 December 2016									
Total revenue	15,364,095	6,602,476	4,499,214	4,528,783	895,680	5,748,153	37,638,401	–	37,638,401
Inter-segment revenue	–	–	(48,705)	(137,255)	(10,041)	(2,891,161)	(3,087,162)	–	(3,087,162)
Revenue (from external customers)	15,364,095	6,602,476	4,450,509	4,391,528	885,639	2,856,992	34,551,239	–	34,551,239
Segment operating profit	3,911,303	785,831	736,113	908,589	765,942	2,220,233	9,328,011	(1,317,728)	8,010,283
Depreciation and amortization *(Note 7)*	(1,054)	(1,099)	(1,180)	(2,518)	(1,163)	(38,279)	(45,293)	–	(45,293)
Income tax expense *(Note 10)*	(2,153,210)	(332,325)	(367,122)	(402,857)	(444,495)	(362,138)	(4,062,147)	–	(4,062,147)
Finance income	162,766	236,424	169,489	193,554	280,474	1,785,634	2,828,341	(1,552,378)	1,275,963
Year ended 31 December 2015									
Total revenue	11,396,842	4,711,753	4,323,923	6,662,073	773,015	5,454,180	33,321,786	–	33,321,786
Inter-segment revenue	–	–	–	–	(6,376)	(2,491,702)	(2,498,078)	–	(2,498,078)
Revenue (from external customers)	11,396,842	4,711,753	4,323,923	6,662,073	766,639	2,962,478	30,823,708	–	30,823,708
Segment operating profit	2,425,607	287,006	996,463	1,242,743	746,478	1,211,542	6,909,839	(1,302,444)	5,607,395
Depreciation and amortization *(Note 7)*	(1,398)	(859)	(1,351)	(2,452)	(1,829)	(34,951)	(42,840)	–	(42,840)
Income tax expense *(Note 10)*	(733,649)	(135,581)	(238,912)	(726,437)	(171,723)	(397,422)	(2,403,724)	–	(2,403,724)
Finance income	121,997	269,168	183,388	198,877	64,437	1,698,166	2,536,033	(1,562,561)	973,472
As at 31 December 2016									
Total segment assets	36,541,134	21,978,414	21,503,191	14,608,805	27,383,511	178,656,573	300,671,628	(170,364,203)	130,307,425
Additions to non-current assets (other than financial instruments and deferred income tax assets)	538	804	607	1,915	2,707,105	368,229	3,079,198	–	3,079,198
Total segment liabilities	23,617,744	6,881,608	9,556,840	8,779,978	6,033,054	167,531,511	222,400,735	(167,035,173)	55,365,562
As at 31 December 2015									
Total segment assets	36,324,347	28,208,531	17,198,356	15,530,484	26,081,792	175,078,824	298,422,334	(167,706,989)	130,715,345
Additions to non-current assets (other than financial instruments and deferred income tax assets)	827	775	1,014	2,084	1,664,079	404,761	2,073,540	–	2,073,540
Total segment liabilities	23,131,306	9,193,651	4,232,325	9,389,292	5,582,970	159,788,800	211,318,344	(165,321,400)	45,996,944

A reconciliation of segment operating profit to profit before income tax is provided as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Segment operating profit	**8,010,283**	5,607,395
Corporate finance income	**119,819**	149,764
Corporate overheads	**(578,322)**	(385,615)
Fair value gains on investment properties	**1,762,637**	703,443
Share of results of joint ventures	**53,561**	(650,550)
Share of results of associates	**(42,024)**	(68,201)
Finance costs *(Note 9)*	**(818,247)**	(701,179)
Profit before income tax	**8,507,707**	4,655,057

Reportable and other segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	As at 31 December	
	2016	2015
	RMB'000	*RMB'000*
Total segment assets	**130,307,425**	130,715,345
Corporate cash and cash equivalents	**1,960,326**	3,296,568
Investments in joint ventures	**10,859,178**	6,958,559
Investments in associates	**3,018,922**	2,773,307
Available-for-sale financial assets	**3,653,653**	3,306,136
Financial assets at fair value through profit or loss	**355,228**	196,928
Deferred income tax assets	**1,110,453**	938,049
Total assets per consolidated balance sheet	**151,265,185**	148,184,892
Total segment liabilities	**55,365,562**	45,996,944
Current borrowings	**6,194,924**	8,565,785
Non-current borrowings	**37,614,895**	43,360,054
Deferred income tax liabilities	**2,759,924**	2,071,835
Total liabilities per consolidated balance sheet	**101,935,305**	99,994,618

The Company is incorporated in Hong Kong, with most of its major subsidiaries domiciled in the PRC. Revenues from external customers of the Group are mainly derived in the PRC for the years ended 31 December 2016 and 2015.

As at 31 December 2016, total non-current assets other than financial instruments and deferred income tax assets located in the PRC is RMB30,608,311,000 (2015: RMB23,534,447,000), the total of these non-current assets located in Hong Kong and the United States is RMB640,854,000 (2015: RMB445,601,000).

For the year ended 31 December 2016 and 2015, the Group does not have any single customer with the transaction value over 10% of the total external sales.

5 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2016	2015
	RMB'000	*RMB'000*
Trade receivables	**1,107,888**	763,055
Less: provision for impairment	**(25,745)**	(17,371)
Trade receivables — net (a)	**1,082,143**	745,684
Tax prepayments	**2,667,998**	2,561,304
Entrusted loans to third parties	**5,071,211**	4,831,645
Entrusted loans to joint ventures	**6,101,800**	9,583,233
Entrusted loans to associates	**617,106**	1,969,083
Entrusted loans to non-controlling interests	**446,430**	80,622
Receivables from government	**710,068**	1,577,117
Receivables from partial disposal of interests in a subsidiary	**–**	292,078
Receivables from disposal of interests in an associate	**248,000**	–
Amounts due from joint ventures	**4,519,138**	7,165,797
Amounts due from associates	**2,828,199**	2,645,054
Amounts due from non-controlling interests	**1,323,284**	201,323
Amounts due from third parties	**3,520,673**	340,907
Cooperation deposits	**1,679,095**	4,069,169
Other prepayments	**281,627**	213,730
Other receivables	**885,013**	542,924
	31,981,785	36,819,670
Less: non-current portion	**(9,419,822)**	(12,644,947)
Current portion	**22,561,963**	24,174,723

The carrying amounts of trade and other receivables approximate their respective fair values as at 31 December 2016 and 2015.

(a) Trade receivables

Proceeds from services and sales rendered are to be received in accordance with the term of respective agreement. An ageing analysis of trade receivables at the respective balance sheet dates is as follows:

	As at 31 December	
	2016	2015
	RMB'000	*RMB'000*
Within 6 months	**869,766**	565,036
Between 6 months to 1 year	**100,213**	110,787
Between 1 year to 2 years	**116,972**	50,300
Between 2 years to 3 years	**10,320**	27,137
Over 3 years	**10,617**	9,795
	1,107,888	763,055

As at 31 December 2016, no trade receivables (2015: RMB 45,603,000) were pledged as collateral for the Group's borrowings.

As at 31 December 2016, trade receivables of RMB597,719,000 (2015: RMB427,442,000) were past due but not impaired. These related to a number of independent customers from upfitting services and property management services, for whom there is no significant financial difficulty and no recent history of default.

As at 31 December 2016, trade receivables of RMB25,745,000 (2015: RMB17,371,000) were impaired. The individually impaired receivables mainly related to receivables of upfitting and property management fees.

Movements on the provision for impairment of trade receivables are as follows:

	As at 31 December	
	2016	2015
	RMB'000	*RMB'000*
At 1 January	**(17,371)**	(11,635)
Provision for receivable impairment	**(8,374)**	(5,736)
At 31 December	**(25,745)**	(17,371)

6 TRADE AND OTHER PAYABLES

	As at 31 December	
	2016	2015
	RMB'000	*RMB'000*
Trade payables	**13,050,364**	10,371,633
Accrued expenses	**2,970,162**	2,568,662
Amounts due to joint ventures	**8,569,751**	816,242
Amounts due to associates	**615,192**	3,709,506
Amounts due to non-controlling interests	**493,294**	30,261
Amounts due to government	**76,067**	83,458
Other taxes payable	**531,217**	556,757
Other payables	**7,545,567**	7,138,399
	33,851,614	25,274,918
Less: non-current portion	**(7,112)**	(13,377)
Current portion	**33,844,502**	25,261,541

The carrying amounts of trade payables and other payables approximate their fair values.

An ageing analysis of the trade payables (including amounts due to related parties of trading in nature) is as follows:

	As at 31 December	
	2016	2015
	RMB'000	*RMB'000*
Within 6 months	**7,880,738**	6,402,922
Between 6 months to 12 months	**1,415,151**	1,568,870
Between 1 year to 2 years	**2,705,053**	1,820,473
Between 2 years to 3 years	**767,532**	400,477
Over 3 years	**281,890**	178,891
	13,050,364	10,371,633

7 EXPENSES BY NATURE

Expenses by nature comprised cost of sales, selling and marketing expenses and administrative expenses as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Cost of properties and land use rights sold:		
— Land use rights	**7,617,080**	6,474,032
— Capitalized interest	**2,080,972**	1,336,640
— Construction related cost	**13,268,826**	12,629,087
Cost of up fitting services rendered	**1,259,778**	775,985
Primary land development	**57,858**	377,205
Direct investment property expenses	**147,068**	126,915
Employee benefit expense	**1,150,908**	852,487
Consultancy fee	**210,459**	161,216
Auditor's remuneration	**11,600**	11,400
— Audit services	**8,800**	8,600
— Non-audit services	**2,800**	2,800
Depreciation	**45,034**	42,602
Amortization of land use rights	**259**	238
Advertising and marketing	**500,724**	455,790
Business taxes and other levies	**1,288,322**	1,828,212
Impairment losses	**90,113**	72,711
Office expenditure	**104,116**	94,869
Properties maintenance expenses	**379,850**	355,443
Energy expenses	**89,573**	101,381
Others	**119,269**	174,029
	28,421,809	25,870,242

8 OTHER LOSSES — NET

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Gains/(Losses) on partial disposal of interests in a subsidiary	**76,858**	(2,983)
Gains on disposal of entire interests in a subsidiary	**63,466**	6,704
Losses on disposal of joint ventures	**(6,399)**	–
Gains on disposal of an associate	**21,781**	13,308
Gains on deemed disposal of joint ventures and an associate	**234,076**	–
Gains/(Losses) on revaluation of financial assets at fair value through profit or loss	**135,561**	(23,341)
(Losses)/Gains on disposal of financial assets at fair value through profit or loss	**(5,316)**	15,639
Gains on disposal of property, plant and equipment	**2,514**	3,873
Gains on disposal of available-for-sale financial assets	**–**	4,050
Exchange losses	**(628,070)**	(737,880)
Negative goodwill on business combination	**284**	1,405
Other gains/(losses)	**19,369**	(15,776)
	(85,876)	(735,001)

9 FINANCE COSTS

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Interest expense:		
— Bank borrowings	**671,627**	1,370,506
— Other borrowings	**2,169,130**	2,180,285
Less: interest capitalized at a capitalization rate of 5.38% (2015: 6.25%) per annum	**(2,022,510)**	(2,849,612)
	818,247	701,179

10 INCOME TAX EXPENSE

Majority of the group entities are subjected to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% of the assessable income of each of these group entities for the years ended 31 December 2016 and 2015. Other group entities are mainly subject to Hong Kong profits tax.

The amount of income tax expense charged to the income statement represents:

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Current income tax:		
— PRC enterprise income tax	**2,094,017**	1,760,431
— PRC land appreciation tax	**1,786,715**	421,182
Deferred income tax	**181,415**	222,111
	4,062,147	2,403,724

Taxation on the Group's profit before tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the Group as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Profit before income tax	**8,507,707**	4,655,057
Adjust for: Share of results of joint ventures	**(53,561)**	650,550
Share of results of associates	**42,024**	68,201
	8,496,170	5,373,808
Tax calculated at a tax rate of 25%	**2,124,043**	1,343,452
Effect of higher tax rate for the appreciation of land in the PRC	**1,340,036**	315,887
Income not subject to tax	**(5,301)**	(2,392)
Expenses not deductible for tax purposes	**409,936**	555,709
Dividend withholding tax	**206,411**	180,255
Tax losses not recognized	**79,811**	49,480
Utilization of previously unrecognized tax losses and expenses	**(92,789)**	(38,667)
Income tax expense	**4,062,147**	2,403,724

11 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as share held for Restricted Share Award Scheme.

	Year ended 31 December 2016	2015
Profit attributable to owners of the Company (RMB'000)	**3,812,230**	2,383,715
Distribution relating to capital securities (RMB'000)	**(111,078)**	(255,394)
Profit used to determine basic earnings per share (RMB'000)	**3,701,152**	2,128,321
Weighted average number of ordinary shares in issue (thousands)	**7,501,204**	7,505,163
Basic earnings per share (RMB per share)	**0.493**	0.284

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to, assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and shares held for the Restricted Share Award Scheme. For the share options and shares held for the Restricted Share Award Scheme, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the year) based on the monetary value of the subscription rights attached to outstanding share options and the unvested awarded shares. The number of shares calculated as below is compared with the number of shares that would have been issued assuming the exercise of the share options and the payout of the awarded shares. 262,550,000 outstanding share options, when calculated on a weighted average basis, were not included in the calculation of dilutive earnings per share for the year ended 31 December 2016 (2015: 79,316,000) because they are out of money.

	Year ended 31 December 2016	2015
Profit attributable to owners of the Company (RMB'000)	**3,812,230**	2,383,715
Distribution relating to capital securities (RMB'000)	**(111,078)**	(255,394)
Profit used to determine diluted earnings per share (RMB'000)	**3,701,152**	2,128,321
Weighted average number of ordinary shares in issue (thousands)	**7,501,204**	7,505,163
Adjustment for:		
— share options (thousands)	**–**	9,133
— shares held for the Restricted Share Award scheme (thousands)	**545**	2,622
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**7,501,749**	7,516,918
Diluted earnings per share (RMB per share)	**0.493**	0.283

12 DIVIDENDS

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Interim dividend paid	**511,068**	464,478
Proposed final dividend of RMB0.106 (2015: RMB0.042) per ordinary share (a)	**799,489**	314,050

(a) On 30 March 2017, the Company proposed a final dividend of RMB799,489,000 for the year ended 31 December 2016.

13. SUBSEQUENT EVENT

On 15 March 2017, the Company obtained the approval from the National Association of Financial Market Institutional Investor in the PRC for registration and proposed issue of Medium-term Notes in an aggregate amount of not more than RMB 10 billion in multiple tranches as and when appropriate.

On 23 March 2017, the first tranche Medium-term Notes were issued in an aggregate amount of RMB 4 billion in two series: i) RMB 2 billion with coupon rate of 4.77% per year of a term of three years,and ii) RMB 2 billion with coupon rate of 5.05% per year of a term of five years.

PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2016 have been agreed upon by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary results announcement.

FINAL DIVIDEND

The Board proposed to recommend at the forthcoming AGM to be held on Thursday, 18 May 2017 the payment of a final dividend of HKD0.12 per ordinary share for the year ended 31 December 2016. The final dividend will be paid in cash. The final dividend is subject to the approval of the shareholders at the forthcoming AGM. The final dividend will be paid to the shareholders whose names are standing in the register of members of ordinary shares of the Company on Tuesday, 23 May 2017. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited (the "Share Registrar") at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 23 May 2017.

It is expected that the cheques for cash entitlement in relation to the 2016 final dividend will be despatched at the risk of those entitled thereto to their respective registered addresses before Thursday, 6 July 2017.

ANNUAL GENERAL MEETING

The AGM will be held on Thursday, 18 May 2017. The notice of AGM will be published and despatched to the shareholders of the Company in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of ordinary shares of the Company will be closed from Monday, 15 May 2017 to Thursday, 18 May 2017 (both dates inclusive), during which no transfer of ordinary shares will be registered. In order to qualify for attending the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar no later than 4:30 p.m. on Friday, 12 May 2017.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save as disclosed in the paragraph headed "Restricted Share Award Scheme", neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year under review.

RESTRICTED SHARE AWARD SCHEME

The Restricted Share Award Scheme (the "Award Scheme") was adopted by the Board on 22 March 2010 (the "Adoption Date") as an incentive to retain and encourage employees for the continual operation and development of the Group. During the year under review, the trustee of the Award Scheme, pursuant to the terms of the rules and trust deed of the Award Scheme, acquired 63,800,150 shares of the Company by way of market acquisition at an aggregate consideration of approximately RMB181,439,538 (including transaction cost). Up to 31 December 2016, 123,086,705 shares of the Company had been acquired from the market, and from receiving scrip shares in lieu of cash dividend by the trustee, at an aggregate consideration of approximately RMB400,061,538 (including transaction costs), representing 2.18% of the issued share capital of the Company as at the Adoption Date.

Details of the number of shares awarded under Award Scheme and the shares vested during the year under review are set out below:

	Awarded Shares				
Date of award	**Balance as at 1 January 2016**	**Shares awarded during the year**	**No. of shares vested during the year**	**No. of shares lapsed during the year** *(note)*	**Balance as at 31 December 2016**
18 March 2013	1,374,600	–	(1,362,000)	(12,600)	–
18 March 2014	8,668,500	–	(6,546,900)	(537,450)	1,584,150
13 May 2014	230,400	–	(38,400)	(192,000)	–
18 March 2015	19,967,300	–	(11,937,547)	(1,380,442)	6,649,311
25 March 2016	–	13,394,900	–	(60,000)	13,334,900
Total	30,240,800	13,394,900	(19,884,847)	(2,182,492)	21,568,361

Note: Pursuant to the Award Scheme, 2,182,492 awarded shares were lapsed upon the resignation of awardees during the year under review.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company had complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the year under review, except as noted hereunder.

The roles of the chairman (the "Chairman") and the chief executive officer (the "Chief Executive Officer") of the Company are served by Mr. LI Ming and have not been segregated as required under code A.2.1 of the CG Code. However, the Company considers that the combination of the roles of the Chairman and the Chief Executive Officer will involve a realignment of power and authority under the existing corporate structure and facilitate the ordinary business activities of the Company.

Further information of the Company's corporate governance practices will be set out in the Corporate Governance Report of the Company's 2016 Annual Report which will be sent to the shareholders on or about 12 April 2017.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2016.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.sinooceangroup.com). The annual report for the year ended 31 December 2016 will be despatched to the shareholders on or about 12 April 2017 and will be available on the Company's and the Stock Exchange's websites at about the same time.

APPRECIATION

On behalf of the Board, I would like to extend my deepest gratitude to all shareholders, investors, local authorities, business partners and customers who have been most supportive; also to our directors, management and the entire staff for their dedicated hard work. We could not have performed so well and achieved our targets in the past year without their unreserved support.

By order of the Board
Sino-Ocean Group Holding Limited
CHUNG Kai Cheong
Company Secretary

Hong Kong, 30 March 2017

As at the date of this announcement, the directors of the Company comprise:

Executive directors:
Mr. LI Ming
Mr. LI Hu
Mr. WANG Yeyi
Mr. SUM Pui Ying
Mr. WEN Haicheng
Mr. LI Hongbo

Non-executive directors:
Mr. ZHAO Lijun
Mr. YAO Dafeng
Mr. FANG Jun
Ms. SHANGGUAN Qing

Independent non-executive directors:
Mr. TSANG Hing Lun
Mr. HAN Xiaojing
Mr. WANG Zhifeng
Mr. SUEN Man Tak
Mr. JIN Qingjun