SINO-OCEAN 遠洋集團

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017 AND PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION

FINANCIAL HIGHLIGHTS

1. Total contracted sales reached a record high of RMB30,466 million, representing an increase of 48% as compared to the corresponding period.

2. Revenue significantly increased by 85% to RMB17,259 million.

3. Operating profit (excluding fair value gains on investment properties) significantly increased by 92% to RMB4,438 million.

4. Profit attributable to owners of the Company significantly increased by 84% to RMB2,668 million.

5. Basic earnings per share significantly increased by 101% to RMB0.358.

6. The Group's weighted average interest rate reduced to 5.07%, a decrease of 47 basis points as compared to the corresponding period in 2016. Cash resources amounted to RMB23,364 million, maintaining financial soundness.

7. Total assets amounted to RMB179,842 million, and equity attributable to owners of the Company amounted to RMB46,183 million.

8. The Board proposed an interim dividend of HKD0.167 per share, in the form of cash. Dividend payout ratio increased by 5 percentage points to 40%.

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 unaudited consolidated results of the Company and its subsidiaries (the "**Group**" or "**we**") for the six months ended 30 June 2017.

REVIEW OF THE INTERIM RESULTS

For the six months ended 30 June 2017, the Group's revenue was RMB17,259 million, representing a year-on-year ("**YoY**") increase of 85%. Gross profit increased by 69% YoY to RMB3,801 million. Profit attributable to owners of the Company was RMB2,668 million, rising by 84% YoY. Earnings per share was RMB0.358.

Based on the profit attributable to owners of the Company in the period, the Board is pleased to propose an interim dividend of HKD0.167 per share for the six months ended 30 June 2017, representing a dividend payout ratio of 40%.

MARKET REVIEW AND OUTLOOK

In the first half of the year, macro control policies for the real estate industry tightened to a certain extent and thus curbed the over-heated market effectively. In the first quarter, the market rapidly digested the control policies previously imposed and property developers launched new projects at a quicker pace to collect cash, home-buyers were active in the market and the industry's performance exceeded expectations. Total gross floor area ("**GFA**") of commodity housing sold in China grew 19.5% YoY, the growth rate of which was declining but remained at a high level. There is a rapid upsurge of prices in certain cities. To echo the macro policies, all levels of government rolled out harsher measures on finance, development, transaction and ownership. Property developers had to adjust the products and policies effectively to sustain the business development.

In the first six months, different cities delivered very varied performance, accentuating competitiveness of various cities. Key tier-one and tier-two cities faced the most stringent macro policies and were the first to suffer a drop in transactions, about 30% YoY in the period. In the world-class city clusters of Beijing-Tianjin-Hebei, Yangtze River Delta and Pearl River Delta, adjacent cities that benefited more from being within the radius of the core cities were the new sales growth spots in the first half of the year and delivered better growth. At the end of the first quarter, however, macro policies in these cities were stepped up and transactions fell sharply. On the whole, the absolute stock level in these two types of cities was relatively low. In addition, all urban fundamentals were solid and stable and so future growth could be expected.

Competition within the industry became more severe. There was an even higher degree of concentration in the industry, major brands of developers generally set high growth targets; fundamentals in some cities were still good, mid to long-term investment values might justify short-term risks; most enterprises managed to de-stock quite quickly and needed to replenish. In addition, some enterprises collected ample cash from sales earlier on, the tightening on the finance end of the industry had yet to reach the investment end, and hence the land market continued to be bullish. On the one hand, investment in traditional development accelerated, land purchased by property developers in the period grew 8.8% YoY while mergers and acquisitions soared. Investment in property development rose 8.5%, the highest growth rate in recent years. On the other hand, traditional developers sped up exploring various aspects in development model, industry localization and location planning. They changed more rapidly to government-led models such as characteristic towns, public-private partnerships, new industry cities and re-modeling of old towns, diversifying into related industries such as senior living, logistics and real estate financing and planning overseas locations to cater to national development strategies such as the Belt and Road Initiative.

Looking ahead to the next six months, we expect policies governing the real estate industry gradually stabilize and competition becomes more rational. It is now the trend for the industry to intensify transformation and exploration into new directions will only accelerate. The national economy in the first half of the year picked up in a satisfactory manner, GDP grew by 6.9%. As the pressure of achieving a 6.5% growth lessens, the need to relax the macro policies in recent months also weakens. 'Prevention of financial risks' remains the main theme for the financial regulators. Taking all into consideration, the current policies will continue to stabilize for the long-term market stabilization mechanisms to perfect in stages. Understanding the industry and providing appropriate products are the keys to success.

FINANCIAL REVIEW

(RMB million)	**1H 2017**	1H 2016	*Change (%)*
Property development	**15,180**	7,783	95%
Property investment	**473**	447	6%
Property management	**452**	378	20%
Other real estate related businesses	**1,154**	723	60%
Total	**17,259**	9,331	85%

The Group's revenue in the first half of 2017 was RMB17,259 million, representing a 85% increase as compared to RMB9,331 million in the first half of 2016. The increase was due to satisfactory property pre-sale performance in recent years and more projects being delivered in the first half of the year. The property development segment remained the largest contributor which accounted for approximately 88% of the Group's total revenue. Beijing as our home base accounted for approximately 38% of the Group's total revenue in the first half of 2017 (first half of 2016: 36%) and amounted to RMB6,619 million (first half of 2016: RMB3,392 million). As we have developed a diversified portfolio of landbank, contributions from other tier-one and tier-two cities remained stable. For the first half of 2017, contributions of revenue from cities including Tianjin, Dalian, Hangzhou and Wuhan amounted to RMB7,239 million, accounting for approximately 42% of total revenue (first half of 2016: 43%). We will persistently maintain a balanced project portfolio for mitigating the risk from single market fluctuations and enabling more effective usage of resources, allowing the Group to stay focus of our future development plan.

In line with the revenue and its components, the cost of property development for the first half of 2017 increased to RMB12,016 million (first half of 2016: RMB5,993 million), which mainly comprised land cost and construction cost, accounted for 89% of the Group's total cost of sales during this period (first half of 2016: 85%). Excluding car parks, average land cost per sq.m. of the property development segment during the period increased to approximately RMB5,600 as compared to RMB3,900 in the first half of 2016 due to more properties delivered from the recent acquired projects in tier-one and major tier-two cities during the period. Average construction cost per sq.m. (excluding car parks) for property development segment increased to approximately RMB6,100 during the period, compared to RMB5,100 in the first half of 2016.

Gross profit margin decreased slightly to approximately 22% (first half of 2016: 24%) due to the delivery of projects with higher land cost and construction cost during the period and remained stable as compared to the full year of 2016. Gross profit for the period was RMB3,801 million, representing an increase of 69% as compared to the corresponding period in 2016.

Interest and other income for the six months ended 30 June 2017 decreased by 41% to RMB471 million (first half of 2016: RMB800 million). Such decrease was mainly due to the overall decrease in the interest income.

The Group recorded other gains (net) of RMB901 million (first half of 2016: other losses (net) of RMB206 million). Other gains (net) mainly comprised the exchange gains and disposal gains recognized during the period.

The Group recognized an increase in fair value on its investment properties (before tax and non-controlling interests) of RMB435 million for the first half of 2017 (first half of 2016: RMB1,067 million).

Selling and marketing expenses for the first half of 2017 increased to RMB295 million, as compared to RMB218 million in the first half of 2016. These costs accounted for approximately 1.0% of the total contracted sales amount for the first half of 2017 (first half of 2016: 1.1%).

Administrative expenses for the first half of 2017 increased to RMB440 million (first half of 2016: RMB323 million), representing 2.5% of total revenue for the first half of 2017 (first half of 2016: 3.5%). We will continue to adopt strict cost control measures to maintain these costs at a relatively stable and lower level.

Our weighted average interest rate decreased from 5.54% to 5.07% for the first half of 2017. The total interest expenses paid or accrued was RMB1,399 million (first half of 2016: RMB1,579 million), RMB492 million (first half of 2016: RMB312 million) of which was not capitalized and charged through condensed consolidated income statement.

The aggregate of enterprise income tax and deferred tax increased by 21% to RMB1,201 million for the first half of 2017 (first half of 2016: RMB993 million), with an effective tax rate of 29% (first half of 2016: 39%). The decrease in effective tax rate was due to less one-off items and other tax non-deductible expenses during the period. In addition, land appreciation tax for the first half of 2017 increased to RMB589 million (first half of 2016: RMB462 million) which was in line with the increase in gross profit.

Profit attributable to owners of the Company increased by 84% to RMB2,668 million in the first half of 2017, as compared to RMB1,448 million for the corresponding period last year. Core profit, excluding one-off items and fair value gains on investment properties, increased 59% to RMB1,520 million (first half of 2016: RMB956 million). Our management will continue to focus on the improvement of our shareholders' return as their on-going tasks.

As at 30 June 2017, the Group had total cash resources (including cash and cash equivalents and restricted bank deposits) of RMB23,364 million, the majority of which were denominated in Renminbi, and a current ratio of 1.71 times. Together with the unutilized credit facilities of approximately RMB146,650 million, the Group is ensured to be financially sound.

The Group's net gearing ratio (i.e. total borrowings less total cash resources divided by total equity) was approximately 62% as at 30 June 2017 (31 December 2016: about 44%). Majority of the borrowings were denominated in Renminbi. The remaining borrowings were denominated in HKD and USD. Approximately 71% of the Group's borrowings were at fixed rate.

In first half of 2017, 43% of the Group's total borrowings were denominated in USD and HKD. As a result, the Group had a net currency exposure to fluctuation in foreign exchange rates. As Renminbi has been facing the potential trend of depreciation, the Group is adjusting its proportion of borrowings in foreign currencies and has entered into certain forward contracts so as to reduce the exchange loss in future years. The Group has never engaged in the dealing of any financial derivative instruments for speculative purpose.

In view of the potential Renminbi exchange rate fluctuations, the Group will further consider arranging for monetary and interest rate hedge at appropriate times to avoid the corresponding risks.

As at 30 June 2017, total pledged assets accounted for approximately 10% of the total assets of the Group (31 December 2016: 7%).

BUSINESS REVIEW

Property Development

Recognized sales

Revenue from property development segment raised by 95% in the first half of 2017 to RMB15,180 million as compared to RMB7,783 million for the corresponding period in 2016, primarily because of the satisfactory property pre-sale performance in recent years and more projects being delivered in the first half of the year. Saleable GFA delivered increased by 54% from approximately 656,000 sq.m. in the first half of 2016 to approximately 1,012,000 sq.m. in the first half of 2017. Excluding car park sales, the average selling price recognized in the first half of 2017 was approximately RMB16,300 per sq.m. (first half of 2016: RMB13,400 per sq.m.).

Revenue and saleable GFA delivered from each project during the first half of 2017 are set out as follows:

Region	Cities	Projects	Revenue	Saleable GFA delivered	Average selling price recognized	Interest attributable to the Group
			(RMB million)	*(sq.m.)*	*(RMB/sq.m.)*	*(%)*
Beijing-Tianjin-Hebei Region	Beijing	Ocean Crown	609	9,357	65,100	100%
		Ocean LA VIE	673	10,460	64,300	85.72%
		Ocean Manor	772	36,638	21,100	100%
		Ocean Metropolis	1,963	62,227	31,500	75%
		Ocean Melody	10	258	38,800	100%
		Ocean Palace	476	9,988	47,700	100%
		Our New World	427	12,050	35,400	100%
	Tianjin	Ocean Chanson	817	85,912	9,500	100%
		Ocean City	59	6,306	9,400	100%
		Ocean Express	23	3,554	6,500	100%
		Ocean International Center	677	43,194	15,700	100%
		Royal River	37	2,650	14,000	100%
			6,543	**282,594**	**23,200**	

Region	Cities	Projects	Revenue *(RMB million)*	Saleable GFA delivered *(sq.m.)*	Average selling price recognized *(RMB/sq.m.)*	Interest attributable to the Group *(%)*
Northeast Region	Dalian	Ocean Diamond Bay	64	5,184	12,300	100%
		Ocean Worldview	187	11,860	15,800	100%
		The Place of Glory	664	68,426	9,700	100%
	Shenyang	Ocean Residence	19	2,795	6,800	100%
	Changchun	Ocean Cannes Town	54	6,419	8,400	100%
			988	**94,684**	**10,400**	
Central Region	Shanghai	Ocean Fortune Center	62	2,149	28,900	100%
		Ocean Mansion No. 7	103	10,456	9,900	100%
		Ocean Melody	292	15,526	18,800	100%
	Hangzhou	Ocean Chanson	1,005	37,548	26,800	51%
		Ocean Melody	868	71,395	12,200	100%
		Canal Business Center Project	1,054	50,118	21,000	100%
	Nanjing	Ocean International Center	195	5,149	37,900	100%
	Qingdao	Ocean Melody	740	82,857	8,900	100%
	Wuhan	Ocean World	463	82,772	5,600	100%
		Hejiadun Project	988	86,384	11,400	61%
			5,770	**444,354**	**13,000**	

Region	Cities	Projects	Revenue	Saleable GFA delivered	Average selling price recognized	Interest attributable to the Group
			(RMB million)	*(sq.m.)*	*(RMB/sq.m.)*	*(%)*
Southern Region	Shenzhen	Ocean Express	96	2,582	37,200	84.70%
	Zhongshan	Ocean Aromas	14	1,681	8,300	51%
		Ocean Bloom	20	2,402	8,300	51%
		Ocean City	5	359	13,900	100%
		Ocean Emerald	30	1,932	15,500	51%
		Ocean Magic City	24	1,642	14,600	51%
		The Place	42	1,810	23,200	50%
	Haikou	Ocean Zen House	528	46,340	11,400	100%
	Sanya	Ocean Treasure	697	22,986	30,300	98.27%
			1,456	**81,734**	**17,800**	
Subtotal			14,757	903,366	16,300	
Car Parks (various projects)			423	108,969	3,900	
Total			**15,180**	**1,012,335**	**15,000**	

Contracted sales

Our contracted sales (including our joint ventures and associates) during the six months ended 30 June 2017 amounted to RMB30,466 million, representing an approximate 48% increase as compared to RMB20,630 million from the corresponding period in 2016. GFA sold for the first half of 2017 increased by 23% to 1,641,300 sq.m. (first half of 2016: 1,338,500 sq.m.). Excluding car park sales, the average selling price increased by 23% to RMB20,100 per sq.m. (first half of 2016: RMB16,300 per sq.m.).

The contracted sales amounts and saleable GFA sold by projects during the first half of 2017 are set out as follows:

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 Epoch	2,472	26,500	93,300	67.50%
		Ocean LA VIE	732	7,700	95,100	85.72%
		Ocean Metropolis	96	2,200	43,600	75%
		Ocean Palace	351	5,200	67,500	100%
		26 Block	942	18,800	50,100	23%
		Eternal Scenery	148	7,500	19,700	50%
		Our New World	916	24,200	37,900	100%
		Xiang He Wan Run Project	347	20,800	16,700	20%
		Xiji Plot C, Tongzhou District	1,322	135,900	9,700	30%
	Tianjin	Ocean Chanson	77	2,900	26,600	100%
		Ocean City	897	70,400	12,700	100%
		Ocean Express	10	1,500	6,700	100%
		Ocean International Center	181	9,700	18,700	100%
		Ocean Inside	35	1,700	20,600	60%
		Haihe Jiaoyuyuan Plot 13	1,345	59,300	22,700	33%
		Royal River	649	50,400	12,900	100%
		Yixingbu Project, Beichen District	51	2,800	18,200	51%
			10,571	**447,500**	**23,600**	
Northeast Region	Dalian	Ocean Diamond Bay	433	35,600	12,200	100%
		Ocean Worldview	135	7,700	17,500	100%
		The Place of Glory	1,082	92,000	11,800	100%
	Shenyang	Ocean Paradise	20	2,800	7,100	100%
		Grand Canal Milestone	985	63,800	15,400	15%
	Changchun	Ocean Cannes Town	1,078	111,800	9,600	100%
			3,733	**313,700**	**11,900**	

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 Mansion No.7	36	3,300	10,900	100%
		Ocean Melody	1,053	37,100	28,400	100%
		Chongming Dongtan Project	1,273	39,000	32,600	13.54%
	Hangzhou	Ocean Chanson	57	3,100	18,400	51%
		Ocean Melody	18	600	30,000	100%
		Canal Business Center Project	552	27,300	20,200	100%
		Natural Masterpiece	959	32,100	29,900	50%
	Nanjing	Ocean International Center	251	5,300	47,400	100%
	Qingdao	Ocean Melody	113	8,000	14,100	100%
	Wuhan	Ocean World	130	17,100	7,600	100%
		Hejiadun Project	1,722	89,200	19,300	61%
			6,164	**262,100**	**23,500**	

Region	Cities	Projects	Contracted sales amount *(RMB million)*	Saleable GFA sold *(sq.m.)*	Average selling price *(RMB/sq.m.)*	Interest attributable to the Group *(%)*
Southern Region	Shenzhen	Ocean Express	2,911	70,300	41,400	84.70%
		Ocean Metropolis	820	21,400	38,300	85%
	Guangzhou	Elite Palace	1,379	21,400	64,400	100%
		Honoka Project in Baiyun District	504	12,200	41,300	16.66%
	Zhongshan	Ocean Aromas	7	800	8,800	51%
		Ocean Bloom	13	1,000	13,000	51%
		Ocean City	18	900	20,000	100%
		Ocean Emerald	819	95,400	8,600	51%
		Ocean Magic City	2	100	20,000	51%
		Jin Ma You Yi Chang Project	64	5,100	12,500	15%
		The Place	16	700	22,900	50%
	Haikou	Ocean Zen House	361	28,500	12,700	100%
	Sanya	Ocean Treasure	250	4,200	59,500	98.27%
	Chongqing	Gaomiao Plot, Jiulongpo District	751	95,800	7,800	37.71%
		Jiuquhe Plot 2 of Yubei District	66	3,900	16,900	37.71%
		Sino-Ocean International GOLF Resort	188	11,200	16,800	42.25%
			8,169	**372,900**	**21,900**	
Subtotal			28,637	1,396,200	20,500	
Other Projects			1,102	86,400	12,800	
Subtotal (excluding car parks)			29,739	1,482,600	20,100	
Car parks (various projects)			727	158,700	4,600	
Total			**30,466**	**1,641,300**	**18,600**	

Landbank

As at 30 June 2017, the landbank of the Group increased by 38% to 30,033,000 sq.m. (As at 31 December 2016: 21,699,000 sq.m.); while landbank with attributable interest increased to 16,993,000 sq.m. (As at 31 December 2016: 13,746,000 sq.m.). During the first half of 2017, we acquired 29 plots of land and 7 matured projects. Total GFA and attributable interest of the newly acquired land plots were 10,171,000 sq.m. and 4,183,000 sq.m. respectively, with average acquisition cost per sq.m. of about RMB5,000. In terms of saleable GFA, the average land cost per sq.m. for our landbank as at 30 June 2017 was approximately RMB6,100 (As at 31 December 2016: RMB6,000).

The Group's landbank details as at 30 June 2017 are set out as follows:

Region	Cities	Projects	Approximate total GFA	Approximate total saleable GFA	Remaining landbank	Interest attributable to the Group
			('000 sq.m.)	*('000 sq.m.)*	*('000 sq.m.)*	*(%)*
Beijing-Tianjin-Hebei Region	Beijing	26 Block	79	79	79	23%
		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%
		Jialihua Project, Shunyi District	277	206	277	100%
		Lize Business District Project	441	331	441	17.25%
		Mizhiyun Project	80	71	42	90%
		Mentougou Tanzhe Temple Project	430	344	430	10%
		Ocean Epoch	264	198	264	67.50%
		Ocean LA VIE	318	305	105	85.72%
		Ocean Melody	55	50	8	100%
		Ocean Metropolis	330	276	256	75%
		Ocean Palace	436	383	98	100%
		Our New World	109	91	95	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	110	30%
		Yizhuang Motor Tower Project	67	40	67	100%

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 (%)
	Tianjin	Autoworld	504	317	504	50%
		Binhai Hongze Zhizao Project	35	25	35	100%
		Binhai New Area Eco-Town Plot 5	185	135	185	30%
		Haihe Jiaoyuyuan Plot 14	285	194	285	25%
		Haihe Jiaoyuyuan Plot 13	227	171	227	33%
		Huaming Project	562	385	562	10%
		Ocean Chanson	204	199	53	100%
		Ocean City	2,137	1,683	649	100%
		Ocean Express	335	288	6	100%
		Ocean Great Harmony	350	290	50	100%
		Ocean International Center	321	200	109	100%
		Ocean Inside	183	176	183	60%
		Ocean Prospect	321	309	53	100%
		Royal River	349	333	253	100%
		Yixingbu Project, Beichen District	3,034	2,615	3,001	51%
	Shijiazhuang	Anlian Eco-Town Project	363	268	363	51%
		Northern Shanshui	115	103	115	20%
	Zhangjiakou	Qiaodong District Dongshantiandi Project	203	163	203	60%
	Langfang	Nianziying Project	1,897	954	1,897	51%
			16,731	**12,808**	**13,014**	
Northeast Region	Dalian	Liushu Project	42	35	42	100%
		The Place of Glory	925	875	629	100%
		Ocean Diamond Bay	2,047	1,746	1,330	100%
		Ocean Worldview	1,902	1,645	431	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	14	100%
	Changchun	Jingkai Distict Plot Yuanheng	73	60	73	20%
		Ocean Cannes Town	830	661	106	100%
			8,166	**6,741**	**4,259**	

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 (%)
Central Region	Shanghai	Chongming Dongtan Project	1,072	672	1,072	13.54%
		Jinyi Project	24	–	24	100%
		Ocean Fortune Center	59	45	42	100%
		Ocean Mansion No. 7	117	110	4	100%
		Ocean Melody	323	278	206	100%
	Hangzhou	Canal Business Center Project	609	292	151	100%
		Hangyang Project	109	60	109	20%
		Natural Masterpiece	145	99	145	50%
		Ocean Chanson	98	72	46	51%
		Ocean In Your Heart	171	109	3	100%
		Ocean Melody	58	39	58	100%
		Seasons Courtyard	129	89	129	50%
		Xiaoshan Linpu Project	68	41	68	100%
	Nanjing	Jishan Project	147	121	147	70%
		Ocean International Center	147	116	82	100%
		Sino-Ocean Land Greenland Premier Court	71	67	71	50%
	Huangshan	An Island Paradise	155	154	89	100%
	Qingdao	Ocean Melody	109	107	15	100%
		Ocean Seasons	146	131	18	100%
	Wuhan	Gaoxiong Road Project	10	–	10	100%
		Hanyang District Guiyuan Temple Project	1,880	1,510	1,880	10.50%
		Hejiadun Project	1,019	972	929	61%
		Ocean World	398	369	180	100%
	Suzhou	Fenhu Plot 006	113	79	113	34%
		Shihu Project	49	–	49	68.75%
		Taicang Gangqu Project	105	77	105	100%
	Hefei	Metropolitan 1907	322	242	322	25%
	Changsha	S10 Project	134	95	134	28.45%
			7,787	**5,946**	**6,201**	

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	60%
		Long Chuan Tang Project	115	51	115	60%
		Ocean Express	556	437	350	84.70%
		Ocean Metropolis	390	292	377	85%
	Guangzhou	Elite Palace	310	279	310	100%
		Honoka Project in Baiyun District	285	198	285	16.66%
		Hibiscus Villa Project	179	87	179	51%
	Zhongshan	Da Xin Rong Jia Project	103	78	103	25%
		Dongsheng Longcheng Project	181	134	181	25%
		Henglan Project	96	85	96	80%
		Jin Ma You Yi Chang Project	91	66	91	15%
		The Place	226	148	223	50%
		Ocean Aroma	141	125	12	51%
		Ocean Bloom	200	189	23	51%
		Ocean City	2,086	1,736	106	100%
		Ocean Emerald	437	412	288	51%
		Ocean Magic City	170	160	51	51%
		Shenwan Project	1,172	1,037	1,172	75%
		Wuguishan Longtangcun Project	187	137	187	50%
	Hong Kong	LOHAS Park Package 6, Tseung Kwan O	137	136	137	40%
	Haikou	Ocean Zen House	117	106	26	100%
	Sanya	Hongtang Bay Project	561	249	561	50%
		Ocean Treasure	177	111	106	98.27%
	Chongqing	Gaomiao Plot, Jiulongpo District	126	125	126	37.71%
		Gaomiao Project, Phase II, Jiulongpo District	285	213	285	37.71%
		Jiuquhe Plot 2 of Yubei District	335	246	335	37.71%
		Sino-Ocean International GOLF Resort	592	480	245	42.25%
	Chengdu	Longquan Sunshine Town Project	320	263	320	50%
		Sino-Ocean Taikoo Li Chengdu	417	362	202	50%
			10,163	**8,062**	**6,559**	
Total			**42,847**	**33,557**	**30,033**	

Property Investment

During the first half of 2017, revenue from property investment increased by 6% to RMB473 million (first half of 2016: RMB447 million). As at 30 June 2017, the Group held 18 operating investment properties, several small-scale office units, community retail streets and carparks for rental.

List of our investment properties as at 30 June 2017 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 30 June 2017 *(%)*	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	89%	100%
Ocean Office Park (Beijing)	127,000	81,000	22,000	24,000	91%	100%
Ocean We-life Plaza (Beijing)	31,000	–	31,000	–	97%	100%
Ocean We-life Plaza (Tianjin)	41,000	–	41,000	–	96%	100%
Grand Canal Plaza (Hangzhou)	68,000	–	68,000	–	80%	100%
North Carolina Project (USA)	12,000	12,000	–	–	88%	70%
San Francisco Project (USA)	6,000	6,000	–	–	90%	100%
Other projects	77,000	3,000	59,000	15,000		
Sub-total	493,000	203,000	230,000	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%
Diamond Plaza (Beijing)	22,000	22,000	–	–	100%	50%
Silicon Valley Bright Center, Building #4 (Beijing)	9,000	8,000	1,000	–	86%	50%
Bailibao Plaza (Shenyang)	56,000	12,000	44,000	–	100%	50%
Daning International Plaza (Shanghai)	38,000	38,000	–	–	92%	50%
East Ocean Center (Shanghai)	62,000	43,000	7,000	12,000	87%	15%
Haixing Plaza (Shanghai)	14,000	10,000	–	4,000	64%	50%
Huamin Empire Plaza (Chengdu)	51,000	48,000	2,000	1,000	50%	50%
Sino-Ocean Taikoo Li Chengdu (Chengdu)	99,000	–	82,000	17,000	94%	50%
Other projects	28,000	28,000	–	–		
Total	**1,125,000**	**508,000**	**456,000**	**161,000**		

Employees and Human Resources

As at 30 June 2017, the Group had 8,383 employees (31 December 2016: 8,340) with an average age of 35.0 (31 December 2016: 34.6). Continuing our efforts in 2016 to maintain a streamlined organization structure, the size of our workforce remains unchanged. Both manpower effectiveness and the Group's control capability have been strengthened.

We will continuously review our salary and compensation schemes to make them competitive to retain our talented staff and also provide various training and development programs.

The unaudited consolidated results of our Group for the six months ended 30 June 2017 are as follows:

Condensed Consolidated Interim Balance Sheet

	Note	**As at 30 June 2017** *RMB'000* **(Unaudited)**	As at 31 December 2016 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**1,103,718**	896,922
Land use rights		**52,842**	53,788
Investment properties		**17,273,372**	16,292,128
Goodwill		**114,818**	128,227
Investments in joint ventures		**11,777,865**	10,859,178
Investments in associates		**3,338,101**	3,018,922
Available-for-sale financial assets		**3,756,757**	3,653,653
Trade and other receivables	*4*	**9,767,734**	9,419,822
Deferred income tax assets		**1,151,506**	1,110,453
Total non-current assets		**48,336,713**	45,433,093
Current assets			
Deposits for land use rights		**6,323,982**	5,983,061
Properties under development		**45,778,160**	33,900,115
Inventories, at cost		**116,707**	106,403
Amounts due from customers for contract work		**796,680**	538,571
Land development cost recoverable		**2,101,347**	1,987,353
Completed properties held for sale		**17,926,731**	18,058,115
Financial assets at fair value through profit or loss		**233,455**	355,228
Trade and other receivables	*4*	**34,864,914**	22,561,963
Restricted bank deposits		**3,728,968**	3,288,450
Cash and cash equivalents		**19,634,646**	19,052,833
Total current assets		**131,505,590**	105,832,092
Total assets		**179,842,303**	151,265,185

	Note	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
EQUITY			
Equity attributable to owners of the Company			
Capital		**26,933,169**	26,920,490
Shares held for Restricted Share Award Scheme		**(146,939)**	(147,280)
Other reserves		**(55,925)**	(359,691)
Retained earnings		**19,452,408**	17,585,122
		46,182,713	43,998,641
Non-controlling interests		**5,640,987**	5,331,239
Total equity		**51,823,700**	49,329,880
LIABILITIES			
Non-current liabilities			
Borrowings		**47,790,077**	37,614,895
Trade and other payables	5	**7,518**	7,112
Deferred income tax liabilities		**3,364,467**	2,759,924
Total non-current liabilities		**51,162,062**	40,381,931
Current liabilities			
Borrowings		**7,961,330**	6,194,924
Trade and other payables	5	**38,701,834**	33,844,502
Advance receipts from customers		**25,337,289**	16,085,465
Income tax payables		**4,856,088**	5,428,483
Total current liabilities		**76,856,541**	61,553,374
Total liabilities		**128,018,603**	101,935,305
Total equity and liabilities		**179,842,303**	151,265,185

Condensed Consolidated Interim Income Statement

	Note	Unaudited Six months ended 30 June **2017** ***RMB'000***	 2016 *RMB'000*
Revenue	*6*	**17,258,531**	9,330,649
Cost of sales		**(13,457,253)**	(7,077,100)
Gross profit		**3,801,278**	2,253,549
Interest and other income		**470,646**	800,425
Other gains/(losses) — net	*7*	**900,716**	(205,845)
Fair value gains on investment properties		**435,009**	1,066,592
Selling and marketing expenses		**(294,945)**	(218,379)
Administrative expenses		**(440,034)**	(322,620)
Operating profit		**4,872,670**	3,373,722
Finance costs	*8*	**(492,109)**	(311,619)
Share of gains/(losses) of joint ventures		**349,877**	(16,842)
Share of gains/(losses) of associates		**55,989**	(57,813)
Profit before income tax		**4,786,427**	2,987,448
Income tax expense	*9*	**(1,790,607)**	(1,454,393)
Profit for the period		**2,995,820**	1,533,055
Attributable to:			
Owners of the Company		**2,667,776**	1,447,754
Non-controlling interests		**328,044**	85,301
		2,995,820	1,533,055
Basic earnings per share for profit attributable to owners of the Company (expressed in RMB)	*10*	**0.358**	0.178
Diluted earnings per share for profit attributable to owners of the Company (expressed in RMB)	*10*	**0.358**	0.178

Condensed Consolidated Interim Statement of Comprehensive Income

	Unaudited	
	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Profit for the period	**2,995,820**	1,533,055
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Fair value gains on available-for-sale financial assets	**80,848**	20,819
Currency translation differences	**91,998**	(12,475)
Share of other comprehensive income of investments accounted for using the equity method	**(1,758)**	62,385
Other comprehensive income for the period	**171,088**	70,729
Total comprehensive income for the period	**3,166,908**	1,603,784
Total comprehensive income attributable to:		
— Owners of the Company	**2,839,996**	1,513,667
— Non-controlling interests	**326,912**	90,117
	3,166,908	1,603,784

Notes to the Unaudited Condensed Consolidated Interim Financial Information

1 GENERAL INFORMATION

Sino-Ocean Group Holding Limited (the "**Company**", formerly known as Sino-Ocean Land Holdings Limited) 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 Company is a limited liability company incorporated on 12 March 2007 in Hong Kong. The address of its registered office is Suite 601, One Pacific Place, 88 Queensway, Hong Kong.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The condensed consolidated interim financial information is presented in Renminbi ("**RMB**"), unless otherwise stated. The condensed consolidated interim financial information was approved for issue on 23 August 2017 by the Board of directors.

The financial information relating to the year ended 31 December 2016 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2017 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

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 (3) of the Hong Kong Companies Ordinance (Cap. 622).

2 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2017 has 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**"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**").

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the 2016 Financial Statements, as described therein.

(i) Amendments and interpretations to existing standards that are effective for the financial year beginning on 1 January 2017 do not have a material impact on or are not relevant to the Group.

(ii) New and revised standards and amendments to existing standards have been issued and relevant to the Group but are not effective for the financial year beginning on 1 January 2017 and have not been early adopted.

		Effective for the financial year beginning on or after
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019

4 TRADE AND OTHER RECEIVABLES

	As at 30 June 2017 *RMB'000* **(Unaudited)**	As at 31 December 2016 *RMB'000* (Audited)
Trade receivables	**837,575**	1,107,888
Less: provision for impairment	**(36,796)**	(25,745)
Trade receivables — net	**800,779**	1,082,143
Tax prepayments	**3,642,476**	2,667,998
Entrusted loans to third parties	**4,436,968**	5,071,211
Entrusted loans to joint ventures	**5,173,495**	6,101,800
Entrusted loans to associates	**1,121,875**	617,106
Entrusted loans to a non-controlling interest	**436,598**	446,430
Receivables from government	**766,222**	710,068
Receivables from disposal of interests in an associate	**–**	248,000
Amounts due from joint ventures	**11,717,712**	4,519,138
Amounts due from associates	**5,053,369**	2,828,199
Amounts due from non-controlling interests	**1,667,116**	1,323,284
Amounts due from third parties	**5,917,535**	3,520,673
Cooperation deposits	**1,784,739**	1,679,095
Prepayment for subscription of available-for-sale financial assets	**100,000**	–
Other prepayments and deposits	**1,044,277**	622,009
Other receivables	**969,487**	544,631
	44,632,648	31,981,785
Less: non-current portion	**(9,767,734)**	(9,419,822)
Current portion	**34,864,914**	22,561,963

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 30 June 2017 *RMB'000* **(Unaudited)**	As at 31 December 2016 *RMB'000* (Audited)
Within 6 months	**513,661**	869,766
Between 6 months to 1 year	**157,544**	100,213
Between 1 year to 2 years	**127,544**	116,972
Between 2 years to 3 years	**18,072**	10,320
Over 3 years	**20,754**	10,617
	837,575	1,107,888

5 TRADE AND OTHER PAYABLES

	As at 30 June 2017 *RMB'000* **(Unaudited)**	As at 31 December 2016 *RMB'000* (Audited)
Trade payables	**12,597,982**	13,050,364
Accrued expenses	**2,398,661**	2,970,162
Amounts due to joint ventures	**10,331,275**	8,569,751
Amounts due to associates	**1,177,390**	615,192
Amounts due to non-controlling interests	**762,078**	493,294
Dividends payable	**800,490**	–
Amounts due to government	**93,449**	76,067
Other taxes payable	**513,441**	531,217
Deposits received for properties	**4,886,585**	3,843,468
Other payables	**5,148,001**	3,702,099
	38,709,352	33,851,614
Less: non-current portion	**(7,518)**	(7,112)
Current portion	**38,701,834**	33,844,502

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

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

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Within 6 months	**4,881,481**	7,880,738
Between 6 months to 12 months	**3,839,566**	1,415,151
Between 1 year to 2 years	**3,024,029**	2,705,053
Between 2 years to 3 years	**462,107**	767,532
Over 3 years	**390,799**	281,890
	12,597,982	13,050,364

6 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating committee (the "**Committee**") that are used to make strategic decisions.

The Committee considers the business from both a geographic and product perspective. From the product perspective, management considers the performance of property development and property investment. Property development businesses are further segregated geographically.

Other operations as carried out by the Group mainly include property management services, property sales agency services, as well as upfitting services. These are not included within the reportable operating segments, as they are not included in the reports provided to the Committee. The results of these operations are included in the "All other segments" column.

The Committee assesses the performance of the operating segments based on a measure of operating profit. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. Finance costs and corporate finance income are not included in the result for each operating segment that is reviewed by the Committee, as they are driven by activities of the central treasury function, which manages the cash position of the Group. The measure also excludes the effects of any unrealized gains/losses from investments in joint ventures and associates as well as fair value gains/losses from investment properties and corporate overheads. Other information provided to the Committee, except as noted below, is measured in a manner consistent with that in the financial statements.

Total segment assets exclude corporate cash and cash equivalents, investments in joint ventures and associates, available-for-sale financial assets, other investments, financial assets at fair value through profit or loss and deferred income tax assets, all of which are managed on a central basis. Total segment liabilities exclude borrowings, deferred income tax liabilities, all of which are managed on a central basis as well. These are part of the reconciliation to total balance sheet assets and liabilities.

Transactions between segments are carried out at arm's length. The revenue from external parties reported to the Committee is measured in a manner consistent with that in the condensed consolidated income statement.

	Unaudited								
	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-segment elimination *RMB'000*	Total *RMB'000*
Six months ended 30 June 2017									
Total segment revenue	**6,624,168**	**1,085,718**	**5,911,130**	**1,558,630**	**481,901**	**2,924,171**	**18,585,718**	**–**	**18,585,718**
Inter-segment revenue	**–**	**–**	**–**	**–**	**(8,435)**	**(1,318,752)**	**(1,327,187)**	**–**	**(1,327,187)**
Revenue (from external customers)	**6,624,168**	**1,085,718**	**5,911,130**	**1,558,630**	**473,466**	**1,605,419**	**17,258,531**	**–**	**17,258,531**
Segment operating profit	**1,697,283**	**214,813**	**1,114,496**	**333,218**	**405,462**	**995,906**	**4,761,178**	**(125,369)**	**4,635,809**
Depreciation and amortization	**(388)**	**(317)**	**(508)**	**(770)**	**(1,732)**	**(17,120)**	**(20,835)**	**–**	**(20,835)**
Income tax expense *(Note 9)*	**(766,919)**	**(73,125)**	**(397,422)**	**(194,463)**	**(175,766)**	**(182,912)**	**(1,790,607)**	**–**	**(1,790,607)**
Finance income	**95,478**	**131,893**	**74,484**	**106,995**	**21,920**	**484,926**	**915,696**	**(514,511)**	**401,185**
Six months ended 30 June 2016									
Total segment revenue	2,653,892	2,917,573	1,357,224	903,291	449,804	2,234,664	10,516,448	–	10,516,448
Inter-segment revenue	–	–	(48,705)	–	(2,348)	(1,134,746)	(1,185,799)	–	(1,185,799)
Revenue (from external customers)	2,653,892	2,917,573	1,308,519	903,291	447,456	1,099,918	9,330,649	–	9,330,649
Segment operating profit	1,215,289	422,479	185,014	186,872	398,450	520,587	2,928,691	(492,096)	2,436,595
Depreciation and amortization	(745)	(553)	(613)	(1,317)	(1,189)	(13,078)	(17,495)	–	(17,495)
Income tax expense *(Note 9)*	(658,002)	(174,255)	(166,249)	(147,317)	(253,714)	(54,856)	(1,454,393)	–	(1,454,393)
Finance income	76,141	117,422	93,485	88,635	32,921	678,976	1,087,580	(407,627)	679,953

	Property development								
	Beijing-Tianjin-Hebei	Northeast	Central	Southern	Investment property	All other segments	Total	Inter-segment elimination	Group total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 30 June 2017 (Unaudited)									
Total segment assets	**46,870,881**	**24,433,662**	**30,170,938**	**23,970,020**	**28,369,109**	**202,035,070**	**355,849,680**	**(199,870,484)**	**155,979,196**
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**4,005**	**19**	**346**	**37,129**	**981,971**	**185,357**	**1,208,827**	**–**	**1,208,827**
Total segment liabilities	**30,450,863**	**8,439,130**	**15,570,852**	**15,159,688**	**6,322,241**	**192,614,143**	**268,556,917**	**(199,654,188)**	**68,902,729**
As at 31 December 2016 (Audited)									
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

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

	Unaudited Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Segment operating profit	**4,635,809**	2,436,595
Corporate finance income	**69,461**	73,863
Corporate overheads	**(267,609)**	(203,328)
Fair value gains on investment properties	**435,009**	1,066,592
Finance costs *(Note 8)*	**(492,109)**	(311,619)
Share of gains/(losses) of joint ventures	**349,877**	(16,842)
Share of gains/(losses) of associates	**55,989**	(57,813)
Profit before income tax	**4,786,427**	2,987,448

	As at 30 June 2017 (Unaudited) *RMB'000*	As at 31 December 2016 (Audited) *RMB'000*
Reportable and other segments' assets are reconciled to total assets as follows:		
Total segment assets	**155,979,196**	130,307,425
Corporate cash and cash equivalents	**3,605,423**	1,960,326
Investments in joint ventures	**11,777,865**	10,859,178
Investments in associates	**3,338,101**	3,018,922
Available-for-sale financial assets	**3,756,757**	3,653,653
Financial assets at fair value through profit or loss	**233,455**	355,228
Deferred income tax assets	**1,151,506**	1,110,453
Total assets per consolidated balance sheet	**179,842,303**	151,265,185
Reportable and other segments' liabilities are reconciled to total liabilities as follows:		
Total segment liabilities	**68,902,729**	55,365,562
Current borrowings	**7,961,330**	6,194,924
Non-current borrowings	**47,790,077**	37,614,895
Deferred income tax liabilities	**3,364,467**	2,759,924
Total liabilities per consolidated balance sheet	**128,018,603**	101,935,305

The Company is incorporated in Hong Kong, with most of its major subsidiaries being domiciled in the mainland China. Revenues from external customers of the Group are mainly derived in the mainland China for the six months ended 30 June 2017 and 2016.

As at 30 June 2017, total non-current assets other than financial instruments and deferred income tax assets located in the PRC is RMB32,736,369,000 (31 December 2016: RMB30,608,311,000), the total of these non-current assets located in Hong Kong and the United States is RMB924,347,000 (31 December 2016: RMB640,854,000).

For the six months ended 30 June 2017 and 2016, the Group does not have any single customer with the transaction value over 10% of the total external sales.

Revenue consists of sales from the property development segment, and rental income as derived from the investment property segment, which are RMB15,179,646,000 and RMB473,466,000 for the six months ended 30 June 2017 and RMB7,783,275,000 and RMB447,456,000 for the six months ended 30 June 2016, respectively.

7 OTHER GAINS/(LOSSES) — NET

	Unaudited Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Gains on disposal of subsidiaries	**–**	63,466
Gains on disposal of joint ventures and associates	**66,104**	14,601
Gains on deemed disposal of joint ventures and an associate	**685,419**	–
Losses on disposal of financial assets at fair value through profit or loss	**(10,538)**	(15,426)
Fair value losses of financial assets at fair value through profit or loss	**(73,704)**	(8,304)
Gains on disposal of available-for-sale financial assets	**113,845**	–
Exchange gains/(losses)	**111,269**	(260,031)
Negative goodwill on business combination	**9,032**	–
Other losses	**(711)**	(151)
	900,716	(205,845)

8 FINANCE COSTS

	Unaudited Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Interest expense:		
— Bank borrowings	**333,202**	458,225
— Other borrowings	**1,066,150**	1,120,552
Less: interest capitalized at a capitalization rate of 5.07% (2016: 5.54%) per annum	**(907,243)**	(1,267,158)
	492,109	311,619

9 INCOME TAX EXPENSE

Majority of the group entities are subjected to PRC enterprise income tax, which has been provided for based on the statutory income tax rate of 25% of the assessable income of each of these group entities for the six months ended 30 June 2017 and 2016. Other companies are mainly subjected to Hong Kong profits tax.

The amount of income tax expense charged to the condensed consolidated interim income statements represents:

	Unaudited Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Current income tax:		
— PRC enterprise income tax	**997,647**	394,191
— PRC land appreciation tax	**589,192**	461,804
Deferred income tax	**203,768**	598,398
	1,790,607	1,454,393

10 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 shares in issue during the period excluding ordinary shares purchased by the Company and held as shares held for Restricted Share Award Scheme.

	Unaudited Six months ended 30 June	
	2017	2016
Profit attributable to owners of the Company *(RMB'000)*	**2,667,776**	1,447,754
Distribution relating to capital securities *(RMB'000)*	**–**	(111,078)
Profit used to determine basic earnings per share *(RMB'000)*	**2,667,776**	1,336,676
Weighted average number of ordinary shares in issue *(thousands)*	**7,460,072**	7,504,165
Basic earnings per share *(RMB per share)*	**0.358**	0.178

(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.

	Unaudited Six months ended 30 June	
	2017	2016
Profit attributable to owners of the Company *(RMB'000)*	**2,667,776**	1,447,754
Distribution relating to capital securities *(RMB'000)*	**–**	(111,078)
Profit used to determine diluted earnings per share *(RMB'000)*	**2,667,776**	1,336,676
Weighted average number of ordinary shares in issue *(thousands)*	**7,460,072**	7,504,165
Adjustment for:		
— share options *(thousands)*	**–**	–
— shares held for the Restricted Share Award Scheme *(thousands)*	**–**	235
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**7,460,072**	7,504,400
Diluted earnings per share *(RMB per share)*	**0.358**	0.178

11 DIVIDENDS

On 23 August 2017, the Board has resolved to declare an interim dividend of RMB1,068,669,000 for the six months ended 30 June 2017 (six months ended 30 June 2016: RMB507,317,000).

	Unaudited Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Final dividend paid	**800,490**	319,091
Proposed interim dividend of RMB0.142 (2016: RMB0.067) per ordinary share	**1,068,669**	507,317

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

During the six months ended 30 June 2017, the trustee of the restricted share award scheme of the Company, pursuant to the terms of the rules and trust deed of the restricted share award scheme, had acquired 7,248,933 shares of the Company at an aggregate consideration of approximately RMB30,405,000 (including transaction costs).

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2017.

REVIEW OF INTERIM FINANCIAL INFORMATION

The unaudited interim financial information for the six months ended 30 June 2017 has been reviewed by the auditors of the Company, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited interim financial information for the six months ended 30 June 2017.

CORPORATE GOVERNANCE CODE

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the six months ended 30 June 2017, except as described below.

Mr. LI Ming is the chairman (the "**Chairman**") and the chief executive officer of the Company (the "**Chief Executive Officer**"). The roles of the Chairman and the Chief Executive Officer 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 involve a realignment of power and authority under the existing corporate structure and facilitate the ordinary business activities of the Company.

Following the passing away of Mr. TSANG Hing Lun, a then independent non-executive director of the Company, during the period from 4 June 2017 to 13 August 2017, the Board consisted of 14 members, including six executive directors, four non-executive directors and four independent non-executive directors which was not in compliance with Rule 3.10A of the Listing Rules, which provides that at least one-third of the Board must be independent non-executive directors, and was not in compliance with Rule 3.21 of the Listing Rules, which provides that the majority of the audit committee members must be independent non-executive directors and the audit committee must be chaired by an independent non-executive director.

The Company has appointed Ms. LAM Sin Lai Judy as an independent non-executive director and chairman of the audit committee of the Company with effect from 14 August 2017. Following the appointment of Ms. LAM Sin Lai Judy, the Company is in compliance with Rules 3.10A and 3.21 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

Our Group has adopted a code of conduct regarding directors' securities transactions (the "**Code of Conduct**") on standards no less exacting than those required in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules. The Company has made specific enquiries with all the directors of the Company and each of them has confirmed that he or she had complied with all required standards set out in the Code of Conduct throughout the six months ended 30 June 2017.

INTERIM DIVIDEND AND BOOK CLOSURE

The Board has declared an interim dividend of HKD0.167 per share (2016: HKD0.079 per share) to shareholders of the Company (the "**Shareholders**") whose names appear on the Company's register of members at the close of business on Monday, 11 September 2017. The interim dividend will be paid in cash. It is expected that the cheques for cash entitlement in relation to interim dividend will be despatched at the risk of those entitled thereto to their respective registered addresses on or about Friday, 29 September 2017.

The register of members of the Company will be closed from Thursday, 7 September 2017 to Monday, 11 September 2017, both days inclusive, during which period no transfer of shares will be effected. To qualify for the interim dividend, all transfer documents together with relevant share certificates must be lodged with the share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 6 September 2017.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE") AND THE COMPANY

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.sinooceangroup.com). The interim report for the six months ended 30 June 2017 will be despatched to Shareholders on or about 12 September 2017 and will be available on the Company's and the Stock Exchange's websites in due course.

PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION

In order to (i) align the articles of association of the Company (the "**Articles of Association**") with the current provisions and requirements under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Listing Rules; (ii) enhance the administrative efficiency and facilitate the decision-making process of the Board; (iii) reflect the change of English name of the Company from "Sino-Ocean Land Holdings Limited" to "Sino-Ocean Group Holding Limited" and the Chinese name of the Company from "遠洋地產控股有限公司" to "遠洋集團控股有限公司", which has taken effect from 26 May 2016, the Board proposes the adoption of a new set of Articles of Association to replace the current Articles of Association. The proposed adoption of Articles of Association are subject to the approval of Shareholders by way of special resolution at the extraordinary general meeting of the Company to be held on a date to be determined by the Board. Details will be set out in a circular to be sent to the Shareholders on or around 12 September 2017.

APPRECIATION

The Board would like to extend its 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 strategic targets in the period without their unreserved support. The overall development in the industry is undergoing a drastic change. We will continually advance our competence and grasp every opportunity to deliver even better performance.

By order of the Board
Sino-Ocean Group Holding Limited
LI Ming
Chairman

Hong Kong, 23 August 2017

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

Executive directors:	*Non-executive directors:*	*Independent non-executive directors:*
Mr. LI Ming	Mr. ZHAO Lijun	Mr. HAN Xiaojing
Mr. LI Hu	Mr. YAO Dafeng	Mr. SUEN Man Tak
Mr. WANG Yeyi	Mr. FANG Jun	Mr. WANG Zhifeng
Mr. SUM Pui Ying	Ms. SHANGGUAN Qing	Mr. JIN Qingjun
Mr. WEN Haicheng		Ms. LAM Sin Lai Judy
Mr. LI Hongbo		