SINO-OCEAN 遠洋集團

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS

- Total contracted sales amounted to a record high of RMB45,106 million, representing an increase of 48% as compared to the corresponding period.
- Revenue amounted to RMB15,376 million, and gross profit margin increased to 24%.
- Core profit amounted to RMB1,539 million, and core profit margin increased to 10%.
- Profit attributable to owners of the Company amounted to RMB2,333 million. Basic earnings per share was RMB0.310.
- Total cash resources increased by 4% to RMB25,814 million, maintaining financial soundness.
- Total assets increased 14% to RMB219,173 million, and equity attributable to owners of the Company amounted to RMB48,923 million.
- The Board proposed an interim dividend of HKD0.140 per share, in the form of cash. Dividend payout ratio remained constant as compared to the corresponding period.

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 2018.

REVIEW OF THE INTERIM RESULTS

For the six months ended 30 June 2018, our Group's revenue was RMB15,376 million, representing a year-on-year ("**YoY**") drop of 11%, mainly affected by the timing of revenue recognition; gross profit margin was 24%, increasing by 2 percentage points as compared to the corresponding period last year; after the adjustments for one-off gain or loss, core profit margin reached 10%, increasing by 1 percentage point as compared to the corresponding period; profit attributable to owners of the Company was RMB2,333 million because of the higher one-off gain of the corresponding period, decreasing by 13%; earning per share was RMB0.31.

MARKET REVIEW AND OUTLOOK

The macro-economy remained stable in the first half of the year and there was no fundamental change in the control environment of the real estate industry. A state of 'high pressure' in general was prevalent. In a particularly complex and harsh external and domestic environment, China's GDP grew by 6.8% in the first half of the year. There was an increasing number of advantageous factors driving the economy towards high-end developments. In this context, control measures in the real estate industry from the central government adhered to the main theme of 'housing is for accommodation not speculation'. At the same time, supply-side reforms and long-term regulatory mechanisms were encouraged with a view to promoting changes and high-quality developments. Local governments on one hand supported the central government's appeal and continued to roll out and intensify control measures from key tier-one and tier-two cities to emerging tier-three and tier-four cities to capture any omissions. On the other hand, they applied differentiating policies to cities accordingly, with some cities offering incentives to attract talents which boosted effective demand to a certain extent and supported development.

In a 'high pressure' control environment, the industry maintained a high level of output and a balance of supply and demand. In terms of demand, total GFA of commodity housing sold in China in the first half of the year was 770 million sq. m., an increase of 3.3% YoY; sales volume was RMB6,700 billion, rising by 13.2%, both historic highs. The composition of transactions indicated that the five major city clusters were still the driving force while sales in the mid-west region accelerated. Within the city clusters there appeared movement from tier-one and tier-two, to peripheral tier-three and tier-four cities where control measures were milder and benefited from people displaced by rebuilding of rundown areas receiving monetary housing compensation. In terms of supply, total investment in real estate development reached RMB5,600 billion, up by 9.7% YoY; GFA of new construction was 960 million sq. m., a rise of 11.8% YoY. Both absolute value and growth rate were at a high level while total supply and transaction volume were relatively balanced. Market share of tier-three and tier-four cities in the mid-west region recorded notable growth in new real estate investments. Compositions of investments and transactions were balanced on the whole.

Competition among enterprises became fiercer and consolidation escalated rapidly. The TOP30 enterprises already occupied half of the market and the gap between echelons widened. Regulated financing and tightened credits accelerated the Matthew effect as the scale and efficiency of enterprises became the main factors of fund distribution within the industry. The highly inflated land market (income of local governments from land sales rose by 43%), mergers and acquisitions among enterprises and the quick turnaround strategy adopted by major developers in the first six months all pointed to one consensus: scale and efficiency are the decisive factors of survival. The next few years therefore will be a critical period for reshuffling and re-positioning of players within the industry. Besides the principal business, benchmarking enterprises are also actively seeking new growth points and directions for changing to satisfy the various needs of the public, such as senior living, long-term rental apartments, logistics, co-work space and health. The discrepancy between the excess in traditional development capacity and people's 'good life needs' determines that the enterprises that enjoy 'large scale and efficiency in principal business, have operational capability and understanding of services in new businesses' will much more likely survive.

Looking ahead to the next six months, the macro-economy and the supply demand balance within the industry still look stable. The 2018 annual government work report proposes that the Chinese economy switches from high speed growth to high quality development. Accordingly, the real estate market will also expand to high end businesses in stages. Urbanization, migration, development of city clusters and rising housing consumption will be the growth engines of the industry. The control policies are unlikely to undergo fundamental reversal due to long-term mechanisms, more people displaced by the rebuilding of rundown areas receiving monetary housing compensation rather than housing in cities with high stock level, and central bank policies such as across-the-board reserve ratio cuts. The industry scale is expected to stay at the current high level and transaction and pricing will plateau. As competition remains fierce, weak players will be eliminated and differentiation will intensify, enterprises will continue to boost scale, efficiency and innovative financing. In addition, the industry is changing at an even faster pace. Real estate related businesses that operate on 'asset value' such as senior living, long-term rental apartments, co-work space and logistics provide room for profit growth.

FINANCIAL REVIEW

The components of the revenue are analyzed as follows:

(RMB million)	**1H 2018**	1H 2017	*Change (%)*
Property development	**12,955**	15,180	-15%
Property investment	**542**	473	15%
Property management	**594**	452	31%
Other real estate related businesses	**1,285**	1,154	11%
Total	**15,376**	17,259	-11%

The Group's revenue in the first half of 2018 was RMB15,376 million, representing a 11% decrease as compared to RMB17,259 million in the first half of 2017. The decrease was due to decrease in number of projects being delivered in the first half of the year. The property development segment remained the largest contributor which accounted for approximately 84% of the Group's total revenue. Beijing as our home base accounted for approximately 36% of the Group's total revenue in the first half of 2018 (first half of 2017: 38%) and amounted to RMB5,495 million (first half of 2017: RMB6,619 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 2018, contributions of revenue from cities including Hangzhou, Shenzhen, Guangzhou and Dalian amounted to RMB6,142 million, accounting for approximately 40% of total revenue. 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 2018 decreased to RMB9,970 million (first half of 2017: RMB12,016 million), which mainly comprised land cost and construction cost, accounted for 91% of the Group's total cost of property development during this period (first half of 2017: 91%). Including car parks, average land cost per sq.m. of the property development segment during the period increased to approximately RMB5,900 as compared to RMB5,200 in the first half of 2017. Average construction cost per sq.m. (including car parks) for property development segment increased to approximately RMB6,100 during the period, compared to RMB5,700 in the first half of 2017.

Gross profit for the period was RMB3,615 million, representing a decrease of 5% as compared to the corresponding period in 2017. Gross profit margin increased to approximately 24% (first half of 2017: 22%).

Interest and other income for the six months ended 30 June 2018 increased by 138% to RMB1,123 million (first half of 2017: RMB471 million). Such increase was mainly due to the overall increase in the entrusted loan interest income.

The Group recorded other losses (net) of RMB214 million (first half of 2017: other gains (net) of RMB901 million) due to the absence of one-off gains of the corresponding period last year. Other losses (net) mainly comprised the exchange losses and fair value losses of financial assets at fair value through profit or loss during the period.

The Group recognized fair value gains on its investment properties (before tax and non-controlling interests) of RMB723 million for the first half of 2018 (first half of 2017: RMB435 million).

Selling and marketing expenses for the first half of 2018 increased to RMB381 million, as compared to RMB295 million in the first half of 2017. These costs accounted for approximately 0.8% of the total contracted sales amount for the first half of 2018 (first half of 2017: 1.0%).

Administrative expenses for the first half of 2018 increased to RMB510 million (first half of 2017: RMB440 million), representing 3.3% of total revenue for the first half of 2018 (first half of 2017: 2.5%). 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 increased from 5.07% to 5.26% for the first half of 2018. The total interest expenses paid or accrued was RMB1,804 million (first half of 2017: RMB1,399 million), RMB666 million (first half of 2017: RMB492 million) of which was not capitalized and charged through condensed consolidated income statement.

The aggregate of enterprise income tax and deferred tax decreased by 7% to RMB1,122 million for the first half of 2018 (first half of 2017: RMB1,201 million), with an effective tax rate of 29% (first half of 2017: 29%). In addition, land appreciation tax for the first half of 2018 increased to RMB893 million (first half of 2017: RMB589 million).

Profit attributable to owners of the Company decreased by 13% to RMB2,333 million in the first half of 2018, as compared to RMB2,668 million for the corresponding period last year. Core profit, excluding one-off items and fair value gains on investment properties, increased 1% to RMB1,539 million (first half of 2017: RMB1,520 million). Return on average equity was approximately 4.8% in the first half of 2018 (first half of 2017: 5.9%). Our management will continue to focus on the improvement of our shareholders' return as their on-going tasks.

As at 30 June 2018, the Group had total cash resources (including cash and cash equivalents and restricted bank deposits) of RMB25,814 million, the majority of which were denominated in Renminbi, and a current ratio of 1.58 times. Together with the unutilized credit facilities of approximately RMB192,708 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 76% as at 30 June 2018 (31 December 2017: approximately 62%).

Majority of the borrowings were denominated in Renminbi. The remaining borrowings were denominated in HKD and USD. Approximately 68% of the Group's borrowings were at fixed rate.

In first half of 2018, 36% 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 hedge against 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 exchange rate hedge at appropriate times to avoid the corresponding risks.

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

(RMB million)	**As at 30 June 2018**	As at 31 December 2017	*Change (%)*
Within 1 year	**16,585**	9,999	66%
1 to 2 years	**16,911**	13,817	22%
2 to 5 years	**25,365**	23,641	7%
Over 5 years	**14,268**	13,575	5%
Total	**73,129**	61,032	20%

As at 30 June 2018, total pledged assets accounted for approximately 12% of the total assets of the Group (31 December 2017: 12%).

In line with the prevailing commercial practice in the PRC, the Group provides guarantees for mortgages extended to property buyers before completion of their mortgage registration. As at 30 June 2018, the total amount of the aforesaid guarantees provided by the Group was RMB8,976 million (31 December 2017: RMB10,552 million).

BUSINESS REVIEW

Property Development

Recognized sales

Revenue from property development segment fell by 15% in the first half of 2018 to RMB12,955 million as compared to RMB15,180 million for the corresponding period in 2017, primarily because of the timing of revenue recognition, projects being delivered in the first half of the year decreased. Saleable GFA delivered decreased by 25% from approximately 1,012,000 sq.m. in the first half of 2017 to approximately 756,000 sq.m. in the first half of 2018. Excluding car park sales, the average selling price recognized in the first half of 2018 was approximately RMB19,500 per sq.m. (first half of 2017: RMB16,300 per sq.m.).

Revenue and saleable GFA delivered from each project during the first half of 2018 are set out as follows:

Regions	Cities	Revenue *(RMB million)*	Saleable GFA delivered *(sq.m.)*	Average selling price recognized *(RMB/sq.m.)*
Beijing-Tianjin-Hebei Region	Beijing	3,378	61,200	55,200
	Tianjin	317	25,200	12,600
		3,695	**86,400**	**42,800**
Yangtze River Delta Region	Shanghai	322	11,600	27,800
	Hangzhou	1,439	53,500	26,900
	Nanjing	22	1,400	15,700
		1,783	**66,500**	**26,800**
Yangtze Mid-stream Region	Wuhan	689	84,500	8,200
		689	**84,500**	**8,200**
Pearl River Delta Region	Zhongshan	403	51,400	7,800
	Shenzhen	2,615	82,400	31,700
	Guangzhou	842	22,700	37,100
		3,860	**156,500**	**24,700**
Other Region	Dalian	899	63,900	14,100
	Shenyang	213	13,200	16,100
	Changchun	913	142,500	6,400
	Qingdao	77	4,100	18,800
	Sanya	135	4,600	29,300
	Haikou	80	7,000	11,400
		2,317	**235,300**	**9,800**
	Other projects	68	7,900	8,600
Subtotal (excluding carparks)		12,412	637,100	19,500
Carparks (various projects)		543	118,600	4,600
Total		**12,955**	**755,700**	**17,100**

Contracted sales

Our contracted sales (including our joint ventures and associates) during the six months ended 30 June 2018 amounted to RMB45,106 million, representing an approximate 48% increase as compared to RMB30,466 million from the corresponding period in 2017. GFA sold for the first half of 2018 increased by 41% to 2,307,700 sq.m. (first half of 2017: 1,641,300 sq.m.). Excluding car park sales, the average selling price increased by 2% to RMB20,600 per sq.m. (first half of 2017: RMB20,100 per sq.m.).

The contracted sales amounts and saleable GFA sold by cities during the first half of 2018 are set out as follows:

Regions	**Cities**	**Contracted sales** *(RMB million)*	**Saleable GFA sold** *(sq.m.)*	**Average selling price** *(RMB/sq.m.)*
Beijing-Tianjin-Hebei Region	Beijing	9,700	300,800	32,200
	Tianjin	3,672	172,700	21,300
	Shijiazhuang	2,497	215,600	11,600
		15,869	**689,100**	**23,000**
Yangtze River Delta Region	Shanghai	1,162	39,000	29,800
	Hangzhou	2,033	81,400	25,000
	Nanjing	486	30,500	15,900
	Wuxi	372	21,700	17,100
		4,053	**172,600**	**23,500**
Yangtze Mid-stream Region	Wuhan	4,086	222,300	18,400
	Hefei	2,569	149,400	17,200
	Changsha	884	63,700	13,900
	Nanchang	44	3,700	11,900
		7,583	**439,100**	**17,300**
Pearl River Delta Region	Zhongshan	3,070	235,300	13,000
	Shenzhen	2,427	71,500	33,900
	Guangzhou	3,625	89,700	40,400
		9,122	**396,500**	**23,000**
Chengdu-Chongqing Region	Chongqing	3,071	180,200	17,000
		3,071	**180,200**	**17,000**

Regions	Cities	Contracted sales *(RMB million)*	Saleable GFA sold *(sq.m.)*	Average selling price *(RMB/sq.m.)*
Other Region	Dalian	1,715	100,100	17,100
	Shenyang	529	32,300	16,400
	Changchun	461	35,600	12,900
	Qingdao	543	32,000	17,000
	Sanya	913	21,500	42,500
	Haikou	34	2,700	12,600
		4,195	**224,200**	**18,700**
	Other projects	361	43,500	8,300
Subtotal (excluding carparks)		44,254	2,145,200	20,600
Carparks (various projects)		852	162,500	5,200
Total		**45,106**	**2,307,700**	**19,500**

Landbank

As at 30 June 2018, the landbank of the Group increased by 15% to 39,187,000 sq.m. (As at 31 December 2017: 34,088,000 sq.m.); while landbank with attributable interest increased to 21,062,000 sq.m. (As at 31 December 2017: 18,490,000 sq.m.). During the first half of 2018, we acquired 39 plots of land and 1 developed project. Total GFA and attributable interest GFA of the newly acquired land plots were approximately 6,044,000 sq.m. and 3,082,000 sq.m. respectively, with average acquisition cost per sq.m. of about RMB9,300. In terms of saleable GFA, the average land cost per sq.m. for our landbank as at 30 June 2018 was approximately RMB7,000 (As at 31 December 2017: RMB6,500).

The Group's landbank details as at 30 June 2018 are set out as follows:

Regions	Cities	Projects	Districts	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	Shunyi District, Beijing	79	79	79	23.00%
		CBD Plot Z6	Chaoyang District, Beijing	241	185	241	100.00%
		CBD Plot Z13	Chaoyang District, Beijing	162	126	162	10.00%
		Changping Sci-tech Park F2 Project	Changping District, Beijing	256	193	251	50.00%
		Eternal Scenery	Miyun District, Beijing	482	341	452	50.00%
		Grand Harmory Emerald Residence	Daxing District, Beijing	224	165	224	40.00%
		Huangcun 0901 Plot,Daxing District	Daxing District, Beijing	118	99	118	25.00%
		Jasper Epoch	Daxing District, Beijing	92	78	92	49.00%
		Jialihua Project, Shunyi District	Shunyi District, Beijing	277	206	277	100.00%
		Liangxiang Project	Fangshan District, Beijing	126	102	126	11.10%
		Lize Business District Project	Fengtai District, Beijing	441	331	441	17.25%
		Mentougou Tanzhe Temple Project	Mentougou District, Beijing	430	344	430	10.00%
		Mizhiyun Project	Miyun District, Beijing	80	71	42	90.00%
		Ocean Epoch	Shijingshan District, Beijing	264	198	195	100.00%
		Ocean LA VIE	Chaoyang District, Beijing	318	305	93	85.72%
		Ocean Melody	Chaoyang District, Beijing	55	50	2	100.00%
		Ocean Metropolis	Mentougou District, Beijing	330	276	219	75.00%
		Ocean Palace	Daxing District, Beijing	436	383	83	100.00%
		Ocean Wuliepoch	Shijingshan District, Beijing	595	458	595	21.00%
		Our New World	Fangshan District, Beijing	109	91	36	100.00%
		Plot 6002, Mentougou New Town	Mentougou District, Beijing	125	97	125	21.00%
		Royal River Villa	Chaoyang District, Beijing	132	118	132	20.00%
		Sino-Ocean Shin Kong Project	Tongzhou District, Beijing	479	334	479	50.00%
		Xanadu & Ocean Epoch	Chaoyang District, Beijing	230	193	230	50.00%
		Xiji Plot C, Tongzhou District	Tongzhou District, Beijing	221	170	109	30.00%
		Xiji Plot D, Tongzhou District	Tongzhou District, Beijing	128	113	128	10.00%
		Xiji Plot E, Tongzhou District	Tongzhou District, Beijing	139	136	139	50.00%
		Yizhuang EDA Plot G2R1	Daxing District, Beijing	300	207	300	50.00%
		Yizhuang Motor Tower Project	Daxing District, Beijing	67	41	67	100.00%
		Yongjingtaoyuan Project	Chaoyang District, Beijing	692	554	692	49.00%
				7,628	6,044	6,559	

Regions	Cities	Projects	Districts	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	Wuqing District, Tianjin	504	317	504	50.00%
		Binhai Hongze Zhizao Project	Binhai New Area, Tianjin	35	25	35	100.00%
		Binhai New Area Eco-Town Plot 5	Binhai New Area, Tianjin	185	135	185	42.90%
		Boda Logistic Project	Wuqing District, Tianjin	285	–	285	100.00%
		Haihe Jiaoyuyuan Plot 13	Jinnan District, Tianjin	227	171	227	33.00%
		Haihe Jiaoyuyuan Plot 14	Jinnan District, Tianjin	285	194	285	25.00%
		Ocean Chanson	Wuqing District, Tianjin	204	199	41	100.00%
		Ocean City	Binhai New Area, Tianjin	2,137	1,683	468	100.00%
		Ocean Express	Dongli District, Tianjin	335	288	3	100.00%
		Ocean Great Harmony	Xiqing District, Tianjin	350	290	50	100.00%
		Ocean Inside	Binhai New Area, Tianjin	183	176	55	60.00%
		Ocean International Center	Hedong District, Tianjin	321	200	96	100.00%
		Ocean Kunting	Binhai New Area, Tianjin	675	488	620	34.28%
		Ocean Prospect	Dongli District, Tianjin	321	309	53	100.00%
		Royal River	Wuqing District, Tianjin	349	333	155	100.00%
		The Great Habitat Mansion House	Dongli District, Tianjin	562	385	448	60.00%
		Yixingbu Project, Beichen District	Beichen District, Tianjin	3,034	2,615	2,999	51.00%
				9,992	7,808	6,509	
	Shijiazhuang	Chang'an District Plot 015	Chang'an District, Shijiazhuang	228	171	228	51.00%
		Chang'an District Redevelopment Project	Chang'an District, Shijiazhuang	363	268	363	31.00%
		Jade Mansion	Gaocheng District, Shijiazhuang	146	99	146	35.00%
		Sino-Ocean No. 7	Chang'an District, Shijiazhuang	115	103	115	20.00%
				852	641	852	

Regions	Cities	Projects	Districts	Approximate total GFA *('000 sq.m.)*	Approximate total saleable GFA *('000 sq.m.)*	Remaining landbank *('000 sq.m.)*	Interest attributable to the Group *(%)*
	Langfang	Nianziying Project	Guangyang District, Langfang	1,897	954	1,897	51.00%
		Xian He Wan Run Project	Xianghe County, Langfang	269	180	269	20.00%
				2,166	1,134	2,166	
	Zhangjiakou	Centrality Mansion	Qiaodong District, Zhangjiakou	203	163	203	60.00%
				20,841	**15,790**	**16,289**	
Yangtze River Delta Region	Shanghai	Chongming Dongtan Project	Chongming District, Shanghai	1,072	672	1,007	13.54%
		Ocean Fortune Center	Pudong New Area, Shanghai	59	45	31	100.00%
		Ocean Mansion No. 7	Baoshan District, Shanghai	117	110	4	100.00%
		Ocean Melody	Pudong New Area, Shanghai	323	279	137	100.00%
		Wellness Masterpiece	Qingpu District, Shanghai	49	41	49	50.00%
		Yuanbo Hotel Project	Putuo District, Shanghai	54	–	54	50.00%
				1,674	1,147	1,282	
	Hangzhou	Canal Business Center Project	Gongshu District, Hangzhou	609	292	142	100.00%
		Chongxian B-6 Plot, Yuhang District	Yuhang District, Hangzhou	111	65	111	49.00%
		Chongxian C-7 Plot, Yuhang District	Yuhang District, Hangzhou	107	73	107	51.00%
		Natural Masterpiece	Gongshu District, Hangzhou	145	99	81	50.00%
		Neo 1	Gongshu District, Hangzhou	43	40	43	50.00%
		Ocean Melody	Jianggan District, Hangzhou	58	39	1	100.00%
		Seasons Countyard	Gongshu District, Hangzhou	129	89	129	50.00%
		Sino-Ocean Native Place	Xiaoshan District, Hangzhou	68	41	52	100.00%
				1,270	738	666	

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Nanjing	Binjiang Logistics Project	Jiangning District, Nanjing	58	–	58	38.00%
		Ocean Landscape	Jiangning District, Nanjing	147	121	146	70.00%
		Ocean Seasons	Lishui District, Nanjing	234	184	234	100.00%
		Sino-Ocean Land Greenland Premier Court	Jiangning District, Nanjing	71	67	30	50.00%
				510	372	468	
	Suzhou	Easy Town	Huqiu District, Suzhou	104	85	104	16.50%
		Fenhu Plot 006	Wujiang District, Suzhou	113	79	113	34.00%
		Kunshan Yushan Cold Chain Logistics Project	Yushan, Kunshan City	62	–	62	34.00%
		Ocean Melody	Port area, Taicang City	105	77	105	34.00%
		Plot 58 Suzhou New District	Huqiu District, Suzhou	91	75	91	14.00%
		Rocker Park	Huqiu District, Suzhou	240	198	240	30.00%
		Shihu Project	Wuzhong District, Suzhou	49	–	49	68.75%
				764	514	764	
	Wuxi	Haoshi Project	Wuxi New Area	63	52	63	40.00%
		Taihu Milestone	Wuxi New Area	116	93	116	40.00%
				179	145	179	
	Jiaxing	East Lake	Haining City, Jiaxing	109	73	109	33.00%
		Jiaxing Project	Hunan District, Jiaxing	96	–	96	38.00%
		Lakeside Wonderland	Xiuzhou District, Jiaxing	134	124	134	33.00%
		Plot 34, Jiashan	Jiashan County, Jiaxing	122	106	122	30.00%
				461	303	461	
	Chuzhou	Xiangrong Road Project	Chahe Town, Chuzhou	108	82	108	100.00%
	Changzhou	Sky Peninsula	Yanshan New Area, Liyang	101	99	101	40.00%
	Taizhou	Jiaojiang Project	Jiaojiang District, Taizhou	79	65	79	40.00%
				5,146	**3,465**	**4,108**	

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
Yangtze Mid-stream Region	Wuhan	Hejiadun Project	Jianghan District, Wuhan	1,019	972	730	61.00%
		Jiangxia Logistic Project	Jiangxia District, Wuhan	45	–	45	100.00%
		Ocean World	Dongxihu District, Wuhan	398	369	96	100.00%
		Oriental World View	Hanyang District, Wuhan	1,880	1,509	1,880	10.50%
				3,342	2,850	2,751	
	Hefei	Metropolis 1907	Binhu New Area, Hefei	322	242	322	25.00%
	Changsha	Bund No.1	Yuelu District, Changsha	134	95	134	28.45%
		Yajun Project	Wangcheng District, Changsha	422	332	422	10.00%
				556	427	556	
	Nanchang	Sino-Ocean Elite Mansion	Wanli District, Nanchang	106	102	106	20.00%
		Wanli 178 Project	Wanli District, Nanchang	173	122	173	51.00%
				279	224	279	
				4,499	**3,743**	**3,908**	
Pearl River Delta Region	Zhongshan	Blossoms Valley	Shenwan Town, Zhongshan	1,172	1,037	1,163	75.00%
		King Realm	Dongsheng Town, Zhongshan	181	134	181	25.00%
		Ocean Aroma	Shiqi District, Zhongshan	141	125	12	51.00%
		Ocean Bloom	Dongfeng Town, Zhongshan	200	189	23	51.00%
		Ocean City	Eastern District, Zhongshan	2,083	1,736	105	100.00%
		Ocean Emerald	Nantou Town, Zhongshan	437	412	125	51.00%
		Ocean Longshire	Henglan Town, Zhongshan	96	85	95	80.00%
		Ocean Magic City	Western District, Zhongshan	170	160	51	51.00%
		Ocean Prospect	Shiqi District, Zhongshan	91	66	85	30.00%
		Sino-Ocean Aristocratic Family	Eastern District, Zhongshan	103	78	103	12.25%
		Sino-Ocean Landscape	Minzhong Town, Zhongshan	210	159	210	50.00%
		Suixicun 135 Project, Nantou	Nantou Town, Zhongshan	43	33	43	34.00%
		Suixicun 136 Project, Nantou	Nantou Town, Zhongshan	83	62	83	30.00%
		Suixicun 137 Project, Nantou	Nantou Town, Zhongshan	107	102	107	45.00%

Regions	Cities	Projects	Districts	Approximate total GFA	Approximate total saleable GFA	Remaining landbank	Interest attributable to the Group
				('000 sq.m.)	*('000 sq.m.)*	*('000 sq.m.)*	*(%)*
		Suixicun 162 Project, Nantou	Nantou Town, Zhongshan	90	68	90	34.00%
		Suixicun 163 Project, Nantou	Nantou Town, Zhongshan	34	26	34	34.00%
		The Place	Shiqi District, Zhongshan	226	148	221	50.00%
		Wuguishan Longtangcun Project	Wuguishan Town, Zhongshan	187	137	187	50.00%
				5,654	4,757	2,918	
	Shenzhen	Lishan Project	Nanshan District, Shenzhen	171	120	67	60.00%
		Long Chuan Tang Project	Nanshan District, Shenzhen	115	52	115	60.00%
		Longhua District De Ai Industrial Park	Baoan District, Shenzhen	533	282	533	80.00%
		Ocean Express	Longgang District, Shenzhen	556	437	173	84.70%
		Ocean Metropolis	Longgang District, Shenzhen	390	292	312	85.00%
				1,765	1,183	1,200	
	Guangzhou	Elite Palace	Tianhe District, Guangzhou	310	279	200	100.00%
		Hibiscus Villa	Huadu District, Guangzhou	179	87	179	51.00%
		Honoka project in Baiyun District	Baiyun District, Guangzhou	285	198	285	16.66%
				774	564	664	
	Foshan	Delight River	Sanshui District, Foshan	207	192	207	50.00%
		Plot 1 Sanshui New City, Sanshui District	Sanshui District, Foshan	285	221	285	49.00%
		Plot 2 Sanshui New City, Sanshui District	Sanshui District, Foshan	259	191	259	51.00%
				751	604	751	

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Hong Kong	LP6	Tseung Kwan O, Hong Kong	137	136	137	40.00%
	Zhanjiang	Ocean City	Xiashan District, Zhanjiang	612	493	612	45.50%
	Maoming	Elite Palace	Maogang District, Maoming	273	207	273	51.00%
				9,966	7,944	6,555	
Chengdu-Chongqing Region	Chongqing	Chayuan Project	Chayuan New Area, Chongqing	178	132	178	50.00%
		Chongqing College Town Project	Shazhoubei District, Chongqing	102	71	102	50.00%
		Gaomiao Plot, Jiulongpo District	Jiulongpo District, Chongqing	126	125	126	50.00%
		Gaomiao Project, Phase II, Jiulongpo District	Jiulongpo District, Chongqing	285	213	285	50.00%
		Jiuquhe Plot 2 of Yubei District	Yubei District, Chongqing	335	246	335	37.71%
		Sino-Ocean International Golf Resort	Banan District, Chongqing	592	480	244	42.50%
				1,618	1,267	1,270	
	Chengdu	Jinniu Project	Jinniu District, Chengdu	122	106	122	25.00%
		Longquan Sunshine Town Project	Longquanyi District, Chengdu	320	263	320	50.00%
		Ocean Crown	Qingyang District, Chengdu	99	46	99	60.00%
		Ocean Habitat	Chongzhou City, Chengdu	123	98	123	51.00%
		Qingyang Project	Qingyang District, Chengdu	71	38	71	50.00%
		Sino-Ocean Taikoo Li Chengdu	Jinjiang District, Chengdu	417	362	202	50.00%
		Xipu Project	Pidu District, Chengdu	139	99	139	50.00%
				1,291	1,012	1,076	

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Kunming	Chenggong Project	Chenggong District, Kunming	222	218	222	70.00%
		Chenggong Project, Phase II	Chenggong District, Kunming	99	88	99	70.00%
		Kunming Airport Project	Guandu District, Kunming	37	–	37	38.00%
				358	306	358	
				3,267	**2,585**	**2,704**	
Other Region	Dalian	Jinma Project	Jinzhou District, Dalian	77	43	35	10.00%
		Ocean Diamond Bay	Ganjingzi District, Dalian	2,046	1,746	1,165	100.00%
		Ocean Worldview	Jinzhou District, Dalian	1,902	1,645	400	100.00%
		Sino-Ocean Technopole	Jinzhou District, Dalian	922	540	922	100.00%
		The Place of Glory	Ganjingzi District, Dalian	925	875	457	100.00%
		Xiaoyao Bay Project	Jinzhou District, Dalian	219	175	219	100.00%
		Zhonghua Road Plot #2	Ganjingzi District, Dalian	111	52	111	100.00%
				6,202	5,076	3,309	
	Shenyang	Grand Canal Milestone	Shenhe District, Shenyang	382	257	342	100.00%
		Ocean Paradise	Heping District, Shenyang	713	695	10	100.00%
		Yuqin Biyuan Project	Hunnan District, Shenyang	212	169	212	52.00%
				1,307	1,121	564	
	Changchun	Ocean Cannes Town	Nanguan District, Changchun	831	661	113	100.00%
		Orient Palace	Nanguan District, Changchun	73	60	73	20.00%
				904	721	186	

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Qingdao	Ocean Melody	Huangdao Development Zone,Qingdao	109	107	14	100.00%
		Ocean Seasons	Laoshan District, Qingdao	146	132	18	100.00%
		Xingzhengyuan Project, Jiaozhou	Jiaozhou City, Qingdao	333	269	333	75.00%
				588	508	365	
	Sanya	Hongtang Bay Project	Tianya District, Sanya	561	249	561	50.00%
		Ocean Treasure	Jiyang District, Sanya	177	111	77	100.00%
				738	360	638	
	Haikou	Ocean Zen House	Xiuying District, Haikou	117	106	5	100.00%
	Taiyuan	Shengjian Project, Xiaodian District	Xiaodian District, Taiyuan	45	40	45	100.00%
	Zhengzhou	107 Road Project, Longhu Town	Longhu Town, Xinzheng City,Zhengzhou	169	158	169	51.00%
		Lvbo Plot 113	Zhongmu County, Zhengzhou	43	38	43	69.30%
		Yongzhixing Cold Chain Logistics Project	Airport Economic Zone, Zhengzhou	172	–	172	100.00%
				384	196	384	
	Xiamen	Plot 2017XP02, Xiang'an District	Xiang'an District, Xiamen	52	35	52	50.00%
		Plot 2017XP03, Xiang'an District	Xiang'an District, Xiamen	75	49	75	50.00%
				127	84	127	
				10,412	**8,212**	**5,623**	
Total				**54,131**	**41,739**	**39,187**	

Property Investment

During the first half of 2018, revenue from property investment increased by 15% to RMB542 million (first half of 2017: RMB473 million). As at 30 June 2018, the Group held 19 operating investment properties, in which the majority is office units.

List of our investment properties as at 30 June 2018 is set out as follows:

	Districts	Approximate leasable area *(sq.m.)*	Office premises *(sq.m.)*	Retail space *(sq.m.)*	Others *(sq.m.)*	Occupancy rate as at 30 June 2018 *(%)*	Interest attributable to the Group *(%)*
Ocean Plaza (Beijing)	Xicheng District, Beijing	30,000	26,000	–	4,000	99%	72%
Ocean International Center (Beijing)	Chaoyang District, Beijing	94,000	70,000	7,000	17,000	97%	100%
Ocean Office Park (Beijing)	Chaoyang District, Beijing	107,000	81,000	12,000	14,000	93%	100%
Ocean We-life Plaza (Beijing)	Chaoyang District, Beijing	31,000	–	31,000	–	97%	100%
Ocean We-life Plaza (Tianjin)	Hedong District, Tianjin	41,000	–	41,000	–	97%	100%
Grand Canal Plaza (Hangzhou)	Gongshu District, Hangzhou	67,000	–	67,000	–	87%	100%
North Carolina Project (USA)	Durham, North Carolina	12,000	12,000	–	–	91%	70%
San Francisco Project (USA)	Financial District, San Francisco	6,000	6,000	–	–	90%	100%
Other Projects		90,000	16,000	59,000	15,000		
Subtotal		478,000	211,000	217,000	50,000		
Other							
INDIGO (Beijing)	Chaoyang District, Beijing	225,000	52,000	48,000	125,000	100%	50%
Ocean International Center, Phase II (Beijing)	Chaoyang District, Beijing	70,000	46,000	13,000	11,000	95%	35%
Diamond Plaza (Beijing)	Haidian District, Beijing	22,000	20,000	–	2,000	100%	50%
Silicon Valley Bright Center, Building #4 (Beijing)	Haidian District, Beijing	9,000	8,000	1,000	–	99%	50%
Bailibao Plaza (Shenyang)	Heping District, Shenyang	56,000	–	56,000	–	80%	50%
Amazing City (Shanghai)	Yangpu District, Shanghai	17,000	17,000	–	–	33%	49%
Daning International Plaza (Shanghai)	Jinjiang District, Shanghai	38,000	38,000	–	–	81%	50%
Sino-Ocean Tower (Shanghai)	Huangpu District, Shanghai	62,000	46,000	4,000	12,000	91%	15%
Haixing Plaza (Shanghai)	Huangpu District, Shanghai	14,000	10,000	–	4,000	59%	50%
Huamin Empire Plaza (Chengdu)	Jinjiang District, Chengdu	51,000	47,000	2,000	2,000	54%	50%
Sino-Ocean Taikoo Li Chengdu (Chengdu)	Jinjiang District, Chengdu	115,000	–	84,000	31,000	96%	50%
Subtotal		679,000	284,000	208,000	187,000		
Total		**1,157,000**	**495,000**	**425,000**	**237,000**		

Employees and Human Resources

As at 30 June 2018, the Group had 11,453 employees (31 December 2017: 10,081). In order to support the diversification of the Group's business function, the Group speeds up the talent introduction in the first half of 2018, the Group will continue to strengthen manpower effectiveness and control capability.

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 condensed consolidated interim results of the Group for the six months ended 30 June 2018 are as follows:

Condensed Consolidated Interim Balance Sheet

	Note	**As at 30 June 2018 *RMB'000* (Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**2,065,535**	1,261,388
Land use rights		**52,044**	59,535
Intangible assets		**439,668**	–
Investment properties		**19,035,511**	17,279,920
Goodwill		**481,675**	99,168
Investments in joint ventures		**17,681,510**	14,720,119
Investments in associates		**5,211,507**	4,562,962
Financial assets at fair value through other comprehensive income		**657,165**	–
Financial assets at fair value through profit or loss		**3,168,221**	–
Available-for-sale financial assets		**–**	3,708,978
Trade and other receivables and prepayments	*6*	**17,330,606**	8,985,682
Deferred income tax assets		**1,414,381**	979,095
Total non-current assets		**67,537,823**	51,656,847
Current assets			
Deposits for land use rights		**5,963,297**	7,507,699
Properties under development		**51,459,724**	47,767,443
Inventories, at cost		**156,397**	160,528
Amounts due from customers for contract work		**–**	513,524
Land development cost recoverable		**813,410**	814,838
Completed properties held for sale		**16,184,931**	19,413,477
Financial assets at fair value through profit or loss		**262,372**	14,656
Trade and other receivables and prepayments	*6*	**49,194,121**	39,278,801
Contract assets		**1,786,238**	–
Restricted bank deposits		**5,047,797**	2,797,531
Cash and cash equivalents		**20,766,412**	21,968,819
Total current assets		**151,634,699**	140,237,316
Total assets		**219,172,522**	191,894,163

	Note	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
EQUITY			
Equity attributable to owners of the Company			
Capital		**27,325,933**	27,129,614
Shares held for Restricted Share Award Scheme		**(179,456)**	(140,746)
Other reserves		**(568,519)**	768,023
Retained earnings		**22,344,797**	20,745,229
		48,922,755	48,502,120
Non-controlling interests		**13,195,361**	10,226,108
Total equity		**62,118,116**	58,728,228
LIABILITIES			
Non-current liabilities			
Borrowings		**56,543,561**	51,033,017
Trade and other payables	7	**225,999**	6,895
Deferred income tax liabilities		**4,024,267**	3,249,749
Total non-current liabilities		**60,793,827**	54,289,661
Current liabilities			
Borrowings		**16,585,232**	9,999,137
Trade and other payables	7	**52,122,982**	37,879,938
Advance receipts from customers		**–**	24,201,908
Contract liabilities		**21,248,960**	–
Income tax payables		**6,018,792**	6,795,291
Financial liabilities at fair value through profit or loss		**284,613**	–
Total current liabilities		**96,260,579**	78,876,274
Total liabilities		**157,054,406**	133,165,935
Total equity and liabilities		**219,172,522**	191,894,163

Condensed Consolidated Interim Income Statement

	Note	Unaudited Six months ended 30 June **2018** ***RMB'000***	 2017 *RMB'000*
Revenue	*5*	**15,376,264**	17,258,531
Cost of sales		**(11,761,699)**	(13,457,253)
Gross profit		**3,614,565**	3,801,278
Interest and other income		**1,122,957**	470,646
Other (losses)/gains — net	*8*	**(213,615)**	900,716
Fair value gains on investment properties		**723,123**	435,009
Selling and marketing expenses		**(380,845)**	(294,945)
Administrative expenses		**(510,160)**	(440,034)
Operating profit		**4,356,025**	4,872,670
Finance costs	*9*	**(665,838)**	(492,109)
Share of gains of joint ventures		**837,125**	349,877
Share of gains of associates		**207,753**	55,989
Profit before income tax		**4,735,065**	4,786,427
Income tax expense	*10*	**(2,015,131)**	(1,790,607)
Profit for the period		**2,719,934**	2,995,820
Attributable to:			
Owners of the Company		**2,333,404**	2,667,776
Non-controlling interests		**386,530**	328,044
		2,719,934	2,995,820
Basic earnings per share for profit attributable to owners of the Company (expressed in RMB)	*11*	**0.310**	0.358
Diluted earnings per share for profit attributable to owners of the Company (expressed in RMB)	*11*	**0.308**	0.358

Condensed Consolidated Interim Statement of Comprehensive Income

	Unaudited Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Profit for the period	**2,719,934**	2,995,820
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Fair value losses on financial assets at fair value through other comprehensive income	**(36,689)**	–
Items that may be reclassified subsequently to profit or loss		
Fair value gains on available-for-sale financial assets	**–**	80,848
Currency translation differences	**(16,256)**	91,998
Share of other comprehensive income of investments accounted for using the equity method	**(1,027,500)**	(1,758)
Other comprehensive income for the period	**(1,080,445)**	171,088
Total comprehensive income for the period	**1,639,489**	3,166,908
Total comprehensive income attributable to:		
— Owners of the Company	**1,224,682**	2,839,996
— Non-controlling interests	**414,807**	326,912
	1,639,489	3,166,908

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 22 August 2018 by the Board of directors.

2 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2018 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 does not include all the notes of the type normally included in the annual financial statements. Accordingly, this condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The financial information relating to the year ended 31 December 2017 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2018 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 2017 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).

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

(i) New and amended standards adopted by the group

The Group has applied the following standards and amendments for the first time for their interim reporting period commencing 1 January 2018:

- HKFRS 9, 'Financial instruments'

- HKFRS 15, 'Revenue from contracts with customers'

The impact of the adoption of these standards and the new accounting policies are disclosed in note 4 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

(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 2018 and have not been early adopted.

HKFRS 16 Leases

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised 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 recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

4 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 9 Financial instruments and HKFRS 15 Revenue from contracts with customers on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

4.1 HKFRS 9 Financial instruments — Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 Financial Instruments ("HKAS39") that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated.

(i) Classification and measurement of financial instruments

The total impact on the Group's retained earnings due to classification and measurement of financial instruments as at 1 January 2018 is as follow:

	RMB'000
Opening retained earnings — HKAS 39	20,745,229
Reclassify investments from available-for-sale to financial assets at fair value through profit or loss ("FVPL")	199,031
Adjustment to retained earnings from adoption of HKFRS 9	199,031
Opening retained earnings — HKFRS 9 (before restatement for HKFRS 15)	20,944,260

Management has assessed the business models and the contractual terms of the cash flows apply to the financial assets held by the Group at the date of initial application of HKFRS 9 (1 January 2018) and has classified its financial instruments into the appropriate HKFRS 9 categories, which are those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and those to be measured at amortised cost.

The main effects resulting from this reclassification are as follows:

	Available-for-sale financial assets ("AFS") *RMB'000*	**Financial assets at fair value through other comprehensive income ("FVOCI")** *RMB'000*	**Financial assets at fair value through profit or loss ("FVPL")** *RMB'000*
At 1 January 2018			
Opening balance — HKAS 39	3,708,978	–	–
Reclassify from AFS to FVOCI	(657,165)	657,165	–
Reclassify from AFS to FVPL	(3,051,813)	–	3,051,813
Opening balance — HKFRS 9	–	657,165	3,051,813

The main effects resulting from this reclassification on the Group's equity is as follows:

	AFS reserve *RMB'000*	**FVOCI reserve** *RMB'000*	**Retained earnings** *RMB'000*
At 1 January 2018			
Opening balance — HKAS 39	251,673	–	20,745,229
Reclassify from AFS to FVOCI	(52,642)	52,642	–
Reclassify from AFS to FVPL	(199,031)	–	199,031
Opening balance — HKFRS 9	–	52,642	20,944,260

4.2 HKFRS 9 Financial instruments — Accounting policies

(i) Investments and other financial assets

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and other receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

4.3 HKFRS 15 Revenue from contracts with customers — Impact of adoption

The Group has adopted HKFRS 15 Revenue from contracts with customers from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

The Group elected to use a modified retrospective approach for transition which allows the Group to recognise the cumulative effects of initially applying HKFRS15 as an adjustment to the opening balance of retained earnings in the 2018 financial year. The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 January 2018, thus the comparative figures have not been restated.

HKFRS 15 replaces the provisions of HKAS 18 Revenue ("HKAS18") and HKAS 11 Construction contracts ("HKAS11") that relate to the recognition, classification and measurement of revenue and costs. The effects of the adoption of HKFRS 15 are as follows:

Accounting for property development activities

In prior reporting periods, the Group accounted for property development activities when significant risk and rewards of ownership has been transferred to the customers on delivery in its entirety at a single time upon vacant possession and not continuously as construction progresses.

Under HKFRS 15, properties that have no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from the customers for performance completed to date, the Group recognises revenue as the performance obligation is satisfied over time in accordance with the input method for measuring progress.

The excess of cumulative revenue recognised in profit or loss over the cumulative billings to purchasers of properties is recognised as contract assets. The contract assets will be reclassified as receivables when the progress billings are issued or properties are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The excess of cumulative billings to purchasers of properties over the cumulative revenue recognised in profit or loss is recognised as contract liabilities. The contract liability is recognised as revenue when the Group satisfies its performance obligations.

Accounting for costs incurred to obtain a contract

Following the adoption of HKFRS 15, costs such as stamp duty and sales commissions incurred directly attributable to obtaining a contract, if recoverable, are capitalised and recorded in contract assets.

Accounting for significant financing component

For contracts where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price is adjusted for the effects of a financing component, if significant.

Presentation of contract assets and liabilities

Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

- Contract liabilities for progress billing recognised in relation to property development activities were previously presented as advanced proceeds received from customers.

- Contract assets recognised in relation to construction activities and prepaid sales commission were previously presented as due from customers for contract work and trade and other receivables and prepayments respectively.

(a) The impact on the Group's financial position by the application of HKFRS 15 as compared to HKAS 18 and HKAS 11 that was previously in effect before the adoption of HKFRS 15 is as follows:

	As at 1 January 2018 Effects of the adoption of HKFRS 15 *RMB'000*
Condensed consolidated interim balance sheet (extract)	
Goodwill	(9,582)
Investments in joint ventures	1,503
Investments in associates	20,022
Properties under development	(1,641,328)
Completed properties held for sale	(953,498)
Amounts due from customers for contract work	(513,524)
Contract assets	641,433
Trade and other payables	241,598
Advance receipts from customers	(24,201,908)
Contract liabilities	21,235,422
Income tax payable	125,715
Deferred income tax liabilities	30,669
Retained earnings	57,529
Non-controlling interests	56,001

(b) The amount by each financial statements line items affected in the current period and period to date by the application of HKFRS 15 as compared to HKAS 18 and HKAS 11 that was previously in effect before the adoption of HKFRS 15 is as follows:

	As at 30 June 2018 Effects of the adoption of HKFRS 15 *RMB'000*
Condensed consolidated interim balance sheet (extract)	
Goodwill	**(7,769)**
Investments in joint ventures	**9,039**
Investments in associates	**72,738**
Properties under development	**(3,650,995)**
Completed properties held for sale	**(1,042,681)**
Amounts due from customers for contract work	**(748,373)**
Contract assets	**1,786,238**
Trade and other payables	**586,212**
Advance receipts from customers	**(27,176,410)**
Contract liabilities	**21,248,960**
Income tax payable	**431,551**
Deferred income tax liabilities	**311,527**
Retained earnings	**783,321**
Non-controlling interests	**233,036**

	Six months ended 30 June 2018 Effects of the adoption of HKFRS 15 *RMB'000*
Condensed consolidated interim income statement (extract)	
Revenue	**3,563,228**
Cost of sales	**(2,133,959)**
Share of gains of joint ventures	**7,536**
Share of gains of associates	**52,716**
Income tax expense	**(586,694)**
Profit for the period	**902,827**
— Attributable to owners of the Company	**725,792**
— Attributable to non-controlling interests	**177,035**

(c) Details of contract assets are as follows:

	30 June 2018 *RMB'000*	1 January 2018 *RMB'000*
Contract assets related to sales of properties	**1,037,865**	127,909
Contract assets related to construction services	**748,373**	513,524
Total contract assets	**1,786,238**	641,433

(d) Contract liabilities

(i) As at 1 January and 30 June 2018, the contract liabilities mainly included the payments received from sales of properties which were usually received in advance of the performance under the contracts.

(ii) Revenue from sales of properties totalled RMB9,106 million was recognised in current reporting period that was included in the contract liability balance at the beginning of the period.

4.4 HKFRS 15 Revenue from contracts with customers — Accounting policies

(i) Properties under development — costs to fulfill a contract

Costs to fulfill a contract comprise the development cost and land use right cost directly related to an existing contract that will be used to satisfy performance obligations in the future. The costs to fulfill a contract are recorded in properties under development if they are expected to be recovered. The amount is amortised on a systematic basis, consistent with the pattern of revenue recognition of the contract to which the asset relates.

(ii) ***Contract assets and contract liabilities***

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognized as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

The Group recognises the incremental costs of obtaining a contract with a customer within contract assets if the Group expects to recover those costs.

(iii) ***Revenue recognition***

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

Sales of properties and construction services

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

For construction services, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

5 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, fair value gains/losses from investment properties, corporate overheads and other (losses)/gains-net. 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, financial assets at fair value through other comprehensive income, 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 and financial liabilities at fair value through profit or loss, 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 interim income statement.

	Beijing-Tianjin – Hebei RMB'000	Yangtze River Delta RMB'000	Yangtze Mid-stream and Chengdu – Chongqing RMB'000	Pearl River Delta RMB'000	Others RMB'000	Investment property RMB'000	All other segments RMB'000	Total RMB'000
	Unaudited							
	Property development							
Six months ended 30 June 2018								
Total segment revenue	**3,919,992**	**2,125,277**	**768,574**	**3,893,933**	**2,484,628**	**552,751**	**3,677,150**	**17,422,305**
Inter-segment revenue	**–**	**(218,170)**	**–**	**(19,169)**	**–**	**(10,671)**	**(1,798,031)**	**(2,046,041)**
Revenue (from external customers)	**3,919,992**	**1,907,107**	**768,574**	**3,874,764**	**2,484,628**	**542,080**	**1,879,119**	**15,376,264**
Segment operating profit	**654,973**	**371,270**	**12,889**	**1,322,858**	**67,730**	**376,561**	**1,222,142**	**4,028,423**
Depreciation and amortization	**(1,994)**	**(717)**	**(147)**	**(312)**	**(877)**	**(207)**	**(24,965)**	**(29,219)**
Six months ended 30 June 2017								
Total segment revenue	6,624,166	3,694,431	1,460,140	335,427	3,065,482	481,901	2,924,171	18,585,718
Inter-segment revenue	–	–	–	–	–	(8,435)	(1,318,752)	(1,327,187)
Revenue (from external customers)	6,624,166	3,694,431	1,460,140	335,427	3,065,482	473,466	1,605,419	17,258,531
Segment operating profit	1,535,019	838,532	100,272	181,367	308,072	343,520	428,311	3,735,093
Depreciation and amortization	(388)	(355)	(152)	(244)	(844)	(1,732)	(17,120)	(20,835)
As at 30 June 2018 (unaudited)								
Total segment assets	**31,291,691**	**13,369,847**	**5,460,821**	**23,840,956**	**16,333,752**	**26,047,821**	**67,358,142**	**183,703,030**
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**108**	**1,102**	**8**	**882**	**1,754**	**812,781**	**474,875**	**1,291,510**
Total segment liabilities	**18,854,904**	**9,725,419**	**3,477,277**	**12,066,588**	**10,824,880**	**1,482,736**	**23,184,929**	**79,616,733**
As at 31 December 2017 (audited)								
Total segment assets	30,562,286	11,170,819	6,416,658	16,136,489	12,921,547	20,879,733	63,590,360	161,677,892
Additions to non-current assets (other than financial instruments and deferred income tax assets)	3,308	3,095	137	1,254	576	617,111	441,395	1,066,876
Total segment liabilities	14,343,569	7,079,666	4,305,927	8,570,066	6,423,882	2,413,815	25,747,107	68,884,032

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

	Unaudited Six months ended 30 June **2018** ***RMB'000***	 2017 *RMB'000*
Segment operating profit	**4,028,423**	3,735,093
Corporate finance income	**23,455**	69,461
Corporate overheads	**(205,361)**	(267,609)
Fair value gains on investment properties	**723,123**	435,009
Other (losses)/gains — net	**(213,615)**	900,716
Finance costs	**(665,838)**	(492,109)
Share of gains of joint ventures	**837,125**	349,877
Share of gains of associates	**207,753**	55,989
Profit before income tax	**4,735,065**	4,786,427

	As at 30 June 2018 (Unaudited) ***RMB'000***	As at 31 December 2017 (Audited) *RMB'000*
Reportable and other segments' assets are reconciled to total assets as follows:		
Total segment assets	**183,703,030**	161,677,892
Corporate cash and cash equivalents	**7,074,336**	6,230,461
Investments in joint ventures	**17,681,510**	14,720,119
Investments in associates	**5,211,507**	4,562,962
Financial assets at fair value through other comprehensive income	**657,165**	–
Available-for-sale financial assets	**–**	3,708,978
Financial assets at fair value through profit or loss	**3,430,593**	14,656
Deferred income tax assets	**1,414,381**	979,095
Total assets per condensed consolidated balance sheet	**219,172,522**	191,894,163
Reportable and other segments' liabilities are reconciled to total liabilities as follows:		
Total segment liabilities	**79,616,733**	68,884,032
Current borrowings	**16,585,232**	9,999,137
Non-current borrowings	**56,543,561**	51,033,017
Deferred income tax liabilities	**4,024,267**	3,249,749
Financial liabilities at fair value through profit or loss	**284,613**	–
Total liabilities per condensed consolidated balance sheet	**157,054,406**	133,165,935

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 2018 and 2017.

As at 30 June 2018, total non-current assets other than financial instruments and deferred income tax assets located in the PRC is RMB43,412,136,000 (31 December 2017: RMB37,078,146,000), the total of these non-current assets located in Hong Kong and the United States RMB1,555,314,000 (31 December 2017: RMB904,946,000).

For the six months ended 30 June 2018 and 2017, the Group does not have any single customer with the transaction value over 10% of the total external sales.

6 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2018	As at 31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables(a)	**1,273,875**	1,059,232
Less: provision for impairment	**(58,063)**	(45,178)
Trade receivables — net	**1,215,812**	1,014,054
Tax prepayments	**5,000,924**	4,264,430
Entrusted loans to third parties	**3,913,914**	3,156,809
Entrusted loans to joint ventures	**14,163,453**	5,053,855
Entrusted loans to associates	**1,693,662**	580,306
Entrusted loans to a non-controlling interests	**710,293**	749,298
Receivables from government	**2,447,067**	2,051,463
Amounts due from joint ventures	**17,967,648**	15,837,149
Amounts due from associates	**5,545,378**	7,638,158
Amounts due from non-controlling interests	**5,303,366**	2,892,709
Amounts due from third parties	**4,939,971**	1,692,922
Cooperation deposits	**821,624**	1,056,397
Other prepayments and deposits	**1,017,144**	1,050,949
Other receivables	**1,784,471**	1,225,984
	66,524,727	48,264,483
Less: non-current portion	**(17,330,606)**	(8,985,682)
Current portion	**49,194,121**	39,278,801

(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 30 June 2018 *RMB'000* **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Within 6 months	**670,407**	879,578
Between 6 months to 1 year	**526,798**	80,789
Between 1 year to 2 years	**47,350**	66,005
Between 2 years to 3 years	**13,070**	12,953
Over 3 years	**16,250**	19,907
	1,273,875	1,059,232

7 TRADE AND OTHER PAYABLES

	As at 30 June 2018 *RMB'000* **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Trade payables (a)	**14,985,057**	13,622,488
Accrued expenses	**4,648,219**	3,020,211
Amounts due to joint ventures	**11,149,564**	8,630,367
Amounts due to associates	**4,324,312**	829,939
Amounts due to non-controlling interests	**1,827,458**	252,692
Dividends payable	**1,094,499**	–
Amounts due to government	**98,498**	74,140
Other taxes payable	**1,687,870**	1,002,792
Deposits received for properties	**3,813,960**	3,527,434
Other payables	**8,719,544**	6,926,770
	52,348,981	37,886,833
Less: non-current portion	**(225,999)**	(6,895)
Current portion	**52,122,982**	37,879,938

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

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

	As at 30 June 2018 *RMB'000* **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Within 6 months	**8,070,287**	5,561,251
Between 6 months to 12 months	**2,560,550**	3,096,831
Between 1 year to 2 years	**2,063,977**	2,404,487
Between 2 years to 3 years	**1,551,705**	2,151,475
Over 3 years	**738,538**	408,444
	14,985,057	13,622,488

8 OTHER (LOSSES)/GAINS — NET

	Unaudited Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Losses on disposal of subsidiaries	**(31,635)**	–
Gains on disposal of joint ventures and associates	**–**	66,104
(Losses)/gains on deemed disposal of joint ventures and associates	**(26,949)**	685,419
Losses on disposal of financial assets at fair value through profit or loss	**(6,902)**	(10,538)
Fair value losses of financial assets at fair value through profit or loss	**(72,953)**	(73,704)
Gains on disposal of available-for-sale financial assets	**–**	113,845
Exchange (losses)/gains	**(88,915)**	111,269
Negative goodwill on business combination	**–**	9,032
Other gains/(losses)	**13,739**	(711)
	(213,615)	900,716

9 FINANCE COSTS

	Unaudited Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Interest expense:		
— Bank borrowings	**432,110**	333,202
— Other borrowings	**1,371,529**	1,066,150
Less: interest capitalized at a capitalization rate of 5.26% (2017: 5.07%) per annum	**(1,137,801)**	(907,243)
	665,838	492,109

10 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 2018 and 2017. 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	
	2018	2017
	RMB'000	*RMB'000*
Current income tax:		
— PRC enterprise income tax	**918,750**	997,647
— PRC land appreciation tax	**893,180**	589,192
Deferred income tax	**203,201**	203,768
	2,015,131	1,790,607

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 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	
	2018	2017
Profit attributable to owners of the Company *(RMB'000)*	**2,333,404**	2,667,776
Profit used to determine basic earnings per share *(RMB'000)*	**2,333,404**	2,667,776
Weighted average number of ordinary shares in issue *(thousands)*	**7,530,383**	7,460,072
Basic earnings per share *(RMB per share)*	**0.310**	0.358

(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 2018	2017
Profit attributable to owners of the Company *(RMB'000)*	**2,333,404**	2,667,776
Profit used to determine diluted earnings per share *(RMB'000)*	**2,333,404**	2,667,776
Weighted average number of ordinary shares in issue *(thousands)*	**7,530,383**	7,460,072
Adjustment for:		
— share options *(thousands)*	**30,216**	–
— shares held for the Restricted Share Award Scheme *(thousands)*	**3,709**	–
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**7,564,308**	7,460,072
Diluted earnings per share *(RMB per share)*	**0.308**	0.358

12 DIVIDENDS

On 22 August 2018, the Board has resolved to declare an interim dividend of RMB933,331,000 for the six months ended 30 June 2018 (six months ended 30 June 2017: RMB1,068,669,000).

	Unaudited Six months ended 30 June 2018 *RMB'000*	2017 *RMB'000*
Final dividend paid	**990,396**	800,490
Proposed interim dividend of RMB0.123 (2017: RMB0.142) per ordinary share	**933,331**	1,068,669

13 SUBSEQUENT EVENTS

(a) On 31 July 2018, Sino-Ocean Land Treasure IV Limited, a wholly-owned subsidiary of the Company, issued guaranteed notes with principal amount of USD700,000,000 at an interest rate equal to three-month USD London Interbank Offered Rate plus 2.30% due in 2021 (the "Notes"). The Notes are unsecured and are guaranteed by the Company.

(b) On 27 July 2018, Sino-Ocean Land Limited (now known as Sino-Ocean Holding Group (China) Limited), a wholly-owned subsidiary of the Company, issued corporate bonds with principal amount of RMB2 billion at interest rate of 4.70% of a five-year term.

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

During the six months ended 30 June 2018, 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 13,958,725 shares of the Company at an aggregate consideration of approximately RMB61,608,400 (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 2018.

REVIEW OF INTERIM FINANCIAL INFORMATION

The unaudited interim financial information for the six months ended 30 June 2018 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 2018.

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 2018, 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 provision 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. Although the responsibilities of the Chairman and the Chief Executive Officer are vested in one person, all major decisions are made in consultation with the Board and the senior management of the Company. The Board considers that there is sufficient balance of power and that the current arrangement maintains a strong management position and also facilitates the ordinary business activities of the Company. The Board will review the current structure from time to time and will make any necessary arrangement as appropriate.

Code provision A.1.7 of the CG Code stipulates that if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. During the six months ended 30 June 2018, the Board approved a connected transaction (the "**Transaction**") for which a substantial shareholder of the Company and certain directors who were nominated by such substantial shareholder of the Company were regarded as having material interests therein by written resolutions passed by all directors of the Company (except those who abstained from passing the written resolutions) in writing in lieu of a physical board meeting in accordance with the articles of association of the Company. It is considered that the adoption of written resolutions in lieu of a physical board meeting allowed the Board to make a decision in relation to the Transaction more efficiently in view of time constraints. Prior to the execution of the written resolutions, board papers regarding the Transaction were provided to all directors of the Company in advance for their review and consideration, and all directors of the Company had declared his/her interest in the matters (if any) in accordance with the articles of association of the Company and applicable laws. The directors who had material interests in the Transaction abstained from passing the written resolutions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The 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 2018.

INTERIM DIVIDEND AND BOOK CLOSURE

The Board has declared an interim dividend of HKD0.140 per share (2017: HKD0.167 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, 10 September 2018. 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, 5 October 2018.

The register of members of the Company will be closed from Thursday, 6 September 2018 to Monday, 10 September 2018, 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, 5 September 2018.

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 2018 will be despatched to Shareholders on or about 14 September 2018 and will be available on the Company's and the Stock Exchange's websites in due course.

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.

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

Hong Kong, 22 August 2018

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. WEN Haicheng	Mr. FU Fei	Mr. SUEN Man Tak
Mr. SUM Pui Ying	Mr. FANG Jun	Mr. WANG Zhifeng
	Ms. LI Liling	Mr. JIN Qingjun
		Ms. LAM Sin Lai Judy