



遠洋集團

遠洋集團控股有限公司

SINO-OCEAN GROUP HOLDING LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 03377

2017 Interim Report

**Creation our
fundamental**

**Performance
our priority**



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The background image is a scenic view of a park or garden. In the foreground, there's a paved path on the left and a body of water. The middle ground is filled with various trees and greenery. The sky is a pale blue. The overall tone is serene and natural.

Creation

is directed towards delivering values and new Competitiveness

Performance

is measured by continuous progress in pursuit of core goals

SINO-OCEAN
GROUP HOLDING LIMITED

遠洋集團控股有限公司

我们 远洋正青春





ABOUT US

Sino-Ocean Group Holding Limited (“Sino-Ocean Group”) was founded in 1993 and has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 28 September 2007 (stock code: 03377). As at 30 June 2017, Sino-Ocean Group had a total issued number of shares of approximately 7,500 million, whose major shareholders include China Life Insurance Company Limited (02628.HK) and Anbang Insurance Group Co., Ltd.

Sino-Ocean Group has been selected by Hang Seng Indexes Company Limited as a constituent of Hang Seng Composite Index (HSCI), Hang Seng Composite Industry Indexes — Properties and Construction Index, Hang Seng China (Hong Kong-listed) 100 Index, Hang Seng Composite Size Indexes — Mid-Cap Index, Hang Seng Global Composite Index, Hang Seng Mainland Properties Index and Hang Seng High Dividend Yield Index.

Sino-Ocean Group prides itself on striving to “create quality living environments for mid- to high-end urban citizens and high-end business clients”. We aim to build upon our proven track records in real estate development and grow into a leading group that excels in sector investments. Our scope of business includes mid- to high-end residential property development, investment and operation of urban property complexes and offices, property services, community O2O, senior living, medical care, shared offices, real estate funds, equity investments, asset management and overseas investments. “Sino-Ocean” is a brand name with nationwide reputation as a provider of consistent quality products and professional services.

Sino-Ocean Group currently owns more than 100 projects in different stages in rapidly growing Chinese cities and metropolitan regions, such as Beijing, Tianjin, Shijiazhuang, Zhangjiakou and Langfang in the Beijing-Tianjin-Hebei Region, Dalian, Shenyang and Changchun in Northeast Region, Shanghai, Hangzhou, Nanjing, Huangshan, Qingdao, Wuhan, Suzhou, Hefei and Changsha in Central Region, Shenzhen, Guangzhou, Zhongshan, Hong Kong, Haikou, Sanya, Chongqing and Chengdu in Southern Region. As at 30 June 2017, we had a land reserve of approximately 30,033,000 sq.m., of which over 90% were located in tier-one and tier-two cities.

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PROJECT DISTRIBUTION

Sino-Ocean Group as a Nationwide Corporation, with Project Coverage Extended to 25 Cities all Over The PRC.

BEIJING-TIANJIN-HEBEI REGION

Beijing, Tianjin, Shijiazhuang, Zhangjiakou, Langfang

Total GFA: 16,731,000 sq.m.
Total landbank: 13,014,000 sq.m.

No. of projects: **39**

NORTHEAST REGION

Dalian, Shenyang, Changchun

Total GFA: 8,166,000 sq.m.
Total landbank: 4,259,000 sq.m.

No. of projects: **11**

CENTRAL REGION

Shanghai, Hangzhou, Nanjing, Huangshan, Qingdao, Wuhan, Suzhou, Hefei, Changsha

Total GFA: 7,787,000 sq.m.
Total landbank: 6,201,000 sq.m.

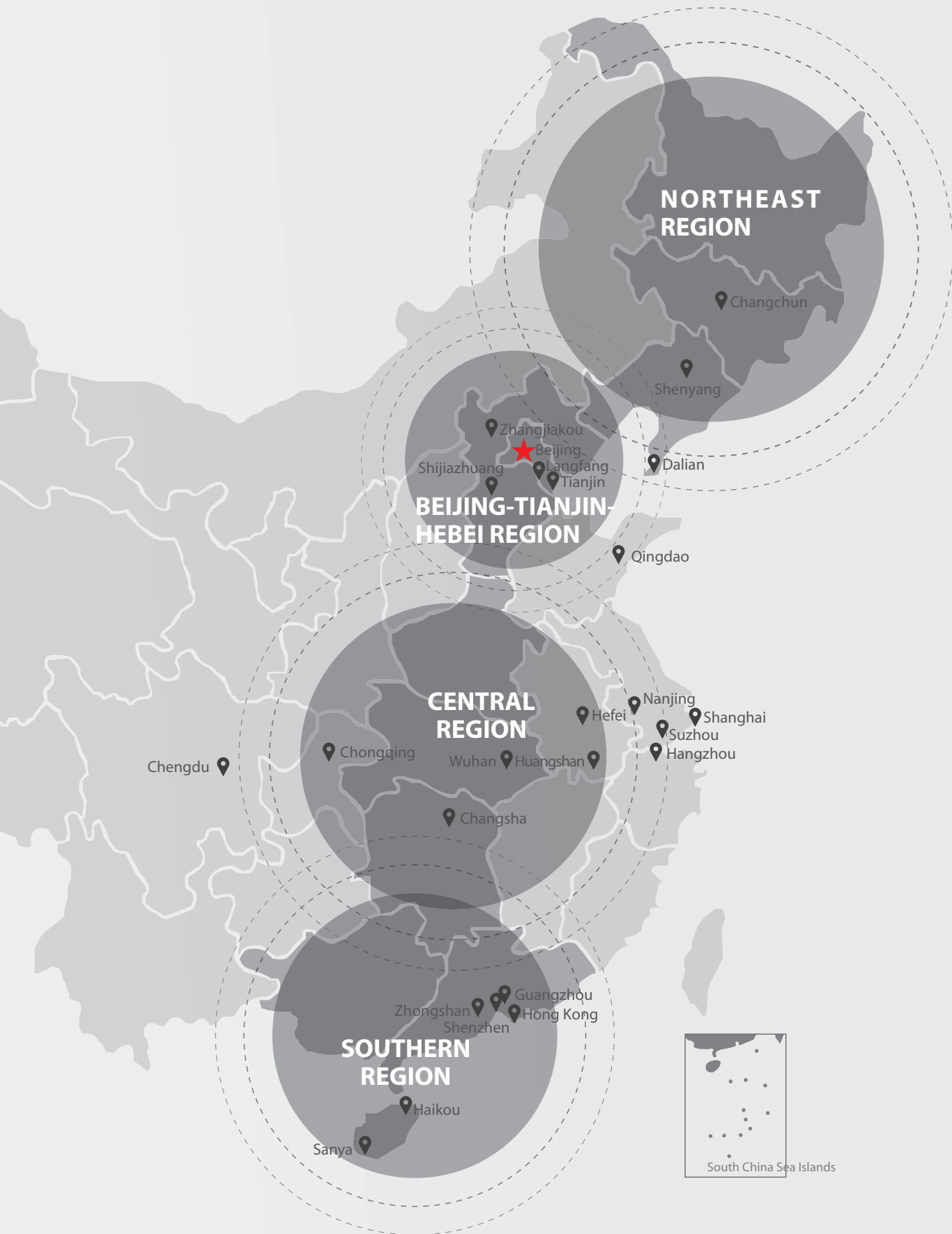
No. of projects: **28**

SOUTHERN REGION

Shenzhen, Guangzhou, Zhongshan, Hong Kong, Haikou, Sanya, Chongqing, Chengdu

Total GFA: 10,163,000 sq.m.
Total landbank: 6,559,000 sq.m.

No. of projects: **29**





FINANCIAL & OPERATION HIGHLIGHTS

Six months ended 30 June (unaudited)

(RMB million)	2017	2016	% changes
Contracted sales	30,466	20,630	48%
Revenue	17,259	9,331	85%
Gross profit	3,801	2,254	69%
Profit for the period	2,996	1,533	95%
Profit attributable to owners of the Company	2,668	1,448	84%
Core profit	1,520	956	59%
Earnings per share (RMB)			
— Basic	0.358	0.178	101%
— Diluted	0.358	0.178	101%
Dividend per share (HKD)	0.167	0.079	111%
Dividend payout ratio (%)	40%	35%	5 pts
Gross profit margin (%)	22%	24%	-2 pts
Net profit margin (%)	17%	16%	1 pt
Core profit margin (%)	9%	10%	-1 pt
Saleable GFA sold ('000 sq.m.)	1,641	1,339	23%
Saleable GFA delivered ('000 sq.m.)	1,012	656	54%

(RMB million)	As at 30 June 2017 (unaudited)	As at 31 December 2016 (audited)	% changes
Total assets	179,842	151,265	19%
Equity attributable to owners of the Company	46,183	43,999	5%
Cash resources ¹	23,364	22,341	5%
Net gearing ratio ² (%)	62%	44%	18 pts
Landbank ('000 sq.m.)	30,033	21,699	38%

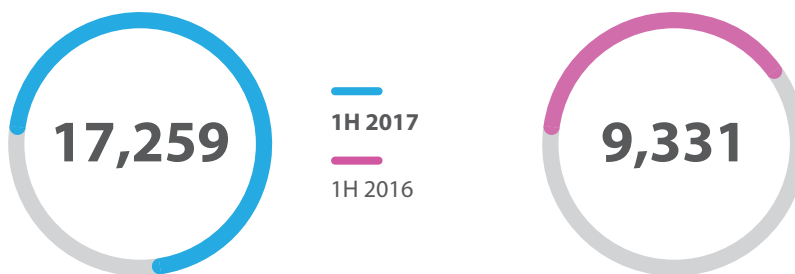
Notes:

¹ Including restricted bank deposits

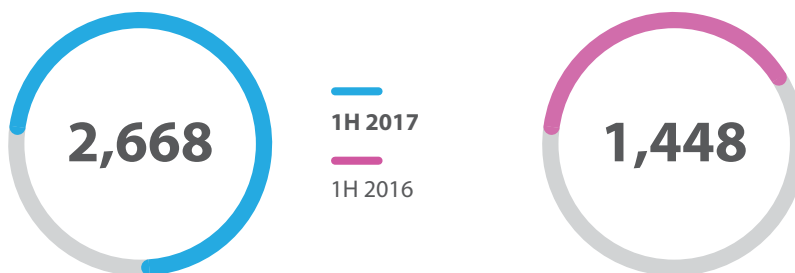
² Total borrowings minus cash resources divided by total equity



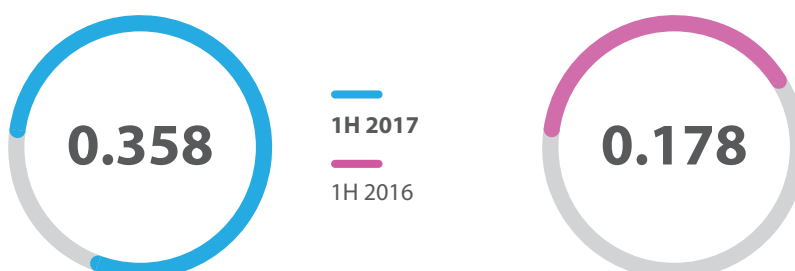
Revenue (RMB million)



Profit attributable to owners of the Company (RMB million)



Earnings per share (RMB)





CHAIRMAN'S STATEMENT

On behalf of our Board of Directors (the "Board"), I have the pleasure to present the interim results of Sino-Ocean Group Holding Limited ("Sino-Ocean Group" or the "Company") and its subsidiaries (together referred to as the "Group" or "we") for the six months ended 30 June 2017.



2017 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 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 finance 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 could become 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.

BUSINESS REVIEW AND STRATEGY

Based on the requirements of the fourth phase of strategic development and an analytical judgment of the market, the Group upheld the principles of 'optimizing management, creating values, raising efficiency and accelerating performance' while implementing our various tasks in the first half of 2017 and made certain breakthroughs in various business segments. Synergy produced from strategic diversification in related businesses was materializing into operating results.

Boosting Performance Of Primary Business Consolidating Land Bank Advantage

Performance of the Group's property development business in the first half of the year reached a record high, demonstrating our solid advantage in focused market penetration and well-judged location planning.

In the period, the Group's contracted sales reached RMB30,466 million, a substantial increase of 48% YoY; average selling price ("ASP") of contracted sales (excluding car parks) was about RMB20,100 per sq.m., up by 23% YoY. At the same time, sales quality further improved with better tempo and structure, and reached more than half the year's sales target in the period. Sales volume was also more evenly distributed among regions with a remarkable increase in sales in the Southern Region and sales in Beijing-Tianjin-Hebei dropped to below 40% of total sales. Moreover, the Group's sales revenue reached RMB17,259 million in the period, a significant rise of 85% YoY and a record high for the Group in recent years. In the next six months, the Group will speed up sales of existing resources and cash collection, accelerate growth to achieve the year's performance target.

In the first half of the year, the Group was determined and innovative in development investment. The Group made significant breakthrough by focusing on superior districts and consolidating our advantage in landbank acquisition. The Group added 10.17 million sq.m. to its landbank in the period, of which 4.18 million sq.m. was of attributable interest, way above the level in the same period in history. ASP of the new landbank was only about RMB5,000 per sq.m. and all new land plots are in the three world-class city clusters and key tier-two cities. Property development has now entered high-growth and resource type cities such as Suzhou, Hefei and Changsha. In the second half, the Group will continue to adhere to the investment criteria strictly, watch closely opportunities in the three world-class city clusters and key tier-two cities. Going for deep market penetration, the Group will adopt multiple strategies, grasp opportunities presented by the new rules of land tender, auction and listing, and reconstruction of villages and streets in the cities. We will invest based on merit-based approach to ensure growth sustainability.

Strengthening Strategic Planning Reinforcing Internal Synergy

The Group's operating capability in the investment property business became mature with accelerated growth. In the first six months, Grand Canal Plaza in Hangzhou, the commercial complex of considerable scale solely developed and operated by the Group, was in trial operation as scheduled. Leasing progressed smoothly, sales volume rose steadily and market recognition escalated continually. We also acquired assets in mature asset packages in tier-one and tier-two cities at reasonable prices to yield a steady cash flow for the Group and achieve output of asset management competency. As at the end of June, the Group's leasable area in investment properties reached 1 million sq.m., attaining a new height in our operating scale in investment properties. Meanwhile, the Group started a system of international standard for management of offices, generating marked increase in operating income and EBITDA. The Group also made some bold attempts at co-work office and industry operation, and produced a promising start. In the latter half of the year, the Group will on the one hand raise its operating prowess, encourage operating projects to enter maturity as quickly as possible, complete the design and operational plan of projects to be constructed and under construction to a high standard to consolidate Sino-Ocean Commercial Property's brand value. On the other hand, the Group will continue to invest, broaden acquisition channels, promote innovative businesses, intensify interactions with the development business to scale new heights.

The customer service business enjoyed steady growth both in quality and volume as traditional properties continued to develop and new businesses do so rapidly. Since listing on the National Equities Exchange and Quotations System, the Group's traditional property management services — Ocean Homeplus Property Service Corporation Limited has grown in business scale, service capability and brand value. Currently, it manages close to 30 million sq.m. of properties. Having established

the excellent Senior Living L'Amore brand solidly, the senior living business has been developing successfully. Progress is accelerating both in nation-wide location planning and product line development. At the end of the period, the number of reserved projects increased to 15, covering Beijing, Shanghai, Guangzhou, Wuhan, Chengdu, Suzhou and Dalian. Preparation for the first project of two new product lines CC and CLRC was well on the way to completion in the first half of the year. Trial operation is scheduled in the fourth quarter.

In addition, core competitiveness of various innovative businesses such as Sino-Ocean healthcare, apartment rental and O2O platform Yijiequ enjoyed varying degrees of advancement. Their rapid progress could render them the next new growth area for the Group. In the next six months, the Group will continue to augment the service quality and content of mature industries such as traditional property management services and senior living. We shall keep up the strong momentum and transfer it into rapid growth in scale and achievement of target to a high standard. Innovative businesses will soon have a clear development strategy and complete standardized structure to become the basis for large scale development.

Our real estate finance business saw rapid growth in both finance and investment capabilities. New assets managed by the Group increased considerably YoY in the period. Among the new projects, the ratio of equity investment projects, strategic partnership projects, mid to large scale projects and mid to long-term projects rose significantly, indicating a further enhancement in the quality of investments. The Group successfully expanded the finance channels, developed strategic partnerships and explored various innovative financing models. We managed to basically match the finance scale with the investment scale to control the cost of funding effectively.

The Group's strategic dual driver "Business Operation" and "Capital Operation" was on the whole shaped. Our real estate finance business took advantage of our competitive edge in resources and financing to help other business units to acquire superior residential projects and investment property projects in Shanghai, Hangzhou and Chengdu, thus raised the investment efficiency of the Group's own capital. In addition, the Group continued to cultivate co-operation with elite overseas strategic partners to expand the number of office projects in New York and San Francisco in the USA. In the second half of the year, our real estate finance business will focus on possible windows for mergers and acquisitions for continual high quality expansion. We will also actively explore various investment and financing models, and intensify the expansion of logistics properties and data properties. We aim to encourage synergy among various business departments to enhance the Group's investment and financing efficiency, as well as expand reserved resources.

Accentuating our Building Competency Invigorating Our Brand Value

The Group's excellent building competency is a major competitiveness evolved from and refined by over 20 years' experience in the property industry. It is also the accelerator for establishing the core value of our brand. The Group first proposed the idea of "Home for Healthy Life" in 2016 and has worked on labeling our products with "Health". While constantly upgrading the quality of our products, we lost no time in implementing the WELL health standards in our projects. Initiated by Delos from the USA, WELL is the first building standard totally focused on the users' hygiene and health. This standard measures, certifies and supervises people's health and wellness through the concepts of air, water, nourishment, light, fitness, comfort and mind. It is currently an important tool for Sino-Ocean to materialize the concept of "Home for Healthy Life" and "Homes for Healthy Living" for users.

As at the end of June, the Group rolled out the WELL standard in over 1.3 million sq.m. in the 15 projects throughout the country. We are dedicated to advancing our capabilities in research and development, production and technology output of healthy products. We established a production management system to completely apply WELL standard and health concept. After a year's application, more and more of the Group's products have been labeled "Health" and their attractiveness enhanced. Elite Palace (Guangzhou) is the first WELL registered gold-class residential project in China. It will also be the first WELL gold-class project delivered in China. Natural Masterpiece (Hangzhou) fully takes into consideration people's health needs and incorporates massive people-oriented design details. It has become a benchmark for the realization of Sino-Ocean's concept of homes for healthy living.

In the next six months, the Group's product team will step up the scope of health products. It will raise competence in product design and quality control, make active attempts at a "light asset model" for output of brand, products and management, and cultivate "Health" to be one of core competitiveness for the Group in the future.

Expanding the Group's Financing Channels Matching Investment and Financing

The Group's cost of funding continued to drop and its debt structure remained stable. In mid March, the Group was granted issuance of a maximum of RMB10 billion Panda bonds. We grasped the opportunity to issue bonds of RMB4 billion before the costs in this round went up. CITIC Bank, China Guangfa Bank and Agricultural Bank of China also became our cornerstone investors. Moreover, while domestic financing faced overall tightening, the Group received approval from the National Development and Reform Commission to issue bonds up to USD600 million in June, thus opened up a channel for overseas financing. As a result of expanded financing channels, the Group's cost of funding in the first six months declined in contrary to the general environment, with integrated cost of funding dropping to 5.07%. In the period, the Group was determined to match investments with financing in all investment decisions. We imposed tight control on cash flow and through work prior to financing, enhanced the matching of financing and investment at both project and business segment levels. We optimized the Group's overall return on investment, and through rational timing of investment and financing and cash flow management, secured cash reserve for large scale mergers and acquisitions. At present, the Group is rated 'investment grade with stable outlook' by Moody's and Fitch Group. In the second half, the Group will watch closely windows in the market and policies to explore new financing channels. We will continue to tightly match investment and financing, especially to raise sufficient funds prior to major investments, to enhance the Group's overall return on investment and efficiency of fund usage.

Optimizing Operation Management System Boosting Organization and Execution Competence

The Group established clearly a new management system for operation in the first six months. We focused on key financial indicators, key milestones and key operation meetings, giving various business departments more authority to make decisions and independence on the management of human, financial and material resources. The business departments will make a quantifiable performance pledge and the Group will provide support corresponding to their accomplishment of the pledge, thus creating a beneficial interactive mechanism. The new management system already produced discernible initial results in promoting sales growth, cost control, upgrading design and construction quality, and disposal of distressed assets. In the next six months, the Group will continue to optimize the new system and implement it intensely. Using the operating performance of a project's full cycle as basis, the Group will allocate clear targets to be accomplished and incentives to promote the entire team's enthusiasm, ignite vitality and optimize operating efficiency of the Group's assets.

Appreciation

On behalf of the Board, I would like to extend my deepest gratitude to all shareholders, investors, local authorities, business partners and customers who have been most supportive; also to our directors, management and the entire staff for their dedicated hard work. We could not have performed so well and achieved our strategic targets in the period without their unreserved support. The overall development in the industry is undergoing a drastic change. In view of fierce competition and evolving competitive strategy, we will continually advance our competence and grasp every opportunity to deliver even better performance.

LI Ming
Chairman

23 August 2017, Hong Kong



MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL REVIEW

Revenue

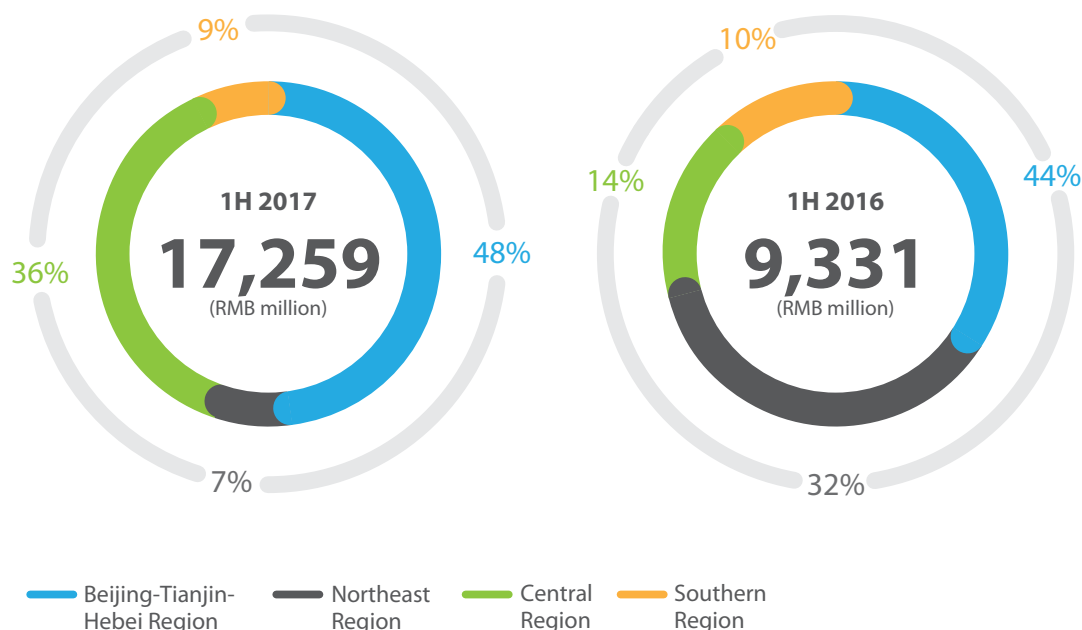
The components of the revenue are analyzed as follows:

(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.

Revenue contributions by geographical locations are analyzed below:



Cost of sales

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

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.

Other income and other gains/(losses), net

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.

Revaluation of investment properties

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).

Operating expenses

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.

Finance costs

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.

Taxation

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

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). Return on average equity stated at approximately 5.9% in the first half of 2017 (first half of 2016: 3.5%). Our management will continue to focus on the improvement of our shareholders' return as their on-going tasks.

Financial resources and liquidity

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

(RMB million)	As at 30 June 2017	As at 31 December 2016	Change (%)
Within 1 year	7,961	6,195	29%
1 to 2 years	5,272	4,005	32%
2 to 5 years	27,958	19,065	47%
Over 5 years	14,560	14,545	0%
Total	55,751	43,810	27%

During the first half of 2017, we continued to refine our funding structure, liquidity and credit policies to minimize our risk exposure under the everchanging financial market and global economic environment. With overwhelming support from investors, the Group successfully issued medium-term notes of RMB4 billion in March. Total borrowings increased from RMB43,810 million as at 31 December 2016 to RMB55,751 million as at 30 June 2017. The increase was due to the tightening policy in the domestic credit market during the period, the Group therefore tapped the funding opportunities in advance at a lower cost while managing our borrowings at an appropriate level. 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.

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. We have ample financial resources and an adaptable financial management policy to meet our business expansion in the coming years.

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%). We are comfortable with this gearing level given that we had RMB23,364 million cash resources on hand.

Guarantees in respect of mortgage facilities for certain purchasers and charge on assets

As at 30 June 2017, the value of the guarantees provided by the Group to banks for mortgages extended to property buyers before completion of their mortgage registration was RMB8,446 million (31 December 2016: RMB8,056 million).

During the first half of 2017, the Group had pledged some of its properties under development, completed properties held for sale, investment properties, etc. to secure short-term bank loans (including the current portion of long-term borrowings) of RMB123 million (31 December 2016: RMB180 million) and long-term bank loans of RMB3,027 million (31 December 2016: RMB775 million). As at 30 June 2017, total pledged assets accounted for approximately 10% of the total assets of the Group (31 December 2016: 7%).

Capital commitments

The Group entered into certain agreements in respect of land acquisition and property development. As at 30 June 2017, the Group had a total capital commitment of RMB3,777 million (31 December 2016: RMB3,333 million).

Contingent liabilities

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 2017, the total amount of the aforesaid guarantees provided by the Group was RMB8,446 million (31 December 2016: RMB8,056 million). In the past, the Group had not incurred any material loss from providing such guarantees, as the guarantees were given as a transitional arrangement that would be terminated upon completion of the mortgage registration and were secured by the buyers' properties.

BUSINESS REVIEW

Property Development

1. 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	City	Projects	Revenue (RMB million)	Saleable GFA delivered (sq.m.)	Average selling price recognized (RMB/sq.m.)	Interest attributable to the Group (%)
Beijing-Tianjin-Hebei Region	Beijing	Ocean Crown	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	
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	

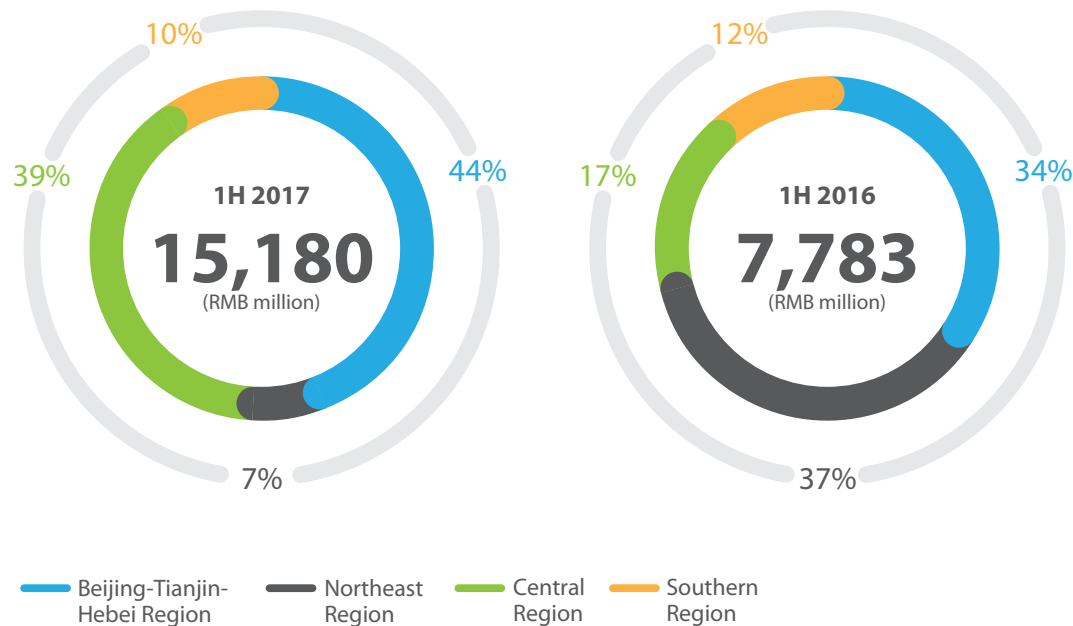
Region	City	Projects	Revenue (RMB million)	Saleable GFA delivered (sq.m.)	Average selling price recognized (RMB/sq.m.)	Interest attributable to the Group (%)	
Central Region	Shanghai	Ocean Fortune Center	62	2,149	28,900	100%	
		Ocean Mansion No. 7	103	10,456	9,900	100%	
		Ocean Melody	292	15,526	18,800	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		
	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		



During the first half of 2017, Beijing remained the largest contributor which accounted for 33% of the Group's total revenue from property development (first half of 2016: 26%). Meanwhile, we expect

more balanced mix of contribution from Northeast Region, Central Region and Southern Region on our revenue from property development during period under review.

Revenue from property development by geographical locations are analyzed below:



2. 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.).

In terms of distribution, there were over 50 projects available for sale during the first half of 2017 (first half of 2016: over 45 projects), of which 17 were located in Beijing–Tianjin–Hebei Region, accounting for about 36% of the total contracted sales amount, while contracted sales from tier-one and tier-two cities accounted for over 97% (first half of 2016: over 90%). As at 30 June 2017, the Group's unbooked contracted sales to be recognized amounted to RMB58,300 million, providing a strong and solid foundation for the Group's future revenue growth.

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

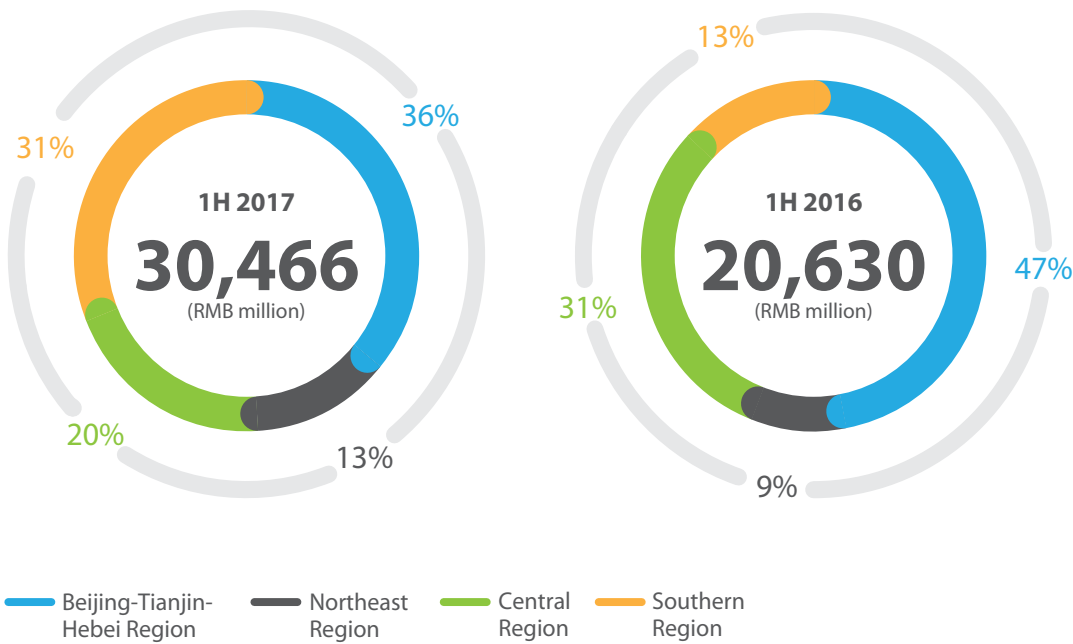
Region	Cities	Projects	Contracted sales amount (RMB million)	Saleable GFA sold (sq.m.)	Average selling price (RMB/sq.m.)	Interest attributable to the Group (%)
Beijing-Tianjin-Hebei Region	Beijing	Ocean Epoch	2,472	26,500	93,300	67.50%
		Ocean LA VIE	732	7,700	95,100	85.72%
		Ocean Metropolis	96	2,200	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	

Region	Cities	Projects	Contracted sales amount (RMB million)	Saleable GFA sold (sq.m.)	Average selling price (RMB/sq.m.)	Interest attributable to the Group (%)
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	
	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%
Central Region	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	



Contracted sales amounts by geographical locations are analyzed below:



3. Landbank and Construction Progress

The Group's total GFA and total saleable GFA completed in the first half of 2017 were approximately 1,503,000 sq.m. and 1,111,000 sq.m., increasing by 125% and 73% respectively as compared to the corresponding period in 2016 and completed approximate 41% of this year construction target. We will maintain our construction target of 2017 in order to have enough GFA available for sale and for delivery to achieve our target in 2017 and support our growth in 2018.

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 GFA 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).

Details of the newly acquired land plots during the first half of 2017 are set out as follows:

Cities	Projects	Total GFA acquired ('000 sq.m.)	GFA attributable to the Group ('000 sq.m.)	Interest attributable to the Group (%)
Landbank				
Beijing	Mentougou Tanzhe Temple Project	430	43	10%
Tianjin	Autoworld	504	252	50%
Tianjin	Binhai Hongze Zhizao Project	35	35	100%
Tianjin	Binhai New Area Eco-Town Plot 5	185	56	30%
Tianjin	Huaming Project	562	56	10%
Shijiazhuang	Anlian Eco-Town Project	363	185	51%
Shijiazhuang	Northern Shanshui	115	23	20%
Zhangjiakou	Qiaodong District Dongshantiandi Project	203	122	60%
Langfang	Nianziying Project	1,897	967	51%
Dalian	Liushu Project	42	42	100%
Changchun	Jingkai Distict Plot Yuanheng	73	15	20%
Hangzhou	Hangyang Project	109	22	20%
Hangzhou	Seasons Courtyard	129	65	50%
Hangzhou	Xiaoshan Linpu Project	68	68	100%
Nanjing	Jishan Project	147	103	70%
Wuhan	Gaoxiong Road Project	10	10	100%
Wuhan	Hanyang District Guiyuan Temple Project	1,880	197	10.50%
Suzhou	Fenhu Plot 006	113	38	34%
Suzhou	Shihu Project	49	34	68.75%
Suzhou	Taicang Gangqu Project	105	105	100%
Hefei	Metropolitan 1907	322	81	25%
Changsha	S10 Project	134	38	28.45%

Cities	Projects	Total GFA acquired ('000 sq.m.)	GFA attributable to the Group ('000 sq.m.)	Interest attributable to the Group (%)
Guangzhou	Hibiscus Villa Project	179	91	51%
Zhongshan	Dongsheng Longcheng Project	181	45	25%
Zhongshan	Henglan Project	96	77	80%
Zhongshan	Shenwan Project	1,172	879	75%
Zhongshan	Wuguishan Longtangcun Project	187	94	50%
Sanya	Hongtang Bay Project	561	280	50%
Chengdu	Longquan Sunshine Town Project	320	160	50%
Sub-total		10,171	4,183	
Matured Projects				
Beijing	Diamond Plaza	23	12	50%
Beijing	Silicon Valley Bright Center, Building #4	9	5	50%
Shenyang	Bailibao Plaza	56	28	50%
Shanghai	Danling International Plaza	38	19	50%
Shanghai	Haixing Plaza	15	8	50%
Chengdu	Huamin Empire Plaza	66	33	50%
USA	San Francisco Project	7	7	100%
Sub-total		214	112	
Total		10,385	4,295	

The landbank by stages of development as at 30 June 2017 are set out as follows:

	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)
Completed properties held for sales	21,229	16,435	8,415
Properties under development	8,997	6,931	8,997
Properties held for future development	12,621	10,191	12,621
Total	42,847	33,557	30,033

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

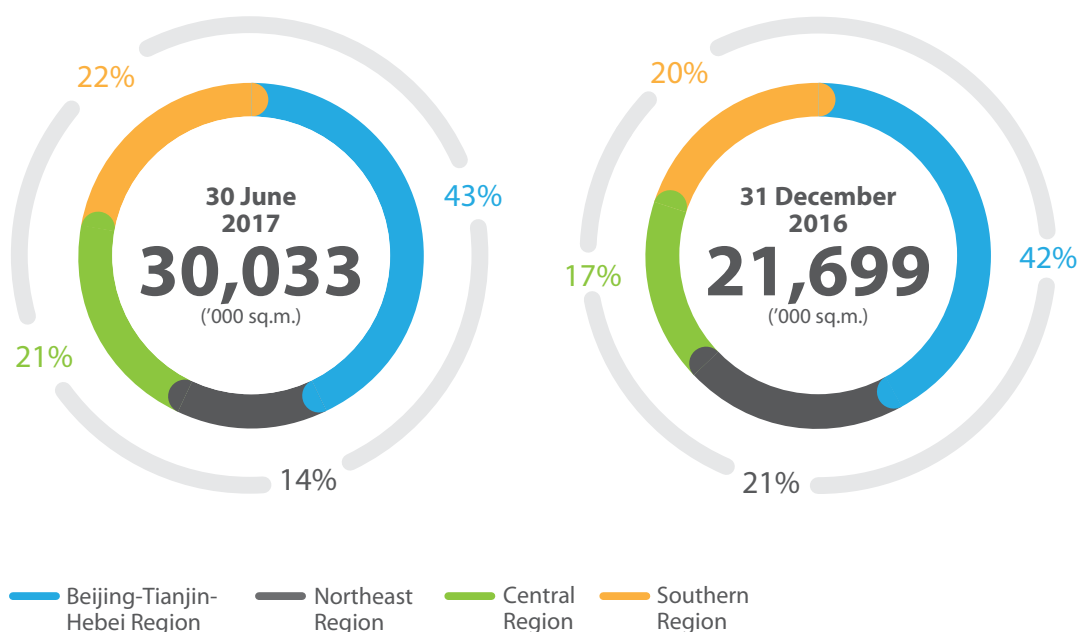
Region	Cities	Projects	Approximate total GFA (‘000 sq.m.)	Approximate total saleable GFA (‘000 sq.m.)	Remaining landbank (‘000 sq.m.)	Interest attributable to the Group (%)
Beijing-Tianjin-Hebei Region	Beijing	26 Block	79	79	79	23%
		CBD Plot Z6	241	185	241	100%
		CBD Plot Z13	162	126	162	10%
		Changping 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%
		Taichang 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%	
		Hibiscus Villa Project	179	87	179	51%	
		Honoka Project in Baiyun District	285	198	285	16.66%	
		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
	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		

The landbank by geographical locations as at 30 June 2017 and 31 December 2016 are analyzed below:



Property Investment

Investment properties provide a steady and reliable income and cash flow to the Group in addition to the possible capital gains from appreciation in value. They also help us to diversify our risk from market turbulence in the property development business. 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. Our investment properties are mainly A-grade office premises, shopping malls and commercial complex at good location with a total leasable area of approximately 1,125,000 sq.m..



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%
Danling 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		

COMMERCIAL PROPERTIES IN PROGRESS

The Group has built a sound foundation for office complex operation and management since the development of commercial properties in 2010. We have cultivated strengths in commercial project positioning, planning and design, development and construction, attracting investment and project operation. To date, we have several commercial property projects in progress across China, including grade A offices, high-end shopping centers, five-star hotels and high quality serviced apartments.

As at 30 June 2017, revenue from property investment amounted to RMB473 million. The Group currently has 18 operating investment properties. In the first half of 2017, we newly acquired seven investment properties in China and San Francisco in USA, which added to our list of high-end and well-developed office premise portfolio. In addition, Grand Canal Plaza in Hangzhou is under trial operation.

We now have approximately 1,125,000 sq.m. of commercial real estate resources in operation, with office developments, commercial complexes and car parks accounting for about 45% and 55% respectively. In addition, we have commercial property resources pending for development and operation by stages between 2018 and 2020. These include offices in Beijing CBD, shopping centers in Beijing Tongzhou district and other high-end commercial complexes. The commercial property brand of Sino-Ocean will boost a strong portfolio of cross-regional and diversified products which will provide a sound foundation for favourable investment yield and profitability level in the future.

Property management

For the six months ended 30 June 2017, the Group's revenue from the provision of property management services amounted to RMB452 million, representing a 20% increase as compared to RMB378 million for the corresponding period in 2016. A total GFA of 18,886,000 sq.m. (first half of 2016: 16,288,000 sq.m.) was covered by the Group's property management services which has increased by 2,598,000 sq.m.

Ocean Homeplus Property Service Corporation Limited has been officially listed on the National Equities Exchange and Quotations System and aimed at raising the property management service quality and efficiency.

OTHER INFORMATION

Risk of Exposure to Exchange Rate Fluctuations and Related Hedging

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.

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.

For the first half of 2017, taking into account the amortization of share options, the level of our overall staff cost was maintained at about RMB743 million (first half of 2016: RMB540 million). We believe the share option scheme implemented in previous years will provide long-term incentive and rewards to our staff.

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, so that these talented staff can ultimately bring in higher return to our shareholders and investors.



INVESTOR RELATIONS

Our Group adheres to the best practice in information disclosure in terms of accuracy, transparency and consistency. We are committed to maintaining honest, sincere and effective communication with the financial community and other stakeholders. Our goals are to deepen investors' understanding and appreciation of the Company's strategies, to raise the quality of internal management and to maximize the Group's value.

Promoting confidence through prompt response

In the first half of 2017, control measures in key cities continued to tighten, gradually stabilizing the real estate industry. Sales volume in tier-one and tier-two cities declined steadily while pricing remained relatively stable. On the other hand, sales momentum in tier-three and tier-four cities remained strong, indicating effective de-stocking progress.

In light of the changing macro-environment and new developments in the industry, we responded swiftly by maintaining continuous communication with our investors. We provided investors with thorough introduction of our business in all aspects, i.e. property development, investment property development, customer services business, real estate finance, etc, all of which are guided by the Group's fourth phase of strategic development. Through efficient communication, we demonstrated our confidence in delivering quality performance as the Company intensified strategic transformation and completed regional location re-adjustment.

In the first half of 2017, we made proactive communication with analysts and investors individually and released videos detailing the Company's progress and performance in 2016 to give the market a comprehensive and more accurate picture of our developments. During the post-result road shows, representatives from management and the IR team met with around 40 funds and other interested parties. The road shows received positive feedback and reinforced understanding and trust between the Group's management and the capital market.

Furthermore, the Company continued to generate opportunities to interact with analysts and investors. On the one hand we attended investors' conferences in Beijing, Shanghai, Hong Kong and Singapore organized by 7 securities firms in the first half of 2017. We also conducted in-depth one-on-one discussions with over 200 institutional and individual investors. On the other hand, in view of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, we actively explored new channels of communication with over 50 funds and securities firms in mainland China. We also entertained more than 120 interested individuals at project site visits and business communication enabling them to better understand the latest developments in the Group's various business segments.

Through these events and discussions, we were able to foster a deeper understanding and appreciation of the Group's progress, business policies and strategic development among fund managers, institutional and individual investors, analysts and interested parties. Meanwhile our management also gained better knowledge of the expectations and demands of the capital market on the Group. We will seriously consider and put into practice all constructive suggestions.

Enhancing value through effective communication

We maintained our high standard of information disclosure in 2017 to ensure the timely dissemination of relevant corporate information via our official website and other channels. In addition, we published our monthly unaudited operating statistics on the HKEX website and investors groups to boost transparency and to ensure proper and fair access to relevant data for all parties in the capital market.

Throughout the first half of 2017, we enjoyed coverage from 23 securities firms, including Goldman Sachs, Deutsche Bank, JPMorgan, DBS, Macquarie, BOCI, China International Capital Corporation, Nomura and Mizuho, etc., the majority of which rated Sino-Ocean Group as 'out-performed the market', 'buy' or 'hold'.

We listened carefully to our shareholders' concerns and addressed them efficiently. In May 2017, the Company held the Annual General Meeting. As always, management representatives reserved time for individual shareholders, ensuring all parties present were given opportunity to discuss the issues with our representatives that they concerned.

We will continue our efforts to gain more coverage and obtain more recommendations from securities firms, with the goal of promoting investors' recognition, confidence and loyalty, as well as protecting their interests. We are grateful to all stakeholders for their remarkable support. If you have any questions or comments with regards to our work, please contact us at ir@sinooceangroup.com. We promise to provide answers to the extent permitted by applicable laws, regulations and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

1H17 Investor relations activities

	BNP Paribas Asia Pacific Financials & Property Day
	DBS Vickers Pulse of Asia Conference
	UBS Greater China Conference
	15th Annual dbAccess China Conference
	2016 Annual results and post-results roadshows
	UBS HK/China Property Conference
	8th Annual dbAccess Asia Conference
	DBS Vickers Pulse of Asia Conference
	GUOSEN Securities Corporate Access Day
	Morgan Stanley 3rd Annual China Summit
	J.P. Morgan Global China Summit



SUSTAINABILITY REPORT

Since its establishment, Sino-Ocean has put a high value on environmental protection and dedicated itself to provide environmental friendly products with positive impact on our society. Having internalized our philosophy of "Home for Healthy Life", we are gradually turning our focus from structurally-oriented green buildings to people-oriented healthy buildings. We are committed to providing healthy residence, healthy homes and healthy life and operate Sino-Ocean in a healthy, stable and sustainable manner so as to make it become an everlasting enterprise. The result was reflected in the "Sustainable Development Report 2016" titled "Being People-Oriented, Together for Wellbeing", for which the highest 5-star rating had been received in an evaluation exercise undertaken by the Chinese Academy of Social Sciences.

During the first half of 2017, Sino-Ocean Group continued to amplify brand concept of "Health". The word "Health" thus became not only the label but also the core value of Sino-Ocean's products. At the 2017 annual brand launching event, Sino-Ocean's brand slogan "Construct for Wellness and Value" was introduced to the public, indicating that it was the mission of Sino-Ocean to establish itself as an enterprise specialized in the provision of homes for healthy life and a pioneer to apply healthy building standard in China. By providing high-quality products, services and consumer experience, Sino-Ocean has maximized its current and future values. In response of the core demands of various stakeholders, we set out below our major achievements for the first half of the year.

New Standard for Healthy Living Environment

In 2016, we pioneered in the introduction of WELL, a buildings standard of United States, the world's first building assessment system based on factors in human health and comfort. Currently, Sino-Ocean has adopted WELL standard for its 15 projects in China covering a total area of 1.30 million square meters. The total registered floor area for WELL projects reached 1.07 million square meters, of which 5 projects covering an area of 240 thousand square meters were awarded WELL gold pre-certification. In theoretical level, great progress has been seen in the implementation of localization of WELL standard, WELL inspection and research and development of WELL technology. WELL standard has been adopted in all business segments of Sino-Ocean

such as residential development, commercial complex, offices and senior living services. At the same time, our capabilities in research and development, construction and technology output for healthy products have also been increased and more Sino-Ocean products have been marked with a healthy label.

In February, Delos Corporation of the United States commenced to establish the WELL Living Lab in Sino-Ocean Ying Chuang Wellness Industrial Park. Upon its establishment, the lab will be the first science and technology research institute in Asia to integrate architectural science, health science and behavioral science, and study the interrelation of those three fields of discipline.

Registered WELL Projects in the first half of 2017:

Projects	Declared area '000 sq.m.	Application for rating
Plot E06 of Lize Business District Project (Beijing)	120.3	CS gold class
Ocean Melody (Shanghai)	7.7	MF gold class
S10 Project (Changsha)	49.9	MF gold class
Ocean Metropolis Shenzhen — Residential (Shenzhen)	115.9	MF gold class
Ocean Metropolis Shenzhen — Public Construction (Shenzhen)	41.4	CS gold class

High Standard of Corporate Governance

The Board and the management of the Group are committed to achieve and maintain high standards of corporate governance, which we consider to be critical in safeguarding the integrity of the Company's operations and maintaining investors' trust in the Company. The management of the Group also pays close attention to the new development of corporate governance in Hong

Kong and overseas. The Board is responsible for leading the Company to formulate the development strategy, regularly reviewing the organizational structure, and monitoring the business activities and the performance of management so as to protect and maximize the interests of the Company and its shareholders.



Creating Value through Organizational Development

We firmly believe that an enterprise cannot survive and develop without people. We have paced a more transparent and dynamic platform to our employees through the provision of training and incentives and strive to make sure that they are the first to benefit from our well-crafted work and living environment.

We strictly abide by applicable national laws and regulations, ensure gender equal employment opportunity and strictly prohibit employment discrimination. During the first half of 2017, we accelerated the employment of professional personnel for our various business units to effectively fill up our expertise gap. We have employed more suitable staffs and management personnel with innovative idea. We also held “executive coaches” and “1 + 2” optional courses for our staffs to help them fully develop their potential. We provided more training to our fundamental management and new staffs to solve those two fundamental issues, i.e. the breakthrough of new manager’s competencies and new staff integration.

Cultivating Sense of Belonging with our Corporate Culture

During the first half of 2017, Sino-Ocean held a variety of corporate culture activities. Now, the word “Health” has been dissolved into the blood of Sino-Ocean as part of our corporate culture. Up to this date, 136 of our employees already passed the WELL AP examination and became experts on healthy building. The employees of Sino-Ocean achieved approximately 40% of the passing rate of the examination in China and 11% of that in the world respectively. Most of our recreational and cultural activities are held with the theme of “Health”, such as jogging and soccer.

On 18 June, we held an event titled “Happy Walk” under the theme of “We Walk Along with You” in 24 cities in China to celebrate the 24th anniversaries of the Sino-Ocean Group. At that moment, no matter which cities our employees are in, they tightly bound their hearts together and sent their most sincere blessing to Sino-Ocean in their unique way.

Enhancement of Customer Services

During the first half of 2017, the overall satisfaction level to our Group was the same as that for the corresponding period in 2016. Commencing from the second half of 2017, the Group will focus on its deeply penetrated cities and carry out measures targeted to increase customer satisfaction and reputation among the customers so as to build up a more solid customer base for the implementation of our overall business strategy. Efforts will be made to improve the quality of our maintenance and repair services, standardize the reporting line and provide proactive services. We shall establish and improve our basic service system and quality supervision and control system to ensure our basic services such as security, maintenance, cleaning, green conservation are up to standard and customer needs are met.

Growth with our Partners

We always stick to our principle of growing and creating value with our partners. As at the end of first half of 2017, we had over 18,000 business partners across the nation. We give priority to local suppliers based on the locations of relevant projects and have followed the principles of “transparency, fairness, reasonably low cost, confidentiality and avoidance of interest conflict”. The entire supply chain procurement process is run online via the “Seagull II Tender Platform”. Each step and stage can be checked and tracked online to ensure the fairness and impartiality of the procurement process. Sino-Ocean continued to improve the pool of healthy strategic partners for the first half of the year, in order to build a healthy business eco-system. In addition, the Group entered into a comprehensive strategic cooperation with Lianjia and realized the sharing of big data through the connection of Sino-Ocean’s Seagull II system and Lianjia Group’s Link system.

Variety of Public Welfare Activities

In 2017, we continue to assume our corporate social responsibilities with the idea of “micro-charity, co-participation and sustainability” and hold more public welfare activities. In addition to helping students in poverty-stricken and remote areas under “Little Partner Education Sponsorship Scheme” run by Sino-Ocean Charity Foundation, we also formalized and established the “China’s backbone — Veterans Support Program” (中國脊梁老兵支持計劃) to provide health care services for those surviving veterans in Chicheng Hebei who had made contributions to the country and the nation, and provided home owners with opportunity to participate charitable activities. In May, the second Sino-Ocean’s Family Walk was held and more than 5,000 Sino-Ocean’s homeowners in 40 communities across the country joined the event, making Sino-Ocean become a synonym of “Happiness, Health and Greatest Love”. The second China “Young Citizen” Innovative Public Welfare Project was commenced throughout the country in June.

The issue that Sino-Ocean shall seek to tackle in the future is the realization of harmony among human being, construction and the environment. Sino-Ocean will work with its partners more openly and firmly so as to build healthy life together and maximize each other’s values.



DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, the interests and short positions of each of the directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in

the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules, were as follows:

Long position in the shares and the underlying shares of equity derivatives of the Company

Name of Directors	Nature of interest	No. of ordinary shares held (long position)	No. of underlying shares comprised in share options (note i)	Restricted shares (note ii)	Total	Percentage in the Company's issued share capital
Mr. Li Ming	Founder of discretionary trust	127,951,178 (note iii)	–	–	127,951,178	1.702%
	Beneficiary of trust	11,046,950 (note iv)	–	–	11,046,950	0.147%
	Beneficial owner	3,127,000	21,800,000	3,867,250	28,794,250	0.383%
Mr. Li Hu	Beneficial owner	28,500	500,000	476,500	1,005,000	0.013%
Mr. WANG Yeyi	Beneficial owner	–	500,000	120,000	620,000	0.008%
Mr. SUM Pui Ying	Beneficial owner	2,313,557	5,800,000	1,242,943	9,356,500	0.124%
Mr. WEN Haicheng	Beneficial owner	1,441,293	5,800,000	1,224,935	8,466,228	0.113%
Mr. LI Hongbo	Beneficial owner	186,363	4,700,000	289,818	5,176,181	0.069%
Mr. ZHAO Lijun	Beneficial owner	–	–	60,000	60,000	0.001%
Mr. YAO Dafeng	Beneficial owner	–	500,000	120,000	620,000	0.008%
Mr. FANG Jun	Beneficial owner	117,950	850,000	100,050	1,068,000	0.014%
Ms. SHANGGUAN Qing	Beneficial owner	–	500,000	120,000	620,000	0.008%
Mr. HAN Xiaojing	Beneficial owner	355,000	850,000	105,000	1,310,000	0.017%
Mr. SUEN Man Tak	Beneficial owner	28,500	500,000	91,500	620,000	0.008%
Mr. WANG Zhifeng	Beneficial owner	28,500	500,000	91,500	620,000	0.008%
Mr. JIN Qingjun	Beneficial owner	28,500	500,000	91,500	620,000	0.008%

Notes:

- (i) The share options were granted pursuant to the share option scheme of the Company, the details of which are set out as below in the paragraph headed "Share Option Scheme".
- (ii) The restricted shares were granted pursuant to the restricted share award scheme of the Company, the details of which are set out as below in the paragraph headed "Restricted Share Award Scheme".
- (iii) The 127,951,178 shares are held by a discretionary trust of which Mr. LI Ming is the founder.
- (iv) The 11,046,950 shares are held by a discretionary trust of which Mr. LI Ming, his spouse and his son are the beneficiaries.

 Long position in the shares and the underlying shares of equity derivatives of the associated corporation(s)

Name of Directors	Name of associated corporation	Nature of interest	Date of share option granted	Exercise period	Exercise price per share (HKD)	No. of underlying shares of associated corporation comprised in share options	No. of ordinary shares of associated corporation held (long position)	Percentage of total issued share capital of associated corporation
Mr. LI Ming	Gemini Investments (Holdings) Limited	Beneficial owner	9 August 2013	9 August 2013–22 June 2021	0.96	4,000,000	–	0.887%
Mr. WEN Haicheng	Gemini Investments (Holdings) Limited	Beneficial owner	–	–	–	–	70,000	0.016%
Mr. SUM Pui Ying	Gemini Investments (Holdings) Limited	Beneficial owner	26 August 2011	26 August 2011–22 June 2021	1.40	2,000,000	–	0.443%
			9 August 2013	9 August 2013–22 June 2021	0.96	16,000,000	–	3.548%
Mr. LI Hongbo	Gemini Investments (Holdings) Limited	Beneficial owner	9 August 2013	9 August 2013–22 June 2021	0.96	1,000,000	–	0.222%
			9 March 2015	9 March 2015–22 June 2021	1.27	500,000	–	0.111%

Save as disclosed above, none of the directors nor the chief executives of the Company or their associates had any interest or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the six months ended 30 June 2017 was the Company or any of its subsidiaries a party to any arrangement that would enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors or any of their spouses or children under the age of 18 were granted any right to subscribe to any equity or debt securities of the Company or any other body corporate or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The register of substantial shareholders required to be kept by the Company under Section 336 of Part XV of the SFO shows that as at 30 June 2017, the Company was notified of the following substantial shareholders' interests and short positions in the shares and underlying shares of the Company, being interests of 5% or more, in addition to those disclosed above in respect of the directors and the chief executives of the Company:

Name of shareholders	Capacity	Long/short position	No. of ordinary shares held	Percentage in the Company's issued share capital
China Life Insurance (Group) Company (note i)	Interest of controlled corporation	Long	2,253,459,151	29.98%
Anbang Insurance Group Co., Ltd. (note ii)	Interest of controlled corporation	Long	2,252,646,115	29.97%
Anbang Asset Management (Hong Kong) Co. Limited (note iii)	Investment Manager	Long	2,252,646,115	29.97%

Notes:

- (i) The 2,253,459,151 shares were registered in the name of, and beneficially owned by, China Life Insurance Company Limited. China Life Insurance (Group) Company was interested in 68.37% of China Life Insurance Company Limited. China Life Insurance (Group) Company was deemed to be interested in these shares by virtue of the SFO.
- (ii) The 1,352,197,115 shares and 900,449,000 shares were registered in the name of, and beneficially owned by, Anbang Insurance Group Co., Ltd. and Anbang Property & Casualty Insurance Co., Ltd. respectively. Anbang Property & Casualty Insurance Co., Ltd. was owned as to 48.92% and 48.65% by Anbang Insurance Group Co., Ltd. and Anbang Life Insurance Co., Ltd. (安邦人壽保險股份有限公司) respectively. Anbang Insurance Group Co., Ltd. was interested in 99.98% of Anbang Life Insurance Co., Ltd. Anbang Insurance Group Co., Ltd. was deemed to be interested in these shares by virtue of the SFO.
- (iii) The 2,252,646,115 shares were managed by Anbang Asset Management (Hong Kong) Co. Limited. Anbang Asset Management (Hong Kong) Co. Limited was wholly-owned by Anbang Property & Casualty Insurance Co., Ltd. which was an indirect subsidiary of Anbang Insurance Group Co., Ltd. as detailed in note (ii) above. Anbang Asset Management (Hong Kong) Co. Limited was deemed to be interested in these shares by virtue of the SFO.

Save as disclosed above, as at 30 June 2017, the Company had not been notified by any person or corporation who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.



CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTION SCHEME

The share option scheme of the Company (the “Share Option Scheme”) was approved by the shareholders’ written resolutions dated 3 September 2007. Under the Share Option Scheme, the Board may grant options to eligible employees and directors of the Group. As set out in the prospectus of the Company dated 14 September 2007 (the “Prospectus”), the purpose of the Share Option Scheme is to provide an incentive for employees of the Group to work with commitment towards enhancing the value of the Company and its shares for the benefit of our shareholders, and to compensate employees of the

Group for their contribution based on their individual performance and that of the Company. The share options granted under the Share Option Scheme are exercisable within a five-year period in which 40% of the options become exercisable 1 year from the grant date, 70% of the options become exercisable 2 years from the grant date, and all options become exercisable 3 years from the grant date. All of the share options granted and outstanding as at 30 June 2017 are governed by the terms of the Share Option Scheme as stated herein and further detailed in the Prospectus.

During the six months ended 30 June 2017, movements of share options granted to the directors, chief executives and employees of the Group under the Share Option Scheme were as follows:

	Date of share option granted	Exercise price per share (HKD)	No. of share options outstanding as at 1 January 2017	No. of share options granted during the period	No. of share options exercised during the period (note)	No. of share options lapsed during the period	No. of share options outstanding as at 30 June 2017
Directors							
Mr. LI Ming	12 Jan 2012	3.57	6,280,000	–	–	(6,280,000)	–
	27 Aug 2015	4.04	1,800,000	–	–	–	1,800,000
	13 Apr 2016	3.80	20,000,000	–	–	–	20,000,000
Mr. LI Hu	13 Apr 2016	3.80	500,000	–	–	–	500,000
Mr. WANG Yeyi	13 Apr 2016	3.80	500,000	–	–	–	500,000
Mr. SUM Pui Ying	12 Jan 2012	3.57	2,330,000	–	–	(2,330,000)	–
	27 Aug 2015	4.04	800,000	–	–	–	800,000
	13 Apr 2016	3.80	5,000,000	–	–	–	5,000,000
Mr. WEN Haicheng	12 Jan 2012	3.57	360,000	–	–	(360,000)	–
	27 Aug 2015	4.04	800,000	–	–	–	800,000
	13 Apr 2016	3.80	5,000,000	–	–	–	5,000,000
Mr. LI Hongbo	27 Aug 2015	4.04	700,000	–	–	–	700,000
	13 Apr 2016	3.80	4,000,000	–	–	–	4,000,000
Mr. YAO Dafeng	13 Apr 2016	3.80	500,000	–	–	–	500,000
Mr. FANG Jun	27 Aug 2015	4.04	350,000	–	–	–	350,000
	13 Apr 2016	3.80	500,000	–	–	–	500,000

	Date of share option granted	Exercise price per share (HKD)	No. of share options outstanding as at 1 January 2017	No. of share options granted during the period	No. of share options exercised during the period (note)	No. of share options lapsed during the period	No. of share options outstanding as at 30 June 2017
Ms. SHANGGUAN Qing	13 Apr 2016	3.80	500,000	–	–	–	500,000
Mr. TSANG Hing Lun	27 Aug 2015	4.04	350,000	–	–	(210,000)	140,000
(Ceased on 4 June 2017)	13 Apr 2016	3.80	500,000	–	–	(300,000)	200,000
Mr. HAN Xiaojing	12 Jan 2012	3.57	600,000	–	–	(600,000)	–
	27 Aug 2015	4.04	350,000	–	–	–	350,000
	13 Apr 2016	3.80	500,000	–	–	–	500,000
Mr. SUEN Man Tak	13 Apr 2016	3.80	500,000	–	–	–	500,000
Mr. WANG Zhifeng	13 Apr 2016	3.80	500,000	–	–	–	500,000
Mr. JIN Qingjun	13 Apr 2016	3.80	500,000	–	–	–	500,000
Subtotal			53,720,000	–	–	(10,080,000)	43,640,000
Employees	12 Jan 2012	3.57	24,405,672	–	–	(24,405,672)	–
	27 Aug 2015	4.04	66,076,000	–	(993,000)	(2,110,000)	62,973,000
	13 Apr 2016	3.80	139,484,000	–	(1,530,000)	(1,600,000)	136,354,000
Subtotal			229,965,672	–	(2,523,000)	(28,115,672)	199,327,000
Total			283,685,672	–	(2,523,000)	(38,195,672)	242,967,000

Note: During the six months ended 30 June 2017, 2,523,000 share options were exercised and the weighted average closing price of the shares of the Company immediately before the dates of exercise was HKD4.061 per share.

RESTRICTED SHARE AWARD SCHEME

The restricted share award scheme (the “Award Scheme”) was adopted by the Board on 22 March 2010 (the “Adoption Date”) as an incentive to retain and encourage the employees for the continual operation and development of the Group. Unless early terminated by the Board, the Award Scheme shall continue in full force and effect from the Adoption Date for a term of 10 years. According to the Award Scheme, the maximum number of shares to be awarded under the Award Scheme is 169,104,822 shares, representing 3% of the issued shares of the Company as at the Adoption Date. The restricted shares will be purchased by the trustee from the market out of cash contributed by the Group and be held in trust for the relevant selected employees until such shares are

vested with the relevant selected employees in accordance with the provisions of the Award Scheme. The shares awarded to the directors and employees of the Group at no consideration will be vested in three years in which 40% of awarded shares will be vested after one year from the date of award and 7.5% of awarded shares will be vested quarterly thereafter.

During the period under review, the trustee of the Award Scheme, pursuant to the terms of the rules and trust deed of the Award Scheme, had acquired 7,248,933 shares of the Company at an aggregate consideration of approximately RMB30,405,000 (including transaction costs).

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

Date of award	Awarded Shares				
	Balance as at 1 January 2017	Shares awarded during the period	No. of shares vested during the period	No. of shares lapsed during the period (note)	Balance as at 30 June 2017
18 March 2014	1,584,150	–	(1,579,200)	(4,950)	–
18 March 2015	6,649,311	–	(2,685,450)	–	3,963,861
25 March 2016	13,334,900	–	(5,916,093)	(740,860)	6,677,947
31 March 2017	–	10,890,000	–	(60,000)	10,830,000
Total	21,568,361	10,890,000	(10,180,743)	(805,810)	21,471,808

Note: Pursuant to the Award Scheme, 805,810 awarded shares lapsed upon the death or resignation of awardees.

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

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

REVIEW OF INTERIM FINANCIAL INFORMATION

The unaudited interim financial information for the six months ended 30 June 2017 have 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 report of which is included on page 55.

AUDIT COMMITTEE

Following the passing away of Mr. TSANG Hing Lun on 4 June 2017 and the appointment of Ms. LAM Sin Lai Judy as an independent non-executive director and chairman of the audit committee with effect from 14 August 2017, the audit committee consists of three independent non-executive directors and two non-executive directors of the Company, namely Ms. LAM Sin Lai Judy, Mr. ZHAO Lijun, Mr. YAO Dafeng, Mr. SUEN Man Tak and Mr. JIN Qingjun.

The audit committee has reviewed and has no disagreement with the accounting principles and practices adopted by the Group. The audit committee has reviewed the interim report 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 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 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.

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

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. 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.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

The Company had entered into a 3-year term loan facilities in a principal of USD800 million or its equivalent in other currencies dated 24 June 2014 (the "Facility Agreement"). Under the Facility Agreement, it would constitute an event of default if China Life is no longer as the single largest beneficial shareholder of the Company or maintain (directly or indirectly) beneficially not less than 25% of the issued share capital of the Company. On and at any time after the occurrence of an event of default, the lenders may (i) cancel the facility available under the Facility Agreement with immediate effect; (ii) declare that all or part of the loan outstanding together with accrued interest and all other amounts accrued or outstanding be immediately due and payable; (iii) declare that all or part of the loans be payable on demand; and/or (iv) instruct the security agent to enforce all or any of the security documents and/or to preserve the security constituted by any security document and/or to exercise any right, power and remedy available to the security agent under any security document. The loan facility under Facility Agreement was fully repaid in June 2017.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 30 June 2017, the aggregate amount of financial assistance to affiliated companies by the Group exceeded 8% of the assets ratios as defined in Rule 14.07(1) of the Listing Rules.

In accordance with the requirements under Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of the affiliated companies as at 30 June 2017 is presented as follows:

	RMB million
Non-current assets	102
Current assets	19,621
Current liabilities	(3,828)
Non-current liabilities	(14,723)
Net assets	1,172

The Group's attributable interest in the affiliated companies as at 30 June 2017 amounted to RMB394 million.

The proforma combined statement of financial position of the affiliated companies has been prepared by combining their statement of financial position, after making adjustments to conform with the Group's significant accounting policies as at 30 June 2017.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of directors of the Company required to be disclosed are set out below:

Mr. TSANG Hing Lun passed away on 4 June 2017 and ceased to act an independent non-executive director, the chairman of the audit committee and a member of the investment committee of the Company.

Ms. LAM Sin Lai Judy has been appointed as an independent non-executive Director, chairman of the audit committee and a member of the investment committee of the Company with effect from 14 August 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 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 the 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.

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 that the adoption of a new set of Articles of Association to replace the current Articles of Association. The proposed adoption of new Articles of Association are subject to the approval of shareholders of the Company 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 shareholders on or around 12 September 2017.



CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. LI Ming (*Chairman*)
Mr. LI Hu
Mr. WANG Yeyi
Mr. SUM Pui Ying
Mr. WEN Haicheng
Mr. LI Hongbo

Non-executive Directors

Mr. ZHAO Lijun
Mr. YAO Dafeng
Mr. FANG Jun
Ms. SHANGGUAN Qing

Independent Non-executive Directors

Mr. TSANG Hing Lun (ceased on 4 June 2017)
Mr. HAN Xiaojing
Mr. SUEN Man Tak
Mr. WANG Zhifeng
Mr. JIN Qingjun
Ms. LAM Sin Lai Judy (appointed on 14 August 2017)

AUDIT COMMITTEE

Mr. TSANG Hing Lun (ceased on 4 June 2017)
Ms. LAM Sin Lai Judy (appointed on 14 August 2017)
Mr. ZHAO Lijun
Mr. YAO Dafeng
Mr. SUEN Man Tak
Mr. JIN Qingjun

NOMINATION COMMITTEE

Mr. LI Ming
Mr. HAN Xiaojing
Mr. SUEN Man Tak
Mr. WANG Zhifeng

REMUNERATION COMMITTEE

Mr. HAN Xiaojing
Mr. SUEN Man Tak
Mr. WANG Zhifeng

INVESTMENT COMMITTEE

Mr. LI Ming
Mr. LI Hu
Mr. WANG Yeyi
Mr. LI Hongbo
Mr. TSANG Hing Lun (ceased on 4 June 2017)
Mr. JIN Qingjun
Ms. LAM Sin Lai Judy (appointed on 14 August 2017)

COMPANY SECRETARY

Mr. CHUNG Kai Cheong

AUTHORIZED REPRESENTATIVES

Mr. LI Ming
Mr. CHUNG Kai Cheong

REGISTERED OFFICE

Suite 601, One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL PLACE OF BUSINESS

31–33 Floor, Tower A
Ocean International Center
56 Dongsihuanzhonglu
Chaoyang District Beijing
PRC

Principal Bankers *(in alphabetical order)*

Agricultural Bank of China, Ltd.
Bank of Beijing Co., Ltd
Bank of China (Hong Kong) Limited
Bank of China Limited
Bank of Communications Co., Ltd.
China Bohai Bank Co., Ltd.
China CITIC Bank Corporation Limited
China Construction Bank Corporation
China Merchants Bank Co., Ltd.
DBS Bank (Hong Kong) Ltd.
Hang Seng Bank Limited
Hua Xia Bank Co., Ltd
Industrial and Commercial Bank of China (Asia) Ltd.
Industrial and Commercial Bank of China, Ltd.
Postal Savings Bank of China Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd.
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited
Wing Lung Bank Limited

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISOR

Paul Hastings

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Stock Code: 03377

COMPANY WEBSITE

www.sinooceangroup.com

INVESTOR RELATIONS CONTACT

ir@sinooceangroup.com

Report on Review of Interim Financial Information

TO THE BOARD OF DIRECTORS OF SINO-OCEAN GROUP HOLDING LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 56 to 93, which comprises the condensed consolidated interim balance sheet of Sino-Ocean Group Holding Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2017 and the related condensed consolidated interim income statement, statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and fair presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 August 2017

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	7	1,103,718	896,922
Land use rights	7	52,842	53,788
Investment properties	8	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	9	3,756,757	3,653,653
Trade and other receivables	10	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	11	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	10	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
EQUITY			
Equity attributable to owners of the Company			
Capital	12	26,933,169	26,920,490
Shares held for Restricted Share Award Scheme	12	(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

	Note	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	14	47,790,077	37,614,895
Trade and other payables	15	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	14	7,961,330	6,194,924
Trade and other payables	15	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

The notes on pages 63 to 93 form an integral part of these condensed consolidated interim financial information.

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	16	900,716	(205,845)
Fair value gains on investment properties	8	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	17	(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	18	(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)	19	0.358	0.178
Diluted earnings per share for profit attributable to owners of the Company (expressed in RMB)	19	0.358	0.178

The notes on pages 63 to 93 form an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Comprehensive Income

	Unaudited Six months ended 30 June	
	2017 RMB'000	2016 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

The notes on pages 63 to 93 form an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Changes In Equity

	Unaudited							
	Attributable to owners of the Company					Non-controlling interests		
	Share Capital RMB'000	Share held for Restricted Share Award Scheme RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Capital Instrument RMB'000	Others RMB'000	Total equity RMB'000
Balance at 1 January 2017	26,920,490	(147,280)	(359,691)	17,585,122	43,998,641	3,500,000	1,831,239	49,329,880
Profit for the period	-	-	-	2,667,776	2,667,776	122,500	205,544	2,995,820
Other comprehensive income:								
Fair value gain on available-for-sale financial assets	-	-	70,755	-	70,755	-	10,093	80,848
Currency translation differences	-	-	103,223	-	103,223	-	(11,225)	91,998
Share of other comprehensive income of investments accounted for using the equity method	-	-	(1,758)	-	(1,758)	-	-	(1,758)
Total comprehensive income for the period ended 30 June 2017	-	-	172,220	2,667,776	2,839,996	122,500	204,412	3,166,908
Transactions with owners of the Company								
Dividends declared relating to 2016 (Note 20)	-	-	-	(800,490)	(800,490)	-	-	(800,490)
Expense on share based payment	-	-	54,607	-	54,607	-	-	54,607
Issue of shares pursuant to exercise of employee share options	10,515	-	(1,859)	-	8,656	-	(68)	8,588
Vesting of shares under Restricted Share Award Scheme (Note 12)	2,164	30,746	(32,910)	-	-	-	-	-
Purchase of shares for Restricted Share Award Scheme (Note 12)	-	(30,405)	-	-	(30,405)	-	-	(30,405)
Contribution from non-controlling interests	-	-	-	-	-	-	17,189	17,189
Total contributions by and distributions to owners of the Company	12,679	341	19,838	(800,490)	(767,632)	-	17,121	(750,511)
Increase in non-controlling interest as a result of business combination (Note 23)	-	-	-	-	-	-	112,151	112,151
Increase in non-controlling interests as a result of disposal interests without change of control	-	-	2,595	-	2,595	-	21,405	24,000
Decrease in non-controlling interest as a result of disposal of a subsidiary	-	-	-	-	-	-	(24,428)	(24,428)
Decrease in non-controlling interests as a result of acquisition of additional interests in subsidiaries from non-controlling shareholders	-	-	109,113	-	109,113	-	(143,413)	(34,300)
Total transactions with owners of the Company	12,679	341	131,546	(800,490)	(655,924)	-	(17,164)	(673,088)
Balance at 30 June 2017	26,933,169	(146,939)	(55,925)	19,452,408	46,182,713	3,622,500	2,018,487	51,823,700

	Unaudited								
	Attributable to owners of the Company						Non-controlling interests		
	Share held for Restricted	Share Award Scheme	Other reserves	Retained earnings	Total	Capital Securities	Capital instrument	Others	Total equity
	Share capital								
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2016	26,915,412	(32,366)	(410,945)	14,758,572	41,230,673	2,532,866	3,000,000	1,426,735	48,190,274
Profit for the period	–	–	–	1,447,754	1,447,754	–	–	85,301	1,533,055
Other comprehensive income:									
Fair value gain on available-for-sale financial assets	–	–	24,063	–	24,063	–	–	(3,244)	20,819
Currency translation differences	–	–	(20,535)	–	(20,535)	–	–	8,060	(12,475)
Share of other comprehensive income of investments accounted for using the equity method	–	–	62,385	–	62,385	–	–	–	62,385
Total comprehensive income for the period ended 30 June 2016	–	–	65,913	1,447,754	1,513,667	–	–	90,117	1,603,784
Transactions with owners of the Company									
Dividends declared relating to 2015 (Note 20)	–	–	–	(319,091)	(319,091)	–	–	–	(319,091)
Expense on share based payment	–	–	58,625	–	58,625	–	–	–	58,625
Issue of shares pursuant to exercise of employee share options	1,196	–	(325)	–	871	–	–	157	1,028
Vesting of shares under Restricted Share Award Scheme (Note 12)	1,709	48,685	(50,394)	–	–	–	–	–	–
Purchase of shares for Restricted Share Award Scheme (Note 12)	–	(47,097)	–	–	(47,097)	–	–	–	(47,097)
Distribution relating to capital securities	–	–	–	(111,078)	(111,078)	–	–	–	(111,078)
Repurchase of capital securities	–	–	–	–	–	(2,532,866)	–	–	(2,532,866)
Contribution from non-controlling interests	–	–	–	–	–	–	–	1,500	1,500
Total contributions by and distributions to owners of the Company	2,905	1,588	7,906	(430,169)	(417,770)	(2,532,866)	–	1,657	(2,948,979)
Increase in non-controlling interest as a result of business combination	–	–	–	–	–	–	–	17,722	17,722
Increase in non-controlling interest as a result of other acquisition	–	–	–	–	–	–	–	28,812	28,812
Total transactions with owners of the Company	2,905	1,588	7,906	(430,169)	(417,770)	(2,532,866)	–	48,191	(2,902,445)
Balance at 30 June 2016	26,918,317	(30,778)	(337,126)	15,776,157	42,326,570	–	3,000,000	1,565,043	46,891,613

Condensed Consolidated Interim Cash Flow Statement

	Unaudited Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Cash flows from operating activities		
Cash generated from operations	10,554,018	7,161,897
Income tax paid	(2,302,129)	(2,367,421)
Interest paid	(1,286,678)	(1,578,777)
Net cash generated from operating activities	6,965,211	3,215,699
Cash flows from investing activities		
Investment in business partners	(20,310,628)	(8,799,476)
Repayment from business partners	8,986,258	11,887,232
Others	(1,419,941)	860,553
Net cash (used in)/generated from investing activities	(12,744,311)	3,948,309
Cash flows from financing activities		
Proceeds from borrowings	14,791,008	8,290,604
Repayments of borrowings	(8,420,279)	(16,911,090)
Others	(14,928)	(4,231,198)
Net cash generated from/(used in) financing activities	6,355,801	(12,851,684)
Net increase/(decrease) in cash and cash equivalents	576,701	(5,687,676)
Cash and cash equivalents at the beginning of the period	19,052,833	20,269,584
Exchange gains	5,112	5,652
Cash and cash equivalents at end of the period	19,634,646	14,587,560

The notes on pages 63 to 93 form an integral part of these condensed consolidated interim financial information.

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”).

Notes to the Unaudited Condensed Consolidated Interim Financial Information

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.

HKFRS 9, 'Financial instruments'

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

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale (AFS) financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets.

The other financial assets held by the Group include:

- equity instruments currently classified as AFS for which a FVOCI election is available, and
- equity investments currently measured at fair value through profit or loss (FVPL) which would likely continue to be measured on the same basis under HKFRS 9.

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. However, the Group currently does not have hedging relationships, accordingly, the Group does not expect a significant impact on the accounting for its hedging relationships.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

3 ACCOUNTING POLICIES (CONTINUED)

- (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.
(Continued)

HKFRS 9, 'Financial instruments' (Continued)

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

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

HKFRS 15, 'Revenue from contracts with customers'

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sale of goods and the rendering of services and HKAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018. The Group will adopt the new standard from 1 January 2018.

Management is currently accessing the effects of applying the new standard on the Group's financial statements. At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next six months.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

3 ACCOUNTING POLICIES (CONTINUED)

- (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.
(Continued)

HKFRS 16, 'Leases'

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for group's operating leases. As at the reporting date, the Group has immaterial non-cancellable operating lease commitments. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

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

4 ESTIMATES

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

There have been no changes in the risk management department since year end or in any risk management policies since the year end.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

5.2 Liquidity risk

Cash flow forecast is performed in the operating entities of the Group in and aggregated by Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecast process takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amount disclosed in the table is the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 30 June 2017					
Borrowings	10,581,951	7,292,887	32,000,690	16,692,131	66,567,659
Trade and other payables excluding statutory liabilities	38,188,393	–	7,518	–	38,195,911
	<u>48,770,344</u>	<u>7,292,887</u>	<u>32,008,208</u>	<u>16,692,131</u>	<u>104,763,570</u>
At 31 December 2016					
Borrowings	8,221,364	5,770,309	22,671,854	17,345,718	54,009,245
Trade and other payables excluding statutory liabilities	33,313,285	–	7,112	–	33,320,397
	<u>41,534,649</u>	<u>5,770,309</u>	<u>22,678,966</u>	<u>17,345,718</u>	<u>87,329,642</u>

The amounts have not included financial guarantee contracts (Note 21):

- which the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Such guarantees terminate upon the issuance of the "property title certificate";
- which the Group provided the joint-liability guarantees for joint ventures and associates' bank borrowings. Such guarantees terminate upon the repayment of relevant bank borrowings.

Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following tables present the Group's assets that are measured at fair value as at 30 June 2017 and 31 December 2016.

	Level 1	Level 2	Level 3	Total
Assets				
Group				
As at 30 June 2017				
Financial assets at fair value through profit or loss	198,174	35,281	–	233,455
Available-for-sale financial assets:				
— listed equity securities (Note 9)	108,935	–	–	108,935
— equity fund investments (Note 9)	–	1,038,876	1,107,747	2,146,623
— other unlisted equity securities (Note 9)	–	599,964	850,793	1,450,757
— others (Note 9)	–	–	50,442	50,442
	<u>307,109</u>	<u>1,674,121</u>	<u>2,008,982</u>	<u>3,990,212</u>
Assets				
Group				
As at 31 December 2016				
Financial assets at fair value through profit or loss	190,780	164,448	–	355,228
Available-for-sale financial assets:				
— listed equity securities (Note 9)	161,985	–	–	161,985
— equity fund investments (Note 9)	–	970,939	1,141,685	2,112,624
— other unlisted equity securities (Note 9)	–	588,225	658,490	1,246,715
— others (Note 9)	–	–	132,329	132,329
	<u>352,765</u>	<u>1,723,612</u>	<u>1,932,504</u>	<u>4,008,881</u>

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

5.3 Fair value estimation (Continued)

There were no transfers between three levels during the period.

During the period there were no significant changes in the business or economic circumstances that may affect the fair value of the Group's financial assets and financial liabilities, at the same time there were no reclassifications between financial assets.

5.4 Fair value measurements using significant unobservable inputs (Level 3)

	Available-for-sale financial assets: unlisted equity and debt securities RMB'000
Opening balance at 1 January 2017	1,932,504
Additions	373,955
Capital return	(79,978)
Impairment	(1,500)
Currency translation difference	(37,024)
Disposals	(178,975)
Closing balance at 30 June 2017	<u>2,008,982</u>

Level 3 investments in unlisted equity securities are fair valued at net assets values, which represents the fair value of the Level 3 investments. The higher the net assets value of respective securities, the higher the fair values. Level 3 investments in unlisted debt securities are fair valued using a discounted cash flow approach and the discounted rate is mainly determined by counterparty credit risk.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no changes in valuation techniques during the period.

5.5 Group's valuation processes

The Group's finance department includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including Level 3 fair values. This team reports directly to the chief financial officer (CFO) and external valuers will be engaged, if necessary.

As part of the valuation process, any changes in Level 2 and Level 3 fair values and the reasons for the fair value movements are analyzed between the CFO and the team.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

5.6 Fair value of financial assets and liabilities measured at amortized cost

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Restricted bank deposits
- Cash and cash equivalents
- Borrowings
- Trade and other payables

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.

6 SEGMENT INFORMATION (CONTINUED)

	Unaudited								
	Property development					Investment property	All other segments	Total	Inter-segment elimination
	Beijing-Tianjin-Hebei	Northeast	Central	Southern					
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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 (Note 7)	(388)	(317)	(508)	(770)	(1,732)	(17,120)	(20,835)	-	(20,835)
Income tax expense (Note 18)	(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 (Note 7)	(745)	(553)	(613)	(1,317)	(1,189)	(13,078)	(17,495)	-	(17,495)
Income tax expense (Note 18)	(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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

6 SEGMENT INFORMATION (CONTINUED)

	Property development							Inter-segment elimination	Group total
	Beijing-Tianjin-Hebei	Northeast	Central	Southern	Investment property	All other segments	Total		
	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 RMB'000	2016 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 (Note 8)	435,009	1,066,592
Finance costs (Note 17)	(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	<u>4,786,427</u>	<u>2,987,448</u>

6 SEGMENT INFORMATION (CONTINUED)

	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 (Note 9)	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 (Note 14)	7,961,330	6,194,924
Non-current borrowings (Note 14)	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.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

7 PROPERTY, PLANT AND EQUIPMENT AND LAND USE RIGHTS

	Unaudited	
	Property, plant and equipment RMB'000	Land use Rights RMB'000
Opening net book amount as at 1 January 2017	896,922	53,788
Additions	227,067	–
Depreciation and amortization	(19,889)	(946)
Acquisition of subsidiaries (Note 23)	516	–
Disposals	(898)	–
Closing net book amount as at 30 June 2017	1,103,718	52,842
Opening net book amount as at 1 January 2016	584,068	52,094
Additions	24,216	–
Depreciation and amortization	(15,802)	(1,693)
Acquisition of a subsidiary	2,058	–
Disposals	(279)	–
Closing net book amount as at 30 June 2016	594,261	50,401

8 INVESTMENT PROPERTIES

	Unaudited	
	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Opening net book amount at beginning of the period	16,292,128	13,555,320
Addition	563,357	178,659
Fair value gains	435,009	1,066,592
Currency translation differences	(17,122)	9,178
Closing net book amount at end of the period	17,273,372	14,809,749

8 INVESTMENT PROPERTIES (Continued)

(a) Valuation techniques

Fair values of completed commercial properties in Beijing, Tianjin, Dalian and Hong Kong are generally derived using the income capitalization method. These valuation methods are based on the capitalization of the net income and reversionary income potential by adopting appropriate capitalization rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

Fair values of completed residential properties and commercial property in the United States and residential property in Hong Kong are generally derived using the comparison approach by reference to recent sales price of comparable properties on a price per square feet basis, adjusted for a premium or a discount specific to the quality of the Group's building compared to the recent sales. Higher premium for higher quality buildings will results in a higher fair value measurement.

There were no changes to the valuation techniques during the period and there were no transfers between fair value hierarchy during the period.

(b) Non-current assets pledged as security

Investment properties for the carrying values of RMB14,252,485,000 and RMB10,815,642,000 were pledged as collateral for the Group's borrowings (Note 14) and capital instrument (Note 13) as at 30 June 2017 and 31 December 2016, respectively.

9 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Investment in listed equity securities (a)	108,935	161,985
Investment in other unlisted equity securities (b)	1,450,757	1,246,715
Investment in fund investments (c)	2,146,623	2,112,624
Others	50,442	132,329
	3,756,757	3,653,653

(a) Investment in listed equity securities is stated at fair value based on the quoted price of the equity securities.

(b) Available-for-sale financial assets of the Group include certain unlisted equity securities which are mainly denominated in RMB and HKD. The fair value of unlisted securities approximates the Group's share of the net asset values of the respective entities.

(c) To diversify the Group's investment risk and further enhance the return of the Group's investments, the Group invested in several unlisted funds amounting to RMB2,146,623,000 (31 December 2016: RMB2,112,624,000). As the Group has no power to govern or participate in the financial operating policies of the fund investment entities so as to obtain benefits from its activities and does not intend to trade these funds for short-term profit, the directors of the Company has designated these funds as available-for-sale financial assets.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

10 TRADE AND OTHER RECEIVABLES

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Trade receivables(a)	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 (b)	4,436,968	5,071,211
Entrusted loans to joint ventures (c)	5,173,495	6,101,800
Entrusted loans to associates (d)	1,121,875	617,106
Entrusted loans to a non-controlling interest (e)	436,598	446,430
Receivables from government (f)	766,222	710,068
Receivables from disposal of interests in an associate	—	248,000
Amounts due from joint ventures (g)	11,717,712	4,519,138
Amounts due from associates (g)	5,053,369	2,828,199
Amounts due from non-controlling interests (g)	1,667,116	1,323,284
Amounts due from third parties (g)	5,917,535	3,520,673
Cooperation deposits (h)	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

(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 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

10 TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) As at 30 June 2017, entrusted loans to third parties comprised:

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Unsecured loans (i)	3,922,063	4,551,254
Secured loans (ii)	514,905	519,957
	4,436,968	5,071,211
Less: Non-current portion	(3,930,742)	(4,794,437)
	506,226	276,774

(i) Such loans bear interest ramping from 3.5% to 12% per annum (2016: from 3.5% to 10%).

(ii) Such loans bear interest ramping from 4.85% to 12.1% per annum (2016: from 4.85% to 12.1%).

(c) Entrusted loans to joint ventures are unsecured, interest bearing from 3.38% to 12% per annum (31 December 2016: from 3.38% to 12%). RMB800,839,000 (31 December 2016: RMB2,496,366,000) of the balances are repayable within one year. The remaining balances of RMB4,372,656,000 (31 December 2016: RMB3,605,434,000) are repayable after one year and included in the non-current portion.

(d) Entrusted loans to associates are unsecured, interest bearing from 5.31% to 6.62% per annum (31 December 2016: 5.31%), and are repayable after one year and included in the non-current portion.

(e) Entrusted loans to a non-controlling interest are unsecured, bearing interest of 12% per annum, and are repayable within one year and included in the current portion.

(f) Receivables from government mainly represent payment made for land development cost, some deposits paid to government to ensure the business activities of properties development, and the amounts paid to government with the intention of possible future cooperation in real estate project development, which will be subsequently recoverable from the government.

(g) Amounts due from joint ventures, associates, non-controlling interests and third parties are unsecured, interest free, and repayable on demand.

(h) Balances represent amounts paid to certain third parties, with the intention of future cooperation in real estate project development. As at 30 June 2017, such cooperation is still in negotiation stage.

The maximum exposure to credit risk at the reporting date is the book value of each class of receivable mentioned above, and the fair value of trade and other receivables approximates their book value for the reason that the impact of discounting is not significant.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

11 AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Contract cost incurred plus recognized profit	4,293,136	4,735,773
Less: Progress receivables	(3,496,456)	(4,197,202)
Contract work-in-progress	796,680	538,571
Representing:		
Amounts due from customers for contract work	796,680	538,571

	Unaudited Six months ended 30 June 2017 RMB'000	2016 RMB'000
Contract revenue recognized as revenue in the period	695,125	497,221

12 CAPITAL

	Number of ordinary shares	Share capital HK \$'000	Equivalent share capital RMB'000	Share held for Restricted Share Award Scheme RMB'000	Total RMB'000
Ordinary shares, issued and fully paid:					
Opening balance					
1 January 2017	7,513,879,657	29,923,363	26,920,490	–	26,920,490
Issue of shares pursuant to exercise of employee share options (a)	2,523,000	11,937	10,515	–	10,515
Vesting of shares under Restricted Share Award Scheme	–	2,151	2,164	–	2,164
	7,516,402,657	29,937,451	26,933,169	–	26,933,169
Restricted Share Award Scheme (b)					
Opening balance					
1 January 2017	(52,942,116)	–	–	(147,280)	(147,280)
Shares purchased during the year	(7,248,933)	–	–	(30,405)	(30,405)
Vesting of shares under Restricted Share Award Scheme	10,180,743	–	–	30,746	30,746
	(50,010,306)	–	–	(146,939)	(146,939)
At 30 June 2017	7,466,392,351	29,937,451	26,933,169	(146,939)	26,786,230

12 CAPITAL (CONTINUED)

	Number of ordinary shares	Share capital HK \$'000	Equivalent share capital RMB'000	Share held for Restricted Share Award Scheme RMB'000	Total RMB'000
Ordinary shares, issued and fully paid:					
Opening balance					
1 January 2016	7,513,589,657	29,910,127	26,915,412	–	26,915,412
Issue of shares pursuant to exercise of employee share options (a)	290,000	1,421	1,196	–	1,196
Vesting of shares under Restricted Share Award Scheme	–	8,748	1,709	–	1,709
	<u>7,513,879,657</u>	<u>29,920,296</u>	<u>26,918,317</u>	<u>–</u>	<u>26,918,317</u>
Restricted Share Award Scheme (b)					
Opening balance					
1 January 2016	(9,026,813)	–	–	(32,366)	(32,366)
Purchase of shares for Restricted Share Award Scheme	(15,240,024)	–	–	(47,097)	(47,097)
Vesting of shares under Restricted Share Award Scheme	13,928,250	–	–	48,685	48,685
	<u>(10,338,587)</u>	<u>–</u>	<u>–</u>	<u>(30,778)</u>	<u>(30,778)</u>
At 30 June 2016	<u>7,503,541,070</u>	<u>29,920,296</u>	<u>26,918,317</u>	<u>(30,778)</u>	<u>26,887,539</u>

- (a) Employee share options exercised during the period ended 30 June 2017 resulted in 2,523,000 shares being issued (30 June 2016: 290,000 shares), with total proceeds of approximately HKD9,826,000 (30 June 2016: HKD1,035,000). The related weighted average price at the time of exercise was HKD3.89 (30 June 2016: HKD3.57) per share.
- (b) On 22 March 2010, the Board of the Company resolved to adopt a Restricted Share Award Scheme, pursuant to which existing shares are purchased from the market and be held in trust for the relevant selected employees, until such shares are vested in accordance with the provision of the scheme. 10,890,000 shares (for the six months ended 30 June 2016: No shares) were granted to the selected employees of the Group for the six months ended 30 June 2017. As at 30 June 2017, 21,471,808 shares (30 June 2016: 27,988,830 shares) were granted but not yet vested under the scheme.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

13 CAPITAL INSTRUMENT

On 30 December 2016, Hangzhou Xinhe Hotel Property Limited ("Hangzhou Xinhe") and Hangzhou Yunhe Business District Development Limited ("Hangzhou Yunhe"), wholly owned subsidiaries, together issued a capital instrument, which is callable, with an initial aggregate principal amount of RMB3,500,000,000.

The capital instrument has no maturity date, and the payments of distribution of such capital instrument can be deferred at the discretion of Hangzhou Xinhe and Hangzhou Yunhe. When Hangzhou Xinhe or Hangzhou Yunhe or Sino-Ocean Land Limited, another subsidiary of the Group, elects to declare dividends to their shareholders, Hangzhou Xinhe and Hangzhou Yunhe should make distribution to the holders of the capital instrument at the distribution rate as defined in the subscription agreement. The capital instrument is secured by the investment property, properties under development and completed properties held for sale owned by Hangzhou Xinhe and Hangzhou Yunhe.

14 BORROWINGS

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Non-current	47,790,077	37,614,895
Current	7,961,330	6,194,924
	55,751,407	43,809,819

Movements in borrowings are analysed as follows:

	Unaudited Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
At beginning of the period	43,809,819	51,925,839
New bank loans raised	7,373,867	1,508,734
Other loans raised (b)	3,435,000	2,800,000
Bond issuance	–	3,981,870
Medium-term note issuance (c)	3,982,141	–
Repayment of bank loans	(8,249,278)	(12,217,090)
Repayment of other loans	(171,001)	(4,694,000)
Business combination (Note 23)	6,136,940	–
Decrease due to a joint venture to a subsidiary	(80,000)	–
Disposal of entire interests in a subsidiary	–	(666,000)
Currency translation differences	(534,051)	312,715
Changes of carrying value of corporate bonds and bank loans	47,970	35,930
At end of the period	55,751,407	42,987,998

14 BORROWINGS (CONTINUED)

- (a) As at 30 June 2017, long-term and short-term borrowings amounting to RMB6,999,644,000 were secured by investment properties, properties under development and completed properties held for sale of the Group.

As at 31 December 2016, long-term and short-term borrowings amounting to RMB4,805,020,000 were secured by investment properties of the Group.

- (b) During the six months ended 30 June 2017, other loans amounting to RMB2,950,000,000 and RMB485,000,000 are raised from financial institutions and related parties respectively. Such loans bear an interest rate of 3.5% to 12% per annum.

During the six months ended 30 June 2016, other loans amounting to RMB2,800,000,000 are raised from financial institutions. Such loans bear an interest rate of 9.5% per annum.

- (c) On 23 March 2017, the Group issued the first tranche Medium-term Note in an aggregate amount of RMB4,000,000,000 in two series: (i) RMB2,000,000,000 with coupon rate of 4.77% per year of a term of three years, and (ii) RMB2,000,000,000 with coupon rate of 5.05% per year of a term of five years.

- (d) Interest expense on borrowings for the six months ended 30 June 2017 is RMB1,399,352,000 (six months ended 30 June 2016: RMB1,578,777,000).

- (e) The fair value of the Group's borrowings approximates their carrying amounts at the end of the reporting period for the reason that the impact of discounting is not significant or the borrowings carry floating rate of interests.

15 TRADE AND OTHER PAYABLES

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Trade payables (a)	12,597,982	13,050,364
Accrued expenses	2,398,661	2,970,162
Amounts due to joint ventures (b)	10,331,275	8,569,751
Amounts due to associates (b)	1,177,390	615,192
Amounts due to non-controlling interests (b)	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.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

15 TRADE AND OTHER PAYABLES (CONTINUED)

(a) 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

(b) Amounts due to joint ventures, associates and non-controlling interests are unsecured, interest free, and repayable on demand.

16 OTHER GAINS/(LOSSES) — NET

	Unaudited Six months ended 30 June	
	2017 RMB'000	2016 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 (Note 23)	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 (Note 23)	9,032	–
Other losses	(711)	(151)
	900,716	(205,845)

17 FINANCE COSTS

	Unaudited Six months ended 30 June	
	2017 RMB'000	2016 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)
	<u>492,109</u>	<u>311,619</u>

18 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 RMB'000	2016 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
	<u>1,790,607</u>	<u>1,454,393</u>

Notes to the Unaudited Condensed Consolidated Interim Financial Information

19 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

20 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 RMB'000	2016 RMB'000
Final dividend paid	800,490	319,091
Proposed interim dividend of RMB0.142 (2016: RMB0.067) per ordinary share	<u>1,068,669</u>	<u>507,317</u>

21 FINANCIAL GUARANTEES

- (a) The Group had the following financial guarantees as at the end of 30 June 2017 and 31 December 2016:

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Guarantees in respect of mortgage facilities for certain purchasers	<u>8,445,597</u>	<u>8,055,938</u>

As at 30 June 2017 and 31 December 2016, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the property purchasers obtain the "property title certificate" which is then pledged with the banks.

- (b) As at 30 June 2017, the Group provided joint-liability guarantees in respect of borrowings granted by certain financial institutions to joint ventures and associates amounting to RMB2,596,430,000 (31 December 2016: RMB3,050,560,000). Properties under development owned by these joint ventures and associates are the primary collateral of such borrowings.

22 COMMITMENTS

- (a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Properties under development	3,552,938	3,306,901
Commitment of Investment	<u>223,625</u>	<u>25,600</u>
Contracted but not provided for	<u>3,776,563</u>	<u>3,332,501</u>

Notes to the Unaudited Condensed Consolidated Interim Financial Information

22 COMMITMENTS (CONTINUED)

(b) Operating lease rental receivables

The future aggregate minimum lease rental receivables under non-cancellable operating leases in respect of land and buildings are as follows:

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Within 1 year	847,464	811,175
Between 1 to 5 years	1,975,566	1,872,122
Over 5 years	497,047	698,855
	3,320,077	3,382,152

23 BUSINESS COMBINATIONS

- (a) On 31 March 2017, the Group acquired 70% of the equity interests of Guangzhou Yuanxiang Real Estate Co., Ltd. ("Guangzhou Yuanxiang"), a real estate developer in Guangzhou, at a consideration of RMB845,000,000. As a result of the acquisition, Guangzhou Yuanxiang became a 100% owned subsidiary from the joint venture of the Group.

The following table summarises the consideration paid for Guangzhou Yuanxiang, the fair value of assets acquired and liabilities assumed at the acquisition date.

	2017 RMB'000
Identifiable net assets acquired	1,779,760
Consideration:	
— Consideration transferred	(845,000)
— Book value of equity interest in Guangzhou Yuanxiang held before business combination	(483,832)
— Deemed disposal gains of equity interest	(445,547)
Excess of consideration paid recognized in profit or loss as other gains	5,381

23 BUSINESS COMBINATIONS (CONTINUED)

(a) (Continued)

Recognised amounts of identifiable assets acquired and liabilities acquired

	RMB'000
Cash and cash equivalents	342,934
Property, plant and equipment	266
Deferred income tax assets	9,977
Properties under development	5,490,283
Trade and other receivables	1,256,191
Trade and other payables	(1,037,436)
Borrowings	(1,600,000)
Advance receipts from customers	(2,330,444)
Income tax payables	(19,112)
Deferred income tax liabilities	(332,899)
Total identifiable net assets	<u>1,779,760</u>

The revenue included in the condensed consolidated income statement since 31 March 2017 contributed by Guangzhou Yuanxiang was nil. Guangzhou Yuanxiang also contributed profit of RMB7,265,000 over the same period.

Had Guangzhou Yuanxiang been consolidated from 1 January 2017, the condensed consolidated income statement would show pro-forma revenue of RMB17,216,177,000 and profit of RMB2,993,073,000.

- (b) On 31 January 2017, Beijing Yuanchuang Real Estate Co. Ltd. ("Beijing Yuanchuang"), a real-estate developer in Beijing, amended the articles of the association of Beijing Yuanchuang. As a result of the change, the Group gained the control of Beijing Yuanchuang, which became a subsidiary from a joint venture of the Group.

The following table summarises the consideration paid for Beijing Yuanchuang, the fair value of assets acquired and liabilities assumed at the acquisition date.

	2017 RMB'000
Identifiable net assets acquired	193,416
Consideration:	
— Consideration transferred	—
— Book value of equity interest in Beijing Yuanchuang held before business combination	—
— Deemed disposal gains of equity interest	(193,416)
Excess of consideration paid recognized in profit or loss	<u>—</u>

Notes to the Unaudited Condensed Consolidated Interim Financial Information

23 BUSINESS COMBINATIONS (CONTINUED)

(b) (Continued)

Recognised amounts of identifiable assets acquired and liabilities acquired

	RMB'000
Cash and cash equivalents	432,889
Property, plant and equipment	113
Properties under development	4,030,621
Completed properties held for sale	1,366,250
Trade and other receivables	746,785
Deferred tax asset	11,902
Trade and other payables	(958,144)
Borrowings	(2,787,440)
Advance receipts from customers	(2,575,616)
Deferred income tax liabilities	(9,472)
Non-controlling interests	(64,472)
Total identifiable net assets	193,416

The revenue included in the condensed consolidated income statement since 31 January 2017 contributed by Beijing Yuanchuang was RMB1,962,946,000. Beijing Yuanchuang also contributed profit of RMB101,770,000 over the same period.

Had Beijing Yuanchuang been consolidated from 1 January 2017, the condensed consolidated income statement would show pro-forma revenue of RMB17,235,967,000 and profit of RMB2,988,243,000.

(c) On 30 April 2017, the Group acquired 23% of the equity interests of Hubei Fuxinghuiyu Changqing Real Estate Co. Ltd. ("Hubei Fuxing"), a real-estate developer in Wuhan, at a consideration of RMB24,468,000. As a result of the acquisition, the Group owned 61% of the equity interests of Hubei Fuxing, which became a subsidiary from an associate of the Group.

The following table summarises the consideration paid for Hubei Fuxing, the fair value of assets acquired and liabilities assumed at the acquisition date.

	2017 RMB'000
Identifiable net assets acquired	74,575
Consideration:	
— Consideration transferred	(24,468)
— Book value of equity interest in Hubei Fuxing held before business combination	—
— Deemed disposal gains of equity interest	(46,456)
Excess of consideration paid recognized in profit or loss as other gains	3,651

23 BUSINESS COMBINATIONS (CONTINUED)

(c) (Continued)

Recognised amounts of identifiable assets acquired and liabilities acquired

	RMB'000
Cash and cash equivalents	727,197
Property, plant and equipment	137
Properties under development	5,331,902
Trade and other receivables	848,523
Trade and other payables	(1,486,439)
Borrowings	(1,749,500)
Advance receipts from customers	(3,409,341)
Income tax payables	(82,365)
Deferred income tax liabilities	(57,860)
Non-controlling interests	(47,679)
Total identifiable net assets	<u>74,575</u>

The revenue included in the condensed consolidated income statement since 30 April 2017 contributed by Hubei Fuxing was RMB988,378,000. Hubei Fuxing also contributed profit of RMB37,443,000 over the same period.

Had Hubei Fuxing been consolidated from 1 January 2017, the condensed consolidated income statement would show pro-forma revenue of RMB17,185,148,000 and profit of RMB2,980,939,000.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

24 RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere, the following is a summary of significant related party balances and transactions entered into in the ordinary course of business between the Group and its related parties during the six months ended 30 June 2017 and 2016:

(a) Sales of services

	Unaudited Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Provision of services:		
— A shareholder	1,819	55,250
— Joint ventures	304,299	165,190
— Associates	160,484	178,188
	<u>466,602</u>	<u>398,628</u>

Sales of services mainly represent construction service, the terms of which are entered into with related parties in accordance with the terms of agreement.

(b) Purchase of services

	Unaudited Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
— Joint ventures	—	379,453

Purchase of services represents upfitting service, the terms of which are entered into with related parties in accordance with the terms of agreement.

(c) Key management compensation

	Unaudited Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Salaries and other short-term employee benefits	11,708	13,435
Post-employment benefits	678	882
Share-based payment	13,435	23,065
	<u>25,821</u>	<u>37,382</u>

24 RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Interest income

	Unaudited Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Interest received:		
— Joint ventures	102,867	400,495
— Associates	8,279	56,617
	<u>111,146</u>	<u>457,112</u>

(e) Interest expense

	Unaudited Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Interest charged:		
— Joint ventures	21,986	—
— An associate	870	—
	<u>22,856</u>	<u>—</u>

(f) Entrusted loans to related parties

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
— Joint ventures (Note 10)	5,173,495	6,101,800
— Associates (Note 10)	1,121,875	617,106
	<u>6,295,370</u>	<u>6,718,906</u>

Notes to the Unaudited Condensed Consolidated Interim Financial Information

24 RELATED PARTY TRANSACTIONS (CONTINUED)

(g) Loans from related parties

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
— A joint venture	300,000	66,001

(h) Amounts due from related parties

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
— Joint ventures (Note 10)	11,717,712	4,519,138
— Associates (Note 10)	5,053,369	2,828,199
	16,771,081	7,347,337

(i) Advance from related parties

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
— Joint ventures	36,544	121,050
— Associates	355	39,441
	36,899	160,491

24 RELATED PARTY TRANSACTIONS (CONTINUED)

(j) Amounts due to related parties

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
— Joint ventures (Note 15)	10,331,275	8,569,751
— Associates (Note 15)	1,177,390	615,192
	11,508,665	9,184,943

(k) Financial guarantees to related parties

As at 30 June 2017, the Group provided joint-liability guarantees in respect of borrowings granted by certain financial institutions to joint ventures and associates amounting to RMB2,596,430,000 (31 December 2016: RMB3,050,560,000).

List of Project Names

	Region	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
1	Beijing-Tianjin-Hebei Region	Beijing	26街區(北京)	26 Block (Beijing)	順義南法信項目	Nanfaxin Project, Shunyi District
2			CBD Z6 地塊(北京)	CBD Plot Z6 (Beijing)		
3			CBD Z13 地塊(北京)	CBD Plot Z13 (Beijing)		
4			昌平未來科技城F2項目(北京)	Changping Sci-tech Park F2 Project (Beijing)		
5			通州核心區地塊(北京)	Core Center Plot, Tongzhou District (Beijing)		
6			鑽石大廈(北京)	Diamond Plaza (Beijing)		
7			遠洋萬和風景(北京)	Eternal Scenery (Beijing)		
8			遠洋悅山水(北京)	Happy Garden (Beijing)	通州臨空新村31地塊	Linkongxincun No. 31 plot, Tongzhou District
9			頤堤港(北京)	INDIGO (Beijing)	將台商務中心	Jiangtai Business Center
10			順義佳利華項目(北京)	Jialihua Project, Shunyi District (Beijing)		
11			麗澤商務區項目(北京)	Lize Business District Project (Beijing)		
12			門頭溝潭柘寺項目(北京)	Mentougou Tanzhe Temple Project (Beijing)		
13			密之雲項目(北京)	Mizhiyun Project (Beijing)		
14			遠洋都市網景(北京)	Ocean Cityscape (Beijing)		
15			遠洋·萬和公館(北京)	Ocean Crown (Beijing)	大望京項目	Dawangjing Project
16			遠洋天著春秋(北京)	Ocean Epoch (Beijing)	石景山區劉娘府項目	Liuniangfu Project, Shijingshan District
17			遠洋新幹線(北京)	Ocean Express (Beijing)		
18			遠洋·萬和城(北京)	Ocean Great Harmony (Beijing)		
19			遠洋公館(北京)	Ocean Honored Chateau (Beijing)		
20			遠洋國際中心(北京)	Ocean International Center (Beijing)		
21			遠洋國際中心二期(北京)	Ocean International Center, Phase II (Beijing)	京棉項目	Jingmian Project
22			遠洋山水(北京)	Ocean Landscape (Beijing)		
23			遠洋·沁山水(北京)	Ocean Landscape Eastern Area (Beijing)	遠洋·沁山水 E02/03 項目	Ocean Landscape Eastern Area E02/03 Project
24	Tianjin		遠洋·LA VIE(北京)	Ocean LA VIE (Beijing)		
25			遠洋·傲北(北京)	Ocean Manor (Beijing)	北七家	Beiqijia Project
26			遠洋萬和四季(北京)	Ocean Melody (Beijing)		
27			遠洋新天地(北京)	Ocean Metropolis (Beijing)	門頭溝新城項目	Mentougou New Town Project
28			遠洋·光華國際(北京)	Ocean Office Park (Beijing)		
29			遠洋·東方公館(北京)	Ocean Oriental Mansion (Beijing)	通州玉橋項目	Tongzhou Yuqiao Project
30			遠洋·天著(北京)	Ocean Palace (Beijing)	亦庄三羊項目	Yizhuang Sanyang Project
31			遠洋天地(北京)	Ocean Paradise (Beijing)		
32			遠洋大廈(北京)	Ocean Plaza (Beijing)		
33			遠洋風景(北京)	Ocean Prospect (Beijing)		
34			遠洋新仕界(北京)	Our New World (Beijing)	遠洋春天著	Ocean Spring
35			遠洋未來廣場(北京)	Ocean We-life Plaza (Beijing)		
36			門頭溝新城6002地塊(北京)	Plot 6002, Mentougou New Town (Beijing)		
37			遠洋一方(北京)	POETRY OF RIVER (Beijing)		
38			矽谷亮城4號樓(北京)	Silicon Valley Bright Center, Building #4 (Beijing)		
39			遠洋·新悅(北京)	The Place (Beijing)	遠洋一方東區	Poetry of River Eastern Area
40			香河萬潤項目(北京)	Xian He Wan Run Project (Beijing)		
41			通州西集C地塊(北京)	Xiji Plot C, Tongzhou District (Beijing)		
42			麗澤商務區項目(北京)	Lize Business District Project (Beijing)		
43			奕莊汽車大廈項目(北京)	Yizhuang Motor Tower Project (Beijing)		
44			汽車世界(天津)	Autoworld (Tianjin)		
45			濱海弘澤製造項目(天津)	Binhai Hongze Zhizao Project (Tianjin)		
46			濱海新區生態城5號地塊(天津)	Binhai New Area Eco-Town Plot 5 (Tianjin)		
47			海河教育園13號地塊(天津)	Haihe Jiaoyuyuan Plot 13 (Tianjin)		
48			海河教育園14號地塊(天津)	Haihe Jiaoyuyuan Plot 14 (Tianjin)		
49			華明項目(天津)	Huaming Project (Tianjin)		
50			遠洋香奈(天津)	Ocean Chanson (Tianjin)	奧萊二期居住項目	Outlets Phase II Residential Project
51			遠洋城(天津)	Ocean City (Tianjin)		
52			遠洋新幹線(天津)	Ocean Express (Tianjin)		

Region	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
Northeast Region		遠洋·萬和城(天津)	Ocean Great Harmony (Tianjin)	倪黃莊項目	Nihuangzhuang Project
		遠洋心裡(天津)	Ocean Inside (Tianjin)	濱海新區港濱路項目	Gangbin Road Project, Binhai New District
	Shijiazhuang	遠洋國際中心(天津)	Ocean International Center (Tianjin)		
		遠洋天地(天津)	Ocean Paradise (Tianjin)	海河新天地	Ocean Paradise
		遠洋風景(天津)	Ocean Prospect (Tianjin)		
		遠洋未來廣場(天津)	Ocean We-life Plaza (Tianjin)		
		紅熙郡一期(天津)	Royal River Phase I (Tianjin)	武清項目	Wuqing Project
		紅熙郡二期(天津)	Royal River Phase II (Tianjin)		
		北辰宜興境項目(天津)	Yixingbu Project, Beichen District (Tianjin)		
		安聯生態境項目(石家莊)	Anlian Eco-Town Project (Shijiazhuang)		
		北城山水(石家莊)	Northern Shanshui (Shijiazhuang)		
		橋東區東山天地項目(張家口)	Qiaodong District Dongshantiandi Project (Zhangjiakou)		
	Langfang	碾子營項目(廊坊)	Nianziying Project (Langfang)		
	Dalian	香頌花城(大連)	Chanson Garden (Dalian)		
		遠洋·鑽石灣(大連)	Ocean Diamond Bay (Dalian)		
		遠洋壹中心(大連)	Ocean MIDTOWN (Dalian)	西山項目	Xishan Project
		遠洋廣場(大連)	Ocean Plaza (Dalian)		
		遠洋風景(大連)	Ocean Prospect (Dalian)		
		遠洋自然(大連)	Ocean Seasons (Dalian)		
		紅星海世界觀(大連)	Ocean Worldview (Dalian)		
		柳樹項目(大連)	Liusu Project (Dalian)		
		遠洋創智高地(大連)	Sino-Ocean Technopole (Dalian)	IT產業園 — 工業部分	IT Zone — Industrial
		榮域(大連)	The Place of Glory (Dalian)	中華路3號地	Zhonghua Road Land Plot #3
		小窑灣項目(大連)	Xiaoyao Bay Project (Dalian)		
		中華路2號地(大連)	Zhonghua Road Plot #2 (Dalian)	遠洋溫德姆至尊豪庭大酒店	Wyndham Grand Plaza Royale Sino-Ocean
	Shenyang	百利保大廈(瀋陽)	Bailibao Plaza (Shenyang)		
		遠洋大河宸章項目(瀋陽)	Grand Canal Milestone (Shenyang)		
		遠洋天地(瀋陽)	Ocean Paradise (Shenyang)		
		遠洋公館(瀋陽)	Ocean Residence (Shenyang)		
		經開區元亨地塊(長春)	Jingkai Distict Plot Yuanheng (Changchun)		
Central Region		遠洋·戛納小鎮(長春)	Ocean Cannes Town (Changchun)	長春淨月項目	Jingyue Project
		崇明東灘花園項目(上海)	Chongming Dongtan Project (Shanghai)		
	Shanghai	大寧國際廣場(上海)	Danling International Plaza (Shanghai)		
		東海商業中心(上海)	East Ocean Center (Shanghai)		
		海興廣場(上海)	Haixing Plaza (Shanghai)		
		遠洋·財富中心(上海)	Ocean Fortune Center (Shanghai)		
		金頤安妮院項目(上海)	Jinyi Project (Shanghai)		
		遠洋7號(上海)	Ocean Mansion No.7 (Shanghai)		
		遠洋萬和四季(上海)	Ocean Melody (Shanghai)	惠南項目	Huinan Project
		大運河商務區項目(杭州)	Canal Business Center Project (Hangzhou)		
		樂堤港(杭州)	Grand Canal Plaza (Hangzhou)		
		杭氧項目(杭州)	Hangyang Project (Hangzhou)		
	Hangzhou	上塘宸章(杭州)	Natural Masterpiece (Hangzhou)	拱墅區天馬廠南地塊	South block of Tianma in Gongshu District
		遠洋香奈(杭州)	Ocean Chanson (Hangzhou)	江幹區丁橋R21-15項目	Dingqiao R21-15 Project, Jianggan District
		遠洋心裡(杭州)	Ocean In Your Heart (Hangzhou)	普福項目	Pufu Project
		遠洋公館(杭州)	Ocean Mansion (Hangzhou)	遠洋公館	Canal Commercial District
		遠洋萬和四季(杭州)	Ocean Melody (Hangzhou)	江幹區彭埠項目	Pengbu Project, Jianggan District
		招商遠洋春秋華庭(杭州)	Seasons Courtyard (Hangzhou)		
	Nanjing	蕭山臨浦項目(杭州)	Xiaoshan Linpu Project (Hangzhou)		
		吉山項目(南京)	Jishan Project (Nanjing)		
		遠洋綠地雲峰公館(南京)	Sino-Ocean Land Greenland Premier Court (Nanjing)	江寧區高新園G98項目	Gaoxinyuan G98 Project, Jiangning District
		遠洋國際中心(南京)	Ocean International Center (Nanjing)		

List of Project Names

	Region	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
105		Huangshan	遠洋桃花島(黃山)	An Island Paradise (Huangshan)	桃花島項目	Taohuadao Project
106		Qingdao	遠洋風景(青島)	Ocean Prospect (Qingdao)		
107			遠洋自然(青島)	Ocean Seasons (Qingdao)		
108			遠洋萬和四季(青島)	Ocean Melody (Qingdao)	黃島區五臺山路地塊	Wutaishan Road Plot, Huangdao District
109		Wuhan	高雄路項目(武漢)	Gaoxiong Road Project (Wuhan)		
110			漢陽區歸元寺項目(武漢)	Hanyang District Guiyuan Temple Project (Wuhan)		
111			賀家墩項目(武漢)	Hejiadun Project (Wuhan)	有座莊園	Tangchen Project
112			遠洋莊園(武漢)	Ocean Manor (Wuhan)		
113			遠洋·世界(武漢)	Ocean World (Wuhan)		
114		Suzhou	汾湖006地塊(蘇州)	Fenhu Plot 006 (Suzhou)		
115			石湖項目(蘇州)	Shihu Project (Suzhou)		
116			太倉港區項目(蘇州)	Taichang Gangqu Project (Suzhou)		
117		Hefei	都會1907(合肥)	Metropolitan 1907 (Hefei)		
118		Changsha	S10項目(長沙)	S10 Project (Changsha)		
119	Southern Region	Shenzhen	遠洋新幹線(深圳)	Ocean Express (Shenzhen)	南聯項目	Nanlian Project
120			遠洋新天地(深圳)	Ocean Metropolis (Shenzhen)	盛平項目	Shengping Project
121			水灣項目(深圳)	Shuiwan Project (Shenzhen)		
122			荔山項目(深圳)	Lishan Project (Shenzhen)		
123		Guangzhou	遠洋天驕(廣州)	Elite Palace (Guangzhou)	廣州粵隆客車廠	Yuelong Project
124			芙蓉墅項目(廣州)	Hibiscus Villa Project (Guangzhou)		
125			白雲區穗花項目(廣州)	Honoka Project in Baiyun District (Guangzhou)		
126		Zhongshan	大信融佳項目(中山)	Da Xin Rong Jia Project (Zhongshan)		
127			東升隆成項目(中山)	Dangsheng Longcheng Project (Zhongshan)		
128			橫欄項目(中山)	Henglan Project (Zhongshan)		
129			金馬遊藝廠項目(中山)	Jin Ma You Yi Chang Project (Zhongshan)		
130			神灣項目(中山)	Shenwan Project (Zhongshan)		
131			遠洋新悅(中山)	The Place (Zhongshan)		
132			遠洋香堤(中山)	Ocean Aromas (Zhongshan)	連興圍項目	Lianxingwei Project
133			遠洋錦上(中山)	Ocean Bloom (Zhongshan)	東鳳項目	Dongfeng Project
134			遠洋城(中山)	Ocean City (Zhongshan)		
135			遠洋翡翠郡一期(中山)	Ocean Emerald Phase I (Zhongshan)	南頭項目	Nantou Project
136			遠洋翡翠郡二期(中山)	Ocean Emerald Phase II (Zhongshan)		
137			遠洋一方(中山)	Ocean Magic City (Zhongshan)	新家園II期項目	Xinjiayuan Phase II
138			遠洋啟宸(中山)	Ocean New Era (Zhongshan)	橫欄項目	Henglan Project
139			五桂山龍塘村項目(中山)	Wuguishan Longtangcun Project (Zhongshan)		
140		Hong Kong	將軍澳日出康城六期(香港)	LOHAS Park Package 6, Tseung Kwan O (Hong Kong)		
141		Haikou	遠洋華墅(海口)	Ocean Zen House (Haikou)	遠洋浮木陣	Ocean Driftwood Array
142		Sanya	紅塘灣項目(三亞)	Hongtang Bay Project (Sanya)		
143			遠洋公館(三亞)	Ocean Mansion (Sanya)	遠洋奧林匹克公館	Ocean Olympics
144			棠棣項目一期(三亞)	Tang Di Project (Sanya)		
145			遠洋山海(三亞)	Ocean Treasure (Sanya)		
146		Chongqing	九龍坡區高廟地塊(重慶)	Gaomiao Plot, Jiulongpo District (Chongqing)		
147			九龍坡區高廟地塊二期(重慶)	Gaomiao Project, Phase II, Jiulongpo District (Chongqing)		
148			渝北區九曲河2號地(重慶)	Jiuquhe Plot 2 of Yubei District		
149			遠洋高爾夫國際社區(重慶)	Sino-Ocean International GOLF Resort (Chongqing)	國際高爾夫項目	Golf Club Project
150		Chengdu	華敏翰尊國際大廈(成都)	Huamin Empire Plaza (Chengdu)		
151			龍泉陽光城項目(成都)	Longquan Sunshine Town Project (Chengdu)		
152			睿東中心(成都)	Pinnacle One (Chengdu)	大慈寺項目	Dacisi Project
153			成都遠洋太古里(成都)	Sino-Ocean Taikoo Li Chengdu (Chengdu)		
154	USA		北卡羅萊納州項目(美國)	North Carolina Project (USA)		
155			三藩市項目(美國)	San Francisco Project (USA)		