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**遠洋集團**

## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019**

### **FINANCIAL HIGHLIGHTS**

- Total contracted sales amounted to a record high of RMB60,080 million, representing an increase of 33% as compared to the corresponding period.
- Revenue amounted to RMB16,474 million, representing an increase of 7% as compared to the corresponding period.
- Profit attributable to owners of the Company amounted to RMB1,875 million. Core profit amounted to RMB1,054 million. Basic earnings per share was RMB0.248.
- For the six months ended 30 June 2019, the weighted average interest rate was 5.43%. Total cash resources amounted to RMB31,923 million. The cash short-term debt coverage ratio was 2.82 times, maintaining financial soundness.
- Total assets increased by 2% to RMB255,593 million, and equity attributable to owners of the Company amounted to RMB49,858 million.
- The Board proposed an interim dividend of HKD0.110 per share, in the form of cash. Dividend payout ratio remained at 40%.

The Board of Directors (the “**Board**”) of Sino-Ocean Group Holding Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “**Group**” or “**we**”) for the six months ended 30 June 2019.

## **REVIEW OF THE INTERIM RESULTS**

For the six months ended 30 June 2019, our Group’s revenue was RMB16,474 million, representing a year-on-year (“**YoY**”) increase of 7.1%, gross profit margin was 20.4%, decreasing by 3.1 percentage points as compared to the corresponding period last year, mainly because more resettlement housing projects with low gross profit margin delivered in the first half of the year; after the adjustments for one-off gain or loss, core profit margin was 6.4%, decreasing by 3.3 percentage points as compared to the corresponding period, which was in line with the decrease in gross profit margin; profit attributable to owners of the Company was RMB1,875 million; earnings per share was RMB0.248.

## **MARKET REVIEW AND OUTLOOK**

The overall macro-economy was better than forecast in the first half of the year. Despite convoluted and changeable external factors, China’s GDP managed a growth of 6.3%, thus laying a solid foundation for an upward economy. In this context, the central government’s approach to the real estate industry adhered to ‘maintaining stability’. With the ‘419’ Politburo Conference reiterating ‘housing for accommodation not speculation’, macro policies remained rigorous. At the same time, directed by the principles of ‘bespoke policies according to local circumstances’ and ‘one city one policy’, cities made marginal adjustments to regional macro-policies according to their market conditions with a view to ‘stabilizing house prices, land prices and expectations’.

The higher seasonal supply since March plus accumulated demands from core tier-one and tier-two cities, strong tier-three cities in the Yangtze River Delta region and the Guangdong-Hong Kong-Macau area boosted sales slightly at level prices. However, differentiation appeared in various cities and projects, more so after the ‘419’ Politburo Conference. The top-tier cities maintained stable growth after rebounding from the bottom while tier-three and tier-four cities and other places recorded negative growth in GFA sold for several months.

Competition within the industry became even fiercer. Accumulated contracted sales volume and contracted sales threshold among the TOP30 enterprises recorded notable growth year-on-year albeit at a slower rate. In the first six months, accumulated contracted sales reached RMB7,070 billion, rising by 5.6% YoY but 0.5 percentage points slower than same time last year. Contracted sales threshold of the TOP30 in the first half of the year was RMB48.3 billion, a growth of 12% YoY, 28 percentage points slower. Leading enterprises no longer pursued rapid growth in scale excessively but paid more attention to recovering profits and controlling risks. At the same time, despite the moderate easing of China's overall currency and financing environment in the first six months, financing for real estate remained in 'high pressure', particularly so after the disproportionate inflation of the land market across the board in April and May. The central government once more reined in financing for the industry and liquidity crunch remained the norm. Hence, since the beginning of the year, many leading enterprises adjusted their operating strategies for the year, re-focused on their principal business and curtailed their diversified businesses.

Looking ahead, the macro-economy will continue to focus on 'stability' in the next six months to lay a solid foundation for the target of 'doubling the GDP in 2010 by 2020'. Therefore, it is expected that the property market will remain stable in its current high position, both in scale and price, while differentiation among cities continues. Meanwhile, as relevant regulators are once more tightening financing for the industry and mortgage interest in some cities is picking up, both supply and demand sides will face 'scarcity of fund' in the latter half of the year. Large-scale enterprises will continue to re-focus on their principal business and mainstream market to ensure liquidity and prepare for stronger competition ahead.

## FINANCIAL REVIEW

The components of the revenue are analyzed as follows:

<i>(RMB million)</i>	<b>1H 2019</b>	1H 2018	<i>Change (%)</i>
Property development	<b>12,744</b>	12,955	-2%
Property investment	<b>306</b>	542	-44%
Property management	<b>709</b>	594	19%
Other real estate related businesses	<b>2,715</b>	1,285	111%
<b>Total</b>	<b>16,474</b>	15,376	7%

The Group's revenue in the first half of 2019 was RMB16,474 million, representing a 7% increase as compared to RMB15,376 million in the first half of 2018. The property development segment remained the largest contributor which accounted for approximately 77% of the Group's total revenue. As the Group has developed a diversified portfolio of landbank, Beijing contributed for 13% of the Group's total revenue from property development during the period, decreased from 27% in the first half of 2018. For the first half of 2019, 83% of revenue from property development was contributed by the five major city clusters (first half of 2018: 81%). 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 on our future development plan.

The Group's total cost of sales is mainly the cost of property development. The land cost and construction cost accounted for approximately 86% of the cost of property development during this period (first half of 2018: 91%).

Including car parks, average land cost per sq.m. of property development business during the period decreased to approximately RMB4,100, compared to RMB5,900 in the first half of 2018, which was mainly due to more projects in tier-two cities being delivered, which were at relatively lower land cost. Average construction cost per sq.m. (including car parks) for property development business decreased to approximately RMB4,700 during the period, compared to RMB6,100 in the first half of 2018. The decrease in average construction cost was mainly due to more high-end projects being delivered in the first half of 2018, such as Ocean Epoch and Ocean LA VIE in Beijing.

Gross profit for the period was RMB3,359 million, representing a decrease of 7% as compared to the corresponding period in 2018. Gross profit margin decreased to 20.4% (first half of 2018: 23.5%), mainly because more resettlement housing projects with low gross profit margin delivered during the first half of 2019.

Interest and other income for the six months ended 30 June 2019 increased by 34% to RMB1,507 million (first half of 2018: RMB1,123 million). Such increase was mainly due to the overall increase in the entrusted loan interest income, which was brought by the increase in the entrusted loan balance in the first half of 2019.

The Group recorded other gains (net) of RMB573 million for the period (first half of 2018: other losses (net) of RMB214 million). Other gains (net) for the first half of 2019 mainly comprised the net effect of gains on disposal of interests in subsidiaries, exchange losses and gains on disposal of joint ventures and associates during the period.

The Group recognized fair value gains on its investment properties (before tax and non-controlling interests) of RMB375 million for the first half of 2019 (first half of 2018: RMB723 million).

Selling and marketing expenses for the first half of 2019 increased to RMB467 million, as compared to RMB381 million in the first half of 2018. These costs accounted for approximately 0.8% of the total contracted sales amount for the first half of 2019 (first half of 2018: 0.8%).

Administrative expenses for the first half of 2019 increased to RMB862 million (first half of 2018: RMB510 million), representing 1.4% of the total contracted sales amount for the first half of 2019 (first half of 2018: 1.1%). We will continue to adopt strict cost control measures to maintain these costs at a relatively stable and lower level.

Our weighted average interest rate slightly increased from 5.26% for the first half of 2018 to 5.43% for the first half of 2019. The total interest expenses paid or accrued for the first half of 2019 was RMB2,637 million (first half of 2018: RMB1,804 million), RMB912 million (first half of 2018: RMB666 million) of which was not capitalized and charged through condensed consolidated income statement.

The aggregate of enterprise income tax and deferred tax increased by 10% to RMB1,229 million for the first half of 2019 (first half of 2018: RMB1,122 million), with an effective tax rate of 33% (first half of 2018: 29%). In addition, land appreciation tax for the first half of 2019 decreased to RMB733 million (first half of 2018: RMB893 million).

Profit attributable to owners of the Company decreased by 20% to RMB1,875 million in the first half of 2019, as compared to RMB2,333 million for the corresponding period last year. Our management will continue to focus on the improvement of our shareholders' return as their on-going tasks.

As at 30 June 2019, the Group had total cash resources (including cash and cash equivalents and restricted bank deposits) of RMB31,923 million, the majority of which were denominated in Renminbi. The cash short-term debt coverage ratio was 2.82 times. Together with the unutilized credit facilities of approximately RMB213,580 million, the Group is ensured to be financially sound.

The Group's net gearing ratio (i.e. total borrowings less total cash resources divided by total equity) was approximately 86% as at 30 June 2019 (31 December 2018: approximately 73%). Despite a short-run rise in financial leverage, we will continue to strengthen the cash collection capability, strictly control the debt financing scales and improve the financial soundness in the second half of the year.

Majority of the borrowings were denominated in Renminbi. The remaining borrowings were denominated in HKD and USD. Approximately 70% of the Group's borrowings were at fixed interest rate.

In first half of 2019, 40% of the Group's total borrowings were denominated in USD and HKD. As a result, the Group had a net currency exposure to fluctuation in foreign exchange rates. As Renminbi has been facing the potential trend of depreciation, the Group is adjusting its proportion of borrowings in foreign currencies and has entered into certain forward contracts so as to hedge against the exchange loss in future years. The Group has never engaged in the dealing of any financial derivative instruments for speculative purpose.

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

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

<i>(RMB million)</i>	<b>As at 30 June 2019</b>	<b>As a percentage of total borrowings</b>	As at 31 December 2018	As a percentage of total borrowings
Within 1 year	<b>11,330</b>	<b>13%</b>	15,425	17%
1 to 2 years	<b>23,622</b>	<b>27%</b>	12,637	14%
2 to 5 years	<b>36,900</b>	<b>42%</b>	46,231	52%
Over 5 years	<b>15,783</b>	<b>18%</b>	14,282	17%
<b>Total</b>	<b>87,635</b>	<b>100%</b>	88,575	100%

As at 30 June 2019, total pledged assets accounted for approximately 7% of the total assets of the Group (31 December 2018: 8%).

In line with the prevailing commercial practice in the Mainland China, the Group provides guarantees for mortgages extended to property buyers before completion of their mortgage registration. As at 30 June 2019, the total amount of the aforesaid guarantees provided by the Group was RMB10,070 million (31 December 2018: RMB8,159 million).

## BUSINESS REVIEW

### Property Development

#### Recognized sales

Revenue from property development segment slightly fell by 2% in the first half of 2019 to RMB12,744 million as compared to RMB12,955 million for the corresponding period in 2018. Saleable GFA delivered increased by 34% from approximately 756,000 sq.m. in the first half of 2018 to approximately 1,015,000 sq.m. in the first half of 2019. Including car park sales, the average selling price recognized in the first half of 2019 was approximately RMB12,600 per sq.m. (first half of 2018: RMB17,100 per sq.m.). The decrease in the average selling price in the first half of the year was mainly because more resettlement housing projects delivered during the period.

Revenue and saleable GFA delivered from each project during the first half of 2019 are set out as follows:

Regions	Cities	Revenue (RMB million)	Saleable GFA delivered (sq.m.)	Average selling price recognized (RMB/sq.m.)
Beijing-Tianjin-Hebei Region	Beijing	1,610	53,500	30,100
	Tianjin	2,055	276,000	7,400
	Shijiazhuang	13	700	18,600
	Qinhuangdao	782	51,400	15,200
		<b>4,460</b>	<b>381,600</b>	<b>11,700</b>
Yangtze River Delta Region	Shanghai	58	1,600	36,300
	Hangzhou	504	24,400	20,700
	Nanjing	12	800	15,000
	Taizhou	59	3,300	17,900
		<b>633</b>	<b>30,100</b>	<b>21,000</b>
Yangtze Mid-stream Region	Wuhan	871	49,600	17,600
		<b>871</b>	<b>49,600</b>	<b>17,600</b>
Pearl River Delta Region	Zhongshan	1,689	174,700	9,700
	Shenzhen	813	28,800	28,200
	Guangzhou	790	23,700	33,300
		<b>3,292</b>	<b>227,200</b>	<b>14,500</b>

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<b>Regions</b>	<b>Cities</b>	<b>Revenue</b> <i>(RMB million)</i>	<b>Saleable GFA delivered</b> <i>(sq.m.)</i>	<b>Average selling price recognized</b> <i>(RMB/sq.m.)</i>
Chengdu-Chongqing Region	Chongqing	890	75,800	11,700
	Chengdu	3	300	10,000
		<b>893</b>	<b>76,100</b>	<b>11,700</b>
Other Region	Dalian	504	31,900	15,800
	Shenyang	1,405	88,600	15,900
	Qingdao	125	12,100	10,300
	Yantai	2	200	10,000
		<b>2,036</b>	<b>132,800</b>	<b>15,300</b>
	Other projects	31	3,800	8,200
Subtotal (excluding carparks)		12,216	901,200	13,600
Carparks (various projects)		528	113,500	4,700
<b>Total</b>		<b>12,744</b>	<b>1,014,700</b>	<b>12,600</b>



## Contracted sales

The Group's contracted sales (including its joint ventures and associates) during the six months ended 30 June 2019 amounted to RMB60,080 million, representing an approximately 33% increase as compared to RMB45,106 million from the corresponding period in 2018. GFA sold for the first half of 2019 increased by 24% to 2,850,900 sq.m. (first half of 2018: 2,307,700 sq.m.). Including car park sales, the average selling price increased by 8% to RMB21,100 per sq.m. (first half of 2018: RMB19,500 per sq.m.).

The contracted sales amounts and saleable GFA sold by cities during the first half of 2019 are set out as follows:

Regions	Cities	Contracted sales (RMB million)	Saleable GFA sold (sq.m.)	Average selling price (RMB/sq.m.)
Beijing-Tianjin-Hebei Region	Beijing	11,912	238,000	50,100
	Tianjin	4,653	250,400	18,600
	Shijiazhuang	1,390	101,600	13,700
	Zhangjiakou	46	3,600	12,800
	Qinhuangdao	1,619	86,900	18,600
		<b>19,620</b>	<b>680,500</b>	<b>28,800</b>
Yangtze River Delta Region	Shanghai	802	24,800	32,300
	Hangzhou	2,977	146,500	20,300
	Nanjing	922	69,600	13,200
	Suzhou	2,610	144,800	18,000
	Wuxi	422	26,500	15,900
	Jiaxing	3,244	191,100	17,000
	Chuzhou	49	5,400	9,100
	Changzhou	314	22,200	14,100
	Taizhou	443	22,900	19,300
	Shaoxing	315	19,500	16,200
	Wenzhou	1,198	51,400	23,300
	Xiamen	772	19,700	39,200
	Zhangzhou	194	25,500	7,600
	Fuzhou	165	9,600	17,200
		<b>14,427</b>	<b>779,500</b>	<b>18,500</b>
Yangtze Mid-stream Region	Wuhan	3,282	139,900	23,500
	Hefei	425	30,700	13,800
	Nanchang	55	6,400	8,600
		<b>3,762</b>	<b>177,000</b>	<b>21,300</b>

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<b>Regions</b>	<b>Cities</b>	<b>Contracted sales</b> <i>(RMB million)</i>	<b>Saleable GFA sold</b> <i>(sq.m.)</i>	<b>Average selling price</b> <i>(RMB/sq.m.)</i>
Pearl River Delta Region	Zhongshan	1,272	107,900	11,800
	Shenzhen	261	7,400	35,300
	Guangzhou	2,316	65,000	35,600
	Foshan	1,917	154,300	12,400
	Hong Kong	6,708	43,500	154,200
	Zhanjiang	418	48,700	8,600
	Sanya	28	500	56,000
		<b>12,920</b>	<b>427,300</b>	<b>30,200</b>
Chengdu-Chongqing Region	Chongqing	1,303	127,500	10,200
	Chengdu	2,247	128,900	17,400
	Kunming	323	30,200	10,700
		<b>3,873</b>	<b>286,600</b>	<b>13,500</b>
Other Region	Dalian	94	6,100	15,400
	Shenyang	372	35,200	10,600
	Qingdao	807	38,300	21,100
	Zhengzhou	278	30,300	9,200
	Xi'an	1,499	121,600	12,300
	Jinan	218	18,900	11,500
	Taiyuan	205	17,900	11,500
	Yantai	33	2,200	15,000
		<b>3,506</b>	<b>270,500</b>	<b>13,000</b>
	Other projects	876	72,000	12,200
Subtotal (excluding carparks)		<u>58,984</u>	<u>2,693,400</u>	21,900
Carparks (various projects)		<u>1,096</u>	<u>157,500</u>	7,000
<b>Total</b>		<b><u>60,080</u></b>	<b><u>2,850,900</u></b>	<b>21,100</b>

## Landbank

As at 30 June 2019, the landbank of the Group decreased by 3% to 39,250,000 sq.m. (As at 31 December 2018: 40,444,000 sq.m.); while landbank with attributable interest decreased to 20,764,000 sq.m. (As at 31 December 2018: 21,761,000 sq.m.). During the first half of 2019, we acquired 6 plots of land and 1 developed project, of which the total GFA and attributable interest GFA of the newly acquired land plots were approximately 1,026,000 sq.m. and 581,000 sq.m., respectively. The average acquisition cost per sq.m. of the newly acquired land plots was RMB5,500. In terms of saleable GFA, the average land cost per sq.m. for our landbank as at 30 June 2019 was approximately RMB7,100 (As at 31 December 2018: RMB6,900).

The Group's landbank details as at 30 June 2019 are set out as follows:

Regions	Cities	Projects	Districts	Approximate	Approximate	Remaining	Interest
				total GFA	total		
				( <i>'000 sq.m.</i> )	saleable GFA	landbank	attributable to
					( <i>'000 sq.m.</i> )	( <i>'000 sq.m.</i> )	the Group
							(%)
Beijing-Tianjin-Hebei Region	Beijing	26 Block	Shunyi District, Beijing	79	79	79	23.00%
		CBD Plot Z6	Chaoyang District, Beijing	27	21	27	100.00%
		Changping Sci-tech Park F2 Project	Changping District, Beijing				
		China Life Financial Center	Chaoyang District, Beijing	256	193	251	50.00%
		Eternal Scenery	Miyun District, Beijing	162	126	162	10.00%
		Gold Mansion	Miyun District, Beijing	482	341	419	50.00%
		Grand Harmony Emerald Residence	Daxing District, Beijing	118	99	114	25.00%
		Jasper Epoch	Daxing District, Beijing	224	165	224	40.00%
		Jialihua Project, Shunyi District	Daxing District, Beijing	92	78	92	49.00%
		Liangxiang Project	Shunyi District, Beijing	277	206	277	100.00%
		Lize Business District Project	Fangshan District, Beijing	126	102	126	11.10%
		Mentougou Tanzhe Temple Project	Fengtai District, Beijing	441	331	441	17.25%
		Mizhiyun Project	Mentougou District, Beijing	430	344	430	10.00%
		Ocean Epoch	Miyun District, Beijing	80	71	42	90.00%
		Ocean LA VIE	Shijingshan District, Beijing	264	198	86	100.00%
		Ocean Metropolis	Chaoyang District, Beijing	318	305	55	85.72%
		Ocean Palace	Tongzhou District, Beijing	221	170	19	30.00%
		Ocean Wulieepoch	Mentougou District, Beijing	330	276	197	75.00%
		Our New World	Daxing District, Beijing	436	383	75	100.00%
		Plot 6002, Mentougou New Town	Shijingshan District, Beijing	595	458	595	21.00%
		Royal River Villa	Fangshan District, Beijing	109	91	31	100.00%
		Sino-Ocean Shin Kong Project	Mentougou District, Beijing	125	97	125	21.00%
		Xanadu & Ocean Epoch	Chaoyang District, Beijing	132	118	132	12.25%
		Xanadu & Ocean Palace	Tongzhou District, Beijing				
		Xiji Plot D, Tongzhou District		479	334	479	50.00%
		Xiji Plot E, Tongzhou District	Chaoyang District, Beijing	230	193	230	50.00%
		Yizhuang Motor Tower Project	Daxing District, Beijing	300	207	300	50.00%
		Yongjingtaoyuan Project	Tongzhou District, Beijing	128	113	128	10.00%
			Tongzhou District, Beijing	139	136	139	50.00%
			Daxing District, Beijing				
		67	41	67	100.00%		
		692	554	692	49.21%		
				7,359	5,830	6,034	

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Regions	Cities	Projects	Districts	Approximate	Approximate	Remaining	Interest
				total GFA	total		
				( <i>'000 sq.m.</i> )	saleable GFA	( <i>'000 sq.m.</i> )	the Group
					( <i>'000 sq.m.</i> )		(%)
	Tianjin	Airport Logistics Project	Binhai New Area, Tianjin	24	–	24	49.00%
		Boda Logistic Project	Wuqing District, Tianjin	285	–	285	49.00%
		Elegant Prestige	Jinnan District, Tianjin	285	194	285	25.00%
		Happy Light Year	Wuqing District, Tianjin	504	317	504	50.00%
		Longfor Mansion	Jinnan District, Tianjin	227	171	227	33.00%
		Neo-metropolis	Beichen District, Tianjin	3,034	2,615	2,828	51.00%
		Ocean Chanson	Wuqing District, Tianjin	204	199	38	100.00%
		Ocean City	Binhai New Area, Tianjin	2,137	1,929	40	100.00%
		Ocean Epoch	Binhai New Area, Tianjin	35	25	35	100.00%
		Ocean Great Harmony	Xiqing District, Tianjin	350	290	48	100.00%
		Ocean Inside	Binhai New Area, Tianjin	183	176	46	60.00%
		Ocean International Center	Hedong District, Tianjin	321	200	39	50.00%
		Ocean Kunting	Binhai New Area, Tianjin	675	488	603	64.28%
		Ocean Prospect	Dongli District, Tianjin	321	309	51	100.00%
		Royal River	Wuqing District, Tianjin	349	333	140	100.00%
		The Great Habitat Mansion	Dongli District, Tianjin				
		House		562	385	354	42.00%
		Xanadu	Binhai New Area, Tianjin	185	135	185	42.86%
				<u>9,681</u>	<u>7,766</u>	<u>5,732</u>	
	Shijiazhuang	Chang'an District	Chang'an District,				
		Redevelopment Project	Shijiazhuang	363	268	361	30.70%
		Harmony Palace	Zhengding New District,				
			Shijiazhuang	152	140	152	47.94%
		Jade Mansion	Gaocheng District,				
			Shijiazhuang	146	99	146	51.00%
		Sino-Ocean No. 7	Chang'an District,				
			Shijiazhuang	115	103	115	20.00%
		Vigorous Mansion	Chang'an District,				
			Shijiazhuang	228	171	227	51.00%
				<u>1,004</u>	<u>781</u>	<u>1,001</u>	
	Langfang	Ocean Kunting	Guangyang District,				
			Langfang	1,897	954	1,897	38.00%
		Xiang He Wan Run Project	Xianghe County, Langfang	269	180	269	20.00%
				<u>2,166</u>	<u>1,134</u>	<u>2,166</u>	
	Zhangjiakou	Centrality Mansion	Qiaodong District,				
			Zhangjiakou	203	163	203	60.00%
	Qinhuangdao	Seatopia Resort	Funing District,				
			Qinhuangdao	1,438	1,243	1,333	100.00%
				<u>21,851</u>	<u>16,917</u>	<u>16,469</u>	

Regions	Cities	Projects	Districts	Approximate	Approximate	Remaining	Interest	
				total GFA	total			
				( <i>'000 sq.m.</i> )	saleable GFA	landbank	attributable to	
					( <i>'000 sq.m.</i> )	( <i>'000 sq.m.</i> )	the Group	
							(%)	
Yangtze River Delta Region	Shanghai	Chongming Dongtan Project	Chongming District, Shanghai	1,072	672	1,003	41.03%	
		Ocean Fortune Center	Pudong New Area, Shanghai	59	45	26	100.00%	
		Ocean Melody	Pudong New Area, Shanghai	323	279	56	100.00%	
		Wellness Masterpiece	Qingpu District, Shanghai	49	41	49	50.00%	
		Yuanbo Hotel Project	Putuo District, Shanghai	54	–	54	24.50%	
					1,557	1,037	1,188	
	Hangzhou	Canal Business Center Project	Gongshu District, Hangzhou	609	292	12	100.00%	
			Chongxian C-7 Plot, Yuhang District	Yuhang District, Hangzhou	107	73	107	51.00%
			Jiangnan Courtyard	Yuhang District, Hangzhou	111	65	111	49.00%
			Neo 1	Gongshu District, Hangzhou	43	40	43	50.00%
			Seasons Courtyard	Gongshu District, Hangzhou	129	89	129	50.00%
			Sino-Ocean Native Place	Xiaoshan District, Hangzhou	68	41	5	100.00%
							1,067	600
	Nanjing	Binjiang Logistics Project	Jiangning District, Nanjing	58	–	58	18.62%	
			Ocean Landscape	Jiangning District, Nanjing	147	121	145	70.00%
			Ocean Melody	Lishui District, Nanjing	234	184	234	100.00%
			Sino-Ocean Land Greenland Premier Court	Jiangning District, Nanjing	71	67	27	50.00%
			Sino-Ocean Tangyue Landscape	Liuhe District, Nanjing	54	52	54	100.00%
					564	424	518	
	Suzhou	Easy Town	Huqiu District, Suzhou	104	85	104	16.50%	
			Kunshan Yushan Cold Chain Logistics Project	Yushan, Kunshan City	62	–	62	16.66%
			Mansion Yue	Wujiang District, Suzhou	150	147	150	70.00%
			Ocean Melody	Port area, Taicang City	105	77	105	34.00%
Rocker Park			Huqiu District, Suzhou	240	198	240	30.00%	
Shihu Project			Wuzhong District, Suzhou	49	–	49	68.75%	
The Lake Garden			Wujiang District, Suzhou	113	79	113	34.00%	
				823	586	823		
Wuxi	Taihu Milestone (formerly known as Haoshi Project)	Xinwu District, Wuxi	63	52	63	40.00%		
		Taihu Milestone (formerly known as Yuqin Project)	Xinwu District, Wuxi	116	93	116	40.00%	
				179	145	179		

## Sino-Ocean Group Holding Limited

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Regions	Cities	Projects	Districts	Approximate total GFA ( <i>'000 sq.m.</i> )	Approximate total saleable GFA ( <i>'000 sq.m.</i> )	Remaining landbank ( <i>'000 sq.m.</i> )	Interest attributable to the Group (%)
	Jiaxing	East Lake	Haining City, Jiaxing	109	73	109	33.00%
		Jiaxing Logistic Project	Hunan District, Jiaxing	96	–	96	18.62%
		Lakeside Wonderland	Xiuzhou District, Jiaxing	134	124	134	33.00%
		Ocean Lake Mansion	Haining City, Jiaxing	95	91	95	100.00%
		Ultimate Joy Mansion	Jiashan County, Jiaxing	122	106	122	30.00%
		Zhapu Logistics Project	Pinghu City, Jiaxing	44	–	44	19.60%
				<u>600</u>	<u>394</u>	<u>600</u>	
	Chuzhou	Ocean Mansion	Chahe Town, Chuzhou	108	82	108	100.00%
	Changzhou	Sky Peninsula	Yanshan New Area, Liyang, Changzhou	101	99	101	40.00%
	Taizhou	Mansion	Jiaojiang District, Taizhou	79	65	74	40.00%
	Shaoxing	Ocean Yue Masterpiece	Keqiao District, Shaoxing	93	93	93	100.00%
	Wenzhou	Ocean Century Mansion	Longwan District, Wenzhou	153	107	153	100.00%
	Xiamen	The Only One	Xiang'an District, Xiamen	52	35	52	50.00%
		Top Mansion	Xiang'an District, Xiamen	75	49	75	48.02%
				<u>127</u>	<u>84</u>	<u>127</u>	
	Zhangzhou	Sino-Ocean Scenery	Zhao'an County, Zhangzhou	81	79	81	70.00%
	Fuzhou	East Bay	Mawei District, Fuzhou	82	65	82	50.00%
				<b>5,614</b>	<b>3,860</b>	<b>4,534</b>	
Yangtze Mid-stream Region	Wuhan	Hejiadun Project	Jiangnan District, Wuhan	1,019	972	557	55.90%
		Jiangxia Logistic Project	Jiangxia District, Wuhan	45	–	45	49.00%
		Ocean World	Dongxihu District, Wuhan	398	369	19	100.00%
		Oriental World View	Hanyang District, Wuhan	1,880	1,509	1,880	10.50%
				<u>3,342</u>	<u>2,850</u>	<u>2,501</u>	
	Hefei	Metropolis 1907	Binhu New Area, Hefei	322	242	322	25.00%
		Ocean Glory	Feidong County, Hefei	197	186	197	100.00%
		Sino-Ocean Landscape	Feidong County, Hefei	200	180	200	52.43%
				<u>719</u>	<u>608</u>	<u>719</u>	
	Changsha	Bund No.1	Yuelu District, Changsha	134	95	134	28.45%
	Nanchang	Ocean Palace	Wanli District, Nanchang	173	122	173	51.00%
		Sino-Ocean Elite Mansion	Wanli District, Nanchang	106	102	101	20.00%
				<u>279</u>	<u>224</u>	<u>274</u>	
				<b>4,474</b>	<b>3,777</b>	<b>3,628</b>	

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Regions	Cities	Projects	Districts	Approximate total GFA ( <i>'000 sq.m.</i> )	Approximate total saleable GFA ( <i>'000 sq.m.</i> )	Remaining landbank ( <i>'000 sq.m.</i> )	Interest attributable to the Group (%)		
Pearl River Delta Region	Zhongshan	Blossoms Valley	Shenwan Town, Zhongshan	1,172	1,037	1,120	75.00%		
		King Realm	Dongsheng Town, Zhongshan	181	134	71	75.00%		
		Leader Mountain	Wuguishan Town, Zhongshan	187	137	187	50.00%		
		Ocean City	Eastern District, Zhongshan	2,083	1,736	94	100.00%		
		Ocean Emerald	Nantou Town, Zhongshan	437	412	50	51.00%		
		Ocean Longshire	Henglan Town, Zhongshan	96	85	20	80.00%		
		Ocean Prospect	Shiqi District, Zhongshan	94	87	4	30.00%		
		SCity (formerly known as Suixicun 162 Project, Nantou)	Nantou Town, Zhongshan	90	68	90	34.00%		
		SCity (formerly known as Suixicun 163 Project, Nantou)	Nantou Town, Zhongshan	34	26	34	34.00%		
		Sino-Ocean Aristocratic Family	Eastern District, Zhongshan	103	78	103	24.50%		
		Sino-Ocean Landscape	Minzhong Town, Zhongshan	210	159	210	50.00%		
		Zhonghui City (formerly known as Suixicun 135 Project, Nantou)	Nantou Town, Zhongshan	43	33	43	34.00%		
		Zhonghui City (formerly known as Suixicun 136 Project, Nantou)	Nantou Town, Zhongshan	83	62	83	30.00%		
		Zhonghui City (formerly known as Suixicun 137 Project, Nantou)	Nantou Town, Zhongshan	107	102	107	45.00%		
					4,920	4,156	2,216		
			Shenzhen	Lishan Project	Nanshan District, Shenzhen	171	120	67	60.00%
				Long Chuan Tang Project	Nanshan District, Shenzhen	115	52	115	60.00%
				Longhua District De Ai Industrial Park	Longhua District, Shenzhen	533	282	533	80.00%
				Ocean Express	Longgang District, Shenzhen	556	437	148	84.70%
				Ocean Metropolis	Longgang District, Shenzhen	390	292	234	100.00%
					1,765	1,183	1,097		

Regions	Cities	Projects	Districts	Approximate	Approximate	Remaining	Interest
				total GFA	total		
				( <i>'000 sq.m.</i> )	( <i>'000 sq.m.</i> )	( <i>'000 sq.m.</i> )	the Group
							(%)
	Guangzhou	Elite Palace	Tianhe District, Guangzhou	310	279	122	100.00%
		Fenggangcun, Zhucun Street Project	Zengcheng District, Guangzhou	141	96	141	40.00%
		Hibiscus Villa	Huadu District, Guangzhou	179	87	148	51.00%
		Honoka Project in Baiyun District	Baiyun District, Guangzhou	285	198	285	16.66%
				915	660	696	
	Foshan	Delight River	Sanshui District, Foshan	207	192	207	50.00%
		Elite Palace	Sanshui District, Foshan	259	191	259	51.00%
		Heavenly Town	Sanshui District, Foshan	285	221	285	49.00%
				751	604	751	
	Hong Kong	LP6	Tseung Kwan O, Hong Kong	137	136	137	40.00%
	Zhanjiang	Ocean City	Xiashan District, Zhanjiang	612	493	612	45.50%
	Maoming	Sino-Ocean Landscape	Maonan District, Maoming	291	289	291	51.00%
	Sanya	Hongtang Bay Project	Tianya District, Sanya	561	249	561	50.00%
		Ocean Treasure	Jiyang District, Sanya	177	111	77	100.00%
				738	360	638	
	Haikou	Ocean Zen House	Xiuying District, Haikou	117	106	5	100.00%
				<b>10,246</b>	<b>7,987</b>	<b>6,443</b>	
Chengdu-Chongqing Region	Chongqing	Fenghua Melody	Shapingba District, Chongqing	102	71	102	24.50%
		Fontaine Island	Nan'an District, Chongqing	178	132	178	24.50%
		Gaomiao Project, Phase II, Jiulongpo	Jiulongpo District, Chongqing	285	213	18	50.00%
		Ocean City	Jiulongpo District, Chongqing	126	125	126	50.00%
		Ocean Ninth Prince	Yubei District, Chongqing	335	246	234	50.00%
		Poetry of Landscape	Shapingba District, Chongqing	166	165	165	100.00%
		Sino-Ocean Garden	Banan District, Chongqing	592	480	244	42.50%
				1,784	1,432	1,067	



Regions	Cities	Projects	Districts	Approximate total GFA ( <i>'000 sq.m.</i> )	Approximate total saleable GFA ( <i>'000 sq.m.</i> )	Remaining landbank ( <i>'000 sq.m.</i> )	Interest attributable to the Group (%)
	Chengdu	Longquan Sunshine Town Project	Longquanyi District, Chengdu	320	263	320	24.50%
		Ocean Crown	Qinyang District, Chengdu	99	46	99	60.00%
		Ocean Habitat	Chongzhou City, Chengdu	123	98	123	100.00%
		Ocean Luxury City	Qinyang District, Chengdu	71	38	71	24.50%
		Ocean Sky Glory	Jinniu District, Chengdu	122	106	122	12.25%
		Royal Mansion	Pidu District, Chengdu	139	99	139	24.50%
		Sino-Ocean Taikoo Li Chengdu	Jinjiang District, Chengdu	417	362	186	50.00%
				<u>1,291</u>	<u>1,012</u>	<u>1,060</u>	
	Kunming	Chenggong Project	Chenggong District, Kunming	222	218	222	70.00%
		Chenggong Project, Phase II	Chenggong District, Kunming	99	88	99	70.00%
		Kunming Airport Project	Guandu District, Kunming	37	–	37	18.62%
		Sino-Ocean Esthetics Mansion	Panlong District, Kunming	164	145	164	37.15%
				<u>522</u>	<u>451</u>	<u>522</u>	
	Guiyang	Sino-Ocean Prospect	Yunyan District, Guiyang	100	75	100	89.80%
				<b>3,697</b>	<b>2,970</b>	<b>2,749</b>	
Other Region	Dalian	Jinma Project	Jinzhou District, Dalian	77	43	35	10.00%
		Ocean Diamond Bay	Ganjingzi District, Dalian	1,406	1,254	743	100.00%
		Ocean Worldview	Jinzhou District, Dalian	1,902	1,645	367	100.00%
		Sino-Ocean Technopole	Jinzhou District, Dalian	922	540	922	100.00%
		The Place of Glory	Ganjingzi District, Dalian	925	875	266	100.00%
		Xiaoyao Bay Project	Jinzhou District, Dalian	219	175	219	100.00%
		Zhonghua Road Plot #2	Ganjingzi District, Dalian	111	52	111	100.00%
				<u>5,562</u>	<u>4,584</u>	<u>2,663</u>	
	Shenyang	Grand Canal Milestone	Shenhe District, Shenyang	382	257	11	100.00%
		Ocean Paradise	Heping District, Shenyang	713	695	9	100.00%
		Yuqin Biyuan Project	Hunnan District, Shenyang	212	169	212	51.76%
				<u>1,307</u>	<u>1,121</u>	<u>232</u>	

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	Changchun	Orient Palace	Nanguan District, Changchun	73	60	73	20.00%
	Qingdao	Ocean Great Harmony	Shibei District, Qingdao	377	270	377	43.00%
		Ocean Melody	Huangdao Development Zone, Qingdao	109	107	14	100.00%
		Ocean Royal City	Jiaozhou City, Qingdao	333	269	308	75.00%
		Ocean Seasons	Laoshan District, Qingdao	146	132	18	100.00%
				<u>965</u>	<u>778</u>	<u>717</u>	
	Taiyuan	Sino-Ocean Oriental Mansion	Yingze District, Taiyuan	105	81	105	80.00%
		Villa Epoch	Yangqu County, Taiyuan	54	34	54	44.00%
				<u>159</u>	<u>115</u>	<u>159</u>	
	Zhengzhou	Ocean Melody	Zhongmu County, Zhengzhou	43	38	43	69.30%
		Ocean Prospect	Longhu Town, Xinzheng City, Zhengzhou	169	158	169	38.00%
		Yongzhixing Cold Chain Logistics Project	Airport Economic Zone, Zhengzhou	172	-	172	49.00%
				<u>384</u>	<u>196</u>	<u>384</u>	
	Xuzhou	Jiawang Logistics Project	Jiawang District, Xuzhou	86	-	86	19.60%
	Xi'an	Emperor Chic	Weiyang District, Xi'an	321	316	321	24.50%
		Qinhanxincheng Logistics Project	Weicheng District, Xianyang City	67	-	67	19.60%
		Sino-Ocean Royal Landscape	Chanba Ecological District, Xi'an	292	208	292	56.00%
				<u>680</u>	<u>524</u>	<u>680</u>	
	Yantai	Sino-Ocean Donglai County	Laishan District, Yantai	43	42	43	100.00%
	Jinan	Ocean Epoch	Lixia District, Jinan	390	371	390	50.00%
				<u>9,649</u>	<u>7,791</u>	<u>5,427</u>	
<b>Total</b>				<u><u>55,531</u></u>	<u><u>43,302</u></u>	<u><u>39,250</u></u>	

## Property Investment

During the first half of 2019, revenue from property investment decreased by 44% to RMB306 million (first half of 2018: RMB542 million), which was mainly due to the implementation of asset-light strategy for the Group's investment properties. As at 30 June 2019, the Group held more than 16 operating investment properties, in which the majority were office units.

List of our investment properties as at 30 June 2019 is set out as follows:

Projects	Districts	Approximate leasable area (sq.m.)	Office premises (sq.m.)	Retail space (sq.m.)	Others (sq.m.)	Occupancy rate as at 30 June 2019 (%)	Interest attributable to the Group (%)
Ocean Plaza (Beijing)	Xicheng District, Beijing	30,000	26,000	-	4,000	99%	72%
Ocean International Center (Beijing)	Chaoyang District, Beijing	103,000	76,000	9,000	18,000	82%	100%
Ocean We-life (Tianjin)	Binhai New District, Tianjin	28,000	-	28,000	-	96%	100%
Grand Canal Plaza (Hangzhou)	Gongshu District, Hangzhou	67,000	-	67,000	-	87%	100%
North Carolina Project (USA)	Durham, North Carolina	12,000	12,000	-	-	69%	70%
San Francisco Project (USA)	Financial District, San Francisco	6,000	6,000	-	-	100%	100%
Other projects		66,000	16,000	35,000	15,000		
Subtotal		312,000	136,000	139,000	37,000		
<b>Other</b>							
Diamond Plaza (Beijing)	Haidian District, Beijing	22,000	20,000	-	2,000	100%	37%
INDIGO (Beijing)	Chaoyang District, Beijing	225,000	52,000	48,000	125,000	99%	50%
Ocean International Center, Phase II (Beijing)	Chaoyang District, Beijing	70,000	46,000	13,000	11,000	90%	35%
Ocean Office Park (Beijing)	Chaoyang District, Beijing	107,000	81,000	12,000	14,000	95%	53%
Ocean We-life Plaza (Beijing)	Chaoyang District, Beijing	31,000	-	31,000	-	97%	50%
Ocean We-life Plaza (Tianjin)	Hedong District, Tianjin	41,000	-	41,000	-	99%	50%
Danling International Plaza (Shanghai)	Jing'an District, Shanghai	38,000	38,000	-	-	86%	20%
Haixing Plaza (Shanghai)	Huangpu District, Shanghai	14,000	10,000	-	4,000	79%	20%
Sino-Ocean Tower (Shanghai)	Huangpu District, Shanghai	62,000	46,000	4,000	12,000	88%	15%
Sino-Ocean Taikoo Li Chengdu (Chengdu)	Jinjiang District, Chengdu	115,000	-	84,000	31,000	98%	50%
Other projects		156,000	17,000	80,000	59,000		
Subtotal		881,000	310,000	313,000	258,000		
<b>Total</b>		<b>1,193,000</b>	<b>446,000</b>	<b>452,000</b>	<b>295,000</b>		

## Employees and Human Resources

As at 30 June 2019, the Group had 12,335 employees (31 December 2018: 13,131). The total number of employees serving the Group remains stable in the first half of 2019. We will continue to strengthen manpower effectiveness and control capability.

The Group will continuously review its salary and compensation schemes to make them competitive to retain the talented staff and also provide various training and development programs.

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The unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2019 are as follows:

### Condensed Consolidated Interim Balance Sheet

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Note		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,374,108	2,412,243
Right-of-use assets	235,335	–
Land use rights	637,400	235,794
Intangible assets	29,694	453,278
Investment properties	16,313,733	16,205,333
Goodwill	200,978	514,039
Investments in joint ventures	19,768,484	20,330,505
Investments in associates	6,668,909	7,177,355
Financial assets at fair value through other comprehensive income	2,665,014	679,952
Financial assets at fair value through profit or loss	4,308,856	3,961,645
Trade and other receivables and prepayments	6 22,751,014	15,520,575
Deferred income tax assets	1,218,425	1,145,474
<b>Total non-current assets</b>	<b>77,171,950</b>	<b>68,636,193</b>
<b>Current assets</b>		
Deposits for land use rights	2,233,384	2,160,585
Properties under development	61,506,220	54,655,796
Inventories, at cost	162,410	92,437
Land development cost recoverable	1,238,135	1,119,558
Completed properties held for sale	15,896,826	20,083,298
Financial assets at fair value through profit or loss	150,961	182,504
Trade and other receivables and prepayments	6 63,033,330	57,454,635
Contract assets	2,276,636	2,405,696
Restricted bank deposits	4,599,042	3,362,876
Cash and cash equivalents	27,323,880	39,208,481
<b>Total current assets</b>	<b>178,420,824</b>	<b>180,725,866</b>
<b>Total assets</b>	<b>255,592,774</b>	<b>249,362,059</b>

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	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	<b>As at 31 December 2018 RMB'000 (Audited)</b>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Capital	<b>27,329,232</b>	27,328,810
Shares held for Restricted Share Award Scheme	<b>(173,209)</b>	(178,317)
Reserves	<b>(1,231,636)</b>	(1,313,848)
Retained earnings	<b>23,934,097</b>	22,548,161
	<b>49,858,484</b>	48,384,806
<b>Non-controlling interests</b>	<b>15,208,407</b>	14,753,699
<b>Total equity</b>	<b>65,066,891</b>	63,138,505
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	<b>76,305,893</b>	73,150,254
Trade and other payables	<b>15,718</b>	167,531
Lease liabilities	<b>147,350</b>	–
Deferred income tax liabilities	<b>3,285,460</b>	2,680,889
<b>Total non-current liabilities</b>	<b>79,754,421</b>	75,998,674
<b>Current liabilities</b>		
Borrowings	<b>11,329,578</b>	15,424,825
Trade and other payables	<b>62,357,758</b>	59,198,070
Contract liabilities	<b>28,951,569</b>	26,789,737
Lease liabilities	<b>86,724</b>	–
Income tax payables	<b>7,896,095</b>	8,665,309
Financial liabilities at fair value through profit or loss	<b>149,738</b>	146,939
<b>Total current liabilities</b>	<b>110,771,462</b>	110,224,880
<b>Total liabilities</b>	<b>190,525,883</b>	186,223,554
<b>Total equity and liabilities</b>	<b>255,592,774</b>	249,362,059

## Condensed Consolidated Interim Income Statement

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2019</b>	2018
	<i>Note</i>	<b>RMB'000</b>	<i>RMB'000</i>
Revenue	5	<b>16,473,674</b>	15,376,264
Cost of sales		<b>(13,114,622)</b>	(11,761,699)
<b>Gross profit</b>		<b>3,359,052</b>	3,614,565
Interest and other income		<b>1,506,695</b>	1,122,957
Other gains/(losses) — net	8	<b>572,996</b>	(213,615)
Fair value gains on investment properties		<b>375,327</b>	723,123
Selling and marketing expenses		<b>(467,313)</b>	(380,845)
Administrative expenses		<b>(861,716)</b>	(510,160)
<b>Operating profit</b>		<b>4,485,041</b>	4,356,025
Finance costs	9	<b>(912,161)</b>	(665,838)
Share of gains of joint ventures		<b>837,163</b>	837,125
Share of gains of associates		<b>85,979</b>	207,753
<b>Profit before income tax</b>		<b>4,496,022</b>	4,735,065
Income tax expense	10	<b>(1,962,588)</b>	(2,015,131)
<b>Profit for the period</b>		<b>2,533,434</b>	2,719,934
<b>Attributable to:</b>			
Owners of the Company		<b>1,875,194</b>	2,333,404
Non-controlling interests		<b>658,240</b>	386,530
		<b>2,533,434</b>	2,719,934
Basic earnings per share for profit attributable to owners of the Company (expressed in RMB)	11	<b>0.248</b>	0.310
Diluted earnings per share for profit attributable to owners of the Company (expressed in RMB)	11	<b>0.248</b>	0.308

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## Condensed Consolidated Interim Statement of Comprehensive Income

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
<b>Profit for the period</b>	<b>2,533,434</b>	2,719,934
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Fair value losses on financial assets at fair value through other comprehensive income	<b>(14,688)</b>	(36,689)
<b>Items that may be reclassified subsequently to profit or loss</b>		
Currency translation differences	<b>(6,702)</b>	(16,256)
Fair value gains on property, plant and equipment transferred to investment properties	<b>17,808</b>	–
Share of other comprehensive income of investments accounted for using the equity method	<b>(26,956)</b>	(1,027,500)
	<u><b>(30,538)</b></u>	<u>(1,080,445)</u>
<b>Other comprehensive income for the period</b>		
	<u><b>(30,538)</b></u>	<u>(1,080,445)</u>
<b>Total comprehensive income for the period</b>	<u><b>2,502,896</b></u>	<u>1,639,489</u>
<b>Total comprehensive income attributable to:</b>		
— Owners of the Company	<b>1,827,195</b>	1,224,682
— Non-controlling interests	<b>675,701</b>	414,807
	<u><b>2,502,896</b></u>	<u>1,639,489</u>

## Notes to the Unaudited Condensed Consolidated Interim Financial Information

### 1 GENERAL INFORMATION

Sino-Ocean Group Holding Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in investment holding, property development and property investment in the People’s Republic of China (the “PRC”).

The 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 21 August 2019 by the Board of directors.

### 2 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2019 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated interim financial information does not include all the notes of the type normally included in the annual financial statements. Accordingly, this condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The financial information relating to the year ended 31 December 2018 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2019 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 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).



### 3 ACCOUNTING POLICIES

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

#### (i) New and amended standards adopted by the group

The Group has applied the following standards and amendments for the first time for their interim reporting period commencing 1 January 2019:

- HKFRS 16, 'Leases'

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

### 4 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 in note 4.2 below.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

#### 4.1 Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.7%.

	<b>2019</b> <b>RMB'000</b>
Operating lease commitments as at 31 December 2018	<b>3,878,980</b>
Discounted using the lessee's incremental borrowing rate of at the date of initial application	<b>2,527,818</b>
Lease liability recognised as at 1 January 2019	<b>2,527,818</b>
Of which are:	
Current lease liabilities	<b>247,437</b>
Non-current lease liabilities	<b>2,280,381</b>
	<b>2,527,818</b>

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	<b>30 June 2019 RMB'000</b>	1 January 2019 RMB'000
Buildings	<b>234,638</b>	2,562,826
Vehicles	<b>454</b>	634
Equipment	<b>243</b>	73
Total right-of-use assets	<b><u>235,335</u></b>	<u>2,563,533</u>

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets — increase by RMB2,563,533,000
- prepayments — decrease by RMB35,715,000
- lease liabilities — increase by RMB2,527,818,000

There is no impact on retained earnings on 1 January 2019.

(i) *Practical expedients applied*

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

## 4.2 The Group's leasing activities and how these are accounted for

The Group leases various offices and properties. Rental contracts are typically made for fixed periods of 2 to 20 years but may have extension options as described in (ii) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

**(i) Variable lease payments**

*Estimation uncertainty arising from variable lease payments*

No property leases contain variable payment terms that are linked to sales generated from a store.

**(ii) Extension and termination options**

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

*Critical judgements in determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, the Group have not revised any lease terms to affect exercising extension and termination options.

**(iii) Residual value guarantees**

The Group have not provided residual value guarantees in relation to leases.

## 5 SEGMENT INFORMATION

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

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

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

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

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

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

	Unaudited							
	Property development							
	Beijing- Tianjin- Hebei RMB'000	Yangtze River Delta RMB'000	Yangtze Mid-stream and Chengdu - Chongqing RMB'000	Pearl River Delta RMB'000	Others RMB'000	Investment property RMB'000	All other segments RMB'000	Total RMB'000
<b>Six months ended 30 June 2019</b>								
Total segment revenue	4,600,969	728,092	1,780,718	3,500,994	2,134,383	321,226	5,197,245	18,263,627
Inter-segment revenue	(850)	-	-	-	-	(15,736)	(1,773,367)	(1,789,953)
<b>Revenue (from external customers)</b>	<b>4,600,119</b>	<b>728,092</b>	<b>1,780,718</b>	<b>3,500,994</b>	<b>2,134,383</b>	<b>305,490</b>	<b>3,423,878</b>	<b>16,473,674</b>
Segment operating profit	483,862	69,248	247,588	1,040,980	332,339	103,896	1,554,168	3,832,081
Depreciation and amortization	(836)	(448)	(422)	(238)	(647)	(197)	(71,428)	(74,216)
<b>Six months ended 30 June 2018</b>								
Total segment revenue	3,919,992	2,125,277	768,574	3,893,933	2,484,628	552,751	3,677,150	17,422,305
Inter-segment revenue	-	(218,170)	-	(19,169)	-	(10,671)	(1,798,031)	(2,046,041)
<b>Revenue (from external customers)</b>	<b>3,919,992</b>	<b>1,907,107</b>	<b>768,574</b>	<b>3,874,764</b>	<b>2,484,628</b>	<b>542,080</b>	<b>1,879,119</b>	<b>15,376,264</b>
Segment operating profit	654,973	371,270	12,889	1,322,858	67,730	376,561	1,222,142	4,028,423
Depreciation and amortization	(1,994)	(717)	(147)	(312)	(877)	(207)	(24,965)	(29,219)
	Property development							
	Beijing- Tianjin - Hebei RMB'000	Yangtze River Delta RMB'000	Yangtze Mid-stream and Chengdu - Chongqing RMB'000	Pearl River Delta RMB'000	Others RMB'000	Investment property RMB'000	All other segments RMB'000	Total RMB'000
<b>As at 30 June 2019</b>								
<b>Total segment assets</b>	<b>41,620,933</b>	<b>18,804,074</b>	<b>12,341,094</b>	<b>23,252,090</b>	<b>13,409,410</b>	<b>18,416,742</b>	<b>86,573,317</b>	<b>214,417,660</b>
Additions to non-current assets (other than financial instruments and deferred income tax assets)	2,274	380	185	148	16,920	78,960	1,663,736	1,762,603
<b>Total segment liabilities</b>	<b>21,061,192</b>	<b>8,994,304</b>	<b>6,133,449</b>	<b>13,759,924</b>	<b>7,316,276</b>	<b>1,141,583</b>	<b>41,048,486</b>	<b>99,455,214</b>
<b>As at 31 December 2018</b>								
<b>Total segment assets</b>	<b>32,535,979</b>	<b>16,035,925</b>	<b>13,350,224</b>	<b>28,608,288</b>	<b>15,042,635</b>	<b>18,311,388</b>	<b>88,006,682</b>	<b>211,891,121</b>
Additions to non-current assets (other than financial instruments and deferred income tax assets)	56	2,842	1,614	1,371	4,291	4,806,533	2,027,106	6,843,813
<b>Total segment liabilities</b>	<b>22,233,398</b>	<b>7,320,687</b>	<b>6,733,471</b>	<b>15,732,406</b>	<b>10,041,201</b>	<b>1,324,583</b>	<b>31,434,901</b>	<b>94,820,647</b>

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
Segment operating profit	<b>3,832,081</b>	4,028,423
Corporate finance income	<b>36,863</b>	23,455
Corporate overheads	<b>(332,226)</b>	(205,361)
Fair value gains on investment properties	<b>375,327</b>	723,123
Other gains/(losses) — net (Note 8)	<b>572,996</b>	(213,615)
Finance costs (Note 9)	<b>(912,161)</b>	(665,838)
Share of gains of joint ventures	<b>837,163</b>	837,125
Share of gains of associates	<b>85,979</b>	207,753
	<hr/>	<hr/>
Profit before income tax	<b>4,496,022</b>	4,735,065
	<hr/> <hr/>	<hr/> <hr/>
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Reportable and other segments' assets are reconciled to total assets as follows:		
Total segment assets	<b>214,417,660</b>	211,891,121
Corporate cash and cash equivalents	<b>6,394,465</b>	3,993,503
Investments in joint ventures	<b>19,768,484</b>	20,330,505
Investments in associates	<b>6,668,909</b>	7,177,355
Financial assets at fair value through other comprehensive income	<b>2,665,014</b>	679,952
Financial assets at fair value through profit or loss	<b>4,459,817</b>	4,144,149
Deferred income tax assets	<b>1,218,425</b>	1,145,474
	<hr/>	<hr/>
<b>Total assets per consolidated balance sheet</b>	<b>255,592,774</b>	249,362,059
	<hr/> <hr/>	<hr/> <hr/>
Reportable and other segments' liabilities are reconciled to total liabilities as follows:		
Total segment liabilities	<b>99,455,214</b>	94,820,647
Current borrowings	<b>11,329,578</b>	15,424,825
Non-current borrowings	<b>76,305,893</b>	73,150,254
Deferred income tax liabilities	<b>3,285,460</b>	2,680,889
Financial liabilities at fair value through profit or loss	<b>149,738</b>	146,939
	<hr/>	<hr/>
<b>Total liabilities per consolidated balance sheet</b>	<b>190,525,883</b>	186,223,554
	<hr/> <hr/>	<hr/> <hr/>

For the six months ended 30 June 2019, included in the revenue of sales of properties, RMB12,117,233,000 was recognised as a point in time, RMB627,073,000 was recognised over the period due to the adoption of HKFRS 15.

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 2019 and 2018.

As at 30 June 2019, total non-current assets other than financial instruments and deferred income tax assets located in the PRC is RMB44,498,092,000 (31 December 2018: RMB45,638,734,000), the total of these non-current assets located in Hong Kong and the United States RMB1,730,549,000 (31 December 2018: RMB1,689,813,000).

For the six months ended 30 June 2019 and 2018, the Group does not have any single customer with the transaction value over 10% of the total external sales.

## 6 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Trade receivables (a)	<b>3,754,254</b>	2,516,939
Other receivables and prepayments (b)	<b>82,030,090</b>	70,458,271
	<b>85,784,344</b>	72,975,210
Less: non-current portion	<b>(22,751,014)</b>	(15,520,575)
Current portion	<b>63,033,330</b>	57,454,635

### (a) Trade receivables

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Trade receivables	<b>3,810,648</b>	2,563,406
Less: allowance provision for impairment	<b>(56,394)</b>	(46,467)
	<b>3,754,254</b>	2,516,939
Less: non-current portion	-	-
Current portion	<b>3,754,254</b>	2,516,939



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:

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Within 6 months	<b>2,003,897</b>	1,272,137
Between 6 months to 1 year	<b>1,138,514</b>	894,529
Between 1 year to 2 years	<b>469,927</b>	349,763
Between 2 years to 3 years	<b>192,855</b>	27,903
Over 3 years	<b>5,455</b>	19,074
	<b><u>3,810,648</u></b>	<u>2,563,406</u>

As at 30 June 2019, no trade receivables (2018: nil) were pledged as collateral for the Group's borrowings.

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

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Opening amount at beginning of the period	<b>(46,467)</b>	(45,178)
Provision for receivable impairment	<b>(9,927)</b>	(1,289)
Closing amount at end of the period	<b><u>(56,394)</u></b>	<u>(46,467)</u>

**(b) Other receivables and prepayments**

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	As at 31 December 2018 RMB'000 (Audited)
Entrusted loans to third parties	<b>4,990,037</b>	2,886,214
Entrusted loans to joint ventures	<b>13,900,010</b>	11,516,089
Entrusted loans to associates	<b>2,058,887</b>	1,129,255
Entrusted loans to non-controlling interests	<b>987,700</b>	1,266,000
Amounts due from third parties	<b>2,542,042</b>	2,698,956
Amounts due from joint ventures	<b>22,171,437</b>	16,598,387
Amounts due from associates	<b>9,371,635</b>	9,723,159
Amounts due from non-controlling interests	<b>7,751,829</b>	7,775,365
Tax prepayments	<b>6,364,666</b>	5,887,794
Receivables from government	<b>2,277,626</b>	2,600,818
Payment for the cooperation of potential projects	<b>5,072,396</b>	3,065,893
Receivables from disposal of interests in a subsidiary	<b>949,240</b>	863,472
Other prepayments	<b>1,432,528</b>	1,270,393
Other receivables	<b>2,301,533</b>	3,262,128
	<b>82,171,566</b>	70,543,923
Less: allowance provision for impairment	<b>(141,476)</b>	(85,652)
	<b>82,030,090</b>	70,458,271
Less: non-current portion	<b>(22,751,014)</b>	(15,520,575)
Current portion	<b>59,279,076</b>	54,937,696

## 7 TRADE AND OTHER PAYABLES

	As at 30 June 2019 <i>RMB'000</i> (Unaudited)	As at 31 December 2018 <i>RMB'000</i> (Audited)
Trade payables (a)	18,846,527	18,290,208
Accrued expenses	2,999,835	3,135,060
Amounts due to joint ventures (b)	11,255,649	9,388,039
Amounts due to associates (b)	3,409,261	4,274,001
Amounts due to non-controlling interests (b)	8,313,457	7,422,527
Dividends payable	489,258	–
Amounts due to government	72,303	72,114
Other taxes payable	4,919,978	1,733,417
Deposits received for properties	4,314,704	5,160,682
Other payables	7,752,504	9,889,553
	<u>62,373,476</u>	<u>59,365,601</u>
Less: non-current portion	<u>(15,718)</u>	<u>(167,531)</u>
Current portion	<u>62,357,758</u>	<u>59,198,070</u>

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

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

	As at 30 June 2019 <i>RMB'000</i> (Unaudited)	As at 31 December 2018 <i>RMB'000</i> (Audited)
Within 6 months	8,731,407	8,481,970
Between 6 months to 12 months	5,222,619	4,684,871
Between 1 year to 2 years	3,417,666	3,783,846
Between 2 years to 3 years	722,218	709,919
Over 3 years	752,617	629,602
	<u>18,846,527</u>	<u>18,290,208</u>

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

## 8 OTHER GAINS/(LOSSES) — NET

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Gains/(losses) on disposal of interests in subsidiaries	697,904	(31,635)
Gains on disposal of a joint venture and an associate	35,323	–
Losses on deemed disposal of joint ventures and associates	(599)	(26,949)
Gains/(losses) on disposal of financial assets at fair value through profit or loss	23,736	(6,902)
Fair value losses of financial assets and liabilities at fair value through profit or loss	(19,469)	(72,953)
Exchange losses	(166,020)	(88,915)
Negative goodwill on business combination	798	–
Other gains	1,323	13,739
	<u>572,996</u>	<u>(213,615)</u>

## 9 FINANCE COSTS

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Interest expense:		
— Bank borrowings	656,732	432,110
— Other borrowings	1,914,258	1,371,529
— Lease liabilities	66,155	–
Less: interest capitalized at a capitalization rate of 5.43% (2018: 5.26%) per annum	(1,724,984)	(1,137,801)
	<u>912,161</u>	<u>665,838</u>

## 10 INCOME TAX EXPENSE

Majority of the group entities are subjected to PRC enterprise income tax, which has been provided for based on the statutory income tax rate of 25% of the assessable income of each of these group entities for the six months ended 30 June 2019 and 2018. 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:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Current income tax:		
— PRC enterprise income tax	<b>1,151,443</b>	918,750
— PRC land appreciation tax	<b>733,249</b>	893,180
Deferred income tax	<b>77,896</b>	203,201
	<b><u>1,962,588</u></b>	<b><u>2,015,131</u></b>

## 11 EARNINGS PER SHARE

### (a) Basic

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
Profit attributable to owners of the Company (RMB'000)	<b><u>1,875,194</u></b>	<u>2,333,404</u>
Profit used to determine basic earnings per share (RMB'000)	<b><u>1,875,194</u></b>	<u>2,333,404</u>
Weighted average number of ordinary shares in issue (thousands)	<b><u>7,553,674</u></b>	<u>7,530,383</u>
Basic earnings per share (RMB per share)	<b><u>0.248</u></b>	<u>0.310</u>

## (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.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
Profit attributable to owners of the Company ( <i>RMB'000</i> )	<b>1,875,194</b>	2,333,404
Profit used to determine diluted earnings per share ( <i>RMB'000</i> )	<b>1,875,194</b>	2,333,404
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	<b>7,553,674</b>	7,530,383
Adjustment for:		
— share options ( <i>thousands</i> )	–	30,216
— shares held for the Restricted Share Award Scheme ( <i>thousands</i> )	–	3,709
Weighted average number of ordinary shares for diluted earnings per share ( <i>thousands</i> )	<b>7,553,674</b>	7,564,308
Diluted earnings per share ( <i>RMB per share</i> )	<b>0.248</b>	0.308

## 12 DIVIDENDS

On 21 August 2019, the Board has resolved to declare an interim dividend of RMB752,410,000 for the six months ended 30 June 2019 (six months ended 30 June 2018: RMB933,331,000).

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Final dividend paid	<b>489,258</b>	990,396
Proposed interim dividend of RMB0.099 (2018: RMB0.123) per ordinary share	<b>752,410</b>	933,331

### 13 SUBSEQUENT EVENT

On 29 July 2019, Sino-Ocean Land Treasure IV Limited, a wholly-owned subsidiary of the Company, issued guaranteed notes with principal amount of USD600,000,000 at interest rate of 4.75% due in 2029 (the "Notes"). The Notes are unsecured and are guaranteed by the Company.

On 16 August 2019, Sino-Ocean Land Treasure Finance II Limited (a wholly-owned subsidiary of the Company) issued a notice informing the trustee and noteholders that it would redeem the 4.45% guaranteed notes due 2020 in the principal amount of USD700,000,000 (the "2020 Notes") in whole (the "Redemption") on 16 September 2019 (the "Redemption Date"), at a price equal to the make whole price as of the Redemption Date calculated in accordance with the terms and conditions of the 2020 Notes, together with accrued and any unpaid interest up to (but excluding) the Redemption Date.

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

During the six months ended 30 June 2019, the trustee of the restricted share award scheme of the Company, pursuant to the terms of the rules and trust deed of the restricted share award scheme, acquired 99,098 shares of the Company at an aggregate consideration of approximately RMB332,969 (including transaction costs).

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2019.

## **REVIEW OF INTERIM FINANCIAL INFORMATION**

The unaudited interim financial information for the six months ended 30 June 2019 has been reviewed by the auditors of the Company, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group and the unaudited interim financial information for the six months ended 30 June 2019.

## **CORPORATE GOVERNANCE CODE**

In the opinion of the Board, the Company had complied with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the six months ended 30 June 2019, except for the deviations as disclosed below:

The roles of the chairman (the "**Chairman**") and the chief executive officer (the "**CEO**") of the Company are served by Mr. LI Ming and 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 CEO 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 CEO are vested in one person, all major decisions are made in consultation with the Board and the senior management of the Company. The Board considers that there is sufficient balance of power and that the current arrangement maintains a strong management position and also facilitates the ordinary business activities of the Company. The Board will review the current structure from time to time and will make any necessary arrangement as appropriate.



Code provision F.1.2 of the CG Code stipulates that a board meeting should be held to discuss the appointment of the company secretary and the matter should be dealt with by a physical board meeting rather than a written resolution. The appointment of the company secretary of the Company during the period was approved by a written resolution in lieu of a physical board meeting in accordance with the articles of association of the Company. Prior to the execution of the written resolution, board papers regarding the appointment of company secretary was provided to all directors of the Company in advance for their review and consideration. It is considered that the approval process by the adoption of a written resolution is an efficient and appropriate way for the appointment of the company secretary.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted a code of conduct regarding directors' securities transactions (the "**Code of Conduct**") on terms no less exacting than those required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules. The Company has made specific enquiries with all the directors of the Company and each of them has confirmed that he or she had complied with all required standards set out in the Code of Conduct throughout the six months ended 30 June 2019.

## **INTERIM DIVIDEND AND BOOK CLOSURE**

The Board has declared an interim dividend of HKD0.110 per share (2018: HKD0.140 per share) to shareholders of the Company (the "**Shareholders**") whose names appear on the Company's register of members at the close of business on Tuesday, 10 September 2019. The interim dividend will be paid in cash. It is expected that the cheques for cash entitlement in relation to interim dividend will be despatched at the risk of those entitled thereto to their respective registered addresses on or about Thursday, 3 October 2019.

The register of members of the Company will be closed from Friday, 6 September 2019 to Tuesday, 10 September 2019, 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 Thursday, 5 September 2019.

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

This announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.sinooceangroup.com](http://www.sinooceangroup.com)). The interim report for the six months ended 30 June 2019 will be despatched to Shareholders on or about 13 September 2019 and will be available on the Company's and the Stock Exchange's websites in due course.

Sino-Ocean Group Holding Limited

(Incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance)

Stock Code : 03377

## APPRECIATION

The Board would like to extend its deepest gratitude to all Shareholders, investors, local authorities, business partners and customers who have been most supportive; also to our directors, management and the entire staff for their dedicated hard work.

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

Hong Kong, 21 August 2019

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

*Executive directors:*

Mr. LI Ming  
Mr. WEN Haicheng  
Mr. SUM Pui Ying

*Non-executive directors:*

Mr. ZHAO Lijun  
Mr. FU Fei  
Mr. FANG Jun  
Ms. LI Liling

*Independent non-executive directors:*

Mr. HAN Xiaojing  
Mr. SUEN Man Tak  
Mr. WANG Zhifeng  
Mr. JIN Qingjun  
Ms. LAM Sin Lai Judy