远洋地产
SINO-OCEAN

2009
ANNUAL REPORT

遠洋地產控股有限公司

Sino-Ocean Land Holdings Limited

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

(Stock Code: 03377)

Contents

Financial & Operation Highlights

Financial Highlights

(RMB million)	2009	2008	YoY (%)
Revenue	**8,824**	6,487	36%
Gross profit	**2,657**	2,820	-6%
Profit before income tax	**2,568**	2,384	8%
Profit for the year	**1,638**	1,445	13%
Profit attributable to equity holders of the Company	**1,582**	1,388	14%
Earnings per share (RMB)			
– Basic	**0.337**	0.310	9%
– Diluted	**0.336**	0.310	8%
Dividend per share (HKD)	**0.09**	0.10	-10%
Cash resources*	**18,516**	8,837	110%
Total assets	**62,148**	43,268	44%
Total equities	**23,886**	17,783	34%
Net assets per share (RMB)	**4.24**	3.98	7%

(Percentage)	2009	2008	% pts changes
Gross profit margin	**30%**	43%	-13%
Net profit margin	**18%**	21%	-3%
Dividend payout ratio	**26%**	29%	-3%
Average assets turnover	**17%**	15%	2%
Net gearing ratio *	**14%**	35%	-21%
Return on average shareholders' equity	**8%**	9%	-1%
Return on average total assets	**3%**	4%	-1%

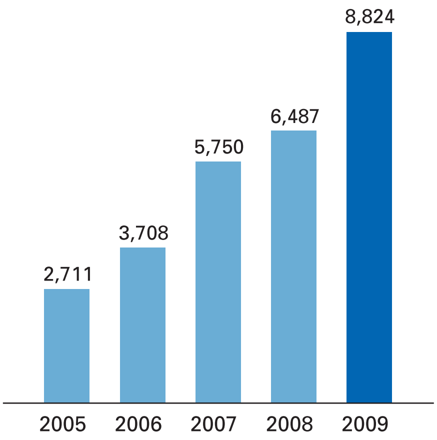
*: Including the restricted bank deposits

Operation Highlights

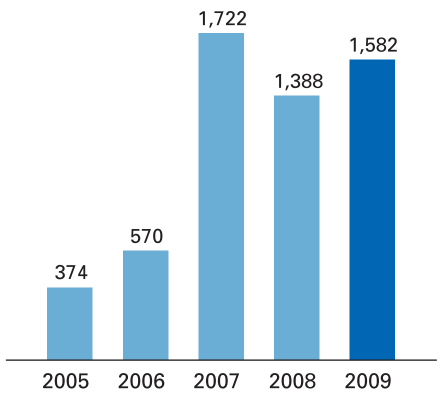
	2009	2008	YoY (%)
Contracted sales (RMB million)	**14,316**	7,243	98%
Saleable GFA sold (sq.m.)	**1,439,921**	690,761	108%
Saleable GFA delivered (sq.m.)	**865,234**	517,254	67%
GFA completed (sq.m.)	**999,000**	832,000	20%
Landbank (sq.m.)	**13,808,000**	12,282,000	12%
Newly acquired landbank (sq.m.)	**2,898,000**	1,362,000	113%

Financial & Operation Highlights

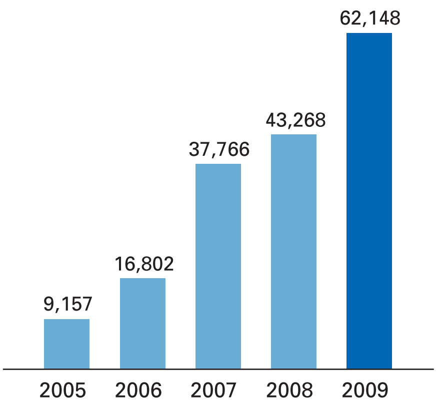
Revenue (RMB million)



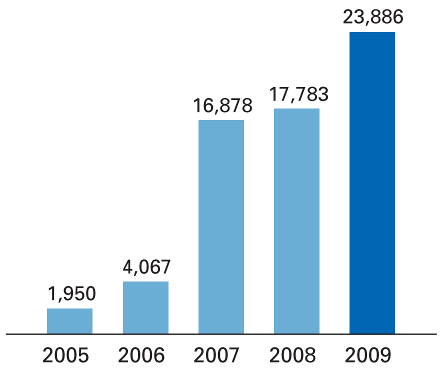
Profit attributable to equity holders of the Company (RMB million)



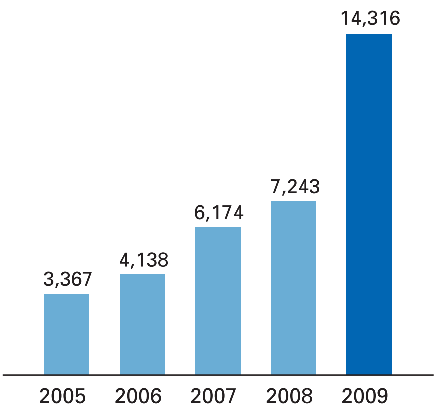
Total assets (RMB million)



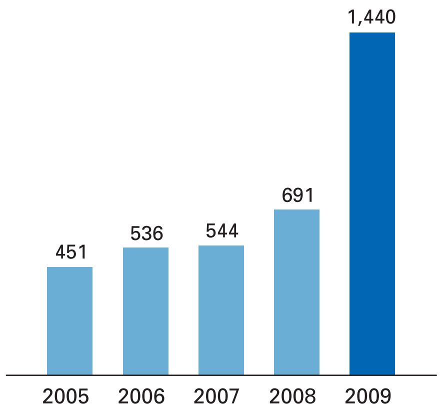
Total equity (RMB million)



Contracted sales (RMB million)



Saleable GFA sold ('000 sq.m.)



trendy • leisurely
Ocean City, Zhongshan

CEO's Statement

We have formulated our strategic development plan for the next five years which lays down the blueprint for rapid expansion of our Group's business scale. While exploring the business opportunities of our Group, we provide continuous support to the healthy development of the property market in our country....

LI Ming

Result of 2009 and Final Dividend

Sino-Ocean Land Holdings Limited (the "Company") and its subsidiaries (together referred to as "our Group" or "We") shared the joy of the recovery of the property market in the PRC in 2009 and our profit attributable to equity holders of the Company reached RMB1,582 million, a 14% increase as compared to 2008 and our earnings per share amounted to RMB0.337.

With reference to our profit attributable to equity holders of the Company for 2009, the Board of Directors (the "Board") is pleased to propose a final dividend of HKD0.05 per share for the year ended 31 December 2009. Including the interim dividend of HKD0.04 per share, total dividend per share for 2009 was HKD0.09 per share (2008: HKD0.10 per share) or a dividend payout ratio of 26% (2008: 29%).

Market Review and Outlook

At the beginning of 2009, many conservative investors expected the PRC economy and the asset prices would still be struggling with the risk of recession. However, unlike the U.S. and Europe, the PRC had no structural problem and very few toxic assets in its banking system. The most significant impact of the global financial turmoil on the PRC was on its export industry. Therefore, to the surprise of those conservative investors, the stimulus fiscal policy and eased monetary policy adopted by the PRC Central Government (the "Central Government") led to a strong rebound in asset price and property price across the PRC in 2009. The overall PRC economy maintained its upward trend as it did in the past year recording a 8.7% growth in GDP in 2009 and the uncertainty overhung from the global financial turmoil across the PRC had largely gone. At the same time, the country's manufacturing industry was expanding with Purchasing Manager Index over 50 for 10 consecutive months since March 2009 according to the information provided by the China Federation of Logistics & Purchasing. Escalating economic activities was further supported by the increase in new loans of approximately RMB9.6 trillion in 2009.

According to the information from the National Bureau of Statistics of China, total gross floor area (GFA) of commodity housing sold nationwide increased by 42% to approximately 937 million square meter (sq.m.) in 2009, up from approximately 659 million sq.m. in 2008. Total transaction value rose by 76% to approximately RMB4,399.5 billion in 2009, up from approximately RMB2,506.8 billion in 2008. The stimulus fiscal policy and eased monetary policy restored consumers' confidence in the property market. We observed a bullish market sentiment in 2009 when property price underwent a V-shape rebound from its trough in 2008. Such rebound was attributable to the strong liquidity and the pent-up demand in 2008 released in 2009. Restricted supply by the reduction of construction work during the financial turmoil compounded by huge demand led to a significant upward adjustment in selling prices in general. This was further accelerated by the inflation expectation during 2009. However, in view of the guidelines and regulative measures implemented by the

Central Government, we think that such price surge is unlikely to happen again in 2010.

As property sector accounted for a significant portion of the GDP, we believe that the purpose of any regulative policies adopted by the Central Government, same as before, is to suppress the speculative activities and to support the long term and sustainable development of the property market. In view of the over-zealous property market sentiment in 2009, the Central Government issued a series of regulative policies at the end of the year to slow down the upward thrust. These policies included the 11 specific measures issued in early January 2010, which clearly confirmed the requirement of a 40% down-payment for second home mortgage to restrain speculative transactions. The 11 specific measures also aimed at boosting housing supply, especially to the low-income group. Market regulative policy also includes the tightening of the idle land policy, which requires developers to pay an upfront deposit of 50% of the land price upon successful biding in the land auction. In addition, they will be required to pay a penalty on any land plot idle for two years or risk the land being called back by the government. We support increasing the upfront deposit in land auction and tightening of the idle land policy. We truly believe that these policies will help to support the property market's long term healthy growth. We also think that these positive regulative measures will lead to more consolidation in the coming years with the market witnessing financially strong developers standing tall. Our Group's strong financial position will definitely be benefited from this market consolidation. It will also provide us with tremendous acquisition opportunity in 2010.

The purpose of increasing the supply of low end policy housing in 2010 by the Central Government is to solve the housing problem for the low income group. The greater supply of lower end products will further encourage market segmentation, enabling mid-to-high end commodity housing to be more distinguished and thus drawing mid-to-high income group's attention to its better quality and investment value. In view of this, we will augment our supply of mid-to-high end commodity products in 2010 together with providing more value-added services to our customers. We believe that our outstanding quality will differentiate us from our competitors.

Looking ahead in 2010, we believe that the credit market and liquidity will be tightened in view of the rising concern over inflation. Nevertheless, we believe the property market will continue its healthy development. The promulgation of the city inhabitation card (城市居住證) in certain urban areas started in late 2009 will accelerate the urbanization process across the PRC. This will support the housing demand and the development of the property market. We are of the view that the property market will continue its steady growth in 2010 while the price rise will slow down by the regulative measures adopted by the Central Government but the overall supply will increase. We will pay close attention to the change in policy and adjust our strategy accordingly.

Corporate Governance

In December 2009, we completed the share placement of 934,000,000 shares to China Life Insurance Company Limited ("China Life") at a subscription price of HK$6.23 per share. In January 2010, China Life further increased their stake in our Group to 24.08% and became our substantial shareholder.

Upon completion of the share placement, China Life may nominate one non-executive Director to the Board as permissible under applicable laws, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the articles of association of the Company. The management structure will remain unchanged to ensure continuous operation efficiency. Overall, the successful placement of shares to China Life not only brings to our Group a stronger equity base but also strengthens our corporate governance structure through a more diverse shareholding structure.

Social Responsibility

While we do our best to maximize return to our shareholders, we also believe in taking on social responsibility. Our participation in various charitable and welfare activities helps create brand value and encourages our staff to design products with care to society. This helps to bring about a win-win situation among shareholders, the corporation and society. Entering into the second year since its establishment in 2008, the Sino-Ocean Charity Fund continues its independent operation and takes on its social responsibility in accordance with its mission to support educational needs and environmental protection.

The following photos indicate some of the major charitable events our Group and the Sino-Ocean Charity Fund participated in 2009.

CEO's Statement

Awards

Our Group received various awards in 2009. Some of the major awards are listed as follows:-

Appreciation

On behalf of the Board, I would like to take this opportunity to express my gratitude to our shareholders, investors, local government authorities, business partners and customers for their confidence in and valuable support to our Group. I would also like to thank our fellow Directors, the management team and staff for their contributions to our success.

LI Ming
CEO

glamorous • classic

Ocean Worldview, Dalian

Management Discussion & Analysis

We remained one of the largest residential property developers in Beijing in 2009 in terms of attributable equity interest GFA sold in commodity housing and secured leading positions in other regions with our business presence. Our revenue reached a record high of RMB8,824 million in 2009, representing a 36% increase as compared to RMB6,487 million in 2008. Our profit attributable to equity holders of the Company amounted to RMB1,582 million (2008: RMB1,388 million), a 14% rise as compared to 2008. Basic earnings per share was about RMB0.337 (2008: RMB0.310). Contracted sales amount was at a record high of RMB14,316 million (2008: RMB7,243 million) with total saleable GFA sold reached approximately 1,440,000 sq.m. (2008: 691,000 sq,m.), also a record high. The Group's overall operation efficiency and profitability advanced to a higher level since our listing in 2007. During the year 2009, we acquired 9 land plots across the PRC with a total GFA of 2,898,000 sq.m. at a total consideration of RMB8,779 million or an average land cost of RMB3,029 per sq.m., taking our landbank up to 13,808,000 sq.m. as at 31 December 2009.

Financial Review

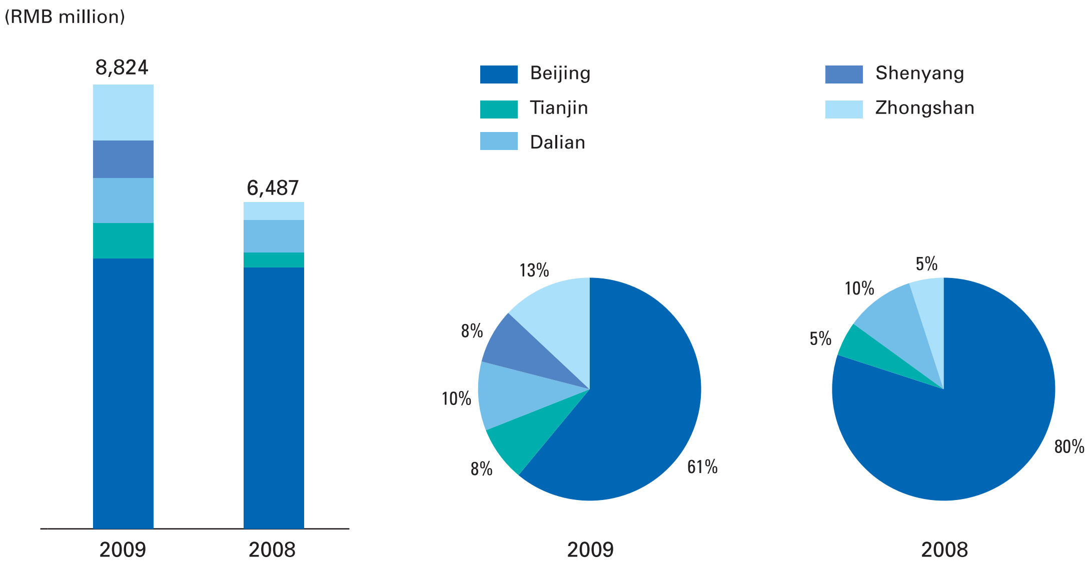
Revenue

The Group's revenue in 2009 grew by 36% to RMB8,824 million, from RMB6,487 million in 2008. The increase in revenue was attributable to the growth in both property development business and property investment business.

The following table sets forth our revenue breakdown for 2009 and 2008.

(RMB) million	2009	2008	YoY (%)
Property development	**8,218**	5,834	41%
Property investment	**156**	122	28%
Hotel operations	**38**	56	-32%
Property management	**172**	146	18%
Other real estate related businesses	**240**	329	-27%
Total revenue	**8,824**	6,487	36%

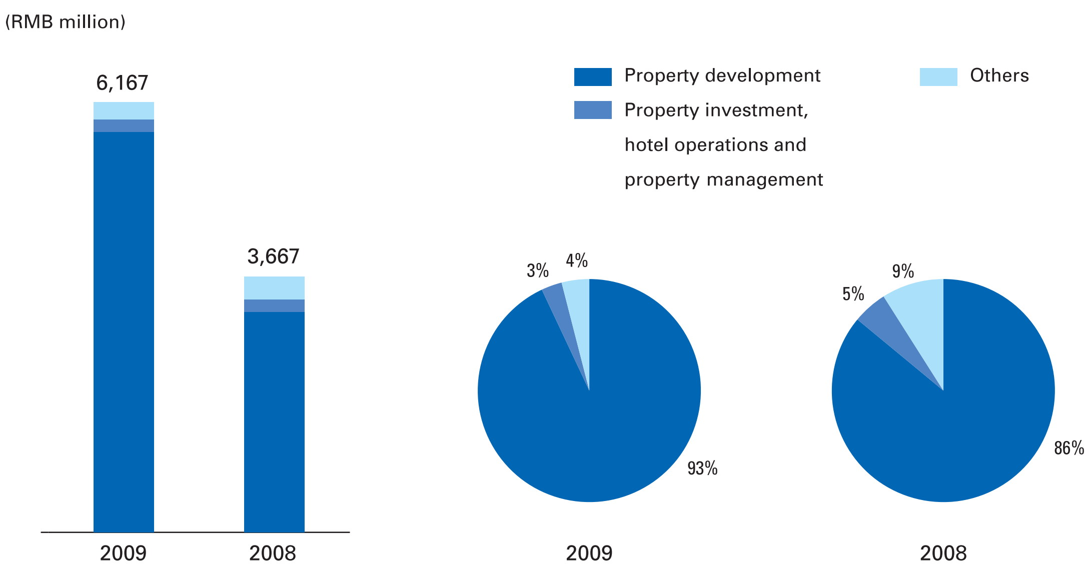
The following graphs compare the revenue contributions by geographical locations for 2009 and 2008.



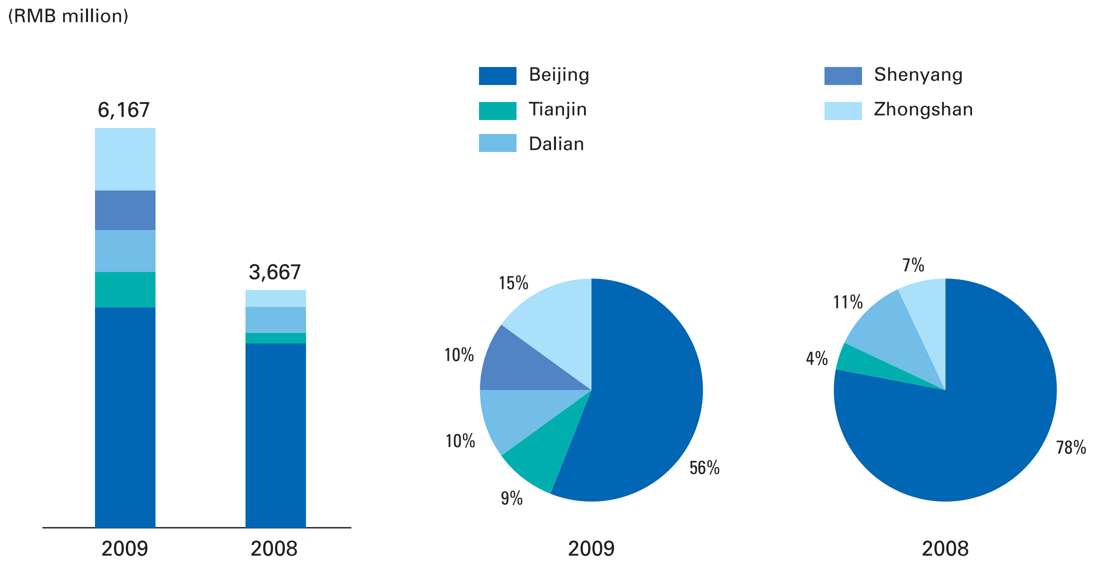
Beijing as our home base remained the largest revenue contributor, accounting for about 61% of our Group's revenue in 2009 (2008: 80%) and amounted to RMB5,368 million (2008: 5,182 million). The rise in revenue but decline in proportion was mainly due to more GFA delivered from areas outside Beijing. Revenue contributed from Dalian and Shenyang together increased by 155%; from Tianjin by 127% and from Zhongshan by 215%. This is in line with our strategy to diversify our revenue contributions from various cities to mitigate the risk from single market fluctuations. As we diversified our landbank portfolio, we will see a more balanced mix of revenue contributions while Beijing maintains its leading position in this respect.

Cost of Sales

The following graphs set forth the breakdown of our Group's cost of sales (business tax included) by business activities in 2009 and 2008.



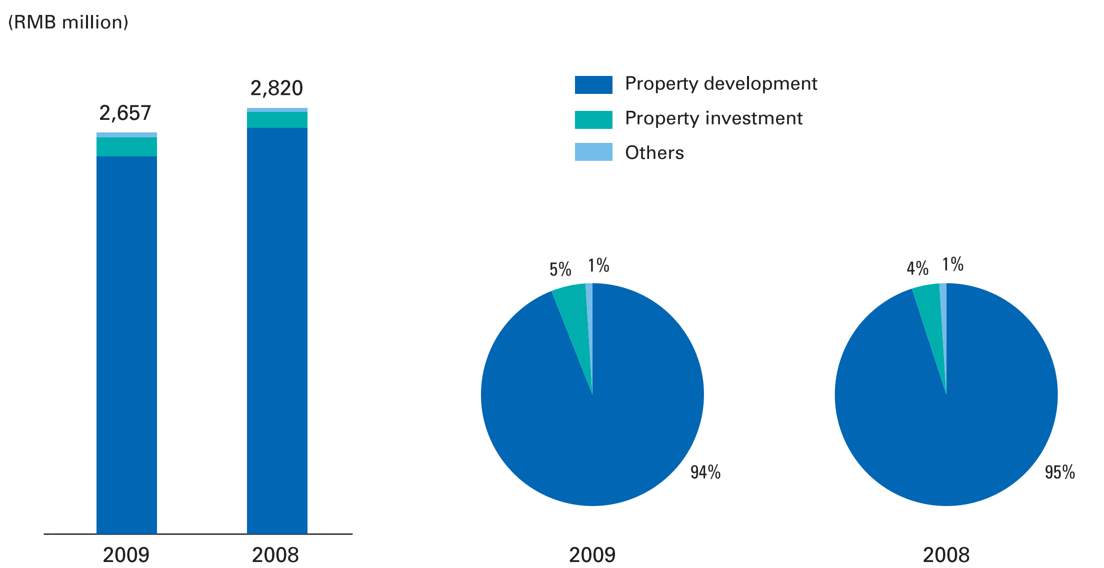
The following graphs set forth the breakdown of our Group's cost of sales (business tax included) by geographical locations in 2009 and 2008.



Excluding car parks, average land cost for property development business in 2009 was approximately RMB2,290 per sq.m., representing a 15% rise from RMB1,987 per sq.m. in 2008. The higher land cost was mainly due to the delivery of Ocean Great Harmony (Beijing), a high end residential site. As a result of the delivery of more high end fit-out apartments, average construction cost (excluding car parks) for property development business in 2009 was approximately RMB3,690 per sq.m., a slight increase from RMB3,673 per sq.m. in 2008.

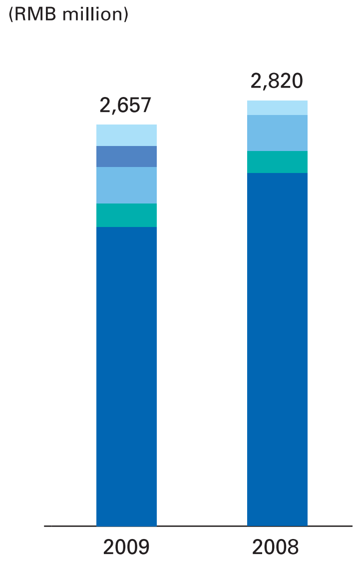
Gross Profit

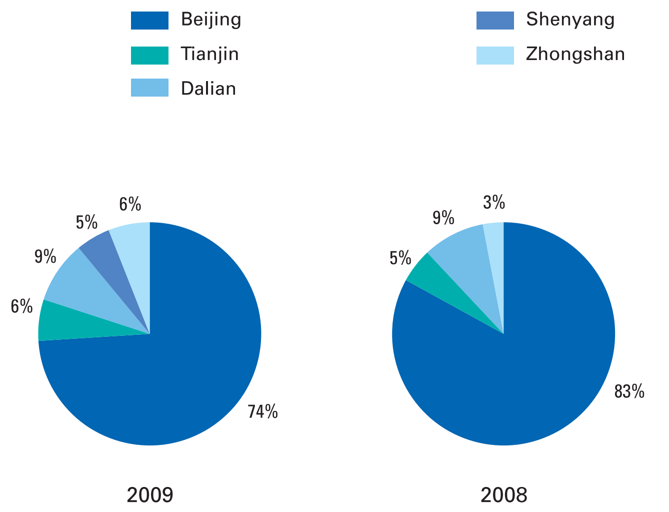
The following graphs set out the distribution of gross profit by business activities in 2009 and 2008:



Management Discussion & Analysis

The following graphs set out the distribution of gross profit by geographical locations in 2009 and 2008:





Gross profit amounted to RMB2,657 million in 2009, a slight drop of 6% compared to 2008. Gross profit margin at the same time decreased by 13 percentage points from 43% in 2008 to 30% in 2009. Such decline to a large extent was due to: (i) revenue in 2009 mainly came from the delivery of properties sold in 2008 when the sales price softened; (ii) increasing revenue contribution from property development projects outside Beijing (from 22% in 2008 to 42% in 2009 in terms of property development revenue), which normally have lower gross profit margin compared to those in Beijing; and (iii) delivery of the earlier phase of some of our projects. However, the average higher selling price of our projects in 2009 as compared to 2008 and our focus on high end commodity housing will help us to sustain our future gross profit margin. In addition, the implementation of our integrated IT system - Seagull II will serve us better in cost saving and control. It also speeds up our decision making process and information flow, which will ultimately improve our gross profit margin.

Other Income and Gains/ (Losses)

Other income decreased by 2% to RMB211 million in 2009 compared to RMB215 million in 2008. Such decline was mainly due to the slight reduction in overall interest income.

Our Group recorded other losses (net) in 2009 of RMB8 million as compared to other gains (net) of RMB127 million in 2008. This is mainly due to exchange loss incurred from our deposit held in bank accounts offshore. In addition, other gains (net) recorded in 2008 included a RMB78 million gain from early redemption of convertible bonds (2009: nil). The remaining portion of the convertible bonds was fully redeemed in 2009.

Operating Expenses

Selling and marketing costs rose by 27% to RMB318 million in 2009 (2008: RMB251 million). Such increase was due to our effort in pushing up our sales and marketing force so as to promote our available for sale projects to potential buyers in 2009. These costs, however, were only approximately 2.2% of the total contracted sales amount in 2009, as compared to 3.5% in 2008. We will continue our cost control measures to keep these costs at a relatively low level.

Administrative expenses fell by 24% to RMB320 million in 2009 (2008: RMB420 million). This was partly attributable to the effective implementation of our cost control measures in 2009. Included in administrative expenses, the amortization cost of share options decreased by 59% to RMB45 million (2008: RMB111 million). Overall administrative expenses were only 3.6% of revenue in 2009, representing a 2.9 percentage point drop from 6.5% in 2008.

Finance Costs

Total debt amount increased to approximately RMB21,840 million as at 31 December 2009, compared to RMB14,744 million as at 31 December 2008. Even so, the reduction in average interest rate from 7.7% in 2008 to only 5.4% in 2009 effected a 8% decline of total interest expenses paid or accrued to RMB989 million (2008: RMB1,073 million).

A US$700 million syndicated loan was completed in the second half of 2009 and not all the interest was capitalized until the fund was fully applied to the project. In addition, the remaining portion of the new loans drawn down but not yet fully used for property development on certain new projects also led to higher non-capitalized interest amount. Therefore, the increase in finance costs from RMB161 million in 2008 to RMB309 million in 2009 was mainly attributable to these non-capitalized interest portions. We expect a larger portion of the interest expenses to be capitalized when the loan is used on various projects in 2010.

Taxation

The aggregate of enterprise income tax and deferred tax increased by 31% to RMB681 million in 2009 (2008: RMB519 million), with effective tax rate increased to 27% (2008: 22%). This was attributable to the inclusion of withholding tax for the distribution of dividend outside of the PRC in 2009. In line with the decrease in gross profit margin, land appreciation tax in 2009 dropped by 41% to RMB248 million (2008: RMB420 million), accounting for 9.3% of gross profit in 2009 (2008: 14.9%).

Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company increased by 14% to RMB1,582 million in 2009, compared to RMB1,388 million in 2008. Average return on equity was approximately 8% in 2009 (2008: 9%) even though we had a larger shareholders' equity base in 2009 as compared to 2008. Our management will continue to focus on the improvement of our shareholders' return as their on-going task.

Liquidity and Financial Resources

In 2009, we completed three important fund raising transactions and further diversified our financing channels. In June 2009, we completed the issue of corporate bonds worth RMB2.6 billion with interest rate of 4.4% per annum in the PRC. Our corporate bonds were the first available for sale among PRC property developers in 2009. In September 2009, we successfully secured a US$700 million syndicated loan with interest rate of LIBOR + 2.1% per annum, providing additional financial support to our Group. The funding was used to repay the US$215 million bank loan raised in 2008 and to finance the general working capital requirements of the Group, including our project development. Another major fund raising was the completion of the share placement in December 2009, securing about HKD5,819 million which further strengthened our cash position and capital base.

As at 31 December 2009, our Group had total cash resources (the aggregate of cash and cash equivalents and restricted bank deposits) of RMB18,516 million and a current ratio of 2.7 times. We reserve a high level of cash resources at the year end of 2009 to make ourselves ready for high growth in expansion in 2010. Nevertheless, we will at our best maintain at least RMB6 billion to RMB8 billion cash balance to support our Group's daily operation, including payment of construction cost, and for potential acquisition.

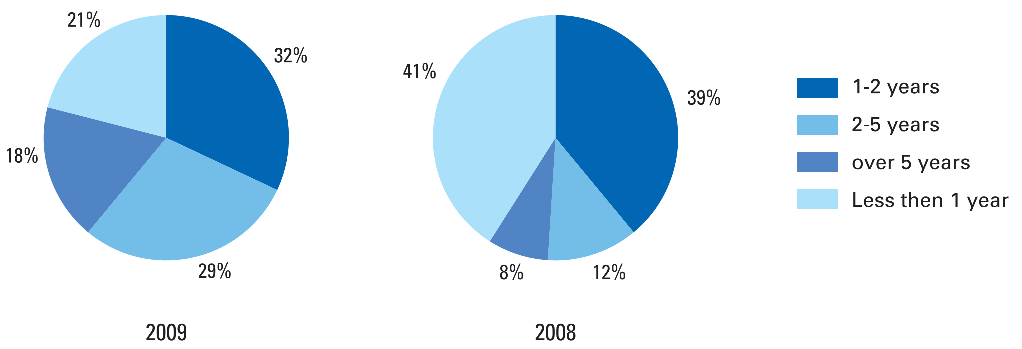
Net gearing ratio (i.e. total debt less cash resources divided by total shareholders' equity) remained at a relatively low level of 14% as at 31 December 2009 (31 December 2008: 35%). Unutilized banking facilities as at 31 December 2009 were approximately RMB27,840 million of which RMB10,050 million was ready to use. The strong liquidity position would enable our Group to ride out the market downturn and sustain our business development. In addition, through diversifying our financing channels, we can have a better balance in our investment objectives.

The repayment schedule of our Group's borrowings was as follows:

RMB million	As at 31 December 2009	As at 31 December 2008	YoY (%)
Within 1 year	4,653	5,965	-22%
1 to 2 years	7,019	5,783	21%
2 to 5 years	6,359	1,796	254%
Over 5 years	3,809	1,200	217%
Total	21,840	14,744	48%

Borrowings with repayment terms over 2 years accounted for 47% of total borrowings as at 31 December 2009 (31 December 2008: 20%). We improved our debt portfolio with a higher portion of mid-to-long term borrowings (2 years or upward) in 2009 than in 2008, enabling our Group more efficient use of the borrowed fund to invest in projects and match our investment objectives.

The following graphs indicate the distribution of borrowings by repayment schedule in 2009 and in 2008:



Financial Guarantees and Pledge of Assets

As at 31 December 2009, the value of the guarantees provided by our Group to banks for mortgages extended to some property buyers before completion of their mortgage registration was RMB1,812 million (31 December 2008:RMB1,544 million).

As at 31 December 2009, our Group had pledged part of its land use rights, 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 RMB1,418 million and long-term bank loans of RMB5,610 million. As at 31 December 2009, total pledged assets accounted for 9% of the total assets of our Group.

Capital Commitments

Our Group entered into certain agreements in respect of land acquisition and property development. As at 31 December 2009, our Group had a total capital commitment of RMB7,189 million (31 December 2008: RMB10,404 million).

Contingent Liabilities

In line with the prevailing commercial practice in the PRC, our Group provides guarantees for mortgages extended to some property buyers before completion of their mortgage registration. As at 31 December 2009, the total amount of the aforesaid guarantees provided by our Group was RMB1,812 million (31 December 2008: RMB1,544 million). In the past, our Group had not incurred any material loss from providing such guarantees. This is because the guarantees were given as a transitional arrangement that would be terminated upon the completion of the mortgage registration and were secured by the buyers' properties.

Business Review

Property Development

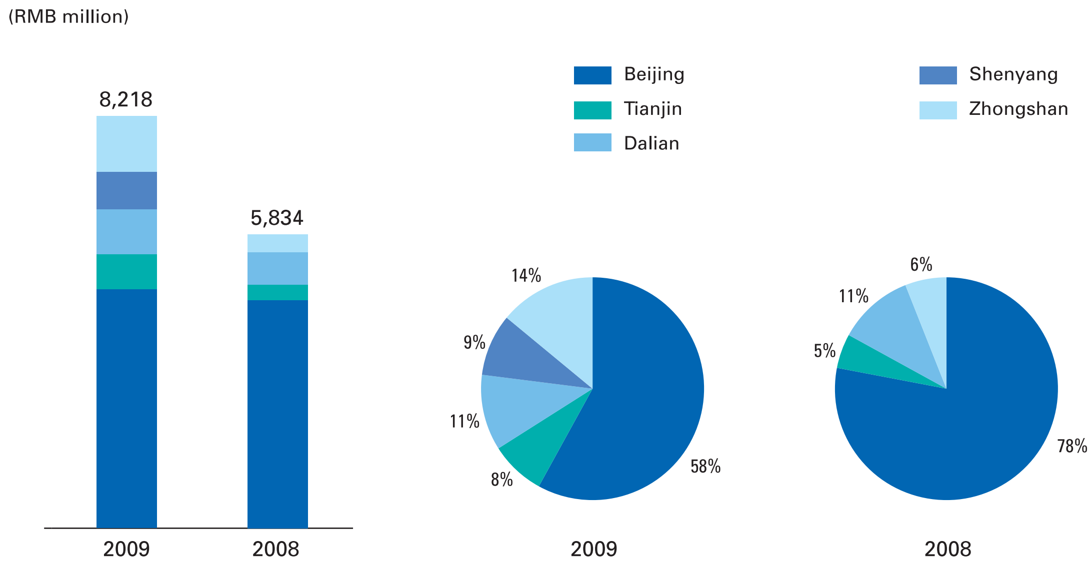
1) Recognized Sales

Revenue from property development business grew by 41% in 2009 and amounted to RMB8,218 million (2008: RMB5,834 million). Saleable GFA delivered increased by 67% from approximately 517,000 sq.m. in 2008 to approximately 865,000 sq.m. in 2009. Excluding car parks sales, the average selling price recognized in 2009 was about RMB9,962 per sq.m. (2008: RMB12,009 per sq.m.).

The following table presents the GFA delivered and relevant information on each project in 2009.

	Revenue (RMB million)	Saleable GFA delivered (sq.m.)	Average selling price recognized (RMB/ sq.m.)	Interest attributable to our Group (%)
Beijing				
Ocean Express（遠洋新幹線）	52	3,407	15,263	100%
Ocean Great Harmony（遠洋萬和城）	1,864	85,788	21,728	100%
Ocean Landscape（遠洋山水）	845	67,455	12,527	100%
Ocean Office Park（遠洋•光華國際）	109	3,860	28,238	100%
Ocean Honored Chateau（遠洋公館）	837	29,844	28,046	100%
Ocean Seasons（遠洋自然）	100	21,763	4,595	70%
Poetry of River（遠洋一方）	840	76,405	10,994	100%
Tianjin				
Ocean Express（遠洋新幹線）	622	94,247	6,600	97.05%
Ocean Paradise Phase I（遠洋天地一期）	64	5,441	11,763	96.99%
Dalian				
Ocean Prospect（遠洋風景）	629	46,342	13,573	100%
Xiangsong Project（香頌花城）	246	69,228	3,553	100%
Shenyang				
Ocean Paradise（遠洋天地）	691	118,748	5,819	100%
Zhongshan				
Ocean City（遠洋城）	1,064	176,849	6,016	100%
Subtotal	**7,963**	**799,377**	**9,962**	
Car parks (various projects)	255	65,857	3,872	
Total	**8,218**	**865,234**	**9,498**	

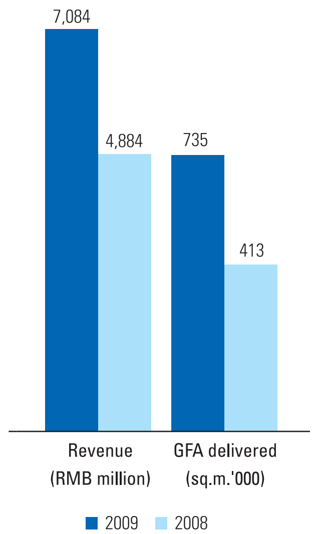
Breakdown of our Group's revenue from property development by geographical locations in 2009 and 2008 is as follows:-



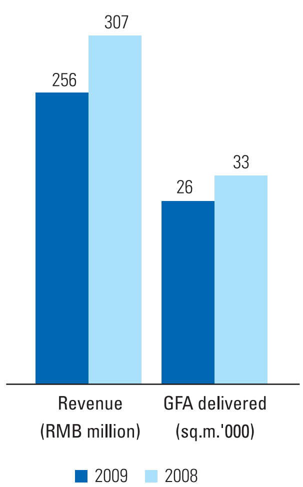
In terms of property types, residential properties continued to contribute the largest portion of property development revenue, accounting for 86% in 2009 (2008: 84%). The average selling price recognized for residential properties in 2009 was about RMB9,638 per sq.m. (2008: RMB11,826 per sq.m.) while total GFA delivered for residential use increased by 78% from approximately 413,000 sq.m. in 2008 to approximately 735,000 sq.m. in 2009.

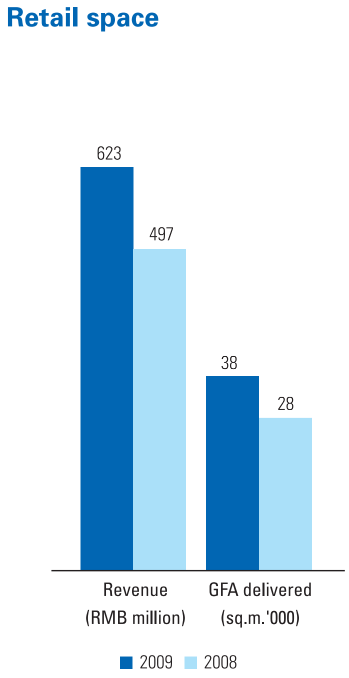
The following graphs indicate the revenue from property development in terms of property types in 2009 and 2008.

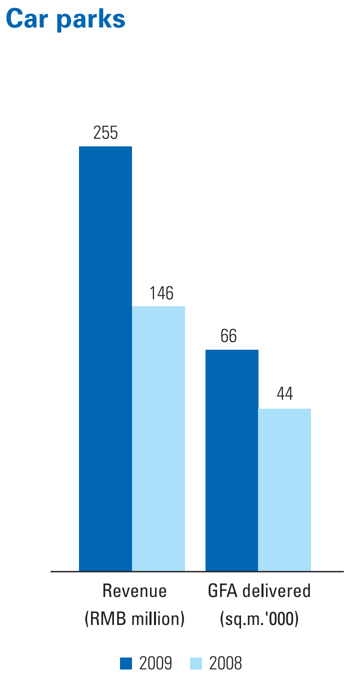
Residential



Office premises







2) Contracted Sales

Contracted sales reached a record high in 2009 to RMB14,316 million, up by 98% compared to RMB7,243 million in 2008. Total GFA sold, including car parks, increased by 108% to about 1,440,000 sq.m. (2008: 691,000 sq.m.). Average selling price per sq.m. in 2009 was about RMB9,942 (2008: RMB10,486) (including car parks sale) and RMB10,366 (2008: RMB11,118) (excluding car parks sale). Outstanding contracted sales to be recognized in 2010 or later amounted to RMB11,617 million, promising a solid base for our Group's future revenue growth.

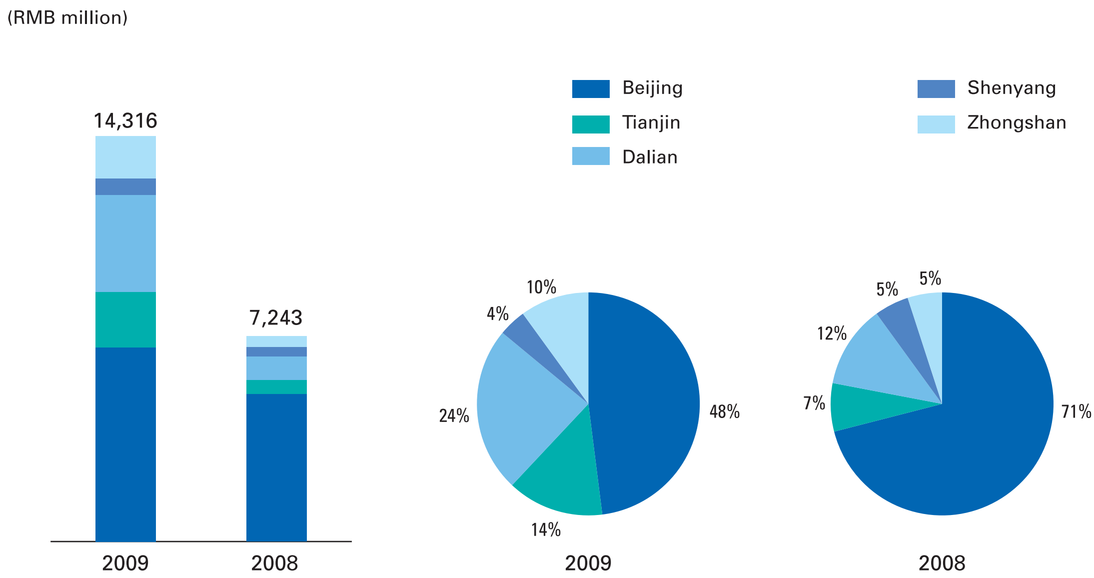
As more contracted sales are being contributed by areas outside Beijing, we expect the increase in GFA sold will outweigh the increase in average selling price and become the driver for the growth of our contracted sales in the next few years.

The following table lists the contracted sales amounts and GFA sold by projects in 2009:

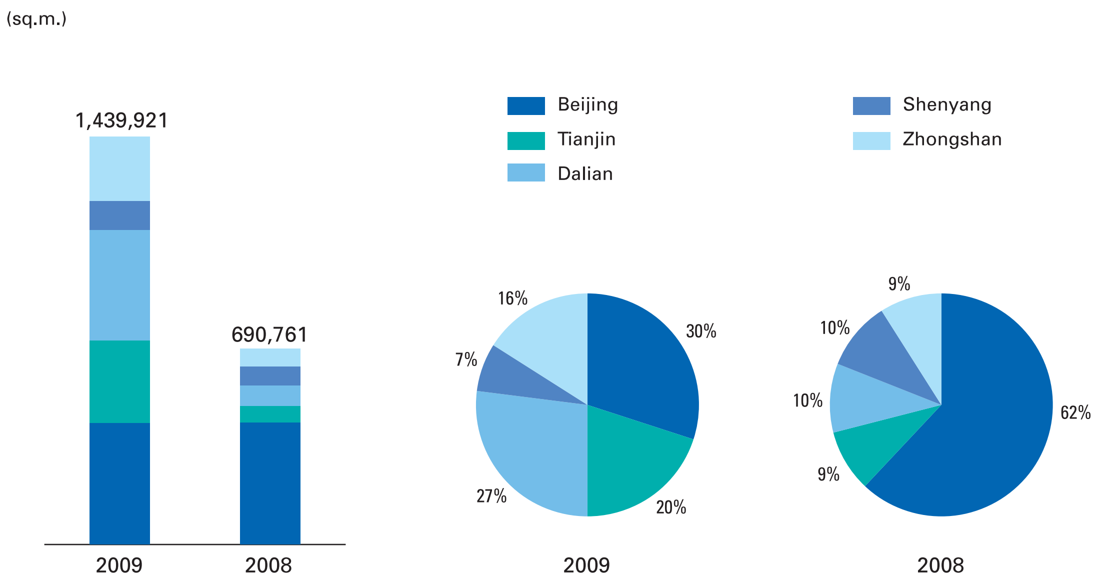
	Contracted sales amount (RMB million)	Saleable GFA sold (sq.m.)	Average selling price (RMB/ sq.m.)	Interest attributable to our Group (%)
Beijing				
Ocean Express（遠洋新幹線）	23	1,992	11,546	100%
Ocean Great Harmony（遠洋萬和城）	2,730	101,862	26,801	100%
Ocean Honored Chateau（遠洋公館）	251	7,138	35,164	100%
Ocean Landscape（遠洋山水）	455	36,010	12,635	100%
Ocean Landscape Eastern Area（遠洋沁山水）	1,725	127,071	13,575	100%
Ocean Office Park（遠洋 • 光華 國際）	109	3,860	28,238	100%
Poetry of River（遠洋一方）	1,408	102,391	13,751	100%
Tianjin				
Ocean City（遠洋城）	1,419	210,248	6,749	100%
Ocean Express（遠洋新幹線）	425	69,001	6,159	97.05%
Ocean Paradise Phase I（遠洋天地一期）	91	7,877	11,553	96.99%
Dalian				
Ocean Prospect（遠洋風景）	1,048	69,854	15,003	100%
Ocean Worldview（紅星海世界觀）	2,007	211,721	9,479	100%
Xiangsong Project（香頌花城）	356	101,192	3,518	100%
Shenyang				
Ocean Paradise（遠洋天地）	543	96,581	5,622	100%
Zhongshan				
Ocean City（遠洋城）	1,454	208,078	6,988	100%
Subtotal	**14,044**	**1,354,876**	**10,366**	
Car parks (various projects)	272	85,045	3,198	
Total	**14,316**	**1,439,921**	**9,942**	

There were altogether 15 projects available for sale in 2009 (2008: 15), of which 14 were located in the Pan-Bohai Rim and accounting for about 90% of total contracted sales amount (excluding car parks).

The following graphs indicate the breakdown of contracted sales amount by geographical locations in 2009 and 2008.



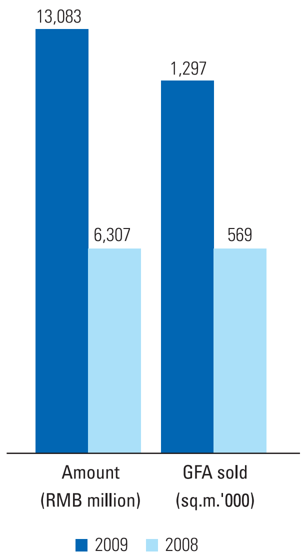
The following graphs indicate the breakdown of saleable GFA sold by geographical locations in 2009 and 2008.



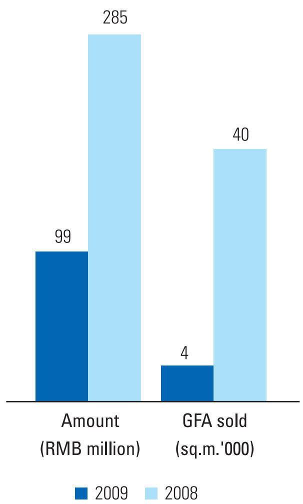
In terms of property types, residential properties continued to contribute the largest portion of contracted sales amount and accounted for 91% in 2009 (2008: 87%). The average selling price for residential properties in 2009 was about RMB10,087 per sq.m. (2008: RMB11,084 per sq.m.) while the total GFA sold for residential use increased by 128% from approximately 569,000 sq.m. in 2008 to approximately 1,297,000 sq.m. in 2009.

The following graphs indicate the contracted sales amount in terms of major property types in 2009 and 2008.

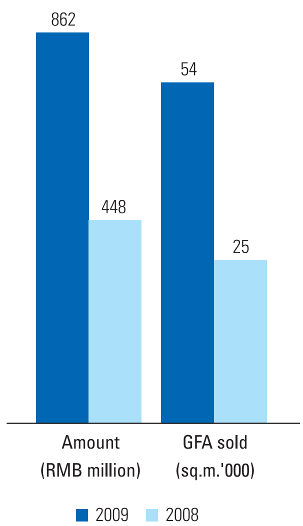
Residential



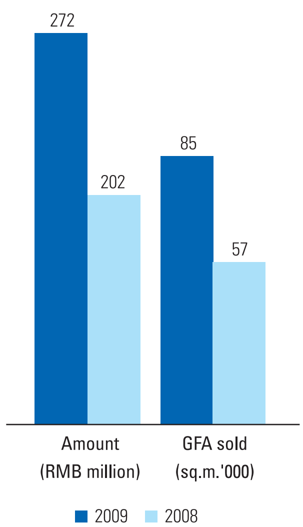
Office premises



Retail space



Car parks



3) Construction Progress and Developing Projects

Total GFA and total saleable GFA completed in 2009 were approximately 999,000 sq.m. and 862,000 sq.m., going up by 20% and 26% respectively compared to 2008. Meanwhile, we target to increase our construction scale in order to have more GFA available for delivery to support our revenue growth in 2010.

	Approximate total GFA (sq.m.)	GFA completed in 2009 (sq.m.)	Target GFA to be completed in 2010 (sq.m.)
Beijing			
Ocean Great Harmony（遠洋萬和城）	442,000	144,000	118,000
Ocean Honored Chateau（遠洋公館）	52,000	24,000	—
Ocean Landscape Eastern Area（遠洋沁山水）	599,000	95,000	227,000
Ocean Seasons（遠洋自然）	381,000	23,000	—
Poetry of River（遠洋一方）*	793,000	68,000	3,000
Tianjin			
Ocean City（遠洋城）	2,409,000	—	239,000
Ocean Express（遠洋新幹線）	346,000	75,000	61,000
Dalian			
Ocean Prospect（遠洋風景）	178,000	20,000	30,000
Ocean Worldview（紅星海世界觀）	1,928,000	—	277,000
Xiangsong project（香頌花城）	188,000	89,000	99,000
Shenyang			
Ocean Paradise（遠洋天地）	795,000	189,000	29,000
Zhongshan			
Ocean City（遠洋城）	1,913,000	272,000	202,000
Total	**10,024,000**	**999,000**	**1,285,000**

* Including Poetry of River Phase I and Phase II

4) Newly acquired projects and other major acquisitions

In 2009, our Group acquired 9 new land plots at a total consideration of RMB8,779 million covering a total GFA of approximately 2,898,000 sq.m. at an average acquisition price of about RMB3,029 per sq.m. Most of the newly acquired land plots are located in the Pan-Bohai Rim, in line with the Board's strategy to further fortify our leading position in that region.

The following table lists the information regarding projects acquired by our Group during 2009.

	Usage	Estimated year available for sale	Total GFA (sq.m.)	Interest attributable to our Group (%)
Beijing				
Jingmian Project （京棉項目）	Office & retail space	2011	79,000	100%
Poetry of River East （遠洋一方東區）	Residential & retail space	2010	94,000	100%
Ocean Landscape South （遠洋沁山水南區）	Residential & retail space	2010	180,000	100%
Yizhuang Sanyang Project（亦庄三羊項目）	Residential & retail space	2011	327,000	100%
Tianjin				
Nihuangzhuang Project （倪黃庄項目）	Residential	2011	351,000	100%
Dalian				
IT Zone – Industrial （IT 產業園－工業部份）	Industrial	2012	835,000	100%
IT Zone – Residential （IT 產業園－住宅部份）	Residential & retail space	2011	355,000	100%
University Zone （大學城項目）	Residential & retail space	2010	537,000	100%
Huangshan				
Taohuadao Project （桃花島項目）	Residential & tourist	2012	140,000	100%
Total			**2,898,000**	

Apart from those newly acquired projects, we also expand our landbank in terms of attributable interest through acquisition of the minority interest of our existing projects. In December 2009, we completed the acquisition of Cityshine Holdings Limited, which previously held 20% interest of Ocean Office Park (Beijing) at a total consideration of RMB116 million. In addition, in February 2010, we completed the acquisition of Sky Charter Development Limited, which previously held 30% interest of Canal Commercial District (Hangzhou) at a total consideration of RMB50 million. This helps to further solidify our control over project design and project management.

5) Land Bank

Our Group's landbank increased by 12% to 13,808,000 sq.m. as at 31 December 2009 (31 December 2008: 12,282,000 sq.m.); while landbank with attributable interest increased by 16% to 13,549,000 sq.m. (31 December 2008: 11,637,000 sq.m.). Saleable GFA in the landbank was about 11,247,000 sq.m. as at 31 December 2009. Our Group's landbank was located in 7 cities in the PRC, including Beijing, Tianjin, Dalian, Shenyang, Hangzhou, Zhongshan and Huangshan. The average land cost per sq.m. of our Group's landbank as at 31 December 2009 was approximately RMB2,251 (31 December 2008: RMB2,118).

Location	Project	Approximate total GFA (sq.m.)	Approximate total saleable GFA (sq.m.)	Remaining landbank (sq.m.)	Interest attributable to our Group (%)
Completed properties held for sale					
Beijing	Ocean Express 遠洋新幹線	191,000	173,000	17,000	100%
Beijing	Ocean Honored Chateau 遠洋公館	52,000	39,000	12,000	100%
Beijing	Ocean Landscape 遠洋山水	1,401,000	1,193,000	27,000	100%
Beijing	Ocean Seasons 遠洋自然	381,000	237,000	18,000	70%
Subtotal		**2,025,000**	**1,642,000**	**74,000**	
Properties under development					
Beijing	Jiangtai Business Center 將台商務中心	306,000	264,000	306,000	50%
Beijing	Ocean Great Harmony 遠洋萬和城	442,000	298,000	341,000	100%
Beijing	Ocean Landscape Eastern Area 遠洋沁山水 *	599,000	477,000	599,000	100%
Beijing	Poetry of River 遠洋一方 **	793,000	703,000	646,000	100%
Tianjin	Ocean City 遠洋城	2,409,000	2,089,000	2,409,000	100%
Tianjin	Ocean Express 遠洋新幹線	346,000	288,000	228,000	97.05%
Tianjin	Ocean Paradise 遠洋天地	567,000	406,000	135,000	96.99%
Dalian	Ocean Prospect 遠洋風景	178,000	160,000	74,000	100%
Dalian	Ocean Worldview 紅星海世界觀	1,928,000	1,484,000	1,928,000	100%
Dalian	Xiangsong Project 香頌花城	188,000	176,000	114,000	100%
Hangzhou	Canal Commercial District 運河商務區 #	866,000	665,000	866,000	100%
Shenyang	Ocean Paradise 遠洋天地	795,000	680,000	656,000	100%
Zhongshan	Ocean City 遠洋城	1,913,000	1,704,000	1,634,000	100%
Subtotal		**11,330,000**	**9,394,000**	**9,936,000**	

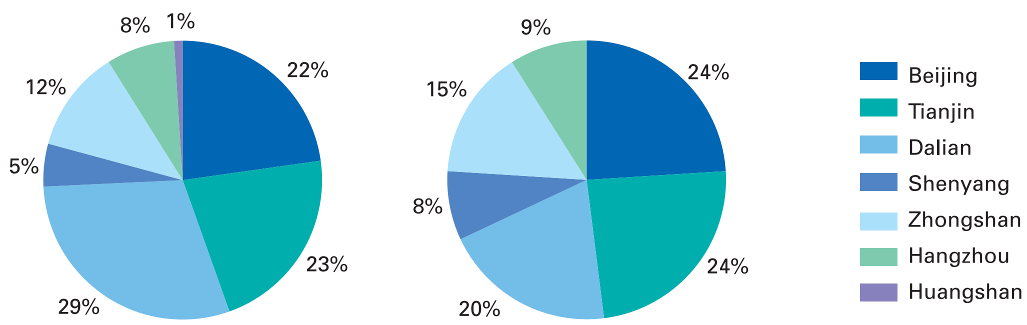
Location	Project	Approximate total GFA (sq.m.)	Approximate total saleable GFA (sq.m.)	Remaining landbank (sq.m.)	Interest attributable to our Group (%)
Properties held for future development					
Beijing	Beiqijia Project 北七家項目	215,000	118,000	215,000	100%
Beijing	Jingmian Project 京棉項目	79,000	70,000	79,000	100%
Beijing	Ocean La Vie 遠洋 • La Vie	208,000	130,000	208,000	85.72%
Beijing	Ocean Wangfujing Project 王府井項目	50,000	45,000	50,000	100%
Beijing	Poetry of River East 遠洋一方東區	94,000	80,000	94,000	100%
Beijing	Tongzhou Yuqiao 通州玉橋項目	173,000	152,000	173,000	100%
Beijing	Yizhuang Sanyang Project 亦庄三羊項目	327,000	282,000	327,000	100%
Tianjin	Nihuangzhuang Project 倪黃庄項目	351,000	336,000	351,000	100%
Dalian	IT Zone – Industrial portion IT 產業園－工業部份	835,000	399,000	835,000	100%
Dalian	IT Zone – Residential portion IT 產業園－住宅部份	355,000	345,000	355,000	100%
Dalian	Ocean Seasons 遠洋自然 (Formerly named Nanguan Ling Project)	138,000	102,000	138,000	100%
Dalian	University Zone 大學城	537,000	488,000	537,000	100%
Dalian	Xishan Project 西山項目	97,000	93,000	97,000	100%
Hangzhou	Hang Yimian 杭一棉	199,000	141,000	199,000	70%
Huangshan	Taohuadao Project 桃花島項目	140,000	135,000	140,000	100%
Subtotal		3,798,000	2,916,000	3,798,000	
Total		17,153,000	13,952,000	13,808,000	

* Including the newly acquired Ocean Landscape South land plot in 2009.

** Including both Poetry of River (Beijing) Phase I and Phase II

\# Including the completion of acquisition of Sky Charter Development Limited, which previously held 30% interest of Canal Commercial District (Hongzhou), in February 2010

The following graphs set forth the landbank by geographical locations as at 31 December 2009 and 31 December 2008.



31 December 2009

31 December 2008

Property Investment

Investment properties provide a steady and reliable income and cash flow to our 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. In 2009, revenue from property investment increased by 28% to RMB156 million (2008: RMB122 million). As at 31 December 2009, our Group held three investment properties in Beijing, namely, Ocean Plaza, Ocean International Center Block A and Ocean Office Park, all of which are A-grade office premises with a total leasable area of 202,000 sq.m..

	Approximate leasable area (sq.m.)	Office premises (sq.m.)	Retail space (sq.m.)	Others (sq.m.)	Occupancy rate as at 31 December 2009 (%)	Interest attributable to our Group (%)
Ocean Plaza (Beijing) 遠洋大廈#	31,000	26,000	1,000	4,000	Over 95%	72%
Ocean International Center Block A (Beijing) 遠洋國際中心	85,000	77,000	8,000	—	Over 85%	100%
Ocean Office Park (Beijing)* 遠洋•光華國際	86,000	81,000	5,000	—	Over 10%	100%
Total	**202,000**	**184,000**	**14,000**	**4,000**		

Including acquisition of 2% equity interest previously held by Beijing Urban Development Group Co., Ltd in March 2009.

* Ocean Office Park (Beijing) started leasing in the second half of 2009. In addition, we completed the acquisition of Cityshine Holdings Limited, which previously held 20% interest of Ocean Office Park (Beijing), in December 2009

Property Management

For the year ended 31 December 2009, our Group's revenue from the provision of property management services amounted to RMB172 million, representing a 18% increase compared to RMB146 million in 2008. A total GFA of 3,722,000 sq.m. (2008: 2,860,000 sq.m.) was covered by our Group's property management services.

Strategy and Prospect

Moving forward to 2010, our key development strategy would be further enhancing our product quality and gradually moving towards high end products in existing regions in order to enjoy a premium over our products. We believe that there will be tremendous opportunities for potential land acquisition in the year to come which facilitate us to accelerate our expansion in landbank and property development business. Nevertheless, we will follow our prudent but transparent financial management strategy to maintain our debt and cashflow at a healthy and reasonable level during the year of expansion in 2010. We take the view that the goal of Central Government policy towards the property market is to support its long term healthy development even though property market may therefore be subjected to short term fluctuation due to policy changes. We will pay close attention to any policy change and adjust our development strategy accordingly.

Land Acquisition Strategy

The urbanization process in the PRC not only will benefit first-tier cities, but also will accelerate the growth in economy and city size of second-tier cities. With our experience in property development accumulated over the years, we are well positioned to accelerate our pace of expansion into high growth cities through various channels in 2010 and will take advantage of that position. We will actively participate in open land auction to acquire land plots at prices carefully calculated and considered reasonable. Apart from land auction, we will also look out closely for merger and acquisition opportunities in 2010 now that our professional team is firmly established. We will also consider bringing in good partners in project acquisitions through joint ventures, leveraging on both parties' strength to generate higher returns. In addition, we will pay attention to the development of express railway network and its effects on the future development of the property market. With the high growth potential that the network brings, we may start developing in some of the cities along the transportation hubs. Looking into 2010, apart from the Pan-Bohai Rim, we will also search for opportunities along the Yangtze River Delta, especially Shanghai, and other fast growing areas, including Hainan and the South-Western part of the PRC such as Chengdu and Chongqing. We believe that expanding our landbank to these areas will help to diversify our portfolio risk from single market fluctuations.

Information Technology Advancement

We understand the importance of information technology and believe that upgrading in this respect will be one of the key drivers to our Group's next phase of fast growth. Hence we started a large scale information technology reform project in 2009 coded "Seagull II". Seagull II is a comprehensive system developed by our own staff. It has improved our current system significantly, helping our Group to plan resources better and expand our database. The more sophisticated systemization of our work flow will enhance our Group's efficiency and provide more up-to-date information to our management for better decision making. Seagull II also tightens our Group's internal control through better defined authorization process. In addition, it enables video conference among various regional offices to save the management team's travelling. In short, Seagull II has brought about better overall efficiency, communication and decision making. We will see more of Seagull II's benefits in its later phase of development.

Other information

Risk of Exposure to Exchange Rate Fluctuations and Related Hedging

In 2009, our Group had no investments in hedging speculative derivatives. In view of the potential Renminbi exchange rate fluctuations, our Group will consider arranging for monetary and interest rate swaps at appropriate times to avoid the corresponding risks.

Employees and Human Resources

As at 31 December 2009, our Group had 4,111 employees (31 December 2008: 3,893). The slight increase in headcount is in line with our business growth in terms of contracted sales and properties under construction.

Due to the rebound of property sector in the PRC in 2009, we observed that many developers were eagerly hunting for talents in the labor market to fill positions made vacant during the financial turbulence in 2008. As a result, turnover rate in 2009 across the property industry was high. In order to retain our dedicated staff, our Group revamped our human resources system and salary structure to make it more competitive, market-oriented and performance-based. Our Group has already adopted share option scheme and will consider introducing restricted shares award scheme in coming years. We believe that these schemes will be able to provide long term incentive to our staff and help us to compensate them for their contribution appropriately. We also provide training to bring their various skills up-to-date. We believe that with a talented and well-trained team of staff we will be leader of the pack and create additional value for our shareholders.

Investor Relations

Achieving higher transparency

The Group's Investor Relations team (the "IR team") is devoted to enabling the most effective communication between the Company, the financial community and other stakeholders. We adhere to the best practice of high transparency and consistency in the disclosure of information. We also welcome feedback from stakeholders so we can keep improving.

We demonstrated our integrity by having constant and honest dialogues with stakeholders in the very challenging business environment in 2008. We continued to maintain regular communication in 2009. At the same time, we have turned our stakeholders' constructive suggestions on investor relations into practice.

Reaching a larger audience

In 2009, the Group's management representatives and the IR team participated at meetings and conference calls with stakeholders from about 680 funds and securities firms as well as retail shareholders, including 18 large-scale investor conferences and daily meetings.

As suggested by many stakeholders, we included Japan and Holland in our post annual results road show in April 2009, in addition to the United States, England, Singapore, Hong Kong and Mainland China. Altogether we met with over 120 shareholders and investors in the road show.

Gaining wider analyst coverage

To raise our profile in the financial community, more analysts have been encouraged to pay attention to the Group's performance. The IR team is pleased to report that coverage has increased from 5 securities firms in 2007, to 15 in 2008 and 26 by the end of 2009, including Citigroup, J.P. Morgan, Merrill Lynch, Morgan Stanley, Nomura, Goldman Sachs, BNP Paribas, etc. As at end of 2009, ratings on the Group were very encouraging – 20 rated "outperform" or "buy", six recommended "hold" and none suggested "sell".

Organizing site visits

In 2009, we organized some 270 site visits for the stakeholders to view our projects in six different cities in China. We collected and reported to the management team regularly stakeholders' comments and suggestions on the projects.

By popular demand the Group organized its first property tour in June 2009. We arranged tours to visit three residential projects, from mid-range to top-end, in Beijing. These were key contributors to sales in 2009 and would be in 2010, namely, Poetry of River（遠洋一方）, Ocean Great Harmony（遠洋萬和城）and Ocean La Vie (遠洋 La Vie). Having seen the projects in person, stakeholders could appreciate better the Company's capability in building different categories of products. The tours were well-attended and successful – over 80 guests from Europe, North America, South America and Asia were impressed with what they saw.

Revamping the company's website and enriching the content of newsletters

In order to provide the public with more updated information and to make it more user-friendly, we have revamped our website (www.sinooceanland.com). Information on the Group's corporate governance principles, answers to frequently asked questions, quarterly newsletters and PowerPoint presentations on the Group's development can now be found on the new website.

We have also enriched the content of our quarterly newsletters by disclosing quarterly contracted sales data and adding a column from the management whenever there is a need to analyze market conditions or company strategy in details.

Strengthening communication with retail shareholders

The Group values the opportunities to communicate with all shareholders. While our management representatives do not often have the opportunity to talk to our retail shareholders, they are grateful for the latter's continued support. Since 2008's extraordinary general meeting, we have set up a "Q&A session" at all the annual and extraordinary general meetings for shareholders, especially retail shareholders, to directly talk to our management representatives to gain a deeper understanding of the Company's strategies and latest development.

We are grateful to all stakeholders for their support and feedback. If you have questions or comments about our work, please contact us at ir@sinooceanland.com. We promise to provide answers (and post them on our website if we think they will be of interest to our shareholders and other investors) to the extent permitted by applicable laws, regulations and the Listing Rules. In the case of comments, we will take your views into account and act upon them if this will improve our performance.

green • bright
Ocean Seasons, Beijing

Overview of Projects Available for Sale

Beijing

Ocean Great Harmony（遠洋萬和城）

Total GFA: 442,000 sq.m.
Total saleable GFA: 298,000 sq.m.
Attributable interest to our Group: 100%
Usage: Residential, office premises and retail space
Number of phases: 2
Completion: 2010 – 2011

Ocean Honored Chateau（遠洋公館）

Total GFA: 52,000 sq.m.
Total saleable GFA: 39,000 sq.m.
Attributable interest to our Group: 100%
Usage: Residential and retail space
Number of phase: 1
Completion: 2009

Overview of Projects Available for Sale

Ocean Landscape（遠洋山水）

Total GFA: 1,401,000 sq.m.
Total saleable GFA: 1,193,000 sq.m.
Attributable interest to our Group: 100%
Usage: Residential and retail space
Number of phases: 4
Completion: 2008

Ocean Landscape Eastern Area（遠洋沁山水）

Total GFA: 599,000 sq.m.
Total saleable GFA: 477,000 sq.m.
Attributable interest to our Group: 100%
Usage: Residential, Hotel and retail space
Number of phases: 5
Completion: 2009 - 2011

Overview of Projects Available for Sale

Ocean La Vie (遠洋• La Vie)

Total GFA: 208,000 sq.m.
Total saleable GFA: 130,000 sq.m.
Attributable interest to our Group: 85.72%
Usage: Residential
Number of phases: 2
Completion: 2010 – 2012

Poetry of River（遠洋一方）

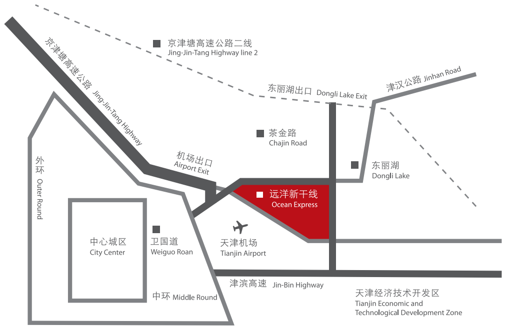
Total GFA: 793,000 sq.m.
Total saleable GFA: 703,000 sq.m.
Attributable interest to our Group: 100%
Usage: Residential and retail space
Number of phase: 2
Completion: 2008 - 2011

Overview of Projects Available for Sale

Tianjin

Ocean City（遠洋城）

Total GFA: 2,409,000 sq.m.
Total saleable GFA: 2,089,000 sq.m.
Attributable interest to our Group: 100%
Usage: Residential and retail space
Number of phases: 5
Completion: 2010 – 2016



Ocean Express（遠洋新幹線）

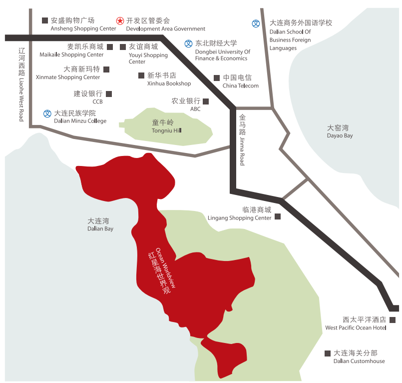
Total GFA: 346,000 sq.m.
Total saleable GFA: 288,000 sq.m.
Attributable interest to our Group: 97.05%
Usage: Residential, office premises and retail space
Number of phases: 2
Completion: 2008 – 2011

Overview of Projects Available for Sale

Dalian

Ocean Prospect（遠洋風景）

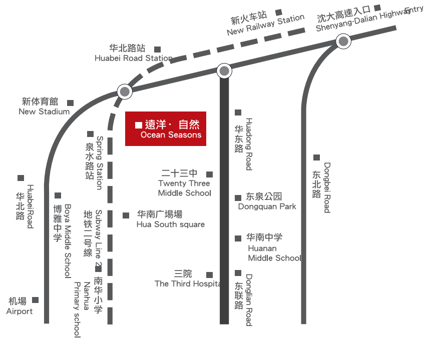
Total GFA: 178,000 sq.m.
Total saleable GFA: 160,000 sq.m.
Attributable interest to our Group: 100%
Usage: Residential and retail space
Number of phase: 1
Completion: 2008 - 2010



Ocean Worldview（紅星海世界觀）

Total GFA: 1,928,000 sq.m.
Total saleable GFA: 1,484,000 sq.m.
Attributable interest to our Group: 100%
Usage: Residential, hotels and retail space
Number of phases: 7
Completion: 2010 - 2018

Overview of Projects Available for Sale



Ocean Seasons（遠洋自然）

Total GFA: 138,000 sq.m.
Total saleable GFA: 102,000 sq.m.
Attributable interest to our Group: 100%
Usage: Residential
Number of phase: 1
Completion: 2011-2012

Shenyang

Ocean Paradise（遠洋天地）

Total GFA: 795,000 sq.m.
Total saleable GFA: 680,000 sq.m.
Attributable interest to our Group: 100%
Usage: Residential and retail space
Number of phases: 5
Completion: 2009 - 2013

Overview of Projects Available for Sale

Zhongshan

Ocean City（遠洋城）

Total GFA: 1,913,000 sq.m.
Total saleable GFA: 1,704,000 sq.m.
Attributable interest to our Group: 100%
Usage: Residential, office premises, retail space and shopping center
Number of phases: 10
Completion: 2008 - 2014

Hangzhou

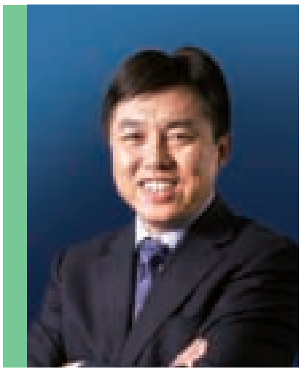
Canal Commercial District（運河商務區）

Total GFA: 866,000 sq.m.
Total saleable GFA: 665,000 sq.m.
Attributable interest to our Group: 100%
Usage: Residential, office premises, hotels and retail space
Number of phases: 4
Completion: 2011 - 2014

elegant • splendid

Ocean City, Zhongshan

Biographies of Directors and Senior Management



Chairman, Executive Director and Chief Executive Officer

Mr. LI Ming (李明), aged 46, is Chairman of the Board, executive Director and Chief Executive Officer of the Company. Mr. Li joined the Group as a general manager in July 1997 and became Chief Executive Officer in August 2006. Mr. Li also serves as the chairman or a director of a number of our subsidiaries and project companies. With over 12 years' experience in property development and property investment, Mr. Li is primarily responsible for our Company's overall strategic planning, business management and property development projects across different cities. Before joining the Group, Mr. Li held a senior management position in the China Ocean Shipping (Group) Company (the "COSCO") and its subsidiaries (the "COSCO Group"). Mr. Li obtained a Bachelor's Degree in Motor Vehicle Transportation from the Jilin Industrial University in July 1985 and an Executive Master of Business Administration Degree from the China Europe International Business School in May 1998. Mr. Li is currently a member of the Committee of the Eleventh People's Policy-related Consultation Conference of the Beijing Municipality, a member of the Fourteenth People's Congress of the Chaoyang District of the Beijing Municipality and an executive director of the China Real Estate Association. Mr. Li has won various nation-wide awards and was successively conferred such titles as "Influential Person of the Chinese Real Estate Industry", "Leading Person of Brand Name Real Estate Developers in China", "Ten Outstanding Persons in the Beijing Real Estate Industry", "Ten Entrepreneurs of the Chinese Commercial Real Estate Industry" and "Ten Leaders in the Real Estate Industry Changing Cities and Influencing China".

Non-executive Director

Ms. LIU Hui (劉暉), aged 40, is a non-executive Director of the Company and joined the Group in March 2010. Ms. Liu has 18 years of working experience in banking and investment management fields. She held various positions including general manager, deputy general manager and assistant to the general manager of China Life Insurance Asset Management Company Limited and a division head of the headquarters of China Construction Bank. She was appointed as general manager of investment management department of China Life Insurance Company Limited in February 2009. Ms. Liu graduated from the Renmin University of China with a Bachelor's Degree in Economics in July 1992, and obtained a Master's Degree in Business Administration from the Tsinghua University in June 2000. She is a senior economist. Ms. Liu is appointed by China Life Insurance Company Limited.

Non-executive Director

Mr. LIANG Yanfeng (梁岩峰), aged 44, is a non-executive Director of the Company. Mr. Liang joined the Group in January 2002. Mr. Liang is also the executive director of COSCO International Holdings Limited, a company listed on the Stock Exchange and a non-executive director and non-executive vice chairman of Soundwill Holdings Limited, a company listed on the Stock Exchange. Mr. Liang graduated from the Tsinghua University by which he was granted a Master's Degree in Law from the Department of Social Science and an Executive Master of Business Administration Degree in 1991 and 2005 respectively. Mr. Liang was also rewarded the Senior Economist qualification by the Ministry of Communications of the PRC. Mr. Liang was appointed by the COSCO Group.

Non-executive Director

Mr. Wang Xiaodong (王曉東), aged 51, is a non-executive director of the Company. Mr. Wang joined the Group in March 2010. Mr. Wang has been an executive director of COSCO International Holdings Limited (the "COSCO International", together with its subsidiaries referred to as the "COSCO International Group") since January 2006 and he has been appointed as the managing director of COSCO International since December 2009. Mr. Wang is also a director of various subsidiaries of COSCO International Group. Mr. Wang has a Bachelor's Degree in Marine Mechanical Management from the Dalian Marine University, the PRC, a Master's Degree in Business Administration from the China Europe International Business School and a senior engineer qualification awarded by the Ministry of Communications of the PRC. Mr. Wang has extensive experience in the technical management, investment management and operation in the business of bunker oil supply, shipbuilding industry and coating industry. Mr. Wang is appointed by the COSCO Group.

Biographies of Directors and Senior Management

Executive Director

Mr. WANG Xiaoguang (王曉光), aged 47, is an executive Director and the Vice President of the Company. Mr. Wang joined the Group in December 2008. Mr. Wang is currently also the general manager of the Group's North East regional office and is primarily responsible for the development, operation, finance and marketing of the North East regional office. Mr. Wang has 24 years of experience in enterprise management and real estate development. Mr. Wang received a Bachelor's Degree in Machinery from the Jilin University in July 1986 and received an Executive Master of Business Administration Degree from the Dongbei University of Finance and Economics in June 2005. Before joining the Group, Mr. Wang was the general manager of North East Machine Industry Company (東北機械工業供銷公司) and the chairman of Tsanghao Group Company Limited. Mr. Wang is currently also a representative of the 14th Session of People's Congress of Dalian Municipality, a member of the Internal and Judicial Affairs Committee of People's Congress of Dalian Municipality, the vice chairman of Dalian General Chamber of Commerce, and the vice chairman of Liaoning Province Real Estate Development Association. Mr. Wang has awarded various nation-wide awards, such as 2007 Top Ten EMBA in China and 2006 CIHAF Top Ten New Faces in Chinese Real Estate Industry.

Executive Director

Mr. CHEN Runfu (陳潤福), aged 45, is an executive Director and the Vice President of the Company. Mr. Chen has been an executive Director since June 2007. Mr. Chen is responsible for formulating the overall management of the Group's various project developments. Mr. Chen joined the Group in 1995. Since then, he has been in charge of the development of Ocean Express (Beijing), Ocean Paradise (Beijing), Ocean Plaza (Beijing) and Ocean Office Park (Beijing) and is responsible for our Company's land reserve. Mr. Chen also serves as the chairman, legal representative or a director for a number of our subsidiaries and project companies. With over 13 years' experience in property development and property investment, Mr. Chen assists our Chief Executive Officer in the operation of the Group. Mr. Chen obtained a Bachelor's Degree in Harbour and Channel Engineering from the Dalian Institute of Technology (currently the Dalian University of Technology) in July 1986 and a Degree in Executive Master in Business Administration from the China Europe International Business School in September 2005.

Independent non-executive Director

Mr. TSANG Hing Lun (曾慶麟), aged 60, is an independent non-executive Director of the Company. Mr. Tsang joined the Group in June 2007. Mr. Tsang is also the Chief Executive Officer of Influential Consultants Ltd, a fellow member of the Hong Kong Institute of Directors, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Tsang graduated from the Chinese University of Hong Kong with a Bachelor's Degree in Business Administration (Hons) in 1973. Mr. Tsang has served in a senior management capacity in several publicly listed companies operating in Hong Kong and Singapore. Mr. Tsang joined Hang Seng Bank in 1973 and served for 17 years. He acted as an assistant general manager of the planning and development division of Hang Seng Bank before joining the UOB Group in Singapore in 1990 as its head of International Branches Division and its first vice president. After working in the UOB Group, Mr. Tsang also acted as an executive director of China Champ Group in 1994, as an alternate chief executive and a deputy general manager of the China Construction Bank, Hong Kong Branch from 1995 to 1998. Mr. Tsang currently acts as an independent non-executive director of Sinotrans Shipping Limited, Beijing Media Corporation Limited, and First China Financial Network Holdings Limited, companies listed on the Stock Exchange.

Independent non-executive Director

Mr. GU Yunchang (顧雲昌), aged 65, is an independent non-executive Director of the Company. Mr. Gu joined the Group in June 2007. He joined the Ministry of Construction in 1979 and has over 26 years' experience in market theory and policy research, including research and analysis of the PRC property market. In 1983, he was appointed as the Secretary-General of the China Residential Property Issues Research Institute and held this position for 10 years. Between 1986 and 1998, he participated in the research and formulation of the national housing policy reform and in 1998, served as one of the main draftsmen for the national housing reform program in the PRC. Mr. Gu has participated in state level research projects such as "2000 China" and "National Xiaokang Residential Property Technological Industry Project". Mr. Gu has been awarded the First Class National Science Technology Advance Award in China twice. Mr. Gu was appointed as the Vice-President and the Secretary-General of the China Real Estate Association from August 1998 to March 2006, and since 1998 has been involved in promoting the development of the China real estate industry as well as undertaking research and analysis of the China real estate market. He is also the main organizer and writer of the China Real Estate Market Report, an annual analysis report issued by the China Real Estate Association. Mr. Gu currently serves as an independent non-executive director of Shimao Property Holdings Limited, a company listed on the Stock Exchange, and independent director of E-House (China) Holdings Limited, a company listed on the New York Stock Exchange in USA.

Independent non-executive Director

Mr. HAN Xiaojing (韓小京), aged 55, is an independent non-executive Director of the Company. Mr. Han joined the Group in June 2007. Mr. Han is the founding partner of the Commerce & Finance Law Offices. He currently acts as an independent director of Shenzhen Overseas Chinese Town Holding Company, a company listed on the Shenzhen Stock Exchange in the PRC and supervisor of Beijing Capital International Airport Company Limited, a company listed on the Stock Exchange. Mr. Han obtained a Master's Degree in Law from the China University of Political Science and Law. He has over 22 years' experience in corporate and securities law in China, especially in the restructuring of large-scale state-owned enterprises and private companies and the offshore listing of Chinese companies.

Independent non-executive Director

Mr. ZHAO Kang (趙康), aged 61, is an independent non-executive Director of the Company. Zhao joined the Group in June 2007. Mr. Zhao is a member of the Tenth and Eleventh Committee of Chinese People's Policy-related Consultative Conference of the Beijing Municipal and was the honorary chairman of Beijing Capital Development Holding (Group) Co., Ltd. since November 2005. Mr. Zhao was an independent director of Beijing Capital Co. Ltd., a company listed on the Shanghai Stock Exchange in the PRC. After graduating from the Department of Construction of Tsinghua University in December 1975, Mr. Zhao became a deputy chief of the planning division of Beijing Huairou District Construction Bureau in January 1976, and later joined the Beijing Municipal Construction Committee in May 1978. In May 1983, Mr. Zhao joined the Beijing First and Second Urban Development Corporation as a deputy general manager and became the assistant to general manager and deputy general manager of Beijing Urban Development Group Company（北京城市發展總公司）in 1987. He became the general manager and chairman of Beijing Urban Development (Group) Co., Ltd. in April 1994. Mr. Zhao was the chairman of Beijing National Olympics Investment Company Limited（北京國奧投資有限公司）in 2005 and was in charge of the development of the Beijing Olympics Village and the National Gymnasium in Beijing.

SENIOR MANAGEMENT

Mr. XU Li (徐立), aged 48, is a Vice President of the Group and is primarily responsible for managing our project developments. Mr. Xu joined the Group in October 1997. He has over 18 years' experience in property construction and property development. Mr. Xu also serves as a director of a number of our subsidiaries and project companies. Mr. Xu obtained a Diploma in Industrial and Residential Construction from the Liaoning Radio and Television University in December 1992.

Ms. ZHOU Tong (周彤), aged 46, is a Vice President of the Group and is primarily responsible for the Group's marketing, sales and property management. Ms. Zhou joined the Group in August 2003. She has over 22 years' experience in property design, property development and property investment. Ms. Zhou serves as the chairman or director for a number of our subsidiaries and project companies. Ms. Zhou obtained a Bachelor's Degree in Architecture from the Tongji University in July 1986.

Mr. ZHU Yunchun (朱雲春), aged 52, is a Vice President of the Group and is primarily responsible for the supervisory division and internal control of the Group. Mr. Zhu joined the Group in May 2002. Mr. Zhu also serves as the chairman, a director and a supervisor for a number of our subsidiaries. Mr. Zhu obtained a Diploma in Political Work on Board and a Master's Degree in Transportation Planning and Management from the Dalian Maritime University in July 1986 and March 2002, respectively.

Mr. LI Jianbo (李建波), aged 47, Vice President of the Group. Mr. Li joined the Group in September 2009 and is primarily responsible for the management and development of human resources. He possesses over 17 years of experience in human resources management in multi-national companies. Mr. Li obtained a Bachelor's Degree in Computer Engineering from the Tsinghua University in July 1985 and obtained a Master of Business Administration Degree from the State University of New Jersey in August 2000.

Mr. SUM Pui Ying, Adrian (沈培英), aged 48, is Chief Financial Officer and Company Secretary of the Group. Mr. Sum joined the Group in May 2007. He has over 16 years' experience in companies listed on the Stock Exchange. Mr. Sum is mainly responsible for the overall financial management of the Group, company secretarial and compliance issues of the Group. Mr. Sum obtained a Professional Diploma in Accounting from the Hong Kong Polytechnic University in 1988, a Master of Business Administration Degree from the University of Wales in 1991 and a Diploma in Legal Studies from the University of Hong Kong in 1996. Mr. Sum is a fellow member of the Hong Kong Institute of CPA and a member of the Institute of Chartered Accountants in England & Wales.

Mr. CHEN Zuyuan (諶祖元), aged 48, is our deputy General Manager. Mr. Chen joined the Group in February 2003. Currently Mr. Chen also serves as the chairman and a director for a number of our subsidiaries and project companies. Mr. Chen has over 22 years' experience in property development and is primarily responsible for the Group's product research, planning and design and the construction management. Mr. Chen obtained a Bachelor's Degree in Industrial and Civil Construction from the Hunan University in July 1983 and an Executive MBA Degree from the China Europe International Business School in September 2006.

Biographies of Directors and Senior Management

Mr. CHEN Lei (陳雷), aged 47, is our deputy General Manager. Mr. Chen joined the Group in August 1995. Mr. Chen also serves as the chairman, a director and a manager for a number of our subsidiaries and project companies. Mr. Chen is responsible for managing various development projects designated by the Chief Executive Officer. Mr. Chen obtained a Bachelor's Degree in Industrial Management Engineering from the Tianjin University in July 1985 and an MBA Degree from a joint program conducted by the Tsinghua University and the Australian National University in September 2006.

Ms. ZHANG Hongxia (張紅霞), aged 49, is our deputy General Manager of the Group and the general manager of our risk management department. Ms. Zhang joined the Group in January 1998. Ms. Zhang also serves as the chairman, a director, a supervisor and a manager for a number of our subsidiaries and project companies. Ms. Zhang is primarily responsible for project contract management and cost control. Ms. Zhang obtained a Bachelor's Degree in Accounting for Road Transportation from the Xi An Highway Institute (now Chang An University) in July 1982 and an Executive MBA Degree from the China Europe International Business School in September 2006.

Mr. ZHAO Zehui (趙澤輝), aged 39, is our deputy General Manager. Mr. Zhao joined the Group in October 1998. Mr. Zhao also serves as the chairman, a director and a manager for a number of our subsidiaries and project companies. Mr. Zhao is primarily responsible for land development and acquisitions of land development projects. Mr. Zhao obtained a Bachelor's Degree in Economics from the Beijing Economic College (now the Capital University of Economics and Business) in July 1994 and an Executive MBA Degree from the China Europe International Business School in November 2004.

Mr. WEN Haicheng (溫海成), aged 40, is deputy General Manager and joined the Group in January 2009. Mr. Wen is also the chairman and a director of our subsidiaries. Mr. Wen is mainly responsible for the management of construction works with almost 18 years of experience in construction works. Mr. Wen received a Bachelor's Degree in Engineering from the Chongqing Institute of Architecture and Engineering in July 1992, a Master's Degree in Engineering from the Chongqing Jianzhu University and a PhD in Management from the Chongqing University in June 1999 and December 2007 respectively.

Mr. LI Zhenyu (李振宇), aged 38, is the Secretary of the Board and the General Manager of the Secretary Administration Department. Mr. Li joined the Group in May 2007, and mainly in charge of matters relating to the Board meetings of the Company, the Company's external affairs and public relations. Prior to joining the Group, Mr. Li had taken up various positions in the COSCO Group since July 1994. Mr. Li obtained a Bachelor's Degree from the Central University of Finance and Economics in June 1994.

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Directors' Report

The Board is pleased to present its report and the audited financial statements of the Company and of the Group for the year ended 31 December 2009.

Principal operations and geographical analysis of operations

The Company is an investment holding company. Its subsidiaries are mainly engaged in the real estate development, construction, reparation and decoration, property investment, property management and hotel operation businesses. The Group is one of the largest real estate companies in Beijing.

The analysis of the Group's revenue and operating results in its major operation activities is set out in note 6 to the Group's consolidated financial statements.

Results and appropriations

Results of the Group for the year ended 31 December 2009 are set out in the consolidated income statement on page 82.

During the year under review, an interim dividend of HKD0.04 per ordinary share and a final dividend in respect of the previous financial year of HKD0.07 per ordinary share were paid respectively.

The Directors proposed to recommend at the forthcoming annual general meeting to be held on 13 May 2010 the payment of a final dividend of HKD0.05 per ordinary share for the year ended 31 December 2009. Subject to the approval of the shareholders at the forthcoming annual general meeting, the final dividend will be paid in cash.

The Register of Members of ordinary shares of the Company will be closed from Monday, 10 May 2010 to Thursday, 13 May 2010 (both dates inclusive), during which period, no transfer of ordinary shares will be registered. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 7 May 2010.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in note 27 to the consolidated financial statements.

Distributable reserves

The Company's total distributable reserves as at 31 December 2009 amounted to RMB455 million.

Share capital

Movements in the share capital of the Company during the year ended and at 31 December 2009 are set out in note 24 to the consolidated financial statements.

On 24 December 2009, the Company entered into a subscription agreement with China Life Insurance Company Limited (the "Subscription Agreement") pursuant to which the Company conditionally agreed to allot and issue 934,000,000 shares at the subscription price of HK$6.23 per share (the "Subscription Shares"). The Subscription Shares are fully paid up and rank pari passu in all respects among themselves and with the shares in issue on the date of allotment and issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares under the Subscription Agreement will be HK$747,200,000. The Directors consider that the subscription offers a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group so as to facilitate its future development. The net proceeds of approximately HK$5,818 million for the subscription is intended for general working capital purposes of the Group.

Fixed assets

Movements in the Group's fixed assets are set out in note 7 to the consolidated financial statements.

Borrowings and capitalization of interests

Details of borrowings are set out in note 28 to the consolidated financial statements. Details of the Group's capitalized interest expenses and other borrowing costs during the year are set out in note 36 to the consolidated financial statements.

Donations

For the year ended 31 December 2009, the Group's donations to charity and other purposes were approximately RMB7.84 million (2008: RMB7.1 million).

Remuneration policy and retirement benefits

The Group's remuneration system has been determined by reference to the corporate business performance, the efficiency and accomplishments of the staff, and the remuneration level of the same industry in the market. The Company offers share options to the competitive staff so as to provide staff salaries and benefits with market competitiveness and to ensure availability of human resources for the sustained development of the Company.

Details of the Group's the retirement benefit plans are set out in note 35 to the consolidated financial statements.

Five-year financial summary

A five-year summary of the Group is set out on page 169.

Purchase, sale or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year under review.

Redemption of Pulida Convertible Bond

Prior to the Company's listing on the Stock Exchange on 28 September 2007, the Company issued the HKD1,575 million 3% convertible bond (the "Pulida Convertible Bond") to Upper Able Holdings Limited (the "Subscriber"), the principal terms of which are set out in the paragraph headed "Business" Principal Terms and Conditions of the Pulida Convertible Bond" of the prospectus of the Company dated 14 September 2007 (the "Prospectus").

As announced by the Company on 5 May 2008, the Company and the Subscriber entered into a supplemental deed to amend certain terms and conditions of the Pulida Convertible Bond, pursuant to which on 5 May 2008 the Company served a notice of redemption to partially redeem the Pulida Convertible Bond in the principal amount of HKD780 million at a redemption price of HKD756.6 million. Balance of the principal amount of HKD795 million was redeemed upon its maturity.

Details of this redemption and other movements in the Pulida Convertible Bond are set out in note 28 and 29(b) to the consolidated financial statements.

Issue of corporate bonds by a PRC subsidiary

As announced by the Company on 19 June 2009 and 25 June 2009, Sino-Ocean Land Limited, an indirectly wholly-owned subsidiary of the Company has issued corporate bonds in aggregate amount of RMB2,600 million to certain domestic investors in the PRC with a coupon of 4.4% per annum for the first three years.

Share Option Scheme

A share option scheme of the Company was approved by the shareholders' written resolutions dated 3 September 2007 (the "Share Option Scheme"), which is valid and effective for a period of 10 years commencing from the adoption date subject to fulfillment of all the conditions to the Share Option Scheme, to 27 September 2017, unless it is terminated early in accordance with the provisions of the Share Option Scheme. Under the Share Option Scheme the Board may grant options to eligible employees and Directors. 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 total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 424,286,000 shares, representing 7.53% of the total number of shares of the Company as at 31 December 2009. Without prior approval from the Company's shareholders, the number of shares in respect of which options were granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time.

The share options granted under the Share Option Scheme are exercisable within five years period in which 40% of options become exercisable one year from the offer date, 70% of options become exercisable two years from the offer date, and all options become exercisable three years from the offer date. A consideration of HKD1.00 is payable on the grant of option. Options are exercisable at a price that is determined by the Directors of the Company, which will not be less than the higher of the closing price of the Company's shares on the offer date, and the average closing prices of the shares for the five business days immediately preceding the offer date.

During the year under review, movements of share options granted to the Directors, chief executives, and employees of the Group under the Share Option Scheme are as follows:

	Date of option granted	Exercise price per share HKD	No. of options outstanding as at 1 January 2009	No. of options granted during the year	No. of options exercised during the year *(note)*	No. of options lapsed during the year	No. of options outstanding as at 31 December 2009
Directors							
Mr. LI Ming	8 Oct 2007	7.70	4,280,000	—	—	—	4,280,000
	19 Sept 2008	2.55	3,000,000	—	—	—	3,000,000
	30 July 2009	8.59	—	4,280,000	—	—	4,280,000
Mr. LIANG	8 Oct 2007	7.70	1,430,000	—	—	—	1,430,000
Yanfeng	19 Sept 2008	2.55	500,000	—	—	—	500,000
	30 July 2009	8.59	—	1,430,000	—	—	1,430,000
Mr. CHEN Runfu	8 Oct 2007	7.70	1,710,000	—	—	—	1,710,000
	19 Sept 2008	2.55	1,000,000	—	—	—	1,000,000
	30 July 2009	8.59	—	1,710,000	—	—	1,710,000
Mr. YIN Yingneng	19 Sept 2008	2.55	200,000	—	—	—	200,000
Richard	30 July 2009	8.59	—	200,000	—	—	200,000
Mr. TSANG	24 Jan 2008	7.70	200,000	—	(60,000)	—	140,000
Hing Lun	19 Sept 2008	2.55	100,000	—	(40,000)	—	60,000
	30 July 2009	8.59	—	200,000	—	—	200,000
Mr. GU Yunchang	24 Jan 2008	7.70	200,000	—	—	—	200,000
	19 Sept 2008	2.55	100,000	—	—	—	100,000
	30 July 2009	8.59	—	200,000	—	—	200,000
Mr. HAN Xiaojing	24 Jan 2008	7.70	200,000	—	—	—	200,000
	19 Sept 2008	2.55	100,000	—	—	—	100,000
	30 July 2009	8.59	—	200,000	—	—	200,000
Mr. ZHAO Kang	24 Jan 2008	7.70	200,000	—	—	—	200,000
	19 Sept 2008	2.55	100,000	—	—	—	100,000
	30 July 2009	8.59	—	200,000	—	—	200,000
Subtotal			**13,320,000**	**8,420,000**	**(100,000)**	**—**	**21,640,000**

	Date of option granted	Exercise price per share HKD	No. of options outstanding as at 1 January 2009	No. of options granted during the year	No. of options exercised during the year *(note)*	No. of options lapsed during the year	No. of options outstanding as at 31 December 2009
Employees							
	28 Sept 2007	7.70	60,010,000	—	(991,500)	(4,523,000)	54,495,500
	24 Jan 2008	7.70	9,510,000	—	(156,000)	(704,000)	8,650,000
	19 Sept 2008	2.55	28,740,000	—	(1,900,500)	(1,620,000)	25,219,500
	30 July 2009	8.59	—	18,350,000	—	—	18,350,000
	2 September 2009	7.01	—	22,920,000	—	(500,000)	22,420,000
	5 October 2009	7.11	—	27,660,000	—	—	27,660,000
Subtotal			**98,260,000**	**68,930,000**	**(3,048,000)**	**(7,347,000)**	**156,795,000**
Total			**111,580,000**	**77,350,000**	**(3,148,000)**	**(7,347,000)**	**178,435,000**

Notes:

The weighted average price of the Shares immediately before the dates on which the Options were exercised was HKD8.06.

The fair value of 26,770,000 share options granted on 30 July 2009, 22,920,000 share options granted on 2 September 2009 and 27,660,000 share options granted on 5 October 2009 are HKD3.36 per option, HKD2.84 per option and HKD2.76 per option, respectively. In determining the fair value of share options, the Binomial Lattice Model has been used and the following variables have been applied to the model:

Measurement date	30 July 2009	2 September 2009	5 October 2009
Variables			
• the expected volatility	53.807%	53.928%	53.451%
• the annual risk-free interest rate	1.842%	1.764%	1.730%
• the expected dividend yield	1.21%	1.58%	1.59%
• the expected life from the measurement date	5 years	5 years	5 years

Notes:

(i) The expected volatility referred to the 7-year, weekly annualised volatilities of two peers with same principal business and whose shares are listed on the Stock Exchange.

(ii) The risk-free rate represents the yield of the Hong Kong Exchange Fund Notes corresponding to the expected life of the options as at the measurement date as above.

(iii) The expected dividend yield is with reference to the historical dividend.

Directors

The table below sets out certain information on the members of the Board during the year and up to the date of this report:

Name	Position
Mr. LI Jianhong	Non-executive Director and Chairman (resigned on 23 March 2010)
Mr. LUO Dongjiang	Non-executive Director and Vice Chairman (resigned on 23 March 2010)
Ms. LIU Hui	Non-executive Director (appointed on 23 March 2010)
Mr. LI Ming	Executive Director and Chief Executive Officer (appointed as the Chairman on 23 March 2010)
Mr. LIANG Yanfeng	Non-executive Director
Mr. WANG Xiaodong	Non-executive Director (appointed on 23 March 2010)
Mr. WANG Xiaoguang	Executive Director (appointed on 23 March 2010)
Mr. CHEN Runfu	Executive Director
Mr. YIN Yingneng Richard	Non-executive Director (resigned on 23 March 2010)
Mr. TSANG Hing Lun	Independent non-executive Director
Mr. GU Yunchang	Independent non-executive Director
Mr. HAN Xiaojing	Independent non-executive Director
Mr. ZHAO Kang	Independent non-executive Director

In accordance with Article 110 of the Articles of Association of the Company, Mr. Chen Runfu, Mr. Han Xiaojing and Mr. Zhao Kang shall retire by rotation and, being eligible, offer themselves for re-election pursuant to Article 112 of the Articles of Association at the forthcoming annual general meeting.

Brief biographical details of Directors and senior management are set out on pages 44 to 50.

Directors' service contracts

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with any member of the Company which is not determinable within one year without the payment of compensation other than statutory compensation.

Directors' interests in contracts of significance

No contract of significance in relation to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent company was a party and in which any Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year under review.

Directors' rights to purchase shares or debentures

Except for the share options granted pursuant to the Share Option Scheme as set out above, at no time during the year under review, 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 for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

Interests of Directors and chief executives in shares and underlying shares and debentures

As at 31 December 2009, the interests and short positions of each Director and chief executive 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 Companies (the "Model Code") were as follows:

Name	Nature of interest	Number of ordinary shares held (long position)	Share options	Total	Percentage in the Company's issued share capital
Mr. LI Ming	Founder of discretionary trust	125,878,375 *note (i)*	11,560,000 *note (ii)*	137,438,375	2.438%
Mr. LIANG Yanfeng			3,360,000 *note (ii)*	3,360,000	0.060%
Mr. CHEN Runfu			4,420,000 *note (ii)*	4,420,000	0.078%
Mr. YIN Yingneng Richard	Beneficial owner	12,728,371	400,000 *note (ii)*	13,128,371	0.233%
Mr. TSANG Hing Lun	Beneficial owner	40,000	400,000 *note (ii)*	440,000	0.008%
Mr. GU Yunchang			500,000 *note (ii)*	500,000	0.009%
Mr. HAN Xiaojing			500,000 *note (ii)*	500,000	0.009%
Mr. ZHAO Kang			500,000 *note (ii)*	500,000	0.009%

Notes:

i. The 125,878,375 shares are held by a discretionary trust of which Mr. Li Ming is founder.

ii. The share options were granted pursuant to the Share Option Scheme, details of which are set out above in the paragraph headed "Share Option Scheme".

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.

Substantial shareholders and other persons' interests and short positions in shares and underlying shares

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 31 December 2009, the Company had been notified of the following substantial shareholders' interests and short positions in the shares of the Company, being interests of 5% or more, in addition to those disclosed above in respect of the Directors and chief executive of the Company.

Name of shareholders	Capacity	Long / short position	Number of ordinary shares held	Percentage in the Company's issued share capital
COSCO *(Note i)*	Interest of controlled corporation	Long	949,937,399	16.85%
COSCO (Hong Kong) Group Limited *(Note i)*	Interest of controlled corporation	Long	949,937,399	16.85%
True Smart International Limited *(Note i)*	Interest of controlled corporation	Long	949,937,399	16.85%
COSCO International Holdings Limited *(Note i)*	Interest of controlled corporation	Long	949,937,399	16.85%
COSCO (B.V.I.) Holdings Limited *(Note i)*	Interest of controlled corporation	Long	949,937,399	16.85%
COSCO International Land (B.V.I.) Limited *(Note i)*	Interest of controlled corporation	Long	949,937,399	16.85%
COSCO International Land Limited *(Note i)*	Interest of controlled corporation	Long	949,937,399	16.85%
Sunny Wealth Investments Limited *(Note i)*	Beneficial owner	Long	949,937,399	16.85%
China Life Insurance (Group) Company *(Note ii)*	Interest of controlled corporation	Long	934,000,000	16.57%
China Life Insurance Company Limited *(Note ii)*	Beneficial owner	Long	934,000,000	16.57%
Sinochem Group *(Note iii)*	Interest of controlled corporation	Long	594,301,000	10.54%
Sinochem Corporation *(Note iii)*	Interest of controlled corporation	Long	594,301,000	10.54%
Sinochem Hong Kong (Group) Company Limited *(Note iii)*	Beneficial owner	Long	594,301,000	10.54%

Notes:

(i) The 949,937,399 shares were beneficially owned by Sunny Wealth Investments Limited which was wholly owned by COSCO International Land Limited. COSCO International Land Limited was wholly owned by COSCO International Land (B.V.I.) Limited which in turn was wholly owned by COSCO (B.V.I.) Holdings Limited. COSCO (B.V.I.) Holdings Limited was wholly owned by COSCO International Holdings Limited. True Smart International Limited was interested in 59.87% of COSCO International Holdings Limited. True Smart International Limited was wholly owned by COSCO (Hong Kong) Group Limited which in turn was wholly owned by COSCO.

(ii) The 934,000,000 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.

(iii) The 594,301,000 shares were beneficially owned by Sinochem Hong Kong (Group) Company Limited which was wholly owned by Sinochem Corporation. Sinochem Group was interested in 98% of Sinochem Corporation.

Save as disclosed above, as at 31 December 2009, no person or corporation had any interest in the share capital of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO as having an interest in 5% or more of, or any short position in, the issued share capital of the Company.

Pre-emptive rights

There is no provision for pre-emptive rights under the Articles of Association of the Company and there is no restriction against such rights which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Competing interests

None of the Directors is interested in any business apart from the Group's businesses that competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major suppliers and customers

The Group's principal operation is in property development. During the year under review, the Group's purchases from the top five suppliers (excluding land supply) amounted to RMB631 million, representing 14.02% of the Group's total annual purchases in the whole year, of which China Construction 8th Engineering Bureau accounted for 4.21% of the purchases.

The Group's major products are principally commodity housings, and its major customers bases are general individual home buyers, involving a relatively large number of customers. The percentage ratio of the revenue from the five major customers is about 7.03%, of which CB Richard Ellis Strategic Partners Asia II, LP and CB Richard Ellis Strategic Partners Asia II-A, LP accounted for 4.86% of the turnover.

As far as the Directors are aware, neither the Directors, their associates, nor those substantial shareholders had any interest in the five largest customers and suppliers of the Group.

Connected transactions

Pursuant to Chapter 14A of the Listing Rules, the following connected transactions are required disclosure in the annual report of the Company. The connected transactions which also constitute related party transactions are set out in note 44 to the consolidated financial statements.

A. One-off connected transaction

1. **Sale of office units at Ocean Office Park**

   Beijing Long Ze Yuan Property Company Limited* (北京龍澤源置業有限公司), a non-wholly own subsidiary of the Company, as vendor and China Marine Bunker (Petro China) Co., Ltd.* (中國船舶燃料有限責任公司) ("China Marine Bunker") as purchaser entered into the Pre-Sale Contract on 20 August 2009 in respect of the sale of certain office units at Ocean Office Park, Beijing, the PRC at a consideration of approximately RMB109.7 million. The transaction was completed on 15 September 2009.

   China Marine Bunker, a company established under the laws of the PRC, whose equity interest is held as to 50% by COSCO, a substantial shareholder of the Company.

2. **Acquisition of the entire issued share capital in Sky Charter Development Limited**

   On 9 December 2009, Sound Plan Group Limited ("Sound Plan") as vendor and the Company as purchaser entered into the agreement, pursuant to which Sound Plan has conditionally agreed to sell to the Company, and the Company has conditionally agreed to purchase from Sound Plan, the entire issued share capital of the Sky Charter Development Limited (the "Target Company") held by Sound Plan at a consideration of RMB50 million subject to the conditions and in accordance with the terms of the agreement (the "Agreement"). Sound Plan holds the entire issued share capital in the Target Company. The Target Company is the registered holder of a 30% interest in all of the three project companies, namely Hangzhou Yuanyang Tianqi Property Company Limited (杭州遠洋天祺置業有限公司), Hangzhou Yuanyang Xinhe Hotel Property Company Limited (杭州遠洋新河酒店置業有限公司) and Hangzhou Yuanyang Yunhe Commercial District Development Company Limited (杭州遠洋運河商務區開發有限公司) (collectively, the "Project Companies"), all Project Companies are indirect subsidiaries of the Company and jointly held the property project located at Land Lot No. HZCC(2007)73, Daguan Road, Gongshu District, Hangzhou. The Agreement was approved by independent shareholders of the Company at the extraordinary general meeting held on 18 January 2010. After completion, the Project Companies became wholly-owned subsidiaries of the Group.

   Sound Plan holds the entire issued share capital in the Target Company. The Target Company is the registered holder of a 30% interest in the Project Companies, which in turn are indirect subsidiaries of the Company. As such, Sound Plan is a substantial shareholder of the indirect subsidiaries of the Company, and therefore a connected person of the Company.

3. Acquisition of the entire issued share capital in Cityshine Holdings Limited

On 29 December 2009, Mr. Liu Ping (the "Vendor") and Sino-Ocean Land (Hong Kong) Limited (the "Purchaser"), which is a wholly-owned subsidiary of the Company, entered into the agreement, pursuant to which the Vendor has conditionally agreed to sell to the Purchaser, and the Purchaser has conditionally agreed to purchase from the Vendor, the entire issued share capital of the Cityshine Holdings Limited ("Cityshine ") held by the Vendor subject to the conditions and in accordance with the terms of the agreement. In consideration of the Vendor's transfer of the entire issued share capital of Cityshine, the Purchaser will (i) pay to the Vendor an amount of RMB100.8 million in cash; and (ii) assume the liability of Cityshine in an amount of RMB15 million upon completion. Cityshine held 20% equity interest in Beijing Long Ze Yuan Property Company Limited (北京龍澤源置業有限公司) (the "Beijing Project Company") which held 100% interest in property project located at Ocean Office Park, 10 Jintong Road West, Chaoyang District, Beijing, PRC (中國北京市朝陽區金桐西路10號遠洋 • 光華國際). After completion, the Beijing Project Company became a wholly-owned subsidiary of the Group.

The Vendor holds the entire issued share capital in Cityshine. Cityshine is the registered holder of 20% interest in Beijing Project Company, which in turn is indirect subsidiary of the Company, As such, the Vendor is the substantial shareholder of an indirect subsidiary of the Company, and therefore a connected person of the Company.

B. Continuing connected transactions exempt from the independent shareholders' approval requirements

The following continuing connected transactions have been reviewed by the independent non-executive Directors of the Company (the "INEDs"). The INEDs have confirmed that in the year 2009 the continuing connected transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreement governing them and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A. 38 of the Listing Rules, the Company has engaged the auditors of the Company to perform certain factual finding procedures in respect of the continuing connected transaction of the Group in accordance with the Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have reported their factual findings on these procedures to the Board and confirmed that for the year of 2009 the continuing connected transactions (i) have received the approval of the Board; (ii) are in accordance with the pricing polices of the Group where provision of services by the Group is involved; (iii) have been entered into in accordance with the relevant agreement governing such transactions; and (iv) have not exceeded the relevant cap amount for the financial year ended 31 December 2009 as set out in the Prospectus.

1. **Property lease between Beijing Yuanyang Building Co., Ltd. (北京遠洋大廈有限公司) ("Beijing Yuanyang Building") and the COSCO Group**

   One of our subsidiaries, Beijing Yuanyang Building Co., Ltd. ("Beijing Yuanyang Building") entered into a renewable lease agreement with the COSCO Group on 29 December 2005, pursuant to which Beijing Yuanyang Building has agreed to let part of the premises of Ocean Plaza (Beijing) to the COSCO Group for a total rental of RMB3.8 million for the year of 2009. The cap of the amount for 2009 is RMB3.9 million.

   Pursuant to Listing Rule 14A.25 and as disclosed in the Prospectus, the maximum annual amounts of the rental payable under the above renewable lease agreement for the year of 2007, 2008, and 2009 are expected to be approximately RMB3.9 million per year.

   Beijing Yuanyang Building is a connected person of our Company as it is 28% owned by Xiangyuan Beijing Investment Co., Ltd, an associate of our substantial shareholder, COSCO.

2. **Property Management Services**

   (a) Property Management Services provided by COSCO Hotel and Property Management to Beijing Yuanyang Building

   One of our subsidiaries, COSCO Hotel and Property Management Co., Ltd. ("COSCO Hotel and Property Management") entered into three property management agreements with Beijing Yuanyang Building on 31 May 2005, 31 December 2005 and 1 March 2006 respectively. Pursuant to these three property management agreements, COSCO Hotel and Property Management was engaged to provide property management services for (i) the offices of Beijing Yuanyang Building and the vacant premises, (ii) the car park, and (iii) the canteen on Basement Level 1 of Ocean Plaza (Beijing). These agreements are for a term of two or three years expiring on 31 May 2008 or 28 February 2009. The management fees paid to COSCO Hotel and Management for the year of 2009 was RMB0.6 million. The maximum aggregate annual management fees payable to COSCO Hotel and Property Management for the year of 2007, 2008, and 2009 are estimated to be approximately RMB1.2 million for each year.

   Beijing Yuanyang Building is a non-wholly owned subsidiary and a connected person of the Company as it is 28% owned by Xiangyuan (Beijing) Investment Co, Ltd., which is an associate of COSCO, our substantial shareholder.

(b) Property Management Services provided by COSCO Hotel and Property Management to COSCO

One of our subsidiaries, COSCO Hotel and Property Management, entered into a property management services agreement on 1 March 2006 with Beijing Yuanyang Building. Pursuant to the agreement, COSCO Hotel and Property Management shall provide property management services to all the owners and tenants of Ocean Plaza (Beijing) where COSCO Group is also a tenant. This agreement is for a period of three years and will expire on 28 February 2009. The management fees payable to COSCO Hotel and Property Management for the year of 2009 was RMB5.0 million. The maximum aggregate annual amount of the management fees payable to COSCO Hotel and Property Management for each of the three years ending 31 December 2009 is expected to be approximately RMB5.0 million per year.

Pursuant to Listing Rules 14A.25 and as disclosed in the Prospectus, the maximum aggregate annual management fees payable to COSCO Hotel and Property Management under items 2(a) and 2(b) for the year of 2007, 2008, and 2009 are expected to be approximately RMB6.2 million per year.

COSCO is our substantial shareholder and a connected person of the Company.

Sufficient public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, the Company has maintained a sufficient public float of more than 25 percent of the Company's issued shares as required under the Listing Rules during the year.

Corporate governance

The Company is committed to maintaining a high level of corporate governance practices. Corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 69 to 75.

Auditors

The consolidated financial statements for the year ended 31 December 2009 have been audited by PricewaterhouseCoopers, Certified Public Accountants, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

By order of the Board

LI Ming
Executive Director
Hong Kong, 22 March 2010

relaxed serene
Ocean Worldview, Dalian

Corporate Governance Report

The Board is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2009.

COMMITMENT TO CORPORATE GOVERNANCE

The Board and the management of the Group are committed to achieving and maintaining high standards of corporate governance, which they consider to be critical in safeguarding the integrity of the Company's operations and maintaining investors' trust in the Company. The management also actively observes the latest corporate governance developments in Hong Kong and overseas.

Corporate governance practices

In the opinion of the Board, the Company has complied with the provisions of the Code on Corporate Governance Practices (the "CG code") as set out in Appendix 14 to the Listing Rules throughout the year under review, except for the deviation as disclosed in this report.

Directors' securities transactions

The Company has adopted a code of conduct regarding securities transactions by the directors (the "Code of Conduct") on terms no less exacting than the required standards set out in the Model Code in Appendix 10 of the Listing Rules. The Company has made specific enquiries with each Director and each of them confirmed that he or she had complied with all required standards under the Code of Conduct.

THE BOARD

Responsibilities

The Board is responsible for achieving the corporate goals, formulating 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. Matters relating to the daily operations of the Group are delegated to the management. During the year under review, the Board, among others, considered and approved the annual budget, management results and performance update against annual budget, together with business reports from the management, reviewed and approved the interim results for the period ended 30 June 2009 and the final results for the year ended 31 December 2009, approved the Group's acquisition and other critical business operations, assessed the internal control and the financial matters of the Group.

Board composition

Currently, the Board comprises ten Directors, including three executive Directors, Mr. Li Ming, Mr. Wang Xiaoguang and Mr. Chen Runfu; three non-executive Directors, Ms. Liu Hui, Mr. Liang Yanfeng and Mr. Wang Xiaodong; and four INEDs, Mr. Tsang Hing Lun, Mr. Gu Yunchang, Mr. Han Xiaojing and Mr. Zhao Kang.

The members of the Board represent a wide background and rich industry experience with appropriate professional qualifications. Please refer to the section headed "Biographies of Directors and Senior Management" for the profiles of the Directors.

Under Code A.4.1 of the CG Code, the non-executive Directors should be appointed for a specific term, subject to re-election. During the year under review, three non-executive Directors and four INEDs of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company. According to Article 110 of the Articles of Association of the Company, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number which is nearest to one-third and is at least one-third, shall retire from office by rotation at least once every three years. A retiring director shall be eligible for re-election. Therefore, the Board considers that non-compliance with CG Code A.4.1 is acceptable since, with at least one-third of all Directors being subject to retirement at every annual general meeting, all of them should be retired by rotation at least once every three years so as to comply with Code A.4.2 of the CG Code.

(i) Chairman and Chief Executive Officer

During the year under review, the Chairman and the Chief Executive Officer of the Company are Mr. Li Jianhong and Mr. Li Ming, respectively. The roles of the Chairman and the Chief Executive Officer are segregated. Effective from 23 March 2010, Mr. Li Jianhong resigned as the Chairman of the Company and Mr. Li Ming was appointed as the Chairman and will remain as the Chief Executive Officer of the Company. The roles of Chairman and the Chief Executive Officer of the Company have not been segregated as required under code A.2.1 of the CG Code, however, the Company considers that the combination of the roles of the Chairman and the Chief Executive Officer will involve a realignment of power and authority under the existing corporate structure and facilitate the ordinary business activities of the Company. The Board will review the current structure from time to time and will make any necessary arrangements as appropriate.

(ii) Non-executive Directors and independent non-executive Directors

During the year under review, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three INEDs with one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received annual confirmations from each of the four INEDs in respect of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the INEDs are independent parties in accordance with the independence guidelines set out in the Listing Rules and free of any relationship that could materially interfere with the exercise of their independent judgements.

Appointment, re-election and removal of Directors

Pursuant to the Articles of Association of the Company, any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following general meeting of the Company, and shall be eligible for re-election. Every Director, including the non-executive Director, is subject to retirement by rotation at least once every three years. One-third of the Directors must retire from office at each annual general meeting and their re-election is subject to the approval of shareholders.

In compliance with the provisions of the Articles of Association of the Company, Mr. Chen Runfu, Mr. Han Xiaojing and Mr. Zhao Kang shall retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election. Ms. Liu Hui, Mr. Wang Xiaodong and Mr. Wang Xiaoguang were appointed on 23 March 2010. Mr. Li Jianhong, Mr. Luo Dongjiang and Mr. Yin Yingneng Richard resigned on 23 March 2010.

Board meetings

The Board conducts meeting on a regular basis and on an ad hoc basis, as required by business needs. During the year under review, the Board convened four meetings to approve interim and final results announcement, financial reports, to recommend or declare dividends and to discuss significant issues and general operation of the Company.

The number of board meetings attended by each Director during the year under review is set out in the following table:

Directors	Meetings attended/held
Mr. LI Jianhong	4/4
Mr. LUO Dongjiang	4/4
Mr. LI Ming	4/4
Mr. LIANG Yanfeng	4/4
Mr. CHEN Runfu	4/4
Mr. YIN Yingneng Richard	4/4
Mr. TSANG Hing Lun	4/4
Mr. GU Yunchang	4/4
Mr. HAN Xiaojing	4/4
Mr. ZHAO Kang	4/4

Notices of regular Board meetings were given to all Directors at least 14 days before the meetings. For other board committee meetings, reasonable notice is generally given.

The agendas accompanying board papers are given to all Directors in a timely manner. All Directors are properly briefed on issues arising at Board meetings by the Chairman.

All Directors have full and timely access to all relevant information as well as advice and services of the Company Secretary, to ensure that Board procedures and all applicable rules and regulations are followed. Upon making request to the Board, all Directors may obtain independent professional advice at the Company's expense for carrying out their functions.

The Company Secretary is responsible for taking and keeping minutes of all Board and board committee meetings. Draft version of minutes is normally circulated to the Directors for comment within a reasonable time after each meeting and the final version of which is open for Directors' inspection.

Training for Director

For any newly appointed Director, he/she will be provided with an induction course so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and the relevant regulatory requirements.

There are also arrangements in place for providing continuing briefing and professional development to Directors whenever necessary. To assist their continuous professional development, the Company Secretary recommends Directors to attend relevant seminars and courses.

Directors' and officers' liability insurance and indemnity

The Company has arranged for appropriate liability insurance to indemnify its Directors and officers for their liabilities arising out of corporate activities. Throughout the financial year 2009, no claim has been made against the Directors and the officers of the Company.

BOARD COMMITTEES

The Board has set up three board committees, namely, the Audit Committee, the Remuneration and Nomination Committee and the Investment Committee (collectively the "Board Committees"), for overseeing particular aspects of the Company's affairs.

The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Audit Committee

The audit committee comprises three members who are all INEDs, namely Mr. Tsang Hing Lun (the chairman of the committee), Mr. Gu Yunchang, and Mr. Han Xiaojing (the "Audit Committee"). None of them is a member of the former or existing auditors of the Company.

The main duties of the Audit Committee are to audit and supervise the financial reporting procedures of the Group. The Audit Committee is also responsible for considering the appointment and remuneration of the auditors and any matters related to the removal and resignation of the auditors. In addition, the Audit Committee will need to examine and inspect the effectiveness of the Group's internal control, including conducting the reviews on a regular basis in respect of the internal control over various corporate structures and business procedures, and considering its potential risks and its imminence, so as to ensure the effectiveness of the Company's business operations and to achieve the corporate objectives and strategies. The scope of such reviews covers finance, operation, regulations and risk management. The Audit Committee will also make regular reports, recommendations and proposals to the Board.

The Audit Committee held two meetings during the year under review, with full attendance at both meetings. Executive Directors, senior management and the external auditor of the Company were invited to join the discussions at the meetings.

The tasks performed by the Audit Committee during the year under review were as follows:

(i) Review of the interim and annual consolidated financial statements;

(ii) Discussion with the external auditors on the issues of land appreciation tax, progress of various projects, joint venture operation, and implementation of new tax rule in the PRC;

(iii) Review of the cash flow projection for 2009 and monitoring of the overall financial position of the Group;

(iv) Review of the adequacy and effectiveness of the internal control system and making recommendation to the Board for improvement of internal control, credit control and risk management;

(v) Review of the application of the relevant General Accepted Accounting Principles and making recommendation to the Board for the adoption of accounting policies; and

(vi) Review of the adequacy of the provision for material liabilities and impairment of assets.

Remuneration and Nomination Committee

The remuneration and nomination committee comprises three members, all being INEDs, namely Mr. Han Xiaojing (the chairman of the committee), Mr. Gu Yunchang and Mr. Zhao Kang (the "Remuneration and Nomination Committee").

The main duties of the Remuneration and Nomination Committee are to make recommendations and proposals to the Board in respect of the remuneration policies and structures for the directors and senior management, and to review and approve the remunerations which are determined based on the results and performance of the Company by making reference to the Company's objectives as approved from time to time by the Board. In addition, the Remuneration and Nomination Committee will nominate candidates for directorship, consider nominations for directorship and make recommendations to the Board in respect of such appointments. If necessary, the Remuneration and Nomination Committee will also convene meetings and submit reports to the Board.

The remuneration of Directors are based on the skill, knowledge, involvement in the Company's affairs and the performance of each Director, together with reference to the profitability of the Company, remuneration benchmarks in the industry, and prevailing market conditions.

No Director or senior executive will be involved in any discussion in connection with his or her own remuneration. The Remuneration and Nomination Committee may also consult the Chairman about their proposals relating to the remuneration of other executive Directors and has access to professional advice if necessary. The major objective of the remuneration policy is to ensure that the Company is able to attract, retain, and motivate a high-calibre team which is essential to the success of the Company.

The Remuneration and Nomination Committee has held two meetings for the year ended 31 December 2009, with full attendance at both meetings. The tasks performed by the Remuneration and Nomination Committee during the year under review were as follows:

(i) Reviewed and approved the Company's salary report for the year ended 31 December 2008 and the Company's salary budget for the year ended 31 December 2009;

(ii) Reviewed and approved the report of remuneration packages for senior management;

(iii) Reviewed and approved the proposed discretionary performance bonus; and

(iv) Reviewed and approved the share options granted under the Share Option Scheme.

Investment Committee

During the year under review, the investment committee comprises six members, two of whom are executive Directors and four are INEDs (the "Investment Committee"). Members of the Investment Committee are: Mr. Li Ming (the chairman of the committee), Mr. Chen Runfu, Mr. Tsang Hing Lun, Mr. Han Xiaojing, Mr. Gu Yunchang, and Mr. Zhao Kang. Since 1 January 2010, the Investment Committee was restructured to three members, one of whom is executive Director, namely Mr. Li Ming (the chairman of the committee) and two are INEDs, namely Mr. Gu Yunchang and Mr. Zhao Kang. It will meet at the request of any member of the committee and the head of finance department will also participate in discussions. The Investment Committee is authorized, at the expense of the Group, to seek advice from external professionals or to arrange them to attend the meetings.

The main duties of the Investment Committee are to consider and review the Group's investment and risk management policies, and at the same time, to consider, evaluate and review the important project investments, acquisitions and disposals, and to make recommendations and/or proposals to the Board, and to review and consider the Company's overall development strategy and annual investment plans.

ACCOUNTABILITY AND AUDIT

The Directors of the Company acknowledged their responsibility to present a balanced, clear and understandable assessment in the consolidated financial statements of the annual and interim reports. When the Directors were aware of material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern, such uncertainties would be clearly and prominently set out and discussed in detail in this Corporate Governance Report.

The statement of the independent auditor of the Company about their reporting responsibilities and opinion on the financial statements of the Company for the year ended 31 December 2009 is set out in the Independent Auditor's Report on pages 77 and 78.

INTERNAL CONTROL

The internal controls of the Group are designed to help the Group protect its assets and information. The presence of internal controls empowers the Group to implement best business practices in challenging business environments. The Group's internal controls cover a number of in-house procedures and policies. The management of the Group had reviewed the Group's internal control system for the year ended 31 December 2009. The system comprises, among others, the relevant financial, operational and compliance controls and risk management procedures, and had submitted the results of the review and its recommendations and opinions for consideration by the Audit Committee and the Board.

INDEPENDENT AUDITOR

The Group's independent auditor is PricewaterhouseCoopers ("PwC"). PwC is responsible for auditing and forming an independent opinion on the Group's annual consolidated financial statements. Apart from the statutory audit of the annual consolidated financial statements, PwC was also engaged to perform a review of the interim consolidated financial statements of the Group for the six months ended 30 June 2009 as well as advise the Company on tax compliance and related matters.

For the year ended 31 December 2009, remunerations payable to PwC for the provision of statutory audit services and non-auditing services amounted to RMB4.8 million and RMB3.5 million respectively.

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting.

Upon the implementation of the amendments of the Listing Rules with effect from 1 January 2009, all resolutions proposed at shareholders' meetings will be voted by poll. The poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinooceanland.com) on the same day of the relevant general meetings.

Further information about investor relations are set out on pages 33 and 34.

uncomplicated • clean

Ocean Paradise, Beijing

Independent Auditor's Report

TO THE SHAREHOLDERS OF SINO-OCEAN LAND HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Sino-Ocean Land Holdings Limited (the "Company") and its subsidiaries (together, the "Group"), set out on pages 79 to 168, which comprise the consolidated and Company balance sheets as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 March 2010

Consolidated Balance Sheet

		As at 31 December 2009	2008
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	324,867	304,989
Land use rights	8	38,964	36,958
Investment properties	9	3,984,000	1,984,000
Goodwill	10	662,602	734,569
Interest in a jointly controlled entity	12	671,685	—
Interests in associates	13	294,462	310,796
Available-for-sale financial assets	16	592,648	426,715
Derivative financial instrument	29	8,331	8,338
Trade and other receivables	20	893,590	250,731
Deferred income tax assets	30	305,539	111,777
		7,776,688	4,168,873
Current assets			
Properties under development	17	22,254,218	18,443,878
Land under development	18	926,828	1,839,557
Inventories, at cost		99,503	80,217
Deposits for land use rights	19	7,371,019	4,066,559
Trade and other receivables	20	1,720,294	1,589,327
Completed properties held for sale	21	3,483,588	4,242,538
Restricted bank deposits	22	896,442	810,006
Cash and cash equivalents	23	17,619,619	8,026,677
		54,371,511	39,098,759
Total assets		62,148,199	43,267,632
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital and premium	24	20,117,523	14,186,122
Reserves	27	(485,282)	(226,789)
Retained earnings			
– proposed final dividend	39	248,154	288,373
– others		3,487,484	2,405,221
		23,367,879	16,652,927
Minority interests		518,535	1,130,182
Total equity		23,886,414	17,783,109

Consolidated Balance Sheet

		As at 31 December	
		2009	2008
	Note	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	28	17,186,844	8,778,770
Deferred income tax liabilities	30	999,182	790,038
		18,186,026	9,568,808
Current liabilities			
Borrowings	28	4,653,168	5,964,807
Derivative financial instrument	29	—	1,458
Trade and other payables	31	4,526,103	5,010,158
Advances from customers		9,494,610	3,749,274
Income tax payable		1,401,878	1,190,018
		20,075,759	15,915,715
Total liabilities		38,261,785	25,484,523
Total equity and liabilities		62,148,199	43,267,632
Net current assets		34,295,752	23,183,044
Total assets less current liabilities		42,072,440	27,351,917

Approved by the Board of Directors on 22 March 2010

LI Ming
Executive Director

CHEN Runfu
Executive Director

The notes on pages 87 to 168 are an integral part of these consolidated financial statements.

Balance Sheet

	Note	As at 31 December 2009 RMB'000	2008 RMB'000
ASSET			
Non-current assets			
Investments in subsidiaries	11	3,407,371	3,407,371
Current assets			
Amounts due from subsidiaries	11	16,387,387	14,060,108
Other receivables		2,209	—
Cash and cash equivalents	23	6,224,132	41,001
		22,613,728	14,101,109
Total assets		26,021,099	17,508,480
EQUITY			
Share capital and premium	24	20,117,523	14,186,122
Reserve	27	222,580	143,637
Retained earnings			
- proposed final dividend	39	248,154	288,373
- others		206,716	331,670
Total equity		20,794,973	14,949,802
LIABILITY			
Non-current liabilities			
Borrowings	28	4,186,479	1,474,565
		4,186,479	1,474,565
Current liabilities			
Borrowings	28	995,503	710,262
Derivative financial instrument	29	—	1,458
Amounts due to subsidiaries	11	—	14,870
Other payables	31	44,144	357,523
		1,039,647	1,084,113
Total liabilities		5,226,126	2,558,678
Total equity and liabilities		26,021,099	17,508,480
Net current assets		21,574,081	13,016,996
Total assets less current liabilities		24,981,452	16,424,367

Approved by the Board of Directors on 22 March 2010

LI Ming
Executive Director

CHEN Runfu
Executive Director

The notes on pages 87 to 168 are an integral part of these consolidated financial statements.

Consolidated Income Statement

	Note	Year ended 31 December 2009 RMB'000	2008 RMB'000
Revenue	6	8,823,658	6,487,380
Cost of sales		(6,166,644)	(3,667,392)
Gross profit		2,657,014	2,819,988
Other income	32	210,593	214,879
Other (losses)/gains - net	33	(8,294)	127,228
Fair value gain on investment properties	9	708,625	—
Selling and marketing costs		(318,252)	(250,592)
Administrative expenses		(319,539)	(420,404)
Operating profit		2,930,147	2,491,099
Fair value gain on derivative financial instruments	29	—	56,457
Finance costs	36	(308,753)	(161,178)
Share of loss of a jointly controlled entity	12	(35,315)	(54)
Share of losses of associates	13	(18,334)	(2,430)
Profit before income tax		2,567,745	2,383,894
Income tax expense	37	(929,401)	(939,308)
Profit for the year		1,638,344	1,444,586
Attributable to:			
Equity holders of the Company		1,582,077	1,387,896
Minority interests		56,267	56,690
		1,638,344	1,444,586
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB)			
– basic	38	0.337	0.310
– diluted	38	0.336	0.310
Dividends	39	413,667	406,357

The notes on pages 87 to 168 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

		Year ended 31 December 2009	2008
	Note	RMB'000	RMB'000
Profit for the year		1,638,344	1,444,586
Other comprehensive income			
Fair value losses on available-for-sale financial assets	16	(11,402)	(20,910)
Currency translation differences	16	(677)	(8,621)
Other comprehensive income for the year		(12,079)	(29,531)
Total comprehensive income for the year		1,626,265	1,415,055
Total comprehensive income attributable to:			
– equity holders of the Company		1,569,998	1,358,365
– minority interests		56,267	56,690
		1,626,265	1,415,055

The notes on pages 87 to 168 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

		Attributable to the equity holders of the Company						
		Share capital	Share premium	Other reserves	Retained earnings	Total	Minority interests	Total equity
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2008		3,471,022	10,719,998	(399,126)	2,032,315	15,824,209	1,054,110	16,878,319
Profit for the year		—	—	—	1,387,896	1,387,896	56,690	1,444,586
Other comprehensive income:								
Fair value losses on available-for-sale financial assets	16	—	—	(20,910)	—	(20,910)	—	(20,910)
Currency translation differences	16	—	—	(8,621)	—	(8,621)	—	(8,621)
Total comprehensive income for the year ended 31 December 2008		—	—	(29,531)	1,387,896	1,358,365	56,690	1,415,055
Dividends relating to 2007	39	—	—	—	(502,907)	(502,907)	(6,000)	(508,907)
Dividends relating to 2008	39	—	—	—	(117,984)	(117,984)	—	(117,984)
Share buybacks	24	(4,898)	—	4,898	(19,570)	(19,570)		(19,570)
Fair value reserve on employee share option plan	27	—	—	110,814	—	110,814	—	110,814
Transfer from retained earnings	27	—	—	86,156	(86,156)	—	—	—
Increase/(decrease) in minority interests as a result of:								
- acquisition of additional interests in subsidiaries from minority shareholders		—	—	—	—	—	(188,930)	(188,930)
- contribution from minority shareholders		—	—	—	—	—	211,387	211,387
- disposal of a subsidiary		—	—	—	—	—	2,925	2,925
		(4,898)	—	172,337	661,279	828,718	76,072	904,790
Balance at 31 December 2008		3,466,124	10,719,998	(226,789)	2,693,594	16,652,927	1,130,182	17,783,109

Consolidated Statement of Changes in Equity

		Attributable to the equity holders of the Company						
		Share capital	Share premium	Other reserves	Retained earnings	Total	Minority interests	Total equity
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2009		3,466,124	10,719,998	(226,789)	2,693,594	16,652,927	1,130,182	17,783,109
Profit for the year		—	—	—	1,582,077	1,582,077	56,267	1,638,344
Other comprehensive income:								
Fair value losses on available-for-sale financial assets	16	—	—	(11,402)	—	(11,402)	—	(11,402)
Currency translation differences	16	—	—	(677)	—	(677)	—	(677)
Total comprehensive income for the year ended 31 December 2009		—	—	(12,079)	1,582,077	1,569,998	56,267	1,626,265
Dividends relating to 2008	39	19,873	136,107	—	(288,308)	(132,328)	(17,404)	(149,732)
Dividends relating to 2009	39	—	—	—	(165,513)	(165,513)	—	(165,513)
Fair value reserve on employee share option plan	27	—	—	78,943	—	78,943	—	78,943
Transfer from retained earnings	27	—	—	86,212	(86,212)	—	—	—
Issue of shares pursuant to exercise of employee share options	24	2,218	14,816	—	—	17,034	—	17,034
Issue of subscription shares to a new shareholder	24	657,910	4,456,756	—	—	5,114,666	—	5,114,666
Issue of shares for acquisitions of a subsidiary and additional interests in subsidiaries from a minority shareholder	24	143,049	500,672	(356,796)	—	286,925	(569,099)	(282,174)
Decrease in minority interests as a result of acquisition of additional interests in subsidiaries from minority shareholders	27	—	—	(54,773)	—	(54,773)	(81,411)	(136,184)
		823,050	5,108,351	(258,493)	1,042,044	6,714,952	(611,647)	6,103,305
Balance at 31 December 2009		4,289,174	15,828,349	(485,282)	3,735,638	23,367,879	518,535	23,886,414

The notes on page 87 to 168 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

	Note	Year ended 31 December 2009 RMB'000	2008 RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations	40	1,648,701	(1,111,360)
Interest paid	36	(871,368)	(1,009,403)
Income tax paid		(1,285,085)	(669,956)
Net cash used in operating activities		(507,752)	(2,790,719)
Cash flows from investing activities			
Purchases of property, plant and equipment	7	(25,186)	(27,001)
Proceeds from sale of property, plant and equipment	40	9,384	8,619
Purchases of available-for-sale financial assets	16	(206,898)	(687,883)
Proceeds from disposal of available-for-sale financial assets		19,432	308,696
Purchase of notes receivables		—	(187,483)
Purchase of subsidiaries, net of cash acquired	43	(110,335)	23,905
Prepayment for acquisition of a subsidiary	20	(158,439)	—
Proceeds of disposal of subsidiaries		1,499	22,000
Capital injection to a jointly controlled entity	12	(175,000)	—
Capital injection to an associate	13	(2,000)	—
Deemed capital injection to a jointly controlled entity	12	(532,000)	—
Interest received		158,549	180,197
Dividends received		2,746	19,146
Acquisition of additional interests in subsidiaries		(531,582)	(153,546)
Net cash used in investing activities		(1,549,830)	(493,350)
Cash flows from financing activities			
Proceeds from borrowings		18,027,933	8,903,904
Repayments of borrowings		(11,178,009)	(5,431,503)
Proceeds from issuance of shares	24	5,114,666	—
Dividends paid to minority shareholders		(17,404)	(6,000)
Dividends paid to equity holders of the Company		(297,841)	(620,891)
Capital injection from minority shareholders		—	211,387
Redemption of preference shares		—	(148,678)
Share buybacks	26	—	(19,570)
Issue of shares pursuant to exercise of employee share options		12,550	—
Net cash generated from financing activities		11,661,895	2,888,649
Net increase/(decrease) in cash and cash equivalents		9,604,313	(395,420)
Cash and cash equivalents at beginning of the year		8,026,677	8,468,815
Exchange losses on cash and cash equivalents		(11,371)	(46,718)
Cash and cash equivalents at end of the year	23	17,619,619	8,026,677

The notes on page 87 to 168 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 General information

Sino-Ocean Land Holdings Limited (the "Company") is a limited liability company incorporated in Hong Kong on 12 March 2007.The address of its registered office is Suite 1512, One Pacific Place, 88 Queensway, Hong Kong. The Company and its subsidiaries (together, the "Group") are principally engaged in investment holding, property development and property investment in the People's Republic of China (the "PRC").

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

These consolidated financial statements are presented in thousands of units of Renminbi (RMB'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 22 March 2010.

2 Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, derivative financial instruments, notes receivables, convertible bonds and employee share options, which are carried at their fair values.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

3 Summary of significant accounting policies

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

During the year, the Group changed its accounting policy for land use rights held for development and subsequent sale. Land use rights held for development and subsequent sale meet the definition of both inventories and leasehold land. Previously, land use rights held for development and subsequent sale were classified as prepaid operating lease payments and amortized on a straight line basis over the period of the lease in accordance with HKAS 17 "Leases". Amortization of leasehold land during the development phase was capitalized as part of the construction cost of the property. Amortization charges incurred prior to development, and following completion of the property, was recognized in profit or loss. Subsequent to the change in accounting policy, land use rights held for development and subsequent sale are accounted for as inventories and measured at lower of cost and net realizable value in accordance with HKAS 2 "Inventories".

3 Summary of significant accounting policies *(Continued)*

Management believes that the new classification of land use rights results in a more relevant presentation of the financial position of the Group, and of its performance for the year. Management considers the classification as inventory more closely reflects the substance of the asset in view of management's intention to develop and sell the asset in the ordinary course of business. The new accounting policy also results in a presentation comparable with a number of the Group's competitors.

As the change in accounting policy has had no material effect on the consolidated financial statements of the Group for the current year or comparative year, such change has been accounted for prospectively.

(a) New and amended standards adopted by the Group

The group has adopted the following new and amended HKFRSs and interpretations to existing standards as of 1 January 2009:

HKFRS 7 "Financial Instruments–Disclosures" (amendment)–effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

HKAS 1 (revised) "Presentation of financial statements" – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

HKFRS 2 (amendment), "Share-based payment" - effective 1 January 2009. The amendment deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment does not have any impact on the Group's financial statements.

3 Summary of significant accounting policies *(Continued)*

(a) New and amended standards adopted by the Group *(Continued)*

HKAS 23 (Amendment), as part of the HKICPA's improvements to HKFRS published in October 2008, and "Borrowing costs", HKAS 23 (Revised), "Borrowing costs". The revised standard requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed.

The definition of borrowing costs has also been amended in the HKICPA's improvements to HKFRS published in October 2008, so that interest expense is calculated using the effective interest method defined in HKAS 39 "Financial instruments: Recognition and measurement". This eliminates the inconsistency of terms between HKAS 39 and HKAS 23. Since the Group had already chosen to capitalize borrowing costs relating to qualifying assets in previous years using the effective interest method, HKAS 23 (Revised) does not have any impact on the Group's consolidated financial statements.

HKFRS 8, "Operating segments" - effective from 1 January 2009. HKFRS 8 replaces HKAS 14, "Segment reporting", and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented, as the previously reported property development segment has been splited into property development-Beijing, property development-Tianjin, property development-North-east and property development-other segments.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as executive committee that makes strategic decisions.

Goodwill is allocated by management to groups of cash-generating units on a segment level. Goodwill relating to previous acquisitions within the property development segment has been allocated to the property development-Tianjin segment and property development-other segments. The change in reportable segments has not resulted in any additional goodwill impairment. There has been no further impact on the measurement of the Group's assets and liabilities. Comparatives for 2008 have been restated.

HK(IFRIC) - Int 15, "Agreements for construction of real estates" (superseded HK Int-3, "Revenue - Pre-completion contracts for the sale of development properties".) HK(IFRIC) - Int 15 clarifies whether HKAS 18, "Revenue" or IAS 11, "Construction contracts" should be applied to particular transactions. It is likely to result in HKAS 18 being applied to a wider range of transactions. HK(IFRIC) - Int 15 is not relevant to the Group's operations as all revenue transactions are accounted for under HKAS 18 and not HKAS 11.

3 Summary of significant accounting policies *(Continued)*

(b) Amendment that are not effective as at year end but were early adopted by the Group

HKAS 27 (Revised), "Consolidated and separate financial statements" - effective from 1 July 2009. The revised standard requires the effects of all transactions with minority interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit or loss. The Group had applied HKAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 January 2009.

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them:

HK(IFRIC) 17 "Distribution of non-cash assets to owners" - effective on or after 1 July 2009. The interpretation is part of the HKICPA's annual improvements project published in May 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. HKFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. This is not currently applicable to the Group, as it has not distributed any non-cash assets to shareholders.

HKFRS 3 (revised), "Business combinations" - effective from 1 July 2009. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group will apply HKFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

HKAS 38 (amendment), "Intangible Assets" - effective from 1 July 2009. The amendment is part of the HKICPA's annual improvements project published in May 2009 and the group and company will apply HKAS 38 (amendment) from the date HKFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Group's financial statements.

3 Summary of significant accounting policies *(Continued)*

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group *(Continued)*

HKFRS 5 (amendment), "Measurement of non-current assets (or disposal groups) classified as held for sale". The amendment is part of the HKICPA's annual improvements project published in May 2009. The amendment provides clarification that HKFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1. This is not currently relevant to the Group as it doesn't hold any of such assets.

HKAS 1 (amendment), "Presentation of financial statements". The amendment is part of the HKICPA's annual improvements project published in May 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The group and company will apply HKAS 1 (amendment) from 1 January 2010. It is not expected to have any material impact on the Group's financial statements.

HKFRS 2 (amendments), "Group cash-settled share-based payment transactions" - effective from 1 January 2010. In addition to incorporating HK(IFRIC)-Int 8, "Scope of HKFRS 2", and HK(IFRIC)-Int 11, "HKFRS 2 – group and treasury share transactions", the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by the interpretation. The new guidance is not expected to have a material impact on the Group's financial statements.

3 Summary of significant accounting policies *(Continued)*

3.1 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement.

If the acquisition involves more than one exchange transaction, each exchange transaction shall be treated separately by the Group, using the cost of the transaction and fair value information at the date of each exchange transaction, to determine the amount of any goodwill associated with that transaction.

Inter-company transactions, balances and unrealized gains on transactions between Group entities are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses (Note 3.7). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) Transactions with minority interests

The group treats transactions with non-controlling interest as transactions with equity holders of the company. For purchases from minority interest, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to minority interest are also recorded in equity.

3 Summary of significant accounting policies *(Continued)*

3.1 Consolidation *(Continued)*

(c) Jointly controlled entities

A jointly controlled entity is an entity jointly controlled by the Group and other parties and none of the participating parties has unilateral control over the entity. Investments in jointly controlled entities are accounted for using the equity method of accounting and are initially recognized at cost.

The Group's share of its jointly controlled entities' post-acquisition profits or losses is recognized in the consolidated income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Unrealized gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss (Note 3.7).

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other long-term interests and unsecured receivables that, in substance, form part of the investment in the associate, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

3 Summary of significant accounting policies *(Continued)*

3.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

3.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement.

Translation differences on non-monetary financial assets and liabilities, such as equity instruments held at fair value through profit or loss, are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary items such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(c) Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates; and

(iii) all resulting exchange differences are recognized as a separate component of equity.

3 Summary of significant accounting policies *(Continued)*

3.4 Properties

(a) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the entities in the Group, is classified as investment property. Investment property comprises land held under operating leases and buildings owned by the group. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is initially accounted for as if it were a finance lease.

Investment property is measured initially at cost, including related transaction costs.

After initial recognition, investment property is carried at fair value, assessed annually by a professional independent valuer. Fair value is based on active market prices, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. If such information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market condition.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is completed, at which time it is reclassified and subsequently accounted for as investment property.

If an item of property, plant and equipment becomes an investment property because its use has changed, any differences resulting between the carrying amount and the fair value of this item at the date of transfer is recognized in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognized in the consolidated income statement.

3 Summary of significant accounting policies *(Continued)*

3.4 Properties *(Continued)*

(a) Investment properties *(Continued)*

As a result of the 2008 Improvements to HKFRSs, IAS/HKAS 40, "Investment property", has been amended to include within its scope property that is being constructed or developed for future use as investment property. Prior to the amendment such property under construction or development was within the scope of HKAS 16 "Property, plant and equipment" until the construction or development was complete.

Property that is being constructed or developed as investment property is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

The amendment to HKAS 40 has been applied prospectively for annual periods beginning 1 January 2009 in accordance with the effective date and transitional provisions of the amendment. As at 1 January 2009 all property that is being constructed or developed for future use as investment property was transferred from property, plant and equipment and revalued to fair value on that date determined by an external valuer.

(b) Land use rights

All lands in China mainland are state-owned and no individual land ownership right exists. The Group acquired the rights to certain lands, and the premiums paid for such rights are recorded as land use rights. Land use rights are classified and accounted for in accordance to the intended use of respective properties as erected on the lands.

For properties that are held for own use, corresponding land use rights are separately stated in the balance sheet, and are stated at cost and amortized over the use terms of 40 to 70 years using the straight-line method.

For properties that are held for development and subsequent sale, corresponding land use rights are accounted for as part of the development costs, and are accounted for under Note 3.12.

3 Summary of significant accounting policies *(Continued)*

3.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to write off the cost less accumulated impairment loss of each asset over its estimated useful life to their residual values. The useful lives adopted for this purpose are as follows:

Buildings and leasehold improvements	5-50 years
Hotel property	50 years
Machineries	8 years
Vehicles	8 years
Office equipment	5 years
Electronic equipment	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are recognized within "other gains - net", in the consolidated income statement.

3.6 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiaries, jointly controlled entities and associates at the date of acquisition. Goodwill on acquisitions of jointly controlled entities or associates is included in investments in jointly controlled entities or associates and is tested for impairment as part of the overall balance. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each business segment in which it operates.

3 Summary of significant accounting policies *(Continued)*

3.7 Impairment of investments in subsidiaries, associates, jointly controlled entities and non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries or associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary or associate in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

3.8 Financial assets

The Group classifies its financial assets into loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. Loans and receivables are classified as "trade and other receivables", "restricted bank deposit" and "cash and cash equivalents" in the balance sheet (Note 3.13 and 3.14).

3 Summary of significant accounting policies *(Continued)*

3.8 Financial assets *(Continued)*

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method. Unrealized gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognized in equity. When securities classified as available-for-sale are sold, the accumulated fair value adjustments are included in the consolidated income statement as gains or losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognized in the income statement as part of other income when the Group's right to receive payments is established.

3.9 Derivative financial instruments

Derivative financial instruments of the Group represent conversion options in relation to notes receivables and convertible bonds. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

3.10 Impairment of financial assets

(a) Assets carried at amortized cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

3 Summary of significant accounting policies *(Continued)*

3.10 Impairment of financial assets *(Continued)*

(a) Assets carried at amortized cost *(Continued)*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

(b) Assets classified as available for sale

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the group uses the criteria refer to (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the separate consolidated income statement. Impairment losses recognised in the separate consolidated income statement on equity instruments are not reversed through the separate consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the separate consolidated income statement.

3.11 Land under development

Land under development represents primary land development projects, in preparation for such lands to undergo the process of open market bidding. Primary land development works included demolitions and relocations, ground levelings, as well as establishments of elementary public facilities. A fixed amount of compensation is usually agreed with respective governmental authorities for such works.

3.12 Inventories

(a) Properties under development

Properties under development are stated at the lower of cost and net realizable value. Net realizable value is determined by reference to estimated sales proceeds of the properties sold in the ordinary course of business less costs to complete development and estimated selling expenses.

Development cost of properties comprises land use right, construction costs, borrowing costs and professional fees as incurred during the development period. On completion, all development costs of the properties are transferred to completed properties held for sale.

(b) Completed properties held for sale

Completed properties held for sale are completed properties remaining unsold at year end and are stated at the lower of cost and net realizable values. Cost comprises development costs attributable to the unsold properties. Net realizable values is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

3 Summary of significant accounting policies *(Continued)*

3.12 Inventories *(Continued)*

(c) Other inventories

Inventories mainly comprise raw material for upfitting, food and beverages and hotel consumables. Goods are valued at the lower of cost and net realizable value. Cost, calculated on the weighted average basis, comprises invoiced price, delivery and other direct costs relating to purchases. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

3.13 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

3.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

3.15 Share capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.16 Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

3.17 Financial liabilities

(a) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. Other borrowing costs are recognized as an expense in the year in which they are incurred.

3 Summary of significant accounting policies *(Continued)*

3.17 Financial liabilities *(Continued)*

(b) Convertible bonds

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortized cost basis until extinguished on conversion or maturity of the bonds. The fair value of the conversion option is initially recognized at fair value and is subsequently premeasured at its fair value at each balance sheet date. Changes in the fair value of the conversion option are recognized in the consolidated income statement.

3.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the company's subsidiaries, jointly controlled entities and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss it is not accounted for. Deferred income tax is determined using tax rates (tax law) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

3 Summary of significant accounting policies *(Continued)*

3.18 Current and deferred income tax *(Continued)*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.19 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employee up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

(b) Bonus entitlements

Expected costs of bonus payments are recognized as liabilities when constructive obligations are present, as a result of services rendered by employees and reliable estimations of the obligations can be made.

(c) Retirement benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organized by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HKD1,000. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

3 Summary of significant accounting policies *(Continued)*

3.20 Share-based payments

The group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The cash subscribed for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs.

3.21 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

3 Summary of significant accounting policies *(Continued)*

3.22 Financial guarantee liabilities

Financial guarantee liabilities are recognized in respect of the financial guarantee provided by the Group to the property purchasers.

Financial guarantee liabilities are recognized initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such contracts are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognized less cumulative amortization.

Financial guarantee liabilities are derecognized from the balance sheet when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

3.23 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of returns, discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, the type of transaction and the specifics of each arrangement.

(a) Sale of properties

Revenue from sales of properties is recognized when the risks and rewards of the properties transferred to the purchaser, which is when the construction of the relevant properties have been completed and properties have been delivered to the purchaser pursuant to the sale agreements, and collectability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in current liabilities, and are separately stated in the balance sheet as advances from customers.

(b) Rental income

Rental income is recognized on a straight-line basis over the lease terms.

(c) Interest income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

3 Summary of significant accounting policies *(Continued)*

3.23 Revenue recognition *(Continued)*

(d) Dividend income

Dividend income is recognized when the right to receive payment is established.

(e) Property management and agency fee income

Property management and agency fee income is recognized in the accounting period in which the services are rendered.

(f) Hotel operating income

Hotel operating income is recognized upon the provision of services.

(g) Upfitting income

Upfitting income is recognized, over the period of the contracts, when the outcome of these contracts can be estimated reliably and it is probable that these contracts will be profitable.

When the outcome of a contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

The Group uses the "percentage of completion method" to determine the appropriate amount to be recognized in a given period. Depending on the nature of contracts, the stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to estimated total contract costs.

3.24 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(a) The Group is the lessee

Payments made under operating leases (net of any incentives received from the lessor), are charged to the consolidated income statement on a straight-line basis over the period of the lease.

(b) The Group is the lessor

When assets are leased out under an operating lease, the assets are included in the balance sheet based on the nature of the assets. Lease income is recognized over the term of the lease on a straight-line basis.

3 Summary of significant accounting policies *(Continued)*

3.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

4 Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk, and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The board of directors reviewed and approved policies for managing each of these risks and they are summarized below.

(a) Market risk

(i) Foreign exchange risk

The Group and the Company are exposed to foreign exchange risk arising from future commercial transactions and recognized assets and liabilities which are not denominated in the Group and the Company's functional currency. Majority of the Group and the Company's foreign currency transactions and balances are denominated in Hong Kong dollars ("HKD") and United States dollars ("USD"). The Group and the Company currently do not have a foreign currency hedging policy. However, the management of the Group and the Company monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Conversion of RMB into foreign currencies is subjected to the rules and regulations of the foreign exchange control, as promulgated by the PRC government.

As at 31 December 2009, if RMB had strengthened by 5% against HKD and USD with all other variable held constant, post-tax profit for the year of the Group would have been RMB114,176,000 lower (2008: RMB46,708,000 higher), mainly as the result of foreign exchange losses (2008: gains) on translation of HKD/USD dominated cash and cash equivalents, net of foreign exchange gains on translation of HKD/USD dominated derivative financial instruments and borrowings.

4 Financial risk management *(Continued)*

4.1 Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(ii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings with prevailing market interest rates. Such risk is partly offset by cash held at prevailing market interest rates. During 2009 and 2008, the Group's borrowings at prevailing market interest rates were denominated in RMB, HKD and USD.

The Group's fair value interest rate risk relates primarily to its fixed rate and other payables. The Group currently does not utilize any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

As at 31 December 2009, if interest rates had been increased/decreased by 50 basis points with all other variables held constant, the Group's post-tax profit, after taking into account the impact of interest capitalization, would decrease/increase by approximately RMB2,031,000 (2008: RMB878,000).

(b) Credit risk

Credit risk arises from restricted bank deposits, cash and cash equivalents, trade and other receivables and available-for-sale financial assets. The carrying amount of restricted bank deposits, cash and cash equivalents, trade and other receivables and available-for-sales financial assets, represent the Group's maximum exposure to credit risk in relation to its financial assets.

To manage such exposure, the Group has policies in place to ensure that sales are made to purchasers with appropriate financial strengths and credit history, at the same time appropriate percentages of down payments are made. Deposits are placed with banks with appropriate credit ratings. Monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews and assess the recoverable amount of each individual trade receivables on a regular basis to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Credit risk arises from restricted bank deposits is limited, as all counterparties are banks with appropriate credit rankings.

4 Financial risk management *(Continued)*

4.1 Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

The Group has provided guarantees to certain customers to secure their repayment obligations to the bank, for their purchases of property units. If a customer defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount together with and any accrued interest. Under such circumstances, the Group is able to sell the property to recover any amounts paid by the Group to the bank. The directors of the Company consider that the Group's exposure to credit risk on this regard is minimal.

(c) Liquidity risk

Cash flow forecasting 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 (Note 28), and currency restrictions regulations at all times so that the group does not breach borrowing limits on any of its borrowing facilities. Such forecasting takes into consideration the group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

4 Financial risk management *(Continued)*

4.1 Financial risk factors *(Continued)*

(c) Liquidity risk *(Continued)*

The table below analyzes 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 are the contractual undiscounted cash flows. Comparative information has been restated as permitted by the amendments to HKFRS7 for the liquidity risk discloses.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group					
At 31 December 2009					
Borrowings	5,549,770	7,611,270	7,095,545	4,071,483	24,328,068
Trade and other payables	4,391,714	—	—	—	4,391,714
	9,941,484	7,611,270	7,095,545	4,071,483	28,719,782
At 31 December 2008					
Borrowings	6,732,094	6,146,904	2,022,629	1,293,024	16,194,651
Trade and other payables	4,889,008	—	—	—	4,889,008
	11,621,102	6,146,904	2,022,629	1,293,024	21,083,659
Company					
At 31 December 2009					
Borrowings	1,107,469	98,667	4,254,787	—	5,460,923
Trade and other payables	44,144	—	—	—	44,144
	1,151,613	98,667	4,254,787	—	5,507,067
Company					
At 31 December 2008					
Borrowings	821,909	1,517,741	—	—	2,339,650
Trade and other payables	357,523	—	—	—	357,523
	1,179,432	1,517,741	—	—	2,697,173

4 Financial risk management *(Continued)*

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated balance sheet plus net debt.

The gearing ratios at 31 December 2009 and 2008 were as follows.

	As at 31 December 2009	2008
	RMB'000	RMB'000
Total borrowings (Note 28)	**21,840,012**	14,743,577
Less: cash and cash equivalents (Note 23)	**(17,619,619)**	(8,026,677)
Net debt	**4,220,393**	6,716,900
Total equity	**23,886,414**	17,783,109
Total capital	**28,106,807**	24,500,009
Gearing ratio	**15%**	27%

The decrease in the gearing ratio during 2009 resulted primarily from the issue of share capital (Note 24).

4.3 Fair value estimation

Effective 1 January 2009, the group adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

(b) 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).

(c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

4 Financial risk management *(Continued)*

4.3 Fair value estimation *(Continued)*

The following table presents the Group's assets that are measured at fair value at 31 December 2009 and 2008.

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
At 31 December 2009				
Available-for-sale financial assets;				
equity securities	557,507	—	35,141	592,648
Derivative financial instrument	—	—	8,331	8,331
	557,507	—	43,472	600,979
Group				
At 31 December 2008				
Available-for-sale financial assets;				
equity securities	367,418	—	59,297	426,715
Derivative financial instrument	—	—	8,338	8,338
	367,418	—	67,635	435,053

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily HKSE equity investments classified as available for sales.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

5 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimate of fair value of investment properties

The fair values of investment properties owned by the Group are assessed by an independent valuer, DTZ Debenham Tie Leung Limited, as at 31 December 2009. In making its judgement, the Group considers information from a variety of sources including:

(i) Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

(b) Estimate of fair value of notes receivables

The fair values of notes receivables subscribed by the Group are assessed by an independent valuer, DTZ Debenham Tie Leung Limited, as at 31 December 2009. The valuation is performed on the basis of open market value of the issuer upon reaching an IPO condition, as well as discounted cash flow valuation techniques for the straight bond portion of the financial instrument. The assumptions used are mainly based on market conditions existing at each balance sheet date.

(c) Estimate of fair value of employee share options

Up till 31 December 2009, fair value of employee share options issued by the Group are assessed by an independent valuer, DTZ Debenham Tie Leung Limited at their respective issuance dates. The valuation is performed on the basis of open market value of the Group’s listed shares, as well as estimations for the realization rates in the future. The assumptions used are mainly based on market conditions existing at each balance sheet date, as well as prior years’ records of the Group’s resignation rates.

5 Critical accounting estimates and judgements *(Continued)*

(d) Income taxes and land appreciation tax ("LAT")

The Group is primarily subjected to various PRC taxes, as it is principally engaged in property development in the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The implementation and settlement of LAT varies among various tax jurisdictions in cities of the PRC. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land use rights, borrowing costs, business taxes, property development and other related expenditures. These taxes are incurred upon transfer of property ownership.

Significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognized LAT based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the consolidated income statement in the periods in which such taxes are finalized with local tax authorities.

(e) Deferred tax

Deferred tax assets relating to certain temporary differences and tax losses are recognized when management considers it probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilization may be different.

(f) Revenue recognition

The Group has recognized revenue from the sale of properties held for sale as disclosed in Note 3.23. The assessment of when an entity has transferred the significant risks and rewards of ownership to buyers requires the examination of the circumstances of the transaction. In most cases, the transfer of risks and rewards of ownership coincides with the date when the equitable interest in the property vests with the buyer upon release of the respective property to the purchaser.

5 Critical accounting estimates and judgements *(Continued)*

(f) Revenue recognition *(Continued)*

As disclosed in Note 41, 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. These guarantees will be expired when relevant property ownership certificates are lodged with the various banks by the purchasers. In order to obtain mortgages, the purchasers would have settled certain percentage of the total contract amount in accordance with related PRC regulations upon delivery of the properties. The directors of the Company are of the opinion that such settlements provide sufficient evidence of the purchasers' commitment to honour contractual obligation of the bank loans. In addition, based on the past experiences, there were no significant defaults of mortgage facilities by the purchasers resulted in the bank guarantees were called upon. Accordingly, the directors believe that significant risks and rewards associated to the ownership of the properties have been transferred to the purchasers.

(g) Estimated impairment of assets

The Group tests annually whether assets have suffered any impairment in accordance with the accounting policies stated in Note 3.7. Assets are reviewed for impairment annually whenever events or changes in circumstances that the carrying amount of the assets exceed its recoverable amount. The recoverable amount of an asset or a cash generating units is determined based on value-in-use calculations which require the use of assumptions and estimates.

(h) Estimations for properties total construction costs

The Group makes estimates on properties construction costs upon recognition of respective costs of sales. Such estimates are substantiated by detail budgetary information as developed by the management and will be assessed periodically, as well as actual situation of the construction progress. Should these estimates depart from their actual finalized costs, such differences would affect the accuracy of costs of sales recognized.

6 Segment information

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

The Committee considers the business from both a geographic and product perspective. From a business perspective, management assesses the performance of property development and property investment. Property development is further evaluated on a geographic basis (Beijing, Tianjin, North-east and other territories).

Other segments as carried out by the Group mainly include property management, hotel operation, property sales agency and upfitting service. These sales have not been included within the reportable operating segments, as they are not included within the reports provided to the Committee.

6 Segment information *(Continued)*

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 cost is not included in the result for each operating segment that is reviewed by the Committee, which is managed on a central basis. Other information provided to the Committee, except as noted below, is measured in a manner consistent with that in the financial statements.

Total assets exclude corporate cash and cash equivalents, investments in a jointly controlled entity and associates, deferred tax and available-for-sale financial assets, all of which are managed on a central basis. These are part of the reconciliation to total balance sheet assets.

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

The segment information provided to the Committee for the reportable segments for the year ended 31 December 2009 and 2008 is as follows:

	Property development				Investment property	All other segments	Total	Inter-company elimination	Group total
	Beijing	Tianjin	North-east	Others					
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2009									
Total revenue	4,765,282	697,898	1,637,613	1,117,628	162,498	1,145,988	9,526,907	—	9,526,907
Inter-segment revenue	—	—	—	—	(6,009)	(697,240)	(703,249)	—	(703,249)
Revenue (from external customers)	4,765,282	697,898	1,637,613	1,117,628	156,489	448,748	8,823,658	—	8,823,658
Adjusted operating profit	1,719,935	123,014	339,640	95,483	107,123	161,377	2,546,572	(202,447)	2,344,125
Depreciation and amortization	(1,560)	(934)	(5,372)	(1,660)	(341)	(9,832)	(19,699)	—	(19,699)
Finance income	94,903	16,091	28,688	6,594	6,228	22,203	174,707	(118,306)	56,401
Year ended 31 December 2008									
Total revenue	4,530,165	307,190	643,017	354,844	125,939	932,549	6,893,704	—	6,893,704
Inter-segment revenue	—	—	—	—	(4,003)	(402,321)	(406,324)	—	(406,324)
Revenue (from external customers)	4,530,165	307,190	643,017	354,844	121,936	530,228	6,487,380	—	6,487,380
Adjusted operating profit	2,184,809	121,587	158,170	58,278	130,353	408,555	3,061,752	(384,612)	2,677,140
Depreciation and amortization	(5,092)	(959)	(862)	(788)	(332)	(15,607)	(23,640)	—	(23,640)
Finance income	154,352	18,368	4,319	—	40,795	116,091	333,925	(260,285)	73,640

6 Segment information *(Continued)*

	Property development				Investment property	All other segments	Total	Inter-company elimination	Group total
	Beijing	Tianjin	North-east	Others					
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2009									
Total assets	19,549,097	4,696,369	9,038,347	10,092,367	4,180,120	8,238,678	55,794,978	(7,287,088)	48,507,890
Additions to non-current assets (other than financial instrument and deferred tax assets)	515	2,072	21,618	4,486	638	15,271	44,600	—	44,600
Total liabilities	12,033,464	2,385,794	3,968,744	2,550,981	910,747	1,503,032	23,352,762	(7,930,171)	15,422,591
As at 31 December 2008									
Total assets	19,721,230	3,940,823	6,650,889	5,470,069	2,167,494	7,561,488	45,511,993	(6,617,707)	38,894,286
Additions to non-current assets (other than financial instruments and deferred tax assets)	1,121	730	1,716	3,276	36	24,998	31,877	—	31,877
Total liabilities	12,204,765	1,035,021	912,322	1,862,931	424,848	1,688,183	18,128,070	(8,177,162)	9,950,908

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

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
Adjusted operating profit	2,344,125	2,677,140
Corporate finance income	111,208	106,557
Corporate overheads	(233,811)	(292,598)
Finance costs (Note 36)	(308,753)	(161,178)
Fair value gain on investment properties (Note 9)	708,625	—
Fair value gain on derivative financial instrument (Note 29)	—	56,457
Share of loss of a jointly controlled entity (Note 12)	(35,315)	(54)
Share of loss of associates (Note13)	(18,334)	(2,430)
Profit before income tax	2,567,745	2,383,894

6 Segment information *(Continued)*

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

	As at 31 December 2009	2008
	RMB'000	RMB'000
Total segment assets	**48,507,890**	38,894,286
Corporate cash and cash equivalents	**11,775,975**	3,524,058
Investment in a jointly controlled entity (Note 12)	**671,685**	—
Investment in associates (Note13)	**294,462**	310,796
Available-for-sale financial assets (Note 16)	**592,648**	426,715
Deferred income tax assets (Note 30)	**305,539**	111,777
Total assets per balance sheet	**62,148,199**	43,267,632
Total segment liabilities	**15,422,591**	9,950,908
Deferred income tax liabilities (Note 30)	**999,182**	790,038
Current borrowings (Note 28)	**4,653,168**	5,964,807
Non-current borrowings (Note 28)	**17,186,844**	8,778,770
Total liabilities per balance sheet	**38,261,785**	25,484,523

The Company is domiciled in Hong Kong and most of its main subsidiaries are domiciled in the PRC. All the revenue from external customers of the Group are derived in the PRC for the years ended 2009 and 2008.

As at 31 December 2009, the total of non-current assets other than financial instruments and deferred tax assets located in the PRC is RMB5,425,058,000 (2008: RMB2,747,552,000), and the total of these non-current assets located in Hong Kong is RMB551,522,000 (2008: RMB623,760,000).

For the year ended 31 December 2009 and 2008, the Group do not have any single significant customer with the transaction value above 10% of the external sales.

Notes to the Consolidated Financial Statements

7 Property, plant and equipment

	Buildings and leasehold improvements	Hotel property	Machineries	Vehicles	Office equipment	Electronic equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2008							
Opening net book amount	83,900	170,855	683	20,417	16,724	—	292,579
Reclassification	—	—	(98)	(648)	(9,642)	10,388	—
Net book amount as at 1 January 2008	83,900	170,855	585	19,769	7,082	10,388	292,579
Additions	—	5,568	863	5,042	6,619	8,909	27,001
Disposals	(6,094)	—	(7)	(2,002)	(366)	(469)	(8,938)
Transfer from completed property held for sale	7,825	—	—	—	—	—	7,825
Acquisition of a subsidiary	3,035	—	—	1,325	—	516	4,876
Depreciation charge	(1,766)	(3,934)	(397)	(3,816)	(2,594)	(5,847)	(18,354)
Closing net book amount	86,900	172,489	1,044	20,318	10,741	13,497	304,989
At 31 December 2008							
Cost	90,536	193,820	3,847	34,348	15,082	27,395	365,028
Accumulated depreciation	(3,636)	(21,331)	(2,803)	(14,030)	(4,341)	(13,898)	(60,039)
Net book amount	86,900	172,489	1,044	20,318	10,741	13,497	304,989
Year ended 31 December 2009							
Opening net book amount	86,900	172,489	1,044	20,318	10,741	13,497	304,989
Additions	1,271	1,653	5,185	8,881	1,869	6,327	25,186
Disposals	—	—	(11)	(2,028)	(263)	(7,170)	(9,472)
Transfer from completed property held for sale	3,566	—	—	—	—	—	3,566
Acquisition of subsidiaries (Note 43)	—	—	—	19,110	143	161	19,414
Depreciation charge	(1,839)	(3,953)	(795)	(7,315)	(3,864)	(1,050)	(18,816)
Closing net book amount	89,898	170,189	5,423	38,966	8,626	11,765	324,867
At 31 December 2009							
Cost	95,373	195,473	9,021	60,311	16,831	26,713	403,722
Accumulated depreciation	(5,475)	(25,284)	(3,598)	(21,345)	(8,205)	(14,948)	(78,855)
Net book amount	89,898	170,189	5,423	38,966	8,626	11,765	324,867

Depreciation expense of RMB8,668,000 (2008: RMB9,581,000) has been charged in 'cost of sales', and RMB10,148,000 (2008:RMB8,773,000) in 'administrative expenses'.

As at 31 December 2009 and 2008, hotel property of the Group with the carrying values of RMB170,189,000 and RMB172,489,000 respectively, as well as buildings with the carrying values of RMB74,918,000 and RMB76,496,000 respectively, were pledged as collateral for the Group's borrowings (Note 28).

8 Land use rights

The group's interests in land use rights represented prepaid operating lease payments in the PRC which are held on lease of less than 50 years. The movements are as follows:

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
At beginning of the year	**36,958**	36,947
Transfer from completed properties held for sale	**2,889**	679
Amortization charge	**(883)**	(668)
At end of the year	**38,964**	36,958

As at 31 December 2009 and 2008, land use right of the Group with carrying values of RMB35,467,000 and RMB36,285,000 respectively were pledged as collateral for the Group's borrowings (Note 28).

9 Investment properties

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
At fair value		
At beginning of the year	**1,984,000**	1,984,000
Transfer from completed properties held for sale	**1,291,375**	—
Fair value gains	**708,625**	—
At end of the year	**3,984,000**	1,984,000

9 Investment properties *(Continued)*

(a) Amounts recognized in profit and loss for investment properties

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
Rental income	**156,489**	121,936
Direct operating expenses arising from investment properties that generate rental income	**62,354**	30,059
Direct operating expenses that did not generate rental income	**7,947**	1,932

(b) Valuation basis

The fair value of the Group's investment properties at 31 December 2009 and 2008 were valued by DTZ Debenham Tie Leung Limited, the independent and professionally qualified valuers. Valuations were based on either capitalization of net rental income derived from the existing tenancies with allowance for the reversionary income potential of the properties or on direct comparison approach assuming sale of each of these properties in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market.

(c) Non current assets pledged as security

As at 31 December 2009 and 2008, investment properties of the Group with carrying values of RMB3,260,000,000 and RMB1,260,000,000 respectively were pledged as collateral for the Group's borrowings (Note 28).

(d) Leasing arrangements

Minimum lease payments under non cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

	As at 31 December 2009	2008
	RMB'000	RMB'000
Within 1 year	**156,755**	127,531
Between 1 to 5 years	**241,381**	166,084
After 5 years	**69,573**	45,266
	467,709	338,881

10 Goodwill

	RMB'000
At 1 January 2008	
Cost and net book amount	756,796
Year ended 31 December 2008	
Opening net book amount	756,796
Impairment charged to cost of sales	(22,227)
Closing net book amount	734,569
At 31 December 2008	
Cost	756,796
Impairment charged to cost of sales	(22,227)
Net book amount	734,569
Year ended 31 December 2009	
Opening net book amount	**734,569**
Impairment charged to cost of sales	**(71,967)**
Closing net book amount	**662,602**
At 31 December 2009	
Cost	**756,796**
Impairment charged to cost of sales	**(94,194)**
Net book amount	**662,602**

Goodwill is allocated to the Group's cash generating units identified according to operating segment. An operating segment level summary of the goodwill allocation is presented below.

	As at 31 December 2009	2008
	RMB'000	RMB'000
Property development	**649,267**	721,234
Others	**13,335**	13,335
	662,602	734,569

10 Goodwill *(Continued)*

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management.

Key assumptions and considerations used for the value-in-use calculations included projected cash flow forecasts, as well as weighted average market discount rates. Projected cashflow forecasts are prepared based on respective development plans of real estate projects. Weighted average discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

11 Investments in subsidiaries – Company

	As at 31 December 2009	2008
	RMB'000	RMB'000
Investments in unlisted shares, at cost	**3,407,371**	3,407,371
Amounts due from subsidiaries	**16,387,387**	14,060,108
Amounts due to subsidiaries	**—**	(14,870)

Amounts due with subsidiaries are unsecured, interest free and repayable on demand.

11 Investments in subsidiaries – Company *(Continued)*

The directors are of the opinion that the following is a list of the subsidiaries at 31 December 2009 which materially affect the results or assets of the Group:

	Name	Country / place of incorporation and operation	Legal status	Issue / paid in capital (In thousand)	Effective interest held as at 31 December 2009	Principal activities
(1)	Sino-Ocean Land Limited 遠洋地產有限公司	The PRC	Wholly foreign owned enterprise	RMB 5,100,000	100%	Property development
(2)	北京德年投資管理咨詢有限公司	The PRC	Limited liability company	RMB 675,000	100%	Consultant service
(3)	北京卓萬創業投資管理有限公司	The PRC	Limited liability company	RMB 663,261	100%	Consultant service
(4)	北京萬洋世紀創業投資管理有限公司	The PRC	Limited liability company	RMB 341,000	100%	Consultant service
(5)	北京碧城創業投資管理有限公司	The PRC	Limited liability company	RMB 336,000	100%	Consultant service
(6)	Beijing Yuan Yang Building Co., Ltd. 北京遠洋大廈有限公司	The PRC	Sino-foreign equity joint venture	USD 30,000	72%	Investment property
(7)	Beijing Linda Huaxia Real Estate Development Company, Limited 北京林達華夏房地產開發有限公司	The PRC	Sino-foreign equity joint venture	RMB 219,000	100%	Property development
(8)	北京濤力投資管理有限公司	The PRC	Limited liability company	RMB 207,736	100%	Consultant service
(9)	Beijing Wuhe Real Estate Development Company, Limited 北京五河房地產開發有限公司	The PRC	Limited liability company	RMB 100,000	75%	Land development
(10)	Beijing Dong Rong Real Estate Development Co., Ltd. 北京東隆房地產開發有限公司	The PRC	Sino-foreign cooperative joint venture	USD 12,370	85.72%	Property development
(11)	Beijing Jin He Wan Sheng Real Estate Development Company Limited 北京金和萬盛房地產開發有限公司	The PRC	Limited liability company	RMB 75,000	100%	Land and property development
(12)	Beijing Long Ze Yuan Property Company, Limited 北京龍澤源置業有限公司	The PRC	Limited liability company	RMB 60,000	100%	Property development

11 Investments in subsidiaries – Company *(Continued)*

	Name	Country / place of incorporation and operation	Legal status	Issue / paid in capital (In thousand)	Effective interest held as at 31 December 2009	Principal activities
(13)	Beijing Yuan-lin Land Development Company, Limited 北京遠麟置業有限公司	The PRC	Limited liability company	RMB 50,000	100%	Property development
(14)	Beijing Yuanqian Property Co., Ltd. 北京遠乾置業有限公司	The PRC	Limited liability company	RMB 50,000	100%	Property development
(15)	Beijing Sino-Ocean Grand Architectural Decoration Engineering Co.,Ltd. 北京遠洋中廣建築裝飾工程有限公司	The PRC	Limited liability company	RMB 50,000	97%	Renovation services
(16)	Beijing Yuan He Real Estate Development Company Limited 北京遠河房地產開發有限公司	The PRC	Limited liability company	RMB 30,000	100%	Property development
(17)	Beijing Silver Sail Real Estate Development Company Limited 北京銀帆基業房地產開發有限公司	The PRC	Limited liability company	RMB 30,000	70%	Property development
(18)	Beijing Tianlin Real Estate Development Company, Limited 北京市天麟房地產開發有限公司	The PRC	Limited liability company	RMB 30,000	100%	Property development
(19)	Beijing Yuankun Real Estate Development Company, Limited 北京遠坤房地產開發有限公司	The PRC	Limited liability company	RMB 30,000	100%	Property development
(20)	COSCO Hotel & Property Management Co., Limited 中遠酒店物業管理有限公司	The PRC	Sino-foreign equity joint venture	RMB 12,667	100%	Hotel and property management
(21)	Beijing Yin Gang Real Estate Development Company Limited 北京銀港房地產開發有限公司	The PRC	Limited liability company	RMB 10,000	100%	Land development
(22)	Beijing Yuan-lian Real Estate Development Company, Limited 北京遠聯置地房地產開發有限公司	The PRC	Limited liability company	RMB 10,000	100%	Property development

11 Investments in subsidiaries – Company *(Continued)*

	Name	Country / place of incorporation and operation	Legal status	Issue / paid in capital (In thousand)	Effective interest held as at 31 December 2009	Principal activities
(23)	Beijing Yuan-Xiang Real Estate Development Company, Limited 北京遠翔置地房地產開發有限公司	The PRC	Limited liability company	RMB 10,000	100%	Property development
(24)	Best Western Premier Beijing Hotel Limited 北京世紀遠洋賓館有限公司	The PRC	Limited liability company	RMB 10,000	100%	Hotel operation
(25)	Beijing Sino-Ocean Property Management Company, Limited 北京遠洋基業物業管理有限公司	The PRC	Sino-foreign equity joint venture	RMB 8,800	100%	Property management
(26)	Tianjin Yuan-bin Real Estate Development Company, Limited 天津遠濱房地產開發有限公司	The PRC	Sino-foreign equity joint venture	RMB 600,000	97.05%	Property development
(27)	Tianjin Pulida Real Estate Construction and Development Company Limited 天津普利達房地產開發有限公司	The PRC	Limited liability company	RMB 420,000	100%	Property development
(28)	Tianjin Yuan-Chi Real Estate Development Company, Limited 天津市遠馳房地產開發有限公司	The PRC	Limited liability company	RMB 400,000	96.99%	Property development
(29)	天津盛曼投資管理有限公司	The PRC	Limited liability company	RMB 200,000	100%	Consultant service
(30)	Sino-Ocean Real Estate (Tianjin) Co., Ltd. 遠洋地產（天津）有限公司	The PRC	Sino-foreign equity joint venture	RMB 170,000	94.10%	Investment holding
(31)	Yianjin Yuanying Real Estate Development Company, Limited 天津市遠贏房地產開發有限公司	The PRC	Limited liability company	RMB 20,000	100%	Property development
(32)	杭州遠洋天祺置業有限公司	The PRC	Sino-foreign equity joint venture	USD 48,200	70%	Property development
(33)	杭州遠洋運河商務區開發有限公司	The PRC	Sino-foreign equity joint venture	USD 39,220	70%	Preparation for property development
(34)	杭州德洋投資管理有限公司	The PRC	Wholly foreign owned enterprise	USD 29,600	100%	Consultant service

Notes to the Consolidated Financial Statements

11 Investments in subsidiaries – Company *(Continued)*

	Name	Country / place of incorporation and operation	Legal status	Issue / paid in capital (In thousand)	Effective interest held as at 31 December 2009	Principal activities
(35)	Hang Zhou Yuan Yang Lai Fu Real Estate Development Company Limited 杭州遠洋萊福房地產開發有限公司	The PRC	Limited liability company	RMB 100,000	70%	Property development
(36)	杭州遠洋新河酒店置業有限公司	The PRC	Sino-foreign equity joint venture	USD 7,307	70%	Preparation for property development
(37)	黃山東方紅影視產業投資有限公司	The PRC	Limited liability company	RMB 50,000	100%	Preparation for travel site development
(38)	Shining (DL) Real Estate Co., Ltd. 勳業（大連）置業有限公司	The PRC	Sino-foreign equity joint venture	USD 90,000	100%	Property development
(39)	Dalian Sunny-Ocean Property Limited 大連明遠置業有限公司	The PRC	Sino-foreign equity joint venture	USD 80,000	100%	Property development
(40)	Dalian Sky-Upright Property Limited 大連正乾置業有限公司	The PRC	Sino-foreign equity joint venture	USD 76,860	100%	Property development
(41)	Dalian Qianhao Real Estate Co., Ltd. 大連乾豪房地產開發有限公司	The PRC	Limited liability company	RMB 150,000	100%	Property development
(42)	大連元天投資管理咨詢有限公司	The PRC	Wholly foreign owned enterprise	USD 15,000	100%	Consultant service
(43)	Sino-Ocean Land (Zhong Shan) Development Co., Limited 遠洋地產（中山）開發有限公司	The PRC	Sino-foreign cooperative joint venture	RMB 720,000	100%	Property development
(44)	Wanxiang Zhiye (Shenyang) Co., Ltd. 萬祥置業（瀋陽）有限公司	The PRC	Sino-foreign equity joint venture	RMB 582,830	100%	Property development
(45)	Liaoning Wanxiang Property Co., Ltd. 遼寧萬祥置業有限公司	The PRC	Sino-foreign equity joint venture	RMB 459,240	100%	Property development
(46)	Sino-Ocean Land Property Development Limited 遠洋地產國際發展有限公司	Hong Kong	Limited company	HKD 20	100%	Investment holding

11 Investments in subsidiaries – Company *(Continued)*

	Name	Country / place of incorporation and operation	Legal status	Issue / paid in capital (In thousand)	Effective interest held as at 31 December 2009	Principal activities
(47)	Tak Shing International Investment Limited 德盛國際投資有限公司	Hong Kong	Limited company	HKD 10	100%	Investment holding
(48)	Sino-Ocean Land (Zhong Shan) Limited 遠洋地產（中山）有限公司	Hong Kong	Limited company	HKD 10	100%	Investment holding
(49)	Sino-Ocean Land (Hong Kong) Limited 遠洋地產（香港）有限公司	Hong Kong	Limited company	HKD 10	100%	Investment holding
50)	Mission Success Limited 穎博有限公司	Hong Kong	Limited company	HKD —	100%	Investment holding
(51)	Dynamic Class Limited 昇能有限公司	Hong Kong	Limited company	HKD —	100%	Investment holding
(52)	Moral King Int'l Ltd 德永國際有限公司	Hong Kong	Limited company	HKD —	100%	Investment holding
(53)	Moral Wealth International Limited 德發國際有限公司	Hong Kong	Limited company	HKD —	100%	Investment holding
(54)	Techson International Investment Limited 德信國際投資有限公司	Hong Kong	Limited company	HKD —	100%	Investment holding
(55)	Sino-Ocean Land Capital Investment Ltd 遠洋地產資本投資有限公司	BVI	Limited company	USD 50	100%	Investment holding
(56)	Shine Wind Development Limited 耀勝發展有限公司	BVI	Limited company	USD 10	100%	Investment holding
(57)	Mega Precise Profits Limited	BVI	Limited company	USD —	100%	Investment holding
(58)	Smart State Properties Limited	BVI	Limited company	USD —	100%	Investment holding
(59)	Moral Known Limited 德曉有限公司	BVI	Limited company	USD —	100%	Investment holding

12 Interest in a jointly controlled entity

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
At beginning of the year	—	54
Capital injection	175,000	—
Loan to the jointly controlled entity (a)	532,000	—
Share of results of a jointly controlled entity	(35,315)	(54)
At end of the year	671,685	—

(a) On 13 November 2009, Beijing Tianlin Real Estate Development Co., Limited. ("Tianlin"), a wholly owned subsidiary of the Group, entered into a loan agreement with Beijing Linlian Property Company Limited ("Linlian"), the jointly controlled entity of the Group, and the other two jointly controlled shareholders of Linlian, in provision of funds totalled RMB 1,064,000,000. The amount is unsecured, interest free and would only be repayable on a future date as agreed by all parties.

(b) The following is details of the jointly controlled entity at 31 December 2009 and 2008, which is established and operates in the PRC:

Name	Country/ place of incorporation and operation	Legal status	Issue / paid in capital (In thousand)	Effective interest held as at 31 December 2009	2008	Principal activities
Beijing Linlian Property Company Limited 北京麟聯置業有限公司	The PRC	Limited liability company	RMB 400,000	50%	50%	Land and property development

The Group's share of the assets and liabilities, revenues and results of the jointly controlled entity are set out as follows:

Name	Assets	Liabilities	Revenues	Losses	% interest held
	RMB'000	RMB'000	RMB'000	RMB'000	
2009					
Beijing Linlian Property Company Limited	794,314	69,163	—	(4,100)	50%
2008					
Beijing Linlian Property Company Limited	428,970	406,719	—	(1,646)	50%

There were no other contingent liabilities or capital commitments relating to the Group's interests in the jointly controlled entity.

13 Interests in associates

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
At beginning of the year	310,796	327,056
Addition	2,000	—
Share of results of associates	(18,334)	(2,430)
Reclassification to other assets and liabilities when an associate became a subsidiary	—	(6,000)
Dividend received	—	(7,830)
At end of the year	294,462	310,796

The following is the particular of the associate held at 31 December 2009 and 2008, which are unlisted, and are established and operate in the PRC:

Name	Country/ place of incorporation and operation	Legal status	Issue / paid in capital (In thousand)	Effective interest held as at 31 December 2009	2008	Principal activities
Beijing Central Business District Development and Construction Company Limited 北京商務中心區開發建設有限責任公司	The PRC	Limited liability company	RMB 680,850	47%	47%	Land development
Beijing Kunlian Xinhe Business Management Company Limited 北京坤聯信和商業管理有限責任公司	The PRC	Limited liability company	RMB 5,000	40%	—	Consulting management

13 Interests in associates *(Continued)*

The Group's share of the assets and liabilities, revenues and results of the associate are set out as follows:

Name	Assets	Liabilities	Revenues	Losses	% interest held
	RMB'000	RMB'000	RMB'000	RMB'000	
2009					
Beijing Central Business District Development and Construction Company Limited	678,766	359,464	—	(2,825)	47%
Beijing Kunlian Xinhe Business Management Company Limited	1,998	—	—	(2)	40%
2008					
Beijing Central Business District Development and Construction Company Limited	590,753	268,626	132	(2,430)	47%

There were no other contingent liabilities or capital commitments relating to the Group's interests in the associates.

14 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

(a) Group

	Loans and receivables	Assets at fair value through the profit and loss	Available-for-sale	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
As at 31 December 2009				
Available-for-sale financial assets (Note 16)	—	—	592,648	592,648
Derivative financial instrument (Note 29)	—	8,331	—	8,331
Trade and other receivables excluding prepayments	1,513,137	—	—	1,513,137
Restricted bank deposits (Note 22)	896442	—	—	896,442
Cash and cash equivalents (Note 23)	17,619,619	—	—	17,619,619
	20,029,198	8,331	592,648	20,630,177
As at 31 December 2008				
Available-for-sale financial assets (Note 16)	—	—	426,715	426,715
Derivative financial instrument (Note 29)	—	8,338	—	8,338
Trade and other receivables excluding prepayments	1,428,864	—	—	1,428,864
Restricted bank deposits (Note 22)	810,006	—	—	810,006
Cash and cash equivalents (Note 23)	8,026,677	—	—	8,026,677
	10,265,547	8,338	426,715	10,700,600

	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
	RMB'000	RMB'000	RMB'000
Liabilities			
As at 31 December 2009			
Borrowings (Note 28)	—	21,840,012	21,840,012
Trade and other payables excluding statutory liabilities	—	4,391,714	4,391,714
	—	26,231,726	26,231,726
As at 31 December 2008			
Borrowings (Note 28)	710,262	14,033,315	14,743,577
Derivative financial instrument (Note 29)	1,458	—	1,458
Trade and other payables excluding statutory liabilities	—	4,889,008	4,889,008
	711,720	18,922,323	19,634,043

14 Financial instruments by category *(Continued)*

(b) Company

	Loans and receivables
	RMB'000
Assets	
As at 31 December 2009	
Amounts due from subsidiaries (Note 11)	16,387,387
Trade and other receivables excluding prepayments	2,209
Cash and cash equivalents (Note 23)	6,224,132
	22,613,728
As at 31 December 2008	
Amounts due from subsidiaries (Note 11)	14,060,108
Cash and cash equivalents (Note 23)	41,001
	14,101,109

	Liabilities at fair value through the profit and loss	Other financial liabilities	Total
	RMB'000	RMB'000	RMB'000
Liabilities			
As at 31 December 2009			
Borrowings (Note 28)	—	5,181,982	5,181,982
Trade and other payables excluding statutory liabilities	—	44,144	44,144
	—	5,226,126	5,226,126
As at 31 December 2008			
Borrowings (Note 28)	710,262	1,474,565	2,184,827
Derivative financial instrument (Note 29)	1,458	—	1,458
Amounts due to subsidiaries (Note 11)	—	14,870	14,870
Trade and other payables excluding statutory liabilities	—	357,523	357,523
	711,720	1,846,958	2,558,678

15 Credit quality of financial assets

(a) Group

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

	As at 31 December 2009	2008
	RMB'000	RMB'000
Trade receivables		
Counterparties without external credit rating	**64,651**	192,141
Trade receivables that are neither past due nor impaired	**51,416**	178,047
Other receivables that are neither past due nor impaired	**969,948**	1,241,744
Deposits for land use rights that are neither past due nor impaired	**235,000**	—

Deposits for land use rights amounting to RMB235,000,000 (2008: nil) represents amounts paid to local land authorities for the participation in the open market bidding process. As these deposits were paid to governmental authorities, none of these deposits is considered as exposed to major credit risk.

All bank deposits are with reputable corporate banks. None of the bank deposits is considered as exposed to major credit risk.

None of the financial assets that are fully performing has been renegotiated in 2009 (2008: nil).

(b) Company

All bank deposits are with reputable banks. None of the bank deposits is considered as exposure to major credit risk.

16 Available-for-sale financial assets

	As at 31 December 2009	2008
	RMB'000	RMB'000
Investment in Glorious Property Holding Limited (a)	163,279	—
Investment in SOL Investment Fund Limited (b)	394,228	367,418
Investment in other unlisted equity securities	35,141	59,297
	592,648	426,715

(a) On 11 September 2009, Moral King International Limited ("Moral King"), a wholly owned subsidiary, entered into an agreement with Glorious Property Holding Limited ("Glorious"), a real estate development company, and its Joint Global Coordinators, in which Moral King agreed to purchase portions of Glorious's Investors' Shares at the IPO Price. On 2 October 2009, Glorious had its listing on The Stock Exchange of Hong Kong Limited, and Moral King purchased 52,840,000 shares at HKD4.4 per share accordingly. Its fair value as at 31 December 2009 was based on quoted closing price from The Stock Exchange of Hong Kong Limited.

(b) On 31 March 2008, SOL Investment Fund Limited ("SOL Fund"), a special purpose entity of the Group, was incorporated in and under the laws of the Cayman Islands, with the purpose to carry out investment activities for the Group. The underlying investment of SOL Funds represented investments in shares listed on The Stock Exchange of Hong Kong Limited, and hence its fair value as at 31 December 2009 was based on quoted closing price from The Stock Exchange of Hong Kong Limited.

16 Available-for-sale financial assets *(Continued)*

Available-for-sale financial assets of the Group also include certain unlisted equity securities, all denominated in RMB. The fair values of unlisted securities are based on the net asset values of respective securities.

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
At beginning of the year	**426,715**	67,487
Additions	**206,898**	696,504
Disposals	**(28,886)**	(307,745)
Revaluation losses charged to equity	**(11,402)**	(20,910)
Currency translation differences	**(677)**	(8,621)
At end of the year	**592,648**	426,715

Available-for-sale financial assets include the following:

	As at 31 December 2009	2008
	RMB'000	RMB'000
Fair value:		
- listed	**557,507**	367,418
- unlisted	**35,141**	59,297
	592,648	426,715
Market value of listed securities	**557,507**	367,418

Available-for-sale financial assets are denominated in the following currencies:

	As at 31 December 2009	2008
	RMB'000	RMB'000
- HKD	**557,507**	367,418
- RMB	**35,141**	59,297
	592,648	426,715

There were no impairment provisions on available-for-sale financial assets as at 31 December 2009 and 2008.

17 Properties under development

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
At beginning of the year	18,443,878	13,002,533
Additions	5,995,153	6,479,227
Transfer from land under development	1,426,204	1,507,737
Transfer from deposits for land use rights	2,189,580	3,036,010
Acquisition of subsidiaries	420,443	—
Transfer to completed properties held for sale	(6,221,040)	(5,581,629)
At end of the year	22,254,218	18,443,878
Properties under development comprises:		
Land use rights	7,437,652	6,591,275
Construction costs and capitalized expenditure	13,383,219	10,672,866
Interest capitalized	1,433,347	1,179,737
	22,254,218	18,443,878

Land use rights are analyzed as follows:

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
In the PRC held on:		
Leases of over 50 years	4,664,727	4,655,820
Leases within 50 years	2,772,925	1,935,455
At end of the year	7,437,652	6,591,275

Properties under development are all located in the PRC.

As at 31 December 2009 and 2008, properties under development of approximately RMB2,120,717,000 and RMB1,467,719,000 (Note 28) respectively were pledged as collateral for the Group's borrowings.

18 Land under development

Land under development refers to primary land development projects. No land use rights certificates were obtained for these projects, and the Group generally receives an agreed amount as compensation. Main activities for primary land development projects included dismantling and land leveling works.

19 Deposits for land use rights

	As at 31 December 2009	2008
	RMB'000	RMB'000
Deposits to local land authorities (a)	**4,137,885**	2,525,086
Deposits to third parties (b)	**3,233,134**	1,541,473
	7,371,019	4,066,559

(a) Deposits of approximately RMB 4,137,885,000 and RMB2,525,086,000 were paid to local land authorities for open market bidding of land use rights as at 31 December 2009 and 2008 respectively.

(b) Deposits of approximately RMB3,233,134,000 and RMB1,541,473,000 are paid to third parties for the transfers of land use rights as at 31 December 2009 and 2008 respectively. Such lands are acquired with the intention of project developments.

20 Trade and other receivables

	As at 31 December 2009	2008
	RMB'000	RMB'000
Trade receivables	**55,336**	145,917
Amounts due from customers for contract work	**9,315**	46,224
Less: provision for impairment of receivables	**(5,388)**	(5,021)
Trade receivables - net (a)	**59,263**	187,120
Prepayments for acquisition (b)	**158,439**	—
Prepaid tax - income tax	**414,948**	166,642
Prepaid tax - others	**509,762**	198,446
Entrusted loan to third parties (c)	**118,680**	160,100
Entrusted loan to a jointly controlled entity	**—**	267,190
Entrusted loan to an associate (d)	**307,770**	268,478
Notes receivables (Note 29(a))	**196,543**	187,483
Other prepayments	**17,598**	46,106
Other receivable from a third party (b)	**483,926**	—
Other receivables	**346,955**	358,493
	2,613,884	1,840,058
Less: non-current portion	**(893,590)**	(250,731)
Current portion	**1,720,294**	1,589,327

The carrying amounts of trade and other receivables approximated to their respective fair values as at 31 December 2009 and 2008.

20 Trade and other receivables *(Continued)*

(a) Ageing analysis of trade receivables and amounts due from customers for contract work at the respective balance sheet dates are as follows:

	As at 31 December 2009	2008
	RMB'000	RMB'000
Less than 6 months	**52,282**	103,889
6 months to 1 year	**4,973**	80,505
1 year to 2 years	**1,875**	2,763
2 years to 3 years	**969**	606
over 3 years	**4,552**	4,378
	64,651	192,141

As at 31 December 2009, trade receivables of RMB13,235,000 (2008: RMB14,094,000) were considered as past due. Included in these balances, RMB6,251,000 (2008: RMB7,793,000) are not considered as impaired. Balances not impaired represent receivables from sales of properties. These relate to a number of independent customers for whom there is no recent history of default. All of these receivables are overdue for less than six months.

As at 31 December 2009, trade receivables of RMB 6,984,000 (2008: RMB6,301,000) were impaired. The amount of the provision was RMB5,388,000 as at 31 December 2009 (2008: RMB5,021,000). The individually impaired receivables mainly relate to receivables of property management fees. It was assessed that a portion of the receivables is expected to be recovered.

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

	As at 31 December 2009	2008
	RMB'000	RMB'000
At 1 January	**(5,021)**	(2,446)
Acquisition of a subsidiary	**—**	(2,974)
Provision for receivable impairment	**(367)**	(48)
Unused amounts reversed	**—**	447
At 31 December	**(5,388)**	(5,021)

(b) Prepayments for acquisition amounting to RMB158,439,000 represents amounts paid to Tianjin Equity Exchange for the acquisition of 55% interest in Chongqing Golf Club Company Limited ("Chongqing Golf").

Other receivable from a third party amounting to RMB 483,926,000 represents amounts lent to Chongqing Golf as its working capital. Such receivable is interest free and repayable or demand.

20 Trade and other receivables *(Continued)*

(c) Entrusted loans amounting to RMB118,680,000 represent amounts lent to certain third parties. These balances are secured by respective share capital of the third parties, interest bearing at 6.20%, and are repayable before 22 July 2010.

(d) Entrusted loans to an associate are unsecured, interest bearing at rate 5.31% (2008: 6.73% to 7.29%) and are repayable before 25 March 2010.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The carrying amounts of the Group's trade and other receivables are mainly denominated in RMB.

21 Completed properties held for sale

All completed properties held for sale are located in the PRC on lease between 40 to 70 years, and are stated at cost less accumulated amortization of land use rights for the years ended 2009 and 2008 respectively.

	As at 31 December	
	2009	**2008**
	RMB'000	RMB'000
Completed properties held for sale comprised of:		
Land use rights	**461,344**	539,318
Construction costs and capitalized expenditure	**2,811,478**	3,479,706
Interest capitalized	**210,766**	223,514
	3,483,588	4,242,538

As at 31 December 2009 and 2008, completed properties held for sale of approximately RMB 106,609,000 and nil respectively were pledged as collateral for the Group's borrowings (Note 28).

Land use rights are analyzed as follows:

	Year ended 31 December	
	2009	**2008**
	RMB'000	RMB'000
In the PRC held on:		
Leases of over 50 years	**201,697**	216,241
Leases within 50 years	**259,647**	323,077
At end of the year	**461,344**	539,318

22 Restricted bank deposits

Restricted bank deposits mainly represent guaranteed deposits for the mortgage loan facilities granted by the banks to the purchasers of the Group's properties, as well as for projects co-developed with third parties. The balance also includes guaranteed deposits placed in the banks, as guaranteed funds of construction projects to meet certain local authorities' requirements.

23 Cash and cash equivalents

	As at 31 December			
	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and in hand	11,440,315	4,840,548	5,254,231	1,611
Short-term bank deposits	6,179,304	3,186,129	969,901	39,390
Cash and cash equivalents	17,619,619	8,026,677	6,224,132	41,001
Denominated in:				
- RMB	9,248,384	7,344,056	—	—
- HKD	5,400,057	31,943	5,138,165	15,604
- USD	2,971,169	650,655	1,085,958	25,374
- GBP	9	23	9	23
	17,619,619	8,026,677	6,224,132	41,001

The effective interest rates on short-term bank deposits ranged from 0.36% to 3.6% for the year ended 31 December 2009 (2008:0.01% to 3.6%).

The Group's cash and cash equivalents denominated in RMB, HKD and USD are deposited with banks in the PRC and Hong Kong, respectively. The conversion of the RMB denominated balances into foreign currencies, which are placed within PRC, is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

24 Share capital and premium

	Number of ordinary shares of HKD 0.8 each	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Share premium	Total
		HKD'000	RMB'000	RMB'000	RMB'000
Opening balance 1 January 2008	4,475,540,000	3,580,432	3,471,022	10,719,998	14,191,020
Share buybacks	(6,953,000)	(5,562)	(4,898)	—	(4,898)
At 31 December 2008	4,468,587,000	3,574,870	3,466,124	10,719,998	14,186,122
Opening balance 1 January 2009	4,468,587,000	3,574,870	3,466,124	10,719,998	14,186,122
Issue of shares for acquisitions of a subsidiary and additional interests in subsidiaries from a minority shareholder (a)	202,711,000	162,169	143,049	500,672	643,721
Issue of subscription shares to a new shareholder (b)	934,000,000	747,200	657,910	4,456,756	5,114,666
Issue of shares pursuant to exercise of employee share option	3,148,000	2,518	2,218	14,816	17,034
Issue of shares for scrip dividends	28,180,432	22,544	19,873	136,107	155,980
At 31 December 2009	5,636,626,432	4,509,301	4,289,174	15,828,349	20,117,523

24 Share capital and premium *(Continued)*

(a) On 7 November 2008, the Group entered into 2 sales and purchase agreements ("SP Agreements") to acquire 100% ownership in Tsanghao Real Estate Company (Note 43), as well as 49% equity interests in each of Dalian Sky Upright Property Limited ("Dalian Sky Upright") and Dalian Sunny Ocean Property Limited ("Dalian Sunny Ocean"), for a total consideration no more than RMB1,200,000,000 in the form of shares in the Company and RMB480,000,000 in cash. Details of these SP Agreements were set out in the circular as issued by the Company on 28 November 2008. The acquisition was completed on 2 January 2009 and the actual consideration was amounting to RMB1,123,568,000. Before the acquisition, the Group owned 51% equity interests in each of Dalian Sky Upright and Dalian Sunny Ocean. After the acquisition, Dalian Sky Upright and Dalian Sunny Ocean became wholly owned subsidiaries of the Group.

(b) On 24 December 2009, the Company entered into an agreement with China Life Insurance Company Limited ("China Life"), in which China Life agreed to subscribe 934,000,000 shares of the Company at the price of HKD6.23 per share. The transaction is completed on 30 December 2009.

25 Share Option

Share options are granted to several directors and to selected employees, in which 40% of the options are exercisable one year from the grant date; 70% of the options are exercisable two years from the grant date, and all options are exercisable three years from the grant date. The options have a contractual option term of five years. The group has no legal or constructive obligation to repurchase or settle the options in cash.

25 Share Option *(Continued)*

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price in HK dollar per share	Shares (thousands)
	HKD	
At 1 January 2009	6.14	111,580
Granted during the year	7.59	77,350
Lapsed during the year	6.52	(7,347)
Excercised during the year	4.53	(3,148)
At 31 December 2009	6.78	178,435

Out of the 178,435,000 outstanding options (2008: 111,580,000), 57,617,000 (2008: 26,972,000) were exercisable as at 31 December 2009.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date	Exercise price in HK dollar per share	Shares (thousands)
27 September 2012	7.7	61,915
24 January 2013	7.7	9,390
19 September 2013	2.55	30,280
30 July 2014	8.59	26,770
2 September 2014	7.01	22,420
5 October 2014	7.11	27,660
		178,435

The weighted average fair value of options granted during the year determined using the binomial lattice model was 2.99 HK dollars per option (2008: 1.50 HK dollars). Significant inputs into the model included weighted average share prices, volatility assumptions, dividend yields as well as annual risk-free interest rate estimations.

26 Retained earnings

	Group 2009	2008	Company 2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	**2,693,594**	2,032,315	**620,043**	624,477
Profit for the year	**1,582,077**	1,387,896	**288,648**	636,027
Dividends relating to 2007	**—**	(502,907)	**—**	(502,907)
Dividends relating to 2008 (Note 39)	**(288,308)**	(117,984)	**(288,308)**	(117,984)
Dividends relating to 2009 (Note 39)	**(165,513)**	—	**(165,513)**	—
Transfer to statutory reserve fund	**(86,212)**	(86,156)	**—**	—
Share buybacks	**—**	(19,570)	**—**	(19,570)
At 31 December	**3,735,638**	2,693,594	**454,870**	620,043

27 Reserves

(a) Group

	Capital redemption reserve	Merger reserve	Statutory reserve	Translation reserve	Investment revaluation reserve	Employee share option	Other reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2008	—	(763,427)	318,132	160	18,084	27,925	—	(399,126)
Fair value loss on available-for-sale financial assets (Note 16)	—	—	—	—	(20,910)	—	—	(20,910)
Currency translation difference (Note 16)	—	—	—	(8,621)	—	—	—	(8,621)
Employee share option	—	—	—	—	—	110,814	—	110,814
Share buyback	4,898	—	—	—	—	—	—	4,898
Transfer from retained earnings	—	—	86,156	—	—	—	—	86,156
At 31 December 2008	4,898	(763,427)	404,288	(8,461)	(2,826)	138,739	—	(226,789)

27 Reserves *(Continued)*

(a) Group *(Continued)*

	Capital redemption reserve	Merger reserve	Statutory reserve	Translation reserve	Investment revaluation reserve	Employee share option	Other reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2009	4,898	(763,427)	404,288	(8,461)	(2,826)	138,739	—	(226,789)
Fair value loss on available-for-sale financial assets (Note 16)	—	—	—	—	(11,402)	—	—	(11,402)
Currency translation difference (Note 16)	—	—	—	(677)	—	—	—	(677)
Employee share option	—	—	—	—	—	74,686	4,257	78,943
Transfer from retained earnings	—	—	86,212	—	—	—	—	86,212
Issue of shares of acquisition of a subsidiary and additional interests in subsidiaries from a minority shareholder	—	—	—	—	—	—	(356,796)	(356,796)
Acquisition of additional interests in subsidiaries from minority shareholders	—	—	—	—	—	—	(54,773)	(54,773)
At 31 December 2009	4,898	(763,427)	490,500	(9,138)	(14,228)	213,425	(407,312)	(485,282)

Statutory reserves represent reserves of the PRC incorporated companies which are set aside for future development purposes in accordance with the regulations in the PRC. The allocation is based on certain percentages of the companies' profit of the year, which is allocated on an annual basis.

(b) Company

	RMB'000
At 1 January 2008	27,925
Capital redemption reserve	4,898
Employee share option	110,814
At 31 December 2008	143,637
At 1 January 2009	143,637
Employee share option	78,943
At 31 December 2009	222,580

28 Borrowings

	As at 31 December			
	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Bank borrowings (a)	**14,607,814**	8,778,770	**4,186,479**	1,474,565
Other borrowings (b)	**2,579,030**	—	**—**	—
Total non-current borrowings	**17,186,844**	8,778,770	**4,186,479**	1,474,565
Current				
Current portion of long-term bank borrowings (a)	**3,526,665**	4,476,545	**—**	—
Current portion of convertible bonds (Note 29 (b))	**—**	710,262	**—**	710,262
Current portion of long-term other borrowings	**—**	100,000	**—**	—
Short-term bank borrowings	**1,126,503**	678,000	**995,503**	—
Total current borrowings	**4,653,168**	5,964,807	**995,503**	710,262
Total borrowings	**21,840,012**	14,743,577	**5,181,982**	2,184,827

(a) As at 31 December 2009 and 2008, long-term bank borrowings amounting to RMB7,028,000,000 and RMB5,206,565,000 were secured by properties under development (Note 17), completed properties held for sale (Note 21), land use rights (Note 8), property, plant and equipment (Note 7) and investment properties (Note 9) of the Group.

(b) On 23 June 2009, Sino-Ocean Land Limited, a wholly owned subsidiary of the Company, issued bonds with an aggregate principal amount of RMB2,600,000,000 and a maturity period of 6 years. The net proceeds were RMB2,576,900,000 (net of issuance costs of RMB23,100,000). The bond carries a fixed annual interest rate of 4.40% for the first three years and the Group has the option to increase such interest rate from 0 to 100 basis points at the end of the third year. Interests are payable annually, with the principal fully repayable on 22 June 2015. Bond holders have the right to sell all or part of the bond at its face value to the issuer from the interest payment date of the third year.

28 Borrowings *(Continued)*

(c) The maturities of the Group's total borrowings at respective balance sheet dates are set out as follows:

	As at 31 December 2009			2008		
	Bank and other borrowings	Convertible bonds	Total	Bank and other borrowings	Convertible bonds	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total borrowings						
- Within 1 year	**4,653,168**	**—**	**4,653,168**	5,254,545	710,262	5,964,807
- Between 1 and 2 years	**7,019,293**	**—**	**7,019,293**	5,783,315	—	5,783,315
- Between 2 and 5 years	**6,358,520**	**—**	**6,358,520**	1,795,455	—	1,795,455
- Over 5 years	**3,809,031**	**—**	**3,809,031**	1,200,000	—	1,200,000
	21,840,012	**—**	**21,840,012**	14,033,315	710,262	14,743,577

(d) The Group's borrowings denominated in RMB, USD and HKD respectively are set out as follows:

	As at 31 December 2009	2008
	RMB'000	RMB'000
Denominated in:		
- RMB	**16,658,030**	12,558,750
- HKD	**176,100**	710,262
- USD	**5,005,882**	1,474,565
	21,840,012	14,743,577

(e) The weighted average effective interest rates at the respective balance sheet dates are set out as follows:

	As at 31 December 2009	2008
Bank borrowings	**5.40%**	7.69%
Other borrowings	**4.40%**	5.91%
Convertible bonds	**6.50%**	6.50%

28 Borrowings *(Continued)*

(f) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	As at 31 December 2009	2008
	RMB'000	RMB'000
Within 6 months	**15,942,982**	9,233,315
Between 6 and 12 months	**3,318,000**	5,010,262
Between 1 and 5 years	**2,579,030**	500,000
	21,840,012	14,743,577

(g) The carrying amounts of non-current borrowings approximated to their respective fair values as at 31 December 2009 and 2008.

Fair values of non-current borrowings as at 31 December 2009 are based on cash flows discounted using borrowing rates of 5.40%.

29 Derivative financial instruments

	As at 31 December 2009	2008
	RMB'000	RMB'000
Conversion option in relation to		
Notes receivables (a)	**8,331**	8,338
Convertible bonds (b)	**—**	1,458

(a) Notes receivables

On 8 January 2008, the Group subscribed notes receivables (Note 20) with an aggregate principal amount of USD30 million (the "Notes") from an independent third party. The Notes will be converted into shares of the issuer, at a conversion price that is calculated based on the terms as predetermined in the Notes, should the issuer successfully go on its initial public offering within 36 months from the subscription date. At any time after the 36th month from the subscription date, should the issuer failed to go on its initial public offering, the Group has an option to elect to receive USD30 million in cash, with respective interest calculated at a rate as predetermined in the Notes.

No Fair value gain nor loss on notes receivables is recognized for the year ended 31 December 2009 (2008: loss RMB19,365,000).

(b) Convertible bonds

All convertible bonds (Note 28) matured on 28 September 2009, and the Group had redeemed all bonds at par, amounting to HKD795,000,000. Accordingly, all related conversion option had been charged to the consolidated income statement in the current year.

No fair value gain nor loss on convertible bonds is recognized for the year ended 31 December 2009 (2008: gain RMB75,822,000).

30 Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As at 31 December 2009	2008
	RMB'000	RMB'000
Deferred tax assets:		
– to be recovered after more than 12 months	38,365	38,910
– to be recovered within 12 months	267,174	72,867
	305,539	111,777
Deferred tax liabilities:		
– to be recovered after more than 12 months	(984,011)	(779,867)
– to be recovered within 12 months	(15,171)	(10,171)
	(999,182)	(790,038)
Deferred tax liabilities, net	(693,643)	(678,261)

The gross movement on the deferred income tax account is as follows:

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
At beginning of the year	678,261	671,364
Recognized in the income statement	(5,788)	(2,529)
Acquisition of a subsidiary	21,170	—
Disposal of a subsidiary	—	9,426
At end of the year	693,643	678,261

30 Deferred income tax *(Continued)*

The movement in deferred income tax assets and liabilities during the years ended 31 December 2009 and 2008, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Recognition of expenses	Recognition of financial guarantee liabilities	Unrealized gain	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2008	51,443	12,033	67,733	131,209
Credited/(charged) to income statements	12,114	(1,957)	(5,424)	4,733
Disposal of a subsidiary	(9,426)	—	—	(9,426)
At 31 December 2008	54,131	10,076	62,309	126,516
Credited to income statements	88,258	5,783	93,777	187,818
At 31 December 2009	**142,389**	**15,859**	**156,086**	**314,334**

Deferred income tax liabilities

	Depreciation difference	Investment properties revaluation	Property revaluation	Deemed disposal	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2008	(10,033)	(238,654)	(519,690)	(22,536)	(11,660)	(802,573)
Credited/(charged) to income statement	(14,820)	(5,819)	—	12,365	6,070	(2,204)
At 31 December 2008	(24,853)	(244,473)	(519,690)	(10,171)	(5,590)	(804,777)
Credited/(charged) to income statement	(21,515)	(177,156)	6,000	10,171	470	(182,030)
Acquisition of subsidiaries	—	—	(21,170)	—	—	(21,170)
At 31 December 2009	**(46,368)**	**(421,629)**	**(534,860)**	**—**	**(5,120)**	**(1,007,977)**

Deferred income tax assets are recognized for tax losses carry-forwards to the extent that the realization of the related benefit through the future profits is probable. The Group did not recognize tax losses amounting to RMB189,765,000 and RMB102,366,000 as at 31 December 2009 and 2008 respectively that can be carried forward against future taxable income. These tax losses are going to be expired within five years.

Deferred income tax liabilities of RMB87,764,000 (2008:RMB58,921,000) have not been recognised for the withholding tax that would be payable on the undistributed earnings of certain subsidiaries. Such amounts are permanently reinvested. Undistributed earnings totalled RMB1,294,875,000 at 31 December 2009 (2008:RMB859,184,000).

31 Trade and other payables

(a) Group

	As at 31 December 2009	2008
	RMB'000	RMB'000
Trade payables	2,541,430	1,918,825
Accrued expenses	659,869	1,734,125
Other payables	1,129,788	1,195,754
Other tax	134,389	121,150
Provision for financial guarantee liabilities	60,627	40,304
	4,526,103	5,010,158

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

Ageing analysis of the trade payables are as follows:

	As at 31 December 2009	2008
	RMB'000	RMB'000
Less than 6 months	1,975,186	1,453,214
6 months to 12 months	315,809	196,983
1 year to 2 years	241,241	258,018
2 years to 3 years	7,655	7,099
Over 3 years	1,539	3,511
	2,541,430	1,918,825

The provision for financial guarantee liabilities given to purchasers of the Group's properties as set out in Note 41 are as follows:

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
At beginning of the year	40,304	65,677
Addition	111,975	20,766
Reversal	(91,652)	(46,139)
At end of the year	60,627	40,304

31 Trade and other payables *(Continued)*

(b) Company

	As at 31 December 2009	2008
	RMB'000	RMB'000
Other payables	44,144	357,523
	44,144	357,523

32 Other income

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
Dividend income from available-for-sale financial assets	2,746	11,316
Interest income	167,609	180,197
Others	40,238	23,366
	210,593	214,879

33 Other (losses)/gains - net

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
(Loss)/gain on disposal of available-for-sale financial assets	(9,454)	951
Gain on disposal of subsidiaries	3,585	28,827
Gain on early redemption of convertible bonds	—	77,816
Gain on redemption of convertible bonds	1,458	—
Gain on acquisition of additional interests in subsidiaries from minority shareholders	—	35,384
Negative goodwill from acquisition of a subsidiary (Note 43(a))	10,867	2,999
Loss on disposal of property, plant and equipment	(88)	(319)
Exchange losses	(14,662)	(18,430)
	(8,294)	127,228

34 Expenses by nature

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

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
Cost of properties and land use rights sold:		
– Land use rights	813,168	325,232
– Capitalized interest	232,737	73,049
– Construction related cost	4,144,112	2,486,157
Cost of upfitting services rendered	155,686	239,456
Direct investment property expenses (Note 9)	70,301	31,991
Employee benefit expense (Note 35)	312,479	326,184
Consultancy fee	72,451	35,346
Auditor's remuneration	7,100	6,280
Depreciation (Note 7)	18,816	18,354
Amortization of land use rights	883	5,286
Advertising and marketing	284,722	212,204
Business taxes and other levies	490,936	359,886
Net impairment for trade and other receivables (Note 20)	367	(399)
Office expenditure	47,697	59,491
Properties maintenance expenses	67,554	40,900
Energy expenses	32,060	31,300
Others	53,366	87,671
	6,804,435	4,338,388

35 Employee benefits expense

The employee benefits expense of the Group, including its directors' emoluments is as follows:

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
Salaries, wages and bonuses	**317,170**	216,981
Retirement benefits contribution	**21,768**	16,783
Share options granted to directors and employees	**83,426**	110,814
Other allowances and benefits	**55,787**	47,809
	478,151	392,387
Less: capitalized in properties under development	**(165,672)**	(66,203)
	312,479	326,184

The Group's employees participate in various retirement benefit plans organized by the relevant municipal and provincial government in the PRC under which the Group was required to make monthly contributions at rates ranging from 10% to 20%, depending on the applicable local regulations, of the employees' basic salary for the years ended 31 December 2009 and 2008.

In addition, the Group participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme for all employees in Hong Kong. The contributions to the Mandatory Provident Fund Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income (with a cap of HKD20,000).

35 Employee benefits expense *(Continued)*

(a) Directors' emoluments

The remunerations of every director for the years are set out below:

	Year ended 31 December									
	2009					2008				
	Fees	Salary and bonus	Employer's contribution to retirement benefit scheme	Other long-term welfare	Total	Fees	Salary and bonus	Employer's contribution to retirement benefit scheme	Other long-term welfare	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Li Jianhong	—	—	—	—	—	—	—	—	—	—
Mr. Luo Dongjiang	—	—	—	—	—	—	—	—	—	—
Mr. Liang Yanfeng	—	—	—	—	—	—	—	—	—	—
Mr. Li Ming	—	3,760	1,658	2,408	7,826	—	2,915	1,640	1,675	6,230
Mr. Chen Runfu	—	2,840	143	—	2,983	—	2,092	92	52	2,236
Mr. Yin Yingneng	176	—	—	—	176	121	—	—	—	121
Mr. Tsang Hing Lun	176	—	—	—	176	182	—	—	—	182
Mr. Gu Yunchang	176	—	—	—	176	182	—	—	—	182
Mr. Han Xiaojing	176	—	—	—	176	182	—	—	—	182
Mr. Zhao Kang	176	—	—	—	176	182	—	—	—	182
	880	6,600	1,801	2,408	11,689	849	5,007	1,732	1,727	9,315

35 Employee benefits expense *(Continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2008: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2008: three) highest paid individuals during the year are as follows:

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
Basic salaries and allowance	**4,974**	2,220
Bonuses	**4,980**	2,987
Retirement scheme contributions	**295**	178
Other long-term welfare	**—**	104
	10,249	5,489

The emoluments fell within the following bands:

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
RMB 1,400,000 to RMB 2,000,000	**—**	2
RMB 2,000,000 to RMB 2,500,000	**—**	1
RMB 2,500,000 to RMB 4,000,000	**2**	—
RMB 4,000,000 to RMB 4,500,000	**1**	—
	3	3

(c) During the years ended 31 December 2009 and 2008, no emoluments was paid by the companies now comprising the Group to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

36 Finance costs

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
Interest expense:		
– Bank borrowings	871,368	1,009,403
– Other borrowings	85,080	—
– Dividend on preference shares	—	3,882
– Convertible bonds	32,889	59,881
Less: interest capitalized at a capitalization rate of 5.35% (2008: 7.69%) per annum	(680,584)	(911,988)
	308,753	161,178

37 Income tax expense

Vast majority of the group entities are subjected to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% of the assessable income of each of these group entities for the years ended 31 December 2009 and 2008. Other companies are mainly subjected to Hong Kong income tax.

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

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
Current income tax:		
– PRC enterprise income tax	687,105	521,440
– PRC land appreciation tax	248,084	420,397
Deferred tax (Note 30)	(5,788)	(2,529)
	929,401	939,308

37 Income tax expense *(Continued)*

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

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
Profit before income tax	2,567,745	2,383,894
Add: Share of loss of a jointly controlled entity (Note 12)	35,315	54
Share of losses of associates (Note 13)	18,334	2,430
	2,621,394	2,386,378
Tax calculated at a tax rate of 25%	655,349	596,595
Effect of higher tax rate for the appreciation of land in the PRC	186,063	315,298
Income not subject to tax	(17,979)	(56,185)
Expenses not deductible for tax purposes	76,491	59,412
Tax losses not recognized	44,168	38,196
Utilization of previously unrecognized tax losses	(14,691)	(14,008)
Tax expense	929,401	939,308

38 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the year.

	2009	2008
Profit attributable to equity holders of the Company (RMB'000)	1,582,077	1,387,896
Weighted average number of ordinary shares in issue (thousands)	4,690,952	4,473,127
Basic earnings per share (RMB per share)	0.337	0.310

38 Earnings per share *(Continued)*

(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 convertible bonds. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The dilutive effect of the convertible debt is not considered, as the average market price of the Company's shares is lower than the conversion price. All the convertible bonds (Note 28) matured in 2009 and had been redeemed by the Company.

	2009	2008
Profit attributable to equity holders of the Company (RMB'000)	**1,582,077**	1,387,896
Weighted average number of ordinary shares in issue (thousands)	**4,690,952**	4,473,127
Adjustments for:		
– Share options (thousands)	**15,954**	1,512
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**4,706,906**	4,474,639
Diluted earnings per share (RMB per share)	**0.336**	0.310

39 Dividends

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
Final dividend paid for previous years	**288,308**	502,907
Interim dividend paid	**165,513**	117,984
Final dividend proposed (a)	**248,154**	288,373

(a) On 22 March 2010, the Company proposed a final dividend of RMB248,154,000.

40 Cash used in operations

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
Profit for the year	1,638,344	1,444,586
Adjustments for:		
– Tax expense(Note 37)	929,401	939,308
– Depreciation (Note 7)	18,816	18,354
– Amortization of land use rights (Note 34)	883	5,286
– Impairment for goodwill (Note 10)	71,967	22,227
– Net impairment for trade and other receivables (Note 34)	367	(399)
– Loss on sale of property, plant and equipment (Note 33)	88	319
– Interest expense (Note 36)	308,753	161,178
– Interest income (Note 32)	(167,609)	(180,197)
– Share of loss of a jointly controlled entity (Note 12)	35,315	54
– Share of loss of associates (Note 13)	18,334	2,430
– Valuation gain on investment properties (Note 9)	(708,625)	—
– Valuation gains on derivative financial statements (Note 29)	—	(56,457)
– Losses/(gain) on disposal of available-for-sale financial assets (Note 33)	9,454	(951)
– Gain on acquisition of additional interests in subsidiaries from minority interests (Note 33)	—	(35,384)
– Gain on acquisition of a subsidiary (Note 33)	(10,867)	(2,999)
– Gain on disposal of subsidiaries (Note 33)	(3,585)	(28,827)
– Investment income from available-for-sale financial assets	(2,746)	(19,937)
– Exchange losses	11,371	46,718
– Employee share option	52,392	110,814
– Gain on redemption of convertible bonds (Note 33)	(1,458)	(77,816)
	2,200,595	2,348,307
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
– Completed properties held for sale	(538,880)	(2,520,980)
– Inventories, at cost	(19,286)	(18,043)
– Trade and other receivables	(410,330)	(121,567)
– Land under development	944,211	1,186,206
– Deposits for land use rights	(3,216,587)	1,513,212
– Trade and other payables	(199,346)	434,079
– Dividend payable	—	(24,757)
– Derivative financial instruments	(1,451)	(108,300)
– Prepayments	28,508	58,686
– Advanced proceeds received from customers	5,745,336	718,741
– Properties under development	(2,797,633)	(4,646,570)
– Restricted cash	(86,436)	69,626
Cash generated from/(used in) operations	1,648,701	(1,111,360)

40 Cash used in operations *(Continued)*

In the consolidated cash flow statement, proceeds from sale of property, plant and equipment comprise:

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
Net book amount (Note 7)	**9,472**	8,938
Losses on disposal of property, plant and equipment (Note 33)	**(88)**	(319)
Proceeds from disposal of property, plant and equipment	**9,384**	8,619

41 Financial guarantees - Group

The Group had the following financial guarantees as at the end of the years ended 31 December 2009 and 2008:

	As at 31 December 2009	2008
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers	**1,812,083**	1,543,580

As at 31 December 2009 and 2008, 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.

42 Commitments - Group

(a) Capital commitments

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

	As at 31 December 2009	2008
	RMB'000	RMB'000
Land use rights	**344,850**	4,911,988
Property under development	**6,843,910**	5,491,665
Contracted but not provided for	**7,188,760**	10,403,653

(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 31 December 2009	2008
	RMB'000	RMB'000
Within 1 year	**177,016**	144,942
Between 1 to 5 years	**309,206**	230,220
After 5 years	**273,981**	255,201
	760,203	630,363

43 Business combinations - Group

(a) On 2 January 2009, the Group acquired a 100% equity interest in Dalian Tsanghao Real Estate Company Limited, a real estate company established on 26 June 2007, at a consideration of RMB197,672,000.

	2009
	RMB'000
Purchase consideration	197,672
Fair value of the subsidiary acquired - shown as below	(208,539)
Negative goodwill	(10,867)

The assets and liabilities arising from the acquisition are as follows:

	Fair value	Acquiree's carrying amount
	RMB'000	RMB'000
Property, plant and equipment	19,173	19,173
Properties under development	326,000	241,318
Trade and other receivables and prepayments	415,867	415,867
Cash and cash equivalents	10,373	10,373
Borrowings	(130,000)	(130,000)
Trade and other payables	(411,353)	(411,353)
Current income tax liabilities	(351)	(351)
Deferred income tax liabilities	(21,170)	—
Fair value of Company's net assets acquired	208,539	145,027
Purchase consideration settled in cash		(84,448)
Cash and cash equivalents in the subsidiary acquired		10,373
Cash outflow on acquisition		(74,075)

43 Business combinations - Group *(Continued)*

(b) On 2 November 2009, the Group acquired a 100% equity interest in Huangshan Dongfanghong Film Investment Company Limited, a real estate company established on 13 February 2004, at a consideration of RMB36,300,000.

	2009
	RMB'000
Purchase consideration	36,300
Fair value of the subsidiary acquired - shown as below	(36,300)
Goodwill	—

The assets and liabilities arising from the acquisition are as follows:

	Fair value	Acquiree's carrying amount
	RMB'000	RMB'000
Property, plant and equipment	241	241
Properties under development	94,443	93,871
Trade and other receivables and prepayments	2,767	2,767
Cash and cash equivalents	40	40
Trade and other payables	(59,408)	(59,408)
Current income tax liabilities	(1,783)	(1,783)
Fair value of Company's net assets acquired	36,300	35,728
Purchase consideration settled in cash		(36,300)
Cash and cash equivalents in the subsidiary acquired		40
Cash outflow on acquisition		(36,260)

44 Related party transactions

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 years ended 31 December 2009 and 2008:

(a) Sales of properties and services

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
Provision of properties:		
– A jointly controlled entity of China Ocean Shipping (Group) Company Limited ("COSCO Group")	109,683	—
	109,683	—
Provision of services:		
– COSCO Group	11,104	8,687
– A jointly controlled entity	7,230	26,550
– A jointly controlled entity of COSCO Group	1,052	—
	19,386	35,237
	129,069	35,237

(b) Key management compensation

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
Salaries and other short-term employee benefits	32,969	16,425
Post-employment benefits	3,035	2,176
Other long-term welfare	2,408	2,210
Share-based payments	17,403	18,390
	55,815	39,201

(c) Year-end balances arising from sales of properties and services

	As at 31 December 2009	2008
	RMB'000	RMB'000
Receivables from related parties:		
– COSCO Group	—	9,332
– A jointly controlled entity	324	—
– A jointly controlled entity of COSCO Group	10,968	—
	11,292	9,332

44 Related party transactions *(Continued)*

(d) Interest income

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
Interest received:		
– A jointly controlled entity	**15,973**	25,065
– An associate	**17,042**	15,141
	33,015	40,206

(e) Loans to related parties

	Year ended 31 December 2009	2008
	RMB'000	RMB'000
A jointly controlled entity:		
At 1 January	**267,190**	545,400
Loans advanced during year	**745,170**	1,111,290
Loans advanced as investment (Note 12)	**532,000**	—
Loans repayments received	**(1,012,360)**	(1,389,500)
Interest charged	**15,973**	25,065
Interest received	**(15,973)**	(25,065)
At 31 December	**532,000**	267,190
An associate:		
At 1 January	**268,478**	5,000
Loans advanced during year	**886,274**	268,478
Loans repayments received	**(846,982)**	(5,000)
Interest charged	**17,042**	15,141
Interest received	**(17,042)**	(15,141)
At 31 December	**307,770**	268,478

45 Event after balance sheet date

(a) On 25 November 2009, the Group entered into an agreement to acquire 55% ownership in Chongqing Golf Club Co. Ltd. for a total consideration of RMB152,000,000, which are going to be settled in cash. Such acquisition was completed on 5 January 2010.

(b) On 25 January 2010, the Group entered into an agreement to acquire 70% ownership in Sanya South Olympic Garden Company Limited for a total consideration of RMB500,000,000, which are going to be settled in cash. Such acquisition was completed on 2 February 2010.

(c) On 25 February 2010, the Group successfully bid for one piece of land located within the Gan Jing Zi District of Dalian, PRC, with a consideration of RMB1,140,780,000. This land occupies a total site area of 88,900 sq.m.. This land is planned for residential and commercial use.

(d) On 12 March 2010, the Group successfully bid for two pieces of land located within the Shinan District and Fushan New District of Qingdao, PRC, respectively with a consideration of RMB1,560,000,000 and RMB810,000,000. These lands occupy a total area of 42,463 sq.m and 46,883 sq.m. respectively. These lands are planned for residential and commercial use.

(e) On 15 March 2010, the Group successfully bid for one piece of land located within the Wangjing area of Beijing, PRC, with a consideration of RMB4,080,000,000. This land occupies a total area of 83,507 sq.m.. This land is planned for residential and commercial use.

Five-year Financial Summary

RMB million	**2009**	2008	2007	2006	2005
Revenue	**8,824**	6,487	5,750	3,708	2,711
Gross profit	**2,657**	2,820	1,907	1,089	625
Profit attributable to equity holders of the Company	**1,582**	1,388	1,722	570	374
Total assets	**62,148**	43,268	37,766	16,802	9,157
Total liabilities	**38,262**	25,485	20,888	12,735	7,207
Shareholders' equity	**23,368**	16,653	15,824	3,526	1,434
Total equity	**23,886**	17,783	16,878	4,067	1,950


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Corporate Information

Directors

Mr. LI Jianhong
(Non-executive Director and Chairman)
(Resigned on 23 March 2010)
Mr. LUO Dongjiang
(Non-executive Director and Vice Chairman)
(Resigned on 23 March 2010)
Ms. LIU Hui *(Non-executive Director)*
(Appointed on 23 March 2010)
Mr. LI Ming
(Executive Director and
Chief Executive Officer)
(Appointed as Chairman on 23 March 2010)
Mr. LIANG Yanfeng *(Non-executive Director)*
Mr. WANG Xiaodong *(Non-executive Director)*
(Appointed on 23 March 2010)
Mr. WANG Xiaoguang *(Executive Director)*
(Appointed on 23 March 2010)
Mr. CHEN Runfu *(Executive Director)*
Mr. YIN Yingneng Richard *(Non-executive Director)*
(Resigned on 23 March 2010)
Mr. TSANG Hing Lun
(Independent non-executive Director)
Mr. GU Yunchang
(Independent non-executive Director)
Mr. HAN Xiaojing
(Independent non-executive Director)
Mr. ZHAO Kang
(Independent non-executive Director)

Audit Committee

Mr. TSANG Hing Lun
Mr. GU Yunchang
Mr. HAN Xiaojing

Remuneration and Nomination Committee

Mr. HAN Xiaojing
Mr. GU Yunchang
Mr. ZHAO Kang

Investment Committee

Mr. LI Ming
Mr. GU Yunchang
Mr. ZHAO Kang

Company Secretary

Mr. SUM Pui Ying, Adrian

Authorized Representative

Mr. LI Ming
Mr. SUM Pui Ying, Adrian

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Bank of Communications Co., Ltd.
Bank of China Limited
Agricultural Bank of China, Ltd.
China Construction Bank Corporation
China Minsheng Banking Corp., Ltd.
China Merchants Bank Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd
Shenzhen Development Bank Co., Ltd.
Bank of Beijing Co., Ltd
China CITIC Bank Corporation Ltd
Standard Chartered Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited
China Industrial and Commercial Bank of China
(Asia) Ltd.
Bank of East Asia Limited
DBS Bank Limited

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