远洋地产

SINO-OCEAN

Think Thoroughly
Plan Strategically
Our Way Forward

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)

2010 Annual Report

Sino-Ocean Land

Revenue up substantially by

55%

Net profit increased remarkably by

54%

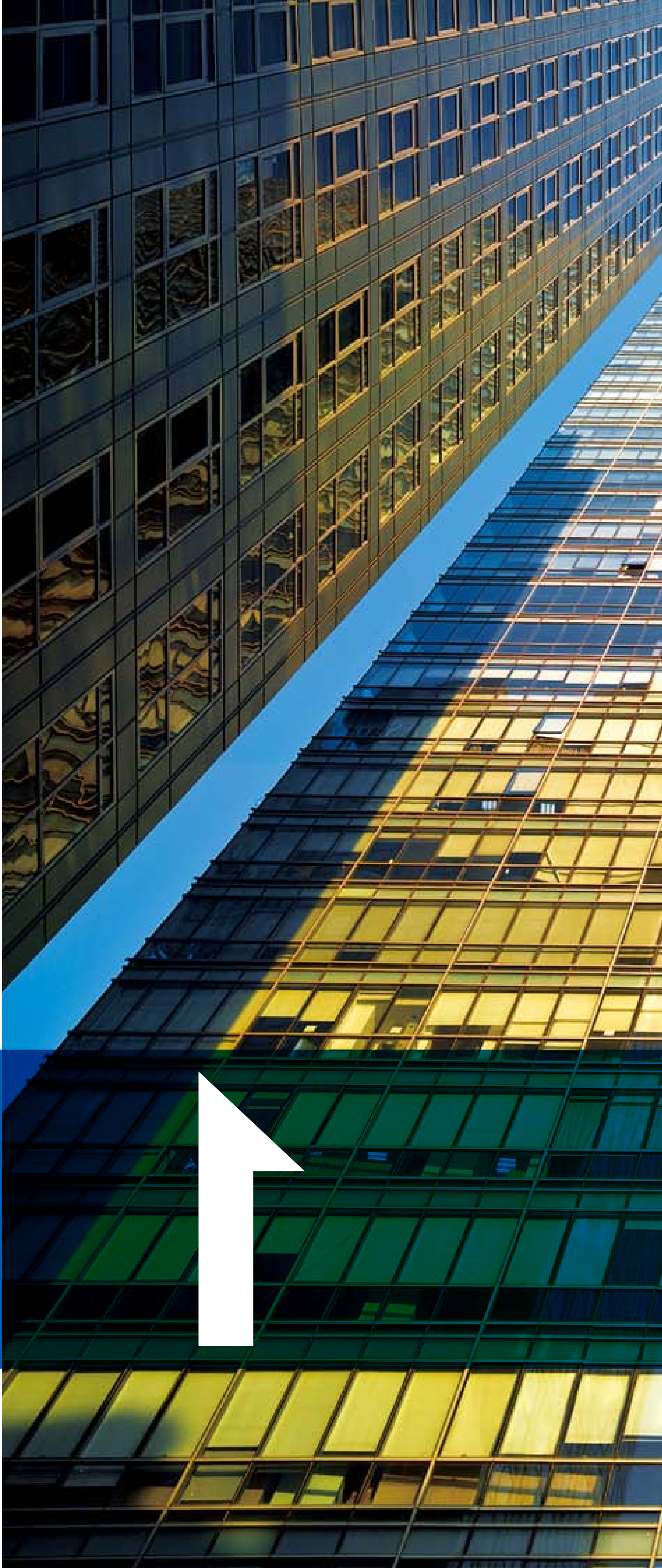
Contracted sales amount achieved another record high, amounting to **RMB 21.6 bn**

An Increase of

51%

in contracted sales

Beijing




1

Revenue increased dramatically by

200%

Enjoyed the city's **2nd largest** market share

Sales amount of Ocean Worldview ranked **2nd** in the city

Dalian

2

Tianjin

Contracted sales amount rose significantly by **50%**

Revenue grew dramatically by **103%**

Sales of Ocean City ranked **3rd** in the city

3

Zhongshan

Sales of
Ocean City came
1st in the city

Enjoyed the city's
2nd largest
market share

Zhongshan Expo Center built by Sino-Ocean received the National Award for Superior Construction –

"The Luban Award"

4

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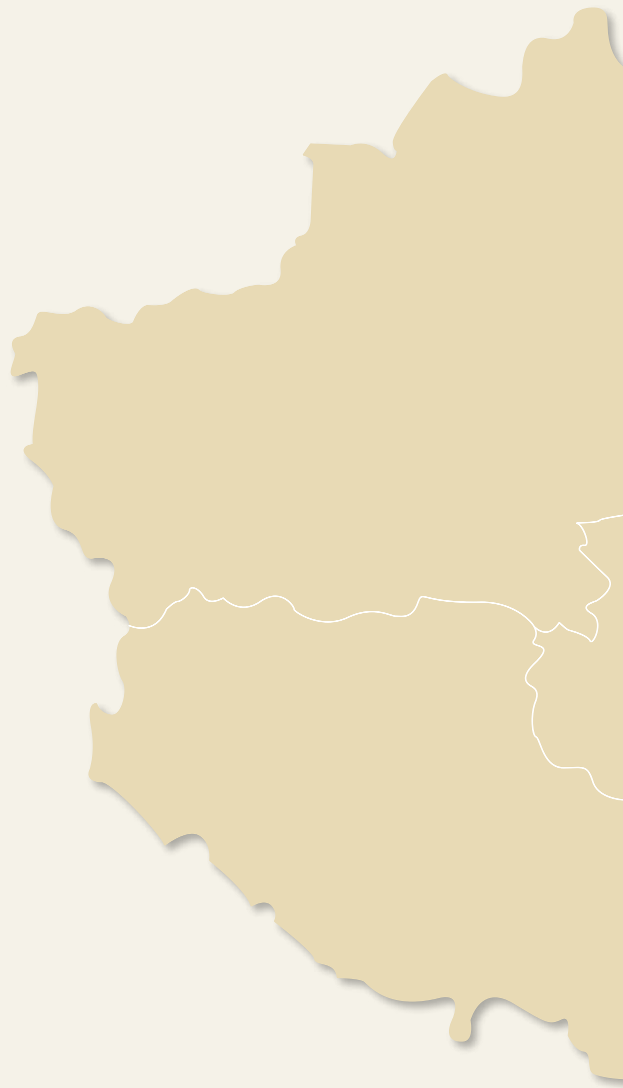
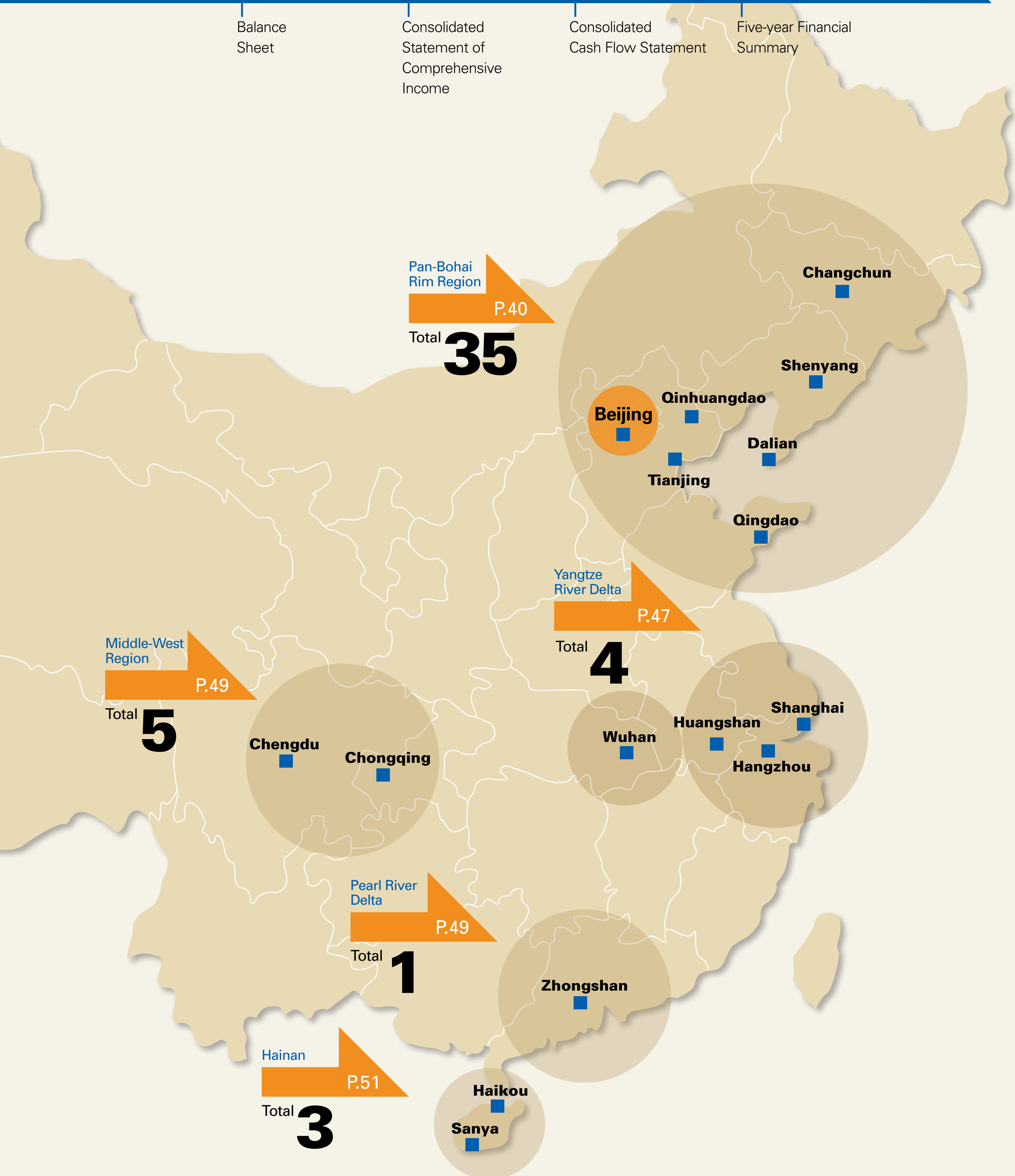


About us

We are one of the leading property developers in Beijing and the Pan Bohai Rim and actively implementing our national strategic plan with a coastal and viparian focus. We focus on developing mid-to-high end residential properties, high-end office premises, retail space, serviced apartments and hotels. We have over 48 development projects in various stages of development in highgrowth cities across the country, including Beijing, Tianjin, Dalian, Shenyang, Qingdao Qinhuangdao and Changchun in the Pan Bohai Rim Area, Shanghai and Hangzhou of the Yangtze River Delta, Zhongshan of the Pearl River Delta, Wuhan, Chongqing and Chengdu of Middle-west region and serveral tourist spot cities including Huangshan, Haikou and Sanya.

On the back of our dedication to high-quality products and professional services, Sino-Ocean Land has built up a strong brand in Beijing, Pan Bohai Rim and Pearl River Delta regions. As of 31 December 2010 total land bank was about 20 million sqm and about 79% of the land bank is located in Beijing and the Pan Bohai Rim.

We were selected by the Hang Seng Indexes Company Limited as a constituent of a number of its indexes, including the Hang Seng Composite Index ("HSCI"), the Hang Seng Mainland Composite Index, the Hang Seng China-Affiliated Corporations Index ("HSCCI"), the Hang Seng Composite Industry Index - Properties and Construction, the Hang Seng Freefloat Composite Index and the Hang Seng Mainland Freefloat Index, effective from 10 March 2008.



Pan-Bohai Rim Region
P.40
Total 35
Changchun
Shenyang
Qinhuangdao
Beijing
Dalian
Tianjing
Qingdao
Yangtze River Delta
P.47
Total 4
Middle-West Region
P.49
Total 5
Chengdu
Chongqing
Wuhan
Huangshan
Shanghai
Hangzhou
Pearl River Delta
P.49
Total 1
Zhongshan
Hainan
P.51
Total 3
Haikou
Sanya

Financial & Operation Highlights

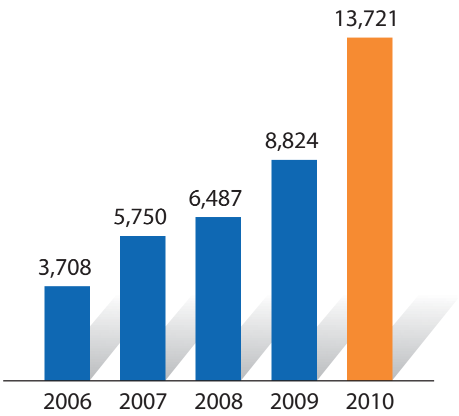
Highlights

(RMB million)	**2010**	2009	YoY (%)
Contracted sales	**21,603**	14,316	51%
Revenue	**13,721**	8,824	55%
Gross profit	**4,125**	2,657	55%
Profit before income tax	**3,853**	2,568	50%
Profit for the year	**2,439**	1,638	49%
Profit attributable to equity holders of the Company	**2,444**	1,582	54%
Earnings per share (RMB)			
– Basic	**0.398**	0.337	18%
– Diluted	**0.397**	0.336	18%
Dividend per share (HKD)	**0.13**	0.09	44%
Total assets	**92,730**	62,148	49%
Equity attributable to holders of the Company	**31,071**	23,368	33%
Cash resources*	**15,035**	18,516	-19%

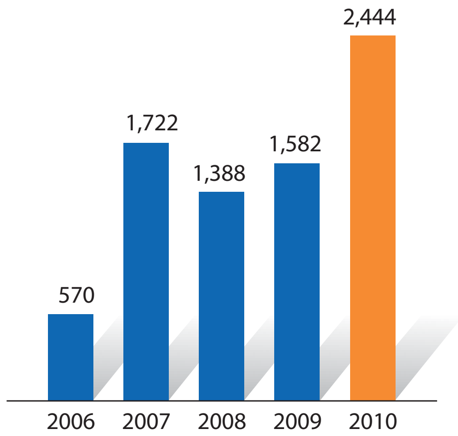
	2010	2009	YoY (%)
Dividend payout ratio	**26%**	26%	—
Gross profit margin	**30%**	30%	—
Net profit margin	**18%**	18%	—
Saleable GFA sold (sq.m.)	**1,660,223**	1,439,921	15%
Saleable GFA delivered (sq.m.)	**1,223,586**	865,234	41%
Return of average equity	**9%**	8%	1%pt
Current ratio	**2.2**	2.7	-19%
Net gearing ratio *	**46%**	14%	32%pts
Landbank (sq.m.)	**20,608,000**	13,808,000	49%

*: Including the restricted bank deposits

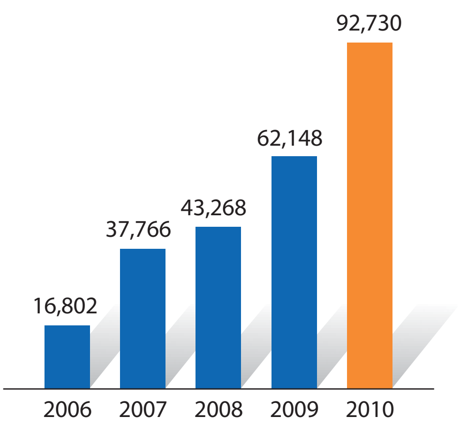
Revenue
(RMB million)



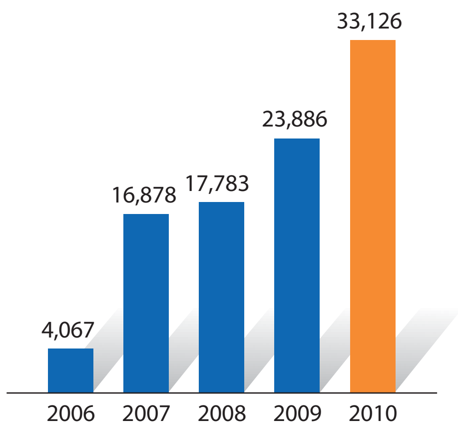
Profit attributable to equity holders of the Company
(RMB million)



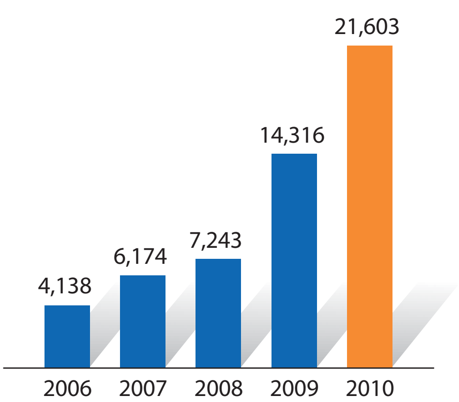
Total assets
(RMB million)



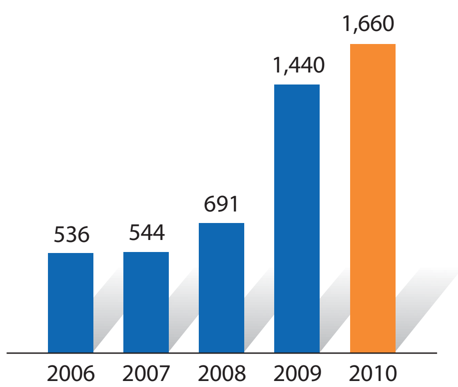
Total equity
(RMB million)



Contracted sales
(RMB million)



Saleable GFA sold
('000 sq.m.)



Chairman's Statement

Dear Shareholders,

It is my pleasure to present the result of Sino-Ocean Land Holdings Limited (the "Company") and its subsidiaries (together referred to as "our Group" or "We") for the twelve months ended 31 December 2010.

Result of 2010 and Final Dividend

As at the end of the reporting period, our Group recorded RMB13,721 million in revenue and RMB4,125 million in gross profit, both representing an increase of 55% compared to the previous year. Profit attributable to equity holders of the Company reached RMB2,444 million, and earnings per share amounted to RMB0.398.

Based on the profit attributable to equity holders of the Company, the Board of Directors is pleased to propose a final dividend of HKD0.08 per share for the year ended 31 December 2010. Together with the interim dividend of HKD0.05 per share, total dividend per share for 2010 was HKD0.13 (2009: HKD0.09), a dividend payout ratio of 26% (2009:26%). The Board of Directors also recommends offering to the shareholders the right to elect as an alternative, to receive the 2010 final dividend wholly or partly by allotment of new shares credited as fully paid up in lieu of cash, subject to shareholders' approval on the payment of the 2010 final dividend at the Company's annual general meeting (the "AGM") and the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited ("Stock Exchange") of the listing of, and permission to deal in, the new shares to be issued pursuant thereto.

Strategy Review

2010 marked the commencement of the third phase of our Group's development strategy. According to our strategy of "creating new values, developing new businesses and opening up new regions" established early in the year, we took proactive measures to ease the pressures of the macro-economic policies on our businesses, to achieve a healthy growth in our businesses and to obtain a satisfactory operating results, thus setting a suitable scene for the effective implementation of our third phase development strategy.

Property development, our Group's core business, advanced in both scale and quality in 2010. At the end of the year, our Group's contracted sales amounted to RMB21,603 million, a year-on-year growth of 51%. The positioning of our Group's mid-to-high end residential products became more distinguished; and the higher standards of sales and property management services gave us a competitive edge.

Our Group is actively implementing our national strategic plan with a coastal and riparian focus. While maintaining our advantage in the Pan-Bohai Rim region in 2010, our Group also enters into regions that are urbanising rapidly and enjoying strong economic growth including Shanghai, Qingdao, Chengdu, Chongqing, Wuhan, Haikou, Sanya, Changchun and Qinhuangdao. This shows our Group's determined effort to open up markets in the mid-Western region and the Yangtze River Delta. Our nation-wide positioning was essential in propelling the rapid expansion of our businesses, boosting our

competitiveness, enlarging our development scope and avoiding operating risks.

While expanding our residential property development business, we also made steady progress in the commercial property sector in the year under review. Diversification of our businesses and products helps create a steady income in the future and mitigate the operating risks effectively. During 2010, our Group generated RMB212 million revenue from the property investment, a year-on-year growth of 36%. As the scale of such business became larger, our Group become more experience in developing high-end commercial properties leading to the result that our branding gained further momentum. Ocean Office Park (Beijing) Retail District being awarded "2010 Beijing's Most Distinguished Commercial Property Project" is an affirmation of the public's recognition of our brand in commercial properties. Furthermore, the successful acquisition of land plot lot Z6 in Beijing's CBD reinforces the firm foothold our Group has established in China's core business areas and our potential in the commercial property sector. The gradual completion of these new projects is expected to result in our Group's revenue from commercial properties growing in leaps and bounds.

Market Review

Real estate market has an impact to both the economy and the society; on the one hand, real estate market attracts investments and drives GDP growth; on the other hand, it affects people's livelihood. It is therefore the ultimate goal of the current control measures to maintain a healthy and steady growth of the real estate market and at the same time satisfy the housing demands of people at different income levels. To prevent the real estate market from over-heating, the Central Government introduced a series of control policies in April and September 2010 with a view to maintain property prices at a reasonable level through using a combination of economic and administrative measures. These policies on the one hand impose a stringent check on speculative activities in the real estate market and discourage irrational purchases; on the other hand hasten the construction of policy housing and firmly regulate land supply. Excessive price swell is to be halted through "augmented supply" and "regulated demand".

In addition, the implementation of monetary policies will also have a significant effect on the real estate market. Large inflows of capital into the property market have been a major cause to its buoyancy. The market can only be healthy regulated by controlling the fluid capital seeking speculative value appreciation. During the year, interest rate was raised twice, the deposit-reserve ratio increased six times, the size of housing and development loans curtailed and foreign investments in the property market restricted. The tightening monetary policy also produced a remarkable result on curbing property prices. The transaction volume in first-tier cities and several hot-spot second-tier cities will be more affected by the macro-economic measures compared to other second and third-tier cities.

The Central Government's move to regulate the real estate market in 2010, in our opinion, was vital and instrumental in ensuring a healthy and steady development of the market, alleviating the scope for market-bubble and obviating potential risks. The rapid evaporation of real estate value as a result of excessive expansion in developed countries like Europe, the US and Japan was detrimental to enterprises, the market, people and even the country as a whole. However, if the market and the government can join hands, both invisible and visible, a balance can be found among property price and people's income and economic growth. By adopting a flexible operating strategy and prudent approach, our Group responds positively to the Central Government's macro-economic measures. Further, our preparedness, careful planning, robust strength and determined execution have made us the winner during the process of the macro-control of real estate market.

Market Outlook and Prospect

Looking ahead, China will go down the route of urbanisation and modern industrialisation, which is the major force to drive this largest developing country into the league of semi-developed nations. The current level of urbanisation in China is at the pivotal point of growing rapidly from 50% to 70%. In the next decade, China's housing demand from the larger urban population and for ameliorative and redevelopment housing will reach approximately 10 billion sq.m., sustaining the continuous growth of China's real estate market.

The ultimate goal of the macro-economic policies is to maintain the steady development of the real estate market, to satisfy the housing needs of people from different income levels, to establish a housing system suitable for the situation in China and to create a dual housing system comprising both commodity housing and policy housing. Nevertheless, existing issues in China's real estate market will not be simply resolved within months of the introduction of the policies. These tightening policies will therefore continue in 2011 and will remain in force. While the effects of the implemented policies will gradually become apparent in 2011, new policies will keep coming to improve the mechanism for a long-term housing system. In such a regulated environment, we reckon that the real estate market for 2011 will see suppressed transaction volume, increased supply, gradual tightening of credits and pressure on average price along with other uncertainties.

Given the thriving economy, accelerated urbanisation, emergence of new city clusters and people's zeal to improve their living conditions, the future of China's real estate market remains upbeat despite the ever-changing environment. However, changes are beginning to occur in the development modes of the real estate market. Developers who grasp the market trend are upgrading their products continuously, doing their best to know their customers, raising operating efficiency and speeding up turnaround time to build core competitiveness. This concentration of competition is changing the playing field. In a market that favours the survival of the fittest, advantage will further lean towards the major brands with modern management and efficient operation. To take advantage of a shifting market, companies must grasp and embrace these changes.

In view of this new development mode of the real estate market, our Group will stay "prudent, proactive, flexible and disciplined" to accelerate our pace of development, to enhance our management quality and strengthen our capabilities to seize opportunities and stand up to challenges. To be prudent is to further refine our financial management, improve financial projections, strengthen capital management and planning, and raise accuracy of budget execution, which are for ensuring a smooth cash flow for our operation. We will be proactive in speeding up sales and maintaining rapid growth in sales, hastening the cash return from sales, and maintaining a balance between speed and efficiency. In order to be flexible we will strengthen our four core functions: strategy, finance, human resources and risk management. We will also enhance our capabilities in risk control, accurate prediction of the market situation, and timely adjustment of strategy in line with internal and external changes. To be disciplined, on the one hand we will beef up our projects' initial positioning, marketing and critical progress; fully exploit the value of our products by getting to know the customers better. On the other hand we endeavour to seize every opportunity to enlarge the scope of our investment in commercial properties and actively explore new business models so that new growth can be charted as quickly as possible.

Corporate Social Responsibility

Our Group has always taken our corporate social responsibility ("CSR") seriously. With a mission to serve the community we actively participate in and support various public services. In the past few years our activities primarily revolved around facilitating education and promoting environmental protection. We will continue to dedicate ourselves in these two major aspects of public services for the overall benefits of the community, shareholders and business partners.

1. Sino-Ocean Charity Foundation

Set up by our Group in August 2008 the Sino-Ocean Charity Foundation is a platform from which we execute our CSR. Believing in taking real action to demonstrate that we care, we undertook a variety of sponsorships to help educate underprivileged students as well as protect the environment.

2. Caring for disaster-hit areas

Driven by their desire to express care and concern, voluntary groups formed by staff from different departments went to earthquake-struck areas in Yushu, Qinghai last year delivering keep-warm materials to residents and teaching materials to schools.

3. Green living

We persevered with our 'old community, new green' campaign and promoted low carbon and green living through an array of environmental protection activities.

4. Caring for youths

We care a lot for our youths and actively help build hope for children from families with all sorts of difficulties. Through a sustainable education sponsorship scheme we offered long-term learning opportunities to deprived children. We also arranged for some nomadic children to visit the World Expo in Shanghai.

Corporate Governance

After the changes of our shareholding in 2010, a clear shareholding structure of our Group has been formulated with China Life being the single largest shareholder and Nan Fung being the second largest shareholder of our Group. Our shareholders' background were further diversified which will facilitate better corporate governance. The composition of our Board will continue to maintain a well-balanced structure with the independent supervision and guidance given by our four independent non-executive directors regarding our business development. As a result, our Group's corporate governance will continue to maintain at a high standard.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my sincerest gratitude to our shareholders, investors, local authorities, business partners and customers for their great support; and to our fellow Directors, the management team and staff who have worked tirelessly with us. Their dedication and commitment has been instrumental in our achievements.

LI Ming
Chairman

Hong Kong, 17 March, 2011




马背上




马背上的孩子观世博

远洋地产






热烈欢迎



Beijing
Ocean International Center

Management Discussion & Analysis

Financial Review

We remained one of the leading residential property developers in Beijing and the Pan Bohai Rim in 2010 in terms of attributable GFA sold in commodity housing and secured leading positions in other regions with our business presence. Our revenue reached a record high of RMB13,721 million in 2010, a 55% increase as compared to 2009. Our profit attributable to equity holders of the Company amounted to RMB2,444 million (2009: RMB1,582 million), a 54% rise as compared to 2009. Basic earnings per share was about RMB0.398 (2009: RMB0.337). Contracted sales amount was at a record high of 21,603 million (2009: RMB14,316 million) with total saleable GFA sold reached approximately 1,660,000 sq.m. (2009: 1,440,000 sq,m.), which was also a record high. Our Group's overall operation efficiency and profitability has advanced to a higher level with strong financial position which laid down a solid foundation for our strategic development.

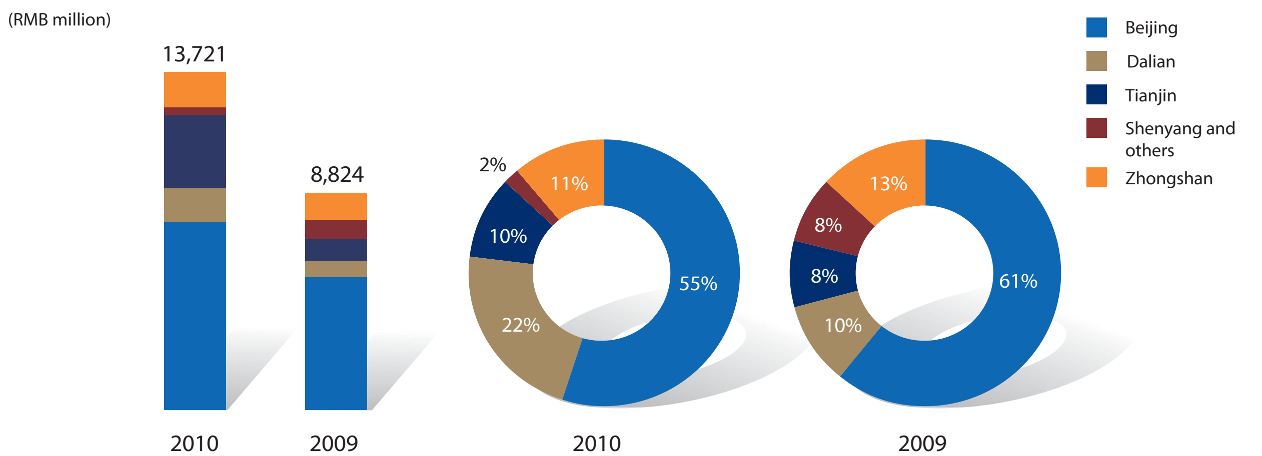
Revenue

Our Group's revenue in 2010 grew by 55% to RMB13,721 million, from RMB8,824 million in 2009. The increase in revenue was mainly attributable to the growth in property development business.

The following table sets forth our revenue breakdown for 2010 and 2009.

(RMB million)	**2010**	2009	YoY (%)
Property development	**12,798**	8,218	56%
Property investment	**212**	156	36%
Hotel operations	**29**	38	-24%
Property management	**262**	172	52%
Other real estate related businesses	**420**	240	75%
Total	**13,721**	8,824	55%

The following graphs compare the revenue contributions by geographical locations for 2010 and 2009.

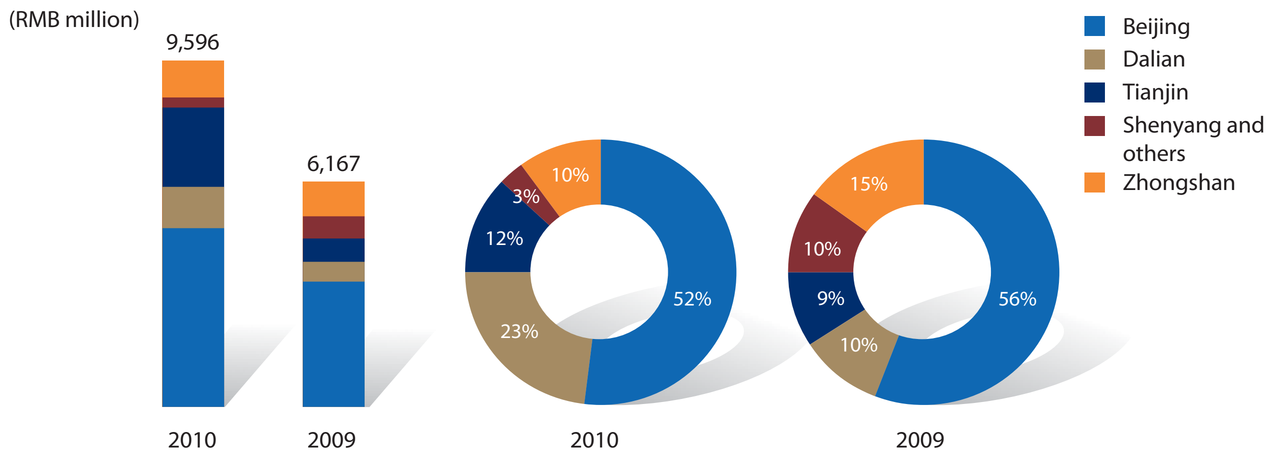


Beijing region as our home base remained the largest revenue contributor, accounting for about 55% of our Group's revenue in 2010 (2009: 61%) and amounted to RMB7,546 million (2009: RMB5,368 million). The rise in revenue but decline in proportion was mainly due to more GFA have been delivered from areas outside Beijing in 2010. Revenue contributed from Dalian significantly increased by 233% to RMB2,981 million; from Tianjin by 103% to RMB1,415 million and from Zhongshan by 29% to RMB1,441 million. 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

Property development cost continued to be the most significant cost of sales, accounting for approximately 90% of our Group's total cost of sales for the current period.

The following graphs set forth the breakdown of our Group's cost of sales (business tax included) by geographical locations in 2010 and 2009.

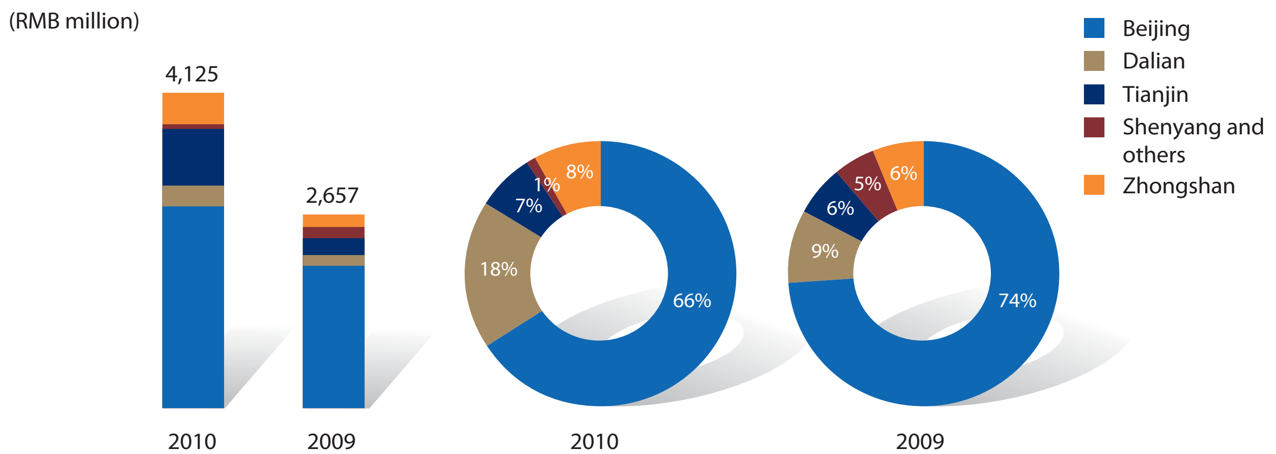


Excluding car parks, average land cost for property development business in 2010 was approximately RMB2,610 per sq.m., increased by 14% from RMB2,290 per sq.m. in 2009. The higher land cost was mainly due to the delivery of Ocean Great Harmony (Beijing) and Ocean Landscape Eastern Area (Beijing), both are mid to high end residential projects.

As a result of the delivery of more high end fit-out apartments and inflated material costs, average construction cost (excluding car parks) for property development business in 2010 was approximately RMB4,052 per sq.m., increased from RMB3,690 per sq.m. in 2009.

Gross Profit

The following graphs set out the distribution of gross profit by geographical locations in 2010 and 2009:



Gross profit has increased by 55% from RMB2,657 million in 2009 to RMB4,125 million in 2010. Gross profit margin remains stable at around 30%. The gross profit margin in 2010 was resulted from the combined effects of: (i) higher average selling price of RMB10,500 per sq.m. (including car parks) compared to RMB9,498 per sq.m. in 2009; (ii) delivery of the high-end projects including Ocean Great Harmony (Beijing) and Ocean Worldview (Dalian) during the year; (iii) inflated construction costs and material costs; and (iv) increased revenue contribution from property development projects outside Beijing (from 42% in 2009 to 47% in 2010 in terms of property development revenue), which normally have lower gross profit margin compared to those in Beijing.

Other Income and Gains/ (Losses)

Other income increased by 14% to RMB240 million in 2010 compared to RMB211 million in 2009. Such increase was mainly due to the increase in the overall interest income and dividend income from available-for-sale financial assets.

Our Group recorded other gains (net) of RMB188 million in 2010 as compared to other losses (net) of RMB8 million in 2009. Other gains (net) comprised (i) the disposal gains of two subsidiaries, namely Best Western Premier Beijing Hotel Limited and Beijing Yuanxiang Property Development Limited at approximately RMB297 million, and (ii) the exchange loss incurred from deposit held in offshore bank accounts of approximately RMB103 million.

Operating Expenses

Selling and marketing costs rose by 39% to RMB441 million in 2010 (2009: RMB318 million). Such increase was in line with our growth in contracted sales amount and effort in pushing up our sales and marketing force so as to promote our availability for sale projects to potential buyers in 2010. These costs accounted for approximately 2% of the total contracted sales amount in 2010, same as 2009.

Administrative expenses increased by 43% to RMB457 million in 2010 (2009: RMB320 million). This was attributable to our national-wide expansion of our operation in more cities to cope with our strategic move during the year. With the implementation of our integrated IT system and other efficiency enhancements, our Group managed the overall administrative expenses accounted for 3.33% of total revenue for the current year, representing a 0.29 percentage point drop compared to 2009. We will continue our cost control measures to keep these costs at a relatively low level.

Finance Costs

Total borrowings as at the year end were approximately RMB29,196 million (2009: RMB21,840 million). Despite the rise in total borrowings, we have efficiently applied them to the projects. As a result, we were able to capitalize most of the interest expenses and thus leaving RMB287 million to be charged through income statement during the current period, compared to RMB309 million in 2009, dropped by 7%.

The average interest rate remains relatively stable at 5.4% for both 2010 and 2009 while total interest expenses paid or accrued to RMB1,486 million (2009: RMB989 million).

Taxation

The aggregate of enterprise income tax and deferred tax increased by 48% to RMB1,011 million in 2010 (2009: RMB681 million), with effective tax rate of 29% (2009: 27%). Such increase was attributable to the higher pre-tax profit during the current period. In addition, consistent to the increase in gross profit, land appreciation tax in 2010 increased to RMB403 million (2009: RMB248 million), accounting for 9.77% of gross profit in 2010 (2009: 9.33%).

Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company swelled by 54% to RMB2,444 million in 2010, compared to RMB1,582 million in 2009. Return on average equity improved to approximately 9% in 2010 (2009: 8%) even though we had a larger shareholders' equity base in 2010 as compared to 2009. Our management will continue to focus on the improvement of our shareholders' return as their on-going task.

Liquidity and Financial Resources

During the year, our Group further refined our funding structure while liquidity and credit policies in the financial market began to tighten and affect worldwide economic condition. We recorded a net increase in total borrowings of RMB7,356 million to RMB29,196 million as at the year end of 2010. Furthermore, the issuance of USD900 million perpetual subordinated convertible securities by our Group was successfully completed on 27 July 2010. Such issue was the first-time issuance among PRC property developers. This has remarkably improved our long term capital structure and will support our future acquisition during market consolidation.

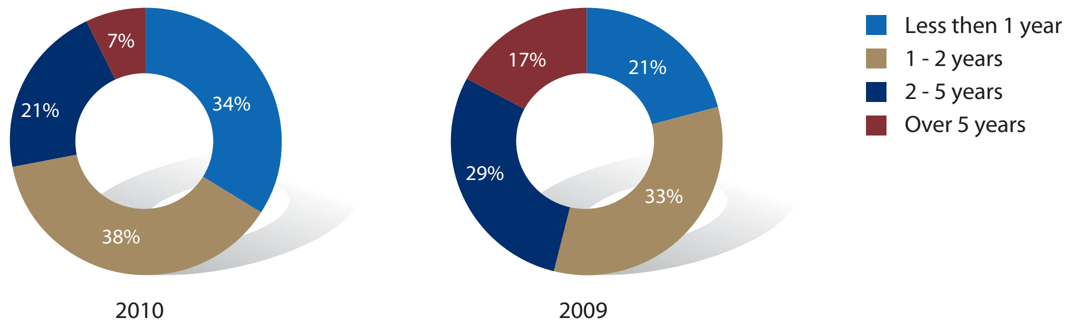
As at 31 December 2010, our Group has total cash resources (the aggregate of cash and cash equivalents and restricted bank deposits) of RMB15,035 million and a current ratio of 2.2 times. Together with the unutilized credit facilities of about RMB31,880 million, our Group is ensured to be financially sound. We have ample financial resources and an adaptable financial management policy to meet our business expansion.

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

RMB million	**As at 31 December 2010**	As at 31 December 2009	YoY (%)
Within 1 year	**9,920**	4,653	113%
1 to 2 years	**11,062**	7,019	58%
2 to 5 years	**6,184**	6,359	-3%
Over 5 years	**2,030**	3,809	-47%
Total	**29,196**	21,840	34%

As at 31 December 2010, we maintained our borrowing structure with higher portion in mid-to-long term borrowings in order to support our sound and safe development. Borrowings with repayment terms over one year accounted for 66% of the total borrowings as at 31 December 2010, as compared to 79% as at 31 December 2009.

The following graphs indicate the distribution of borrowings by repayment schedule in 2010 and 2009:



As at the year end of 2010, our net gearing ratio (i.e. total borrowings less cash resources divided by equity attributable to holders of the company) remained at a reasonable level of 46%, demonstrated a balanced debt-to-equity structure.

Financial Guarantees and Pledge of Assets

As at 31 December 2010, the value of the guarantees provided by our Group to banks for mortgages extended to property buyers before completion of their mortgage registration was RMB2,925 million (2009: RMB1,812 million).

As at 31 December 2010, 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 RMB1,800 million (2009: RMB1,418 million) and long-term bank loans of RMB2,756 million (2009: RMB5,610 million). As at 31 December 2010, total pledged assets accounted for approximately 5% of the total assets of our Group (2009: 9%).

Capital Commitments

Our Group entered into certain agreements in respect of land acquisition and property development. As at 31 December 2010, our Group had a total capital commitment of RMB18,477 million (2009: RMB7,189 million).

Contingent Liabilities

In line with the prevailing commercial practice in the PRC, our Group provides guarantees for mortgages extended to property buyers before completion of their mortgage registration. As at 31 December 2010, the total amount of the aforesaid guarantees provided by our Group was RMB2,925 million (2009: RMB1,812 million). In the past, our Group had not incurred any material loss from providing such guarantees, as the guarantees were given as a transitional arrangement that would be terminated upon the completion of the mortgage registration and were secured by the buyers' properties.

Business Review

Property Development

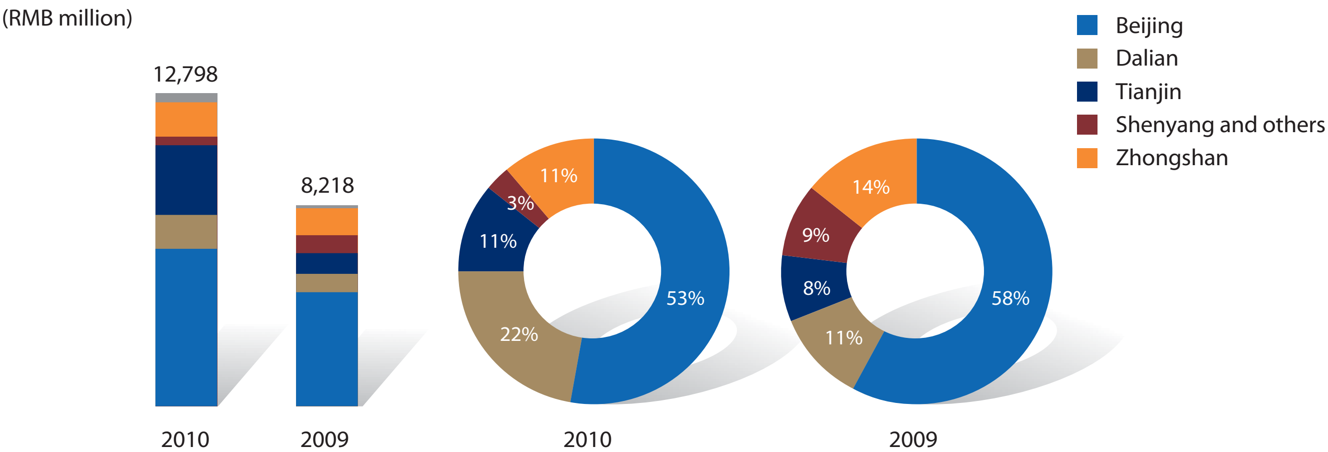
1) Recognized Sales

Revenue from property development business grew by 56% in 2010 and amounted to RMB12,798 million (2009: RMB8,218 million). Saleable GFA delivered increased by 42% from approximately 865,000 sq.m. in 2009 to approximately 1,224,000 sq.m. in 2010. Excluding car parks sales, the average selling price recognized in 2010 was about RMB11,200 per sq.m. (2009: RMB9,962 per sq.m.).

The following table presents the saleable GFA delivered and relevant information of each project in 2010.

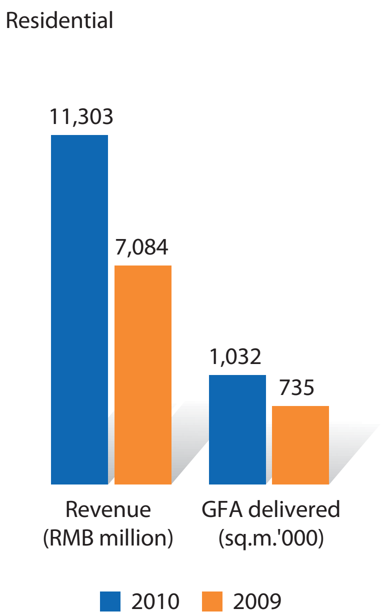
Cities	Projects	Revenue (RMB million)	Saleable GFA delivered (sq.m.)	Average selling price recognised (RMB/sq.m.)	Interest attributable to our Group (%)
Beijing	Ocean Great Harmony 遠洋 • 萬和城	2,605	74,641	34,900	100%
	Ocean Honored Chateau 遠洋公館	344	8,130	42,300	100%
	Ocean Landscape Eastern Area 遠洋 • 沁山水	2,874	228,462	12,600	100%
	Ocean Landscape 遠洋山水	223	18,629	12,000	100%
	Ocean Office Park 遠洋 • 光華國際	326	23,239	14,000	100%
	Ocean Seasons 遠洋 • 自然	35	4,572	7,700	70%
	Poetry of River 遠洋一方	37	2,560	14,500	100%
Dalian	Ocean Prospect 遠洋風景	431	22,840	18,900	100%
	Ocean Worldview 紅星海世界觀	1,983	211,089	9,400	100%
	Xiangsong Project 香頌花城	373	95,596	3,900	100%
Qinhuangdao	Wan Hai Yi Hao 灣海一號	45	6,529	6,900	100%
Shenyang	Ocean Paradise 遠洋天地	298	50,482	5,900	100%
Tianjian	Ocean City 遠洋城	1,146	169,701	6,800	100%
	Ocean Express 遠洋新幹線	156	12,839	12,200	97.05%
	Ocean Paradise 海河新天地	96	7,848	12,200	96.99%
Zhongshan	Ocean City 遠洋城	1,410	170,500	8,300	100%
Subtotal		12,382	1,107,657	11,200	
Car parks (various projects)		416	115,929	3,600	
Total		**12,798**	**1,223,586**	**10,500**	

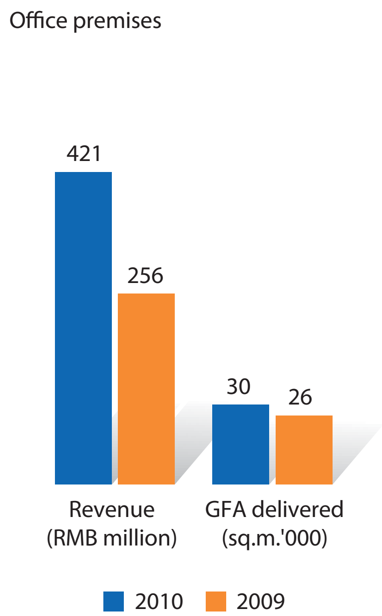
Breakdown of our Group's revenue from property development by geographical locations in 2010 and 2009 is as follows:-



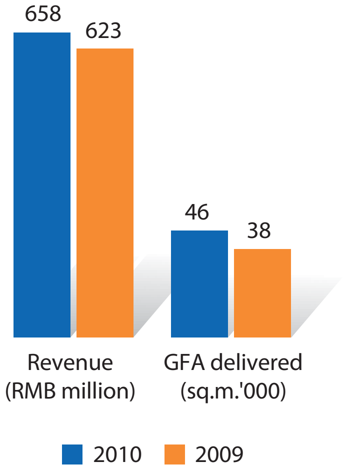
In terms of property types, residential properties continued to contribute the largest portion of property development revenue, accounting for 88% in 2010 (2009: 86%). The average selling price recognized for the revenue from residential properties in 2010 was about RMB11,000 per sq.m. (2009: RMB9,638 per sq.m.) while corresponding total GFA delivered increased by 40% from approximately 735,000 sq.m. in 2009 to approximately 1,032,000 sq.m. in 2010.

The following graphs indicate the revenue from property development in terms of property types in 2010 and 2009.

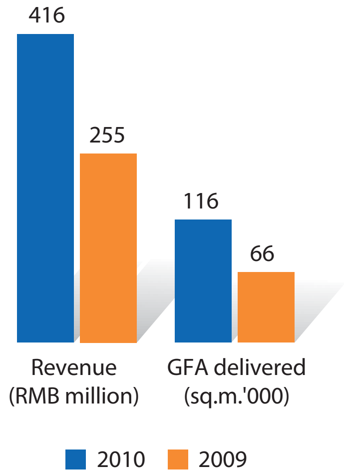




Retail space



Car parks



2) Contracted Sales

Contracted sales reached a record high in 2010 to RMB21,603 million, up by 51% compared to RMB14,316 million in 2009. Total GFA sold, including car parks, increased by 15% to about 1,660,000 sq.m. (2009: 1,440,000 sq.m.). Average selling price per sq.m. in 2010 was about RMB13,000 (2009: RMB9,942) (including car parks sale) and RMB13,600 (2009: RMB10,366) (excluding car parks sale). Outstanding contracted sales to be recognized in 2011 or later amounted to RMB20,422 million, increased by 76% compared to that as at the year end of 2009, promising a solid base for our Group's future revenue growth.

The following table lists the contracted sales amounts and GFA sold by projects in 2010:

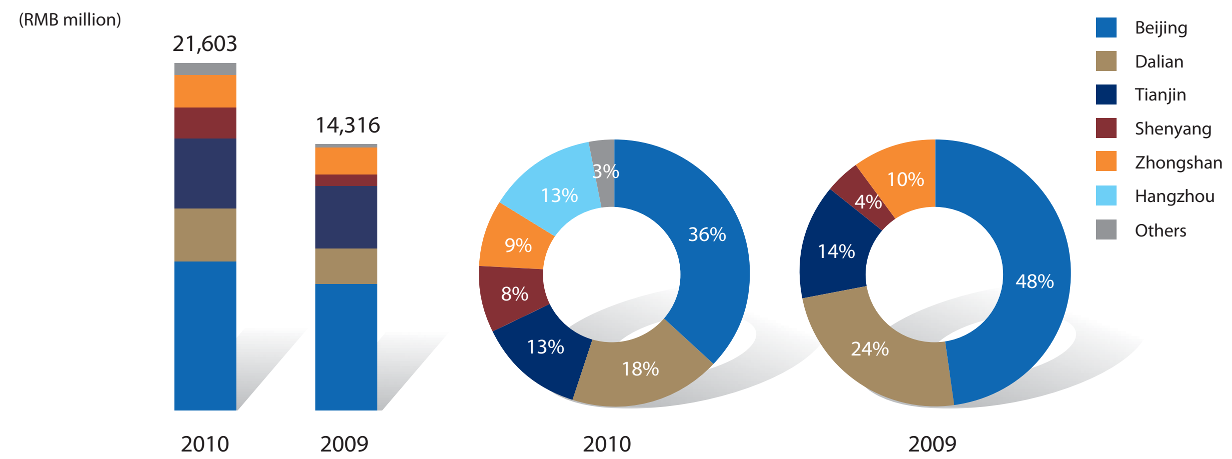
Cities	Projects	Contracted sales amount (RMB milliom)	Saleable GFA sold (sq.m.)	Average selling price (RMB/sq.m.)	Interest attributable to our Group (%)
Beijing	Ocean Great Harmony 遠洋 • 萬和城	1,778	39,649	44,800	100%
	Ocean Honored Chateau 遠洋公館	299	6,971	42,900	100%
	Ocean Landscape Eastern Area 遠洋 • 沁山水	2,508	94,888	26,400	100%
	Ocean Landscape 遠洋山水	110	7,902	13,900	100%
	Ocean Seasons 遠洋 • 自然	160	23,343	6,900	70%
	Poetry of River - Eastern Area 遠洋 • 新悅（遠洋一方東區）	1,294	69,288	18,700	100%
	Poetry of River 遠洋一方 *	1,118	104,762	10,700	100%
	Ocean Oriental (Tongzhou Yuqiao Project) 遠洋 • 東方（通州玉橋項目）	349	21,834	16,000	100%
Chengdu	Ocean Langjun 遠洋 • 朗郡	186	27,921	6,700	100%
Dalian	Ocean Seasons (Nanguan Ling Project) 遠洋 • 自然（南關嶺項目）	871	82,516	10,600	100%
	Ocean Plaza 遠洋廣場（中華路項目）	7	611	11,500	100%
	Ocean Prospect 遠洋風景	260	15,926	16,300	100%
	Ocean Worldview 紅星海世界觀	2,197	158,915	13,800	100%
	Ocean Time (University Zone) 遠洋時代城（大學城項目）	197	24,854	7,900	100%
	Xiangsong Project 香頌花城	217	50,868	4,300	100%
Qinhuangdao	Wan Hai Yi Hao 灣海一號	69	10,572	6,500	100%
Hangzhou	Canal Commercial District 遠洋公館（運河商務區）	2,834	82,660	34,300	51%**
Sanya	Ocean Olympics 遠洋奧林匹克公館	401	20,617	19,400	70%
Shenyang	Ocean Paradise 遠洋天地	1,625	194,492	8,400	100%
Tianjian	Ocean City 遠洋城	2,004	216,841	9,200	100%
	Ocean Express 遠洋新幹線	649	60,453	10,700	97.05%
	Ocean Great Harmony 遠洋 • 萬和城（倪黃庄項目）	192	13,559	14,200	100%
	Ocean Paradise 海河新天地	54	3,967	13,600	96.99%
Zhongshan	Ocean City 遠洋城	1,819	220,023	8,300	100%
Subtotal		21,198	1,553,432	13,600	
Carparks (various projects)		405	106,791	3,800	
Total		**21,603**	**1,660,223**	**13,000**	

* Including Poetry of River commodity housing and capped price housing.

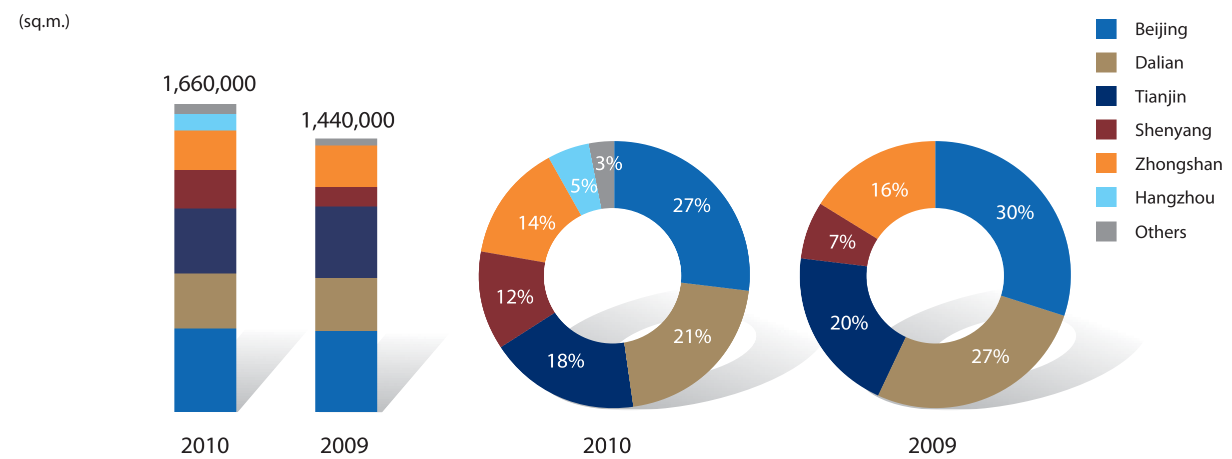
** Our Group has announced to dispose 49% of the project as at 31 December 2010. It is expected to be completed in the first half of 2011.

There were altogether 24 projects available for sale in 2010 (2009: 15), of which 20 were located in the Pan-Bohai Rim and accounting for about 75% (2009: 90%) of total contracted sales amount (excluding car parks) and represent a 15% points decrease compare with 2009, showing our Group's footprint and business development outside the Pan-Bohai Rim.

The following graphs indicate the breakdown of contracted sales amount by geographical locations in 2010 and 2009.



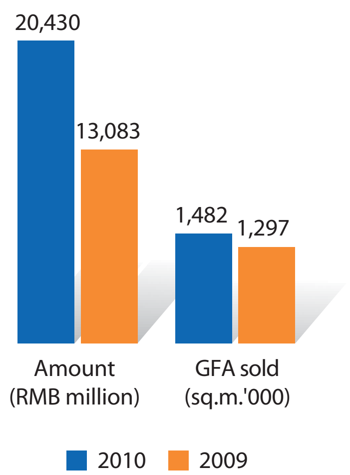
The following graphs indicate the breakdown of saleable GFA sold by geographical locations in 2010 and 2009.



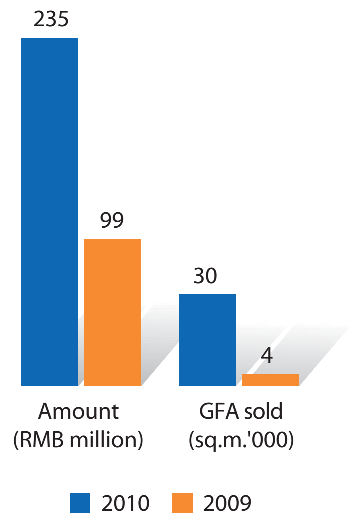
In terms of property types, residential properties continued to contribute the largest portion of contracted sales amount and accounted for 95% in 2010 (2009: 91%). The average selling price for residential properties in 2010 was about RMB13,800 per sq.m. (2009: RMB10,087 per sq.m.) while the total GFA sold for residential use increased by 14% from approximately 1,297,000 sq.m. in 2009 to approximately 1,482,000 sq.m. in 2010.

The following graphs indicate the contracted sales amount in terms of major property types in 2010 and 2009.

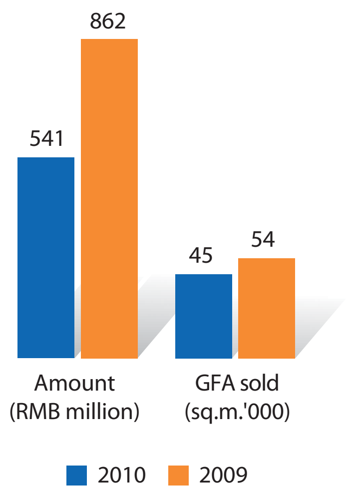
Residential



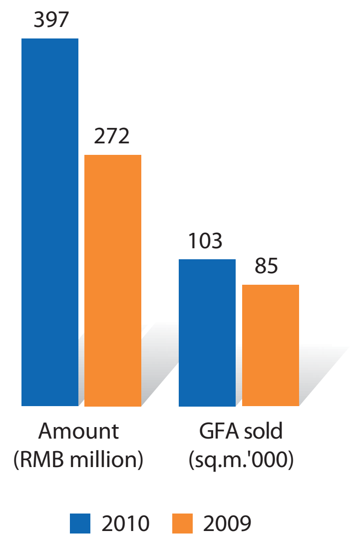
Office premises



Retail space



Car parks



3) Construction Progress and Developing Projects

Total GFA and total saleable GFA completed in 2010 were approximately 1,292,000 sq.m. and 1,153,000 sq.m., going up by 29% and 34% respectively compared to that in 2009.

Meanwhile, we target to increase our construction scale in order to have more GFA available for sale and for delivery to support our growth in 2011.

Cities	Projects	GFA completed in 2010 (sq.m.)	Target GFA to be completed in 2011 (sq.m.)
Beijing	INDIGO (Jiangtai Business Center) 頤堤港（將台商務中心）	—	295,000
	Ocean Great Harmony 遠洋 • 萬和城	112,000	5,000
	Ocean La Vie 遠洋 • La Vie	—	54,000
	Ocean Landscape Eastern Area 遠洋 • 沁山水	227,000	132,000
	Poetry of River-Eastern Area 遠洋 • 新悦（遠洋一方東區）	—	34,000
	Poetry of River 遠洋一方 *	23,000	475,000
Dalian	Ocean Seasons (Nanguan Ling Project) 遠洋 • 自然（南關嶺項目）	—	116,000
	Ocean Prospect 遠洋風景	30,000	30,000
	Ocean Worldview 紅星海世界觀	276,000	246,000
	Xiangsong Project 香頌花城	99,000	—
Sanya	Ocean Olympics 遠洋奧林匹克公館	—	53,000
Shengyang	Ocean Paradise 遠洋天地	29,000	212,000
Tianjin	Ocean City 遠洋城	227,000	323,000
	Ocean Express 遠洋新幹線	61,000	145,000
Zhongshan	Ocean City 遠洋城	208,000	182,000
Total		**1,292,000**	**2,302,000**

* Including Poetry of River commodity housing and capped price housing.

4) Newly acquired projects

In 2010, our Group acquired 22 new land plots at a total consideration of RMB31,027 million covering a total GFA of approximately 7,948,000 sq.m. with attributable GFA of 6,626,000 sq.m. at an average acquisition price of about RMB4,683 per sq.m. Our newly acquired land plots are located widespread across different cities in China, in line with our strategy to establish our footprint in other coastal and in high-growth cities.

The following table lists the information regarding projects acquired by our Group during 2010.

Cities	Projects	Total GFA acquired (sq.m.)	Interest attributable to our Group (%)
Beijing	CBD Plot Z6	250,000	80%
	Dawangjing Project 大望京項目	211,000	100%
Changchun	Jingyue Porject 長春淨月項目	1,083,000	51%
Chengdu	Daci Project 大慈寺項目	384,000	50%
	Ocean Langjun 遠洋 • 朗郡	155,000	100%
Chongqing	Golf Club Project 國際高爾夫項目	362,000	93.25%
Dalian	Diamond Bay Project 鑽石灣項目	2,007,000	90%
	Ocean Plaza 遠洋廣場（中華路項目）	404,000	100%
	Xiaoyao Bay Project 小窑灣項目	180,000	100%
Haihau	Yexiang Village Project 盈濱半島（椰香村項目）	57,000	70%
Qingdao	Fushan Project 遠洋風景（浮山項目）	145,000	100%
	Quanzhoulu Project 遠洋公館（泉州路項目）	114,000	100%
Qinhuangdao	Ocean Century 遠洋 • 海世紀	1,359,000	100%
	Wan Hai Yi Hao 灣海一號	22,000	100%
Sanya	Ocean Olympics 遠洋奧林匹克公館	53,000	70%
	Tang Di Project 棠棣項目	14,000	52.5%
Shanghai	Bond Castle (Meilanwu Project) 遠洋 • 博堡（美蘭湖項目）	91,000	100%
Shenyang	Baishanlubei Project 白山路北項目	137,000	100%
Tianjian	Ocean City Plot C2 遠洋城 C2 地塊	41,000	100%
	Ocean Prospect (Zhangguizhuang Project) 遠洋風景（張貴庄項目）	316,000	90%
Wuhan	Ocean World 遠洋世界（金磐項目）	482,000	55%
	Tangchen Project 有座庄園（湯臣項目）	81,000	55%
Total		**7,948,000**	

5) Landbank

While adhering to our national plan and taking into consideration our financial capabilities, our Group has steadily increased our landbank in the coastal and riparian regions. Our Group's landbank increased by 49% to 20,608,000 sq.m. as at the year end of 2010 (2009: 13,808,000 sq.m.); while landbank with attributable interest increased by 37% to 18,588,000 sq.m. (2009: 13,549,000 sq.m.). Saleable GFA in the landbank was about 17,266,000 sq.m. as at 31 December 2010 providing a sound basis for our continuous and steady development. Our Group's landbank was mainly located in five regions of the PRC, including Pan-Bohai Rim, Yangtze River Delta, Pearl River Delta, Middle-west Region and Hainan. The average land cost per sq.m. of our Group's landbank as at 31 December 2010 was approximately RMB3,157 (2009: RMB2,251).

Cities	Projects	Approximate total GFA (sq.m.)	Approximate total saleable GFA (sq.m.)	Remaining landbank (sq.m.)	Interest attributable to our Group (%)
GFA in terms of completed properties held for sales					
Beijing	Ocean Great Harmony 遠洋 • 萬和城	261,000	221,000	45,000	100%
	Ocean Landscape Eastern Area 遠洋 • 沁山水	322,000	280,000	32,000	100%
	Ocean Seasons 遠洋 • 自然	381,000	260,000	35,000	70%
Qinhuangdao	Wan Hai Yi Hao 灣海一號	39,000	39,000	17,000	100%
Zhongshan	Ocean City 遠洋城	509,000	461,000	45,000	100%
Subtotal		**1,512,000**	**1,261,000**	**174,000**	

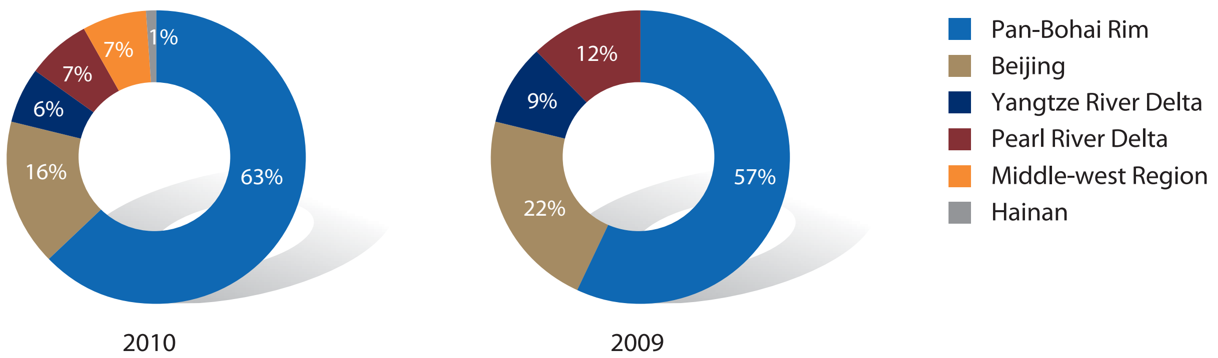
Cities	Projects	Approximate total GFA (sq.m.)	Approximate total saleable GFA (sq.m.)	Remaining landbank (sq.m.)	Interest attributable to our Group (%)
GFA in terms of properties under development					
Beijing	INDIGO (Jiangtai Business Center) 頤堤港（將台商務中心）	295,000	264,000	295,000	50%
	Ocean Great Harmony 遠洋 • 萬和城	190,000	181,000	190,000	100%
	Ocean La Vie 遠洋 • La Vie	260,000	130,000	260,000	85.72%
	Ocean Landscape Eastern Area 遠洋 • 沁山水	177,000	149,000	177,000	100%
	Poetry of River-Eastern Area 遠洋 • 新悅（遠洋一方東區）	110,000	85,000	110,000	100%
	Poetry of River 遠洋一方 *	790,000	704,000	631,000	100%
	Ocean Oriental (Tongzhou Yuqiao Project) 遠洋 • 東方（通州玉橋項目）	175,000	150,000	175,000	100%
Chengdu	Ocean Langjun 遠洋 • 朗郡	155,000	137,000	155,000	100%
Dalian	Ocean Seasons (Nanguan Ling Project) 遠洋 • 自然（南關嶺項目）	138,000	105,000	138,000	100%
	Ocean Plaza 遠洋廣場（中華路項目）	293,000	254,000	293,000	100%
	Ocean Prospect 遠洋風景	178,000	142,000	27,000	100%
	Ocean Worldview 紅星海世界觀	1,956,000	1,479,000	1,677,000	100%
	Ocean Times (University Zone) 遠洋時代城（大學城項目）	561,000	472,000	561,000	100%
	Ocean Midtown (Xishan Project) 遠洋 MIDTOWN（西山項目）	92,000	84,000	92,000	100%
Hangzhou	Canal Commercial District 遠洋公館（運河商務區）	867,000	664,000	867,000	51%**
Qingdao	Fushan Project 遠洋風景（浮山項目）	145,000	103,000	145,000	100%
Sanya	Ocean Olympics 遠洋奧林匹克公館	53,000	49,000	53,000	70%
Shenyang	Ocean Paradise 遠洋天地	707,000	596,000	506,000	100%
Tianjian	Ocean City 遠洋城	863,000	629,000	630,000	100%
	Ocean Express 遠洋新幹線	337,000	288,000	206,000	97.05%
	Ocean Great Harmony 遠洋 • 萬和城（倪黃庄項目）	334,000	261,000	334,000	100%
	Ocean Paradise 海河新天地	154,000	103,000	154,000	96.99%
Wuhan	Tangchen Project 有座庄園（湯臣項目）	81,000	81,000	81,000	55%
	Ocean World 遠洋世界（金磐項目）	482,000	444,000	482,000	55%
Zhongshan	Ocean City 遠洋城	777,000	726,000	680,000	100%
Subtotal		**10,170,000**	**8,280,000**	**8,919,000**	

* Induding Poetry of River commodity housing and capped price housing.

** Our Group has announced to dispose 49% of the project as at 31 December 2010. It is expected to be completed in the first half of 2011.

Cities	Projects	Approximate total GFA (sq.m.)	Approximate total saleable GFA (sq.m.)	Remaining landbank (sq.m.)	Interest attributable to our Group (%)
GFA in terms of properties held for future development					
Beijing	Ocean Manor (Beiqijia Project) 遠洋•傲北（北七家）	287,000	186,000	287,000	100%
	CBD Plot Z6	250,000	190,000	250,000	80%
	Dawangjing Project 大望京項目	211,000	151,000	211,000	100%
	Ocean Landscape Eastern Area 遠洋•沁山水	103,000	103,000	103,000	100%
	Ocean Wangfujing Project 王府井項目	50,000	45,000	50,000	100%
	Ocean Palace (Yizhuang Sanyang) 遠洋•天著（亦庄三羊）	440,000	242,000	440,000	100%
Chengdu	Daci Project 大慈寺項目	384,000	351,000	384,000	50%
Changchun	Jingyue Porject 長春淨月項目	1,083,000	995,000	1,083,000	51%
Chongqing	Gold Club Project 國際高爾夫項目	362,000	349,000	362,000	93.25%
Dalian	Diamond Bay Project 鑽石灣項目	2,007,000	1,736,000	2,007,000	90%
	IT Zone-Industrial IT 產業園－工業部份	927,000	927,000	927,000	100%
	Ocean Valley Lafite (IT Zone-Residential) 遠洋•拉斐莊園（IT 產業園－住宅部份）	426,000	393,000	426,000	100%
	Ocean Plaza 遠洋廣場（中華路項目）	111,000	54,000	111,000	100%
	Xiaoyao Bay Project 小窑灣項目	180,000	156,000	180,000	100%
Haihau	Yexiang Village Project 盈濱半島（椰香村項目）	57,000	57,000	57,000	70%
Hangzhou	Hang Yimian 大河宸章（杭一棉）	208,000	142,000	208,000	70%
Huangshan	Taohuadao Project 桃花島項目	140,000	135,000	140,000	100%
Qingdao	Quanzhoulu Project 遠洋公館（泉州路項目）	114,000	78,000	114,000	100%
Qinhuangdao	Ocean Century 遠洋•海世紀	1,359,000	1,242,000	1,359,000	100%
Sanya	Tang Di Project 棠棣項目	14,000	12,000	14,000	52.5%
Shanghai	Bond Castle (Meilanwu Project) 遠洋•博堡（美蘭湖項目）	91,000	91,000	91,000	100%
Shenyang	Baishanlubei Project 白山路北項目	137,000	136,000	137,000	100%
Tianjin	Ocean City 遠洋城	1,476,000	1,167,000	1,476,000	100%
	Ocean Paradise 海河新天地	147,000	107,000	147,000	96.99%
	Ocean Prospect (Zhangguizhuang Project) 遠洋風景（張貴庄項目）	316,000	262,000	316,000	90%
Zhongshan	Ocean City 遠洋城	635,000	572,000	635,000	100%
Subtotal		**11,515,000**	**9,879,000**	**11,515,000**	
Total		**23,197,000**	**19,420,000**	**20,608,000**	

The following graphs set forth the landbank by geographical locations as at 31 December 2010 and 2009:



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 2010, revenue from property investment increased by 36% to RMB212 million (2009: RMB156 million). As at 31 December 2010, our Group held five investment properties and held several carparks for rental service, of which two are located in Shanghai being held by our newly acquired subsidiary, Gemini Property Investments Limited, a company listed on the Stock Exchange (Stock code: 00174). Our investment properties are mainly A-grade office premises with a total leasable area of 237,000 sq.m.

	Approximate leasable area (sq.m.)	Office premises (sq.m.)	Retail space (sq.m.)	Others (sq.m.)	Occupancy rate as at 31 December 2010 (%)	Interest attributable to our Group (%)
Ocean Plaza (Beijing)	31,000	26,000	1,000	4,000	Over 95%	72%
Ocean International Center Block A (Beijing)	83,000	75,000	8,000	—	Over 90%	100%
Ocean Office Park (Beijing)	99,000	81,000	18,000	—	Over 65%	100%
Shui On Building (Shanghai)	3,000	3,000	—	—	Over 75%	70%
Novel Building (Shanghai)	6,000	6,000	—	—	Over 95%	63%
Ocean Express (Beijing) Carparks	15,000	—	—	15,000	About 10%#	100%
Total	**237,000**	**191,000**	**27,000**	**19,000**		

Reclassify as investment property in December 2010.

Property Management

For the year ended 31 December 2010, our Group's revenue from the provision of property management services amounted to RMB262 million, representing a 52% increase compared to RMB172 million in 2009. A total GFA of 5,819,000 sq.m. (2009: 3,672,000 sq.m.) was covered by our Group's property management services which has significantly increased by 2,147,000 sq.m..

Other information

Risk of Exposure to Exchange Rate Fluctuations and Related Hedging

In 2010, 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 2010, our Group had 5,696 employees (31 December 2009: 4,111). The increase in headcount of 39% 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 2010, we observed that many developers were eagerly hunting for talents in the labor market to fill positions made vacant during the financial turbulence in 2009. As a result, turnover rate in 2010 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 in the past and restricted shares award scheme during the year. 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, our performance will be better than our peer in the future and create additional value for our shareholders.

Investor Relations

Our Group's investor relations 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 any kind of business environment. In 2010, again we faced a challenging market with macro tightening and market uncertainties. We continued to maintain regular communication throughout the year and disclose updates on operations and developments as soon as practicable to clear stakeholders' queries.

Reaching more long-term investors

In 2010, the Group's management representatives and the investor relations ("IR") team participated in 21 large-scale investors' conferences, met face-to-face and conducted conference calls with stakeholders from over 600 funds and securities firms.

To allow more investors to gain better understanding of the Company, we met with about 530 shareholders and other stakeholders at our two post annual results roadshows and our annual general meeting. Our CEO also spoke at JP Morgan's and Goldman Sachs 2010 China investment conferences on our understanding of government policy and market trend.

Gaining positive analyst coverage

Sino-Ocean is now widely known in the investment community, thanks to the continued support from many property analysts. The IR team is pleased to report that 21 securities firms were covering the Company as of end of 2010, including Citi, Morgan Stanley, J.P. Morgan, Merrill Lynch, Goldman Sachs, Macquarie and BNP Paribas, etc. The number of firms did not increase due to job changes for a number of analysts.

We are very proud that our communication with analysts has become more efficient after years of dedicated hard work. In early December 2010, RBS's analysts highly complimented our investor relations efforts in their report. As at end of 2010, ratings on the Group were very encouraging – all recommended "buy", "outperform" or "hold".

Organizing site visits

In 2010, we organized site visits for 90 groups consisting over 300 stakeholders to view our projects in different cities in China. We collected and reported to the management team regularly stakeholders' comments and suggestions on the projects.

Strengthening communication with retail shareholders

Our Group values the opportunities to communicate with all shareholders. Therefore, since 2008, our management representatives have been spending time at every annual and extraordinary general meeting to talk directly to shareholders, who are mostly retail shareholders, and answer their questions to ensure that they gain a deeper understanding of the Company's strategies and latest development.

On May 14 2010, the day after our annual general meeting, the columnists of *Oriental Daily*, Hong Kong's most widely circulated general newspaper, and *The Sun*, complimented our management team's efforts in communicating with retail shareholders and stated, "hope that all other listed companies can emulate Sino-Ocean spending more time communicating with retail shareholders rather than entertaining only the institutional investors."

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. As to your comments, we will take your views into account and act upon them if this will improve our performance.

Beijing

Ocean • La Vie

Total GFA: 260,000 sq.m.

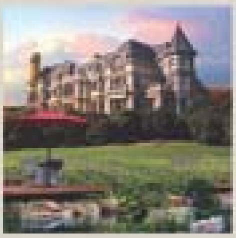
Total saleable GFA: 130,000 sq.m.

Attributable interest to our Group: 85.72%

Usage: Residential and Villa

Number of phases: 1

Completion: 2011 - 2012



Ocean Great Harmony

Total GFA: 451,000 sq.m.

Total saleable GFA: 402,000 sq.m.

Attributable interest to our Group: 100%

Usage: Residential, office premises and retail space

Number of phases: 2

Completion: 2009 - 2012

INDIGO

Total GFA: 295,000 sq.m.

Total saleable GFA: 264,000 sq.m.

Attributable interest to our Group: 50%

Usage: Office premises and shopping center

Number of phases: 1

Completion: 2011

Poetry of River

Total GFA: 790,000 sq.m.

Total saleable GFA: 704,000 sq.m.

Attributable interest to our Group: 100%

Usage: Residential and retail space

Number of phases: 3

Completion: 2008 - 2012

Beijing

Dalian

Ocean Landscape Eastern Area

Total GFA: 602,000 sq.m.
Total saleable GFA: 532,000 sq.m.
Attributable interest to our Group: 100%
Usage: Residential and retail space
Number of phases: 5
Completion: 2009 - 2011

Ocean Worldview

Total GFA: 1,956,000 sq.m.
Total saleable GFA: 1,479,000 sq.m.
Attributable interest to our Group: 100%
Usage: Residential and retail space
Number of phases: 7
Completion: 2010 - 2015

Ocean Plaza

Total GFA: 404,000 sq.m.

Total saleable GFA: 308,000 sq.m.

Attributable interest to our Group: 100%

Usage: Residential and retail space

Number of phases: 2

Completion: 2012 - 2013

Ocean Times

Total GFA: 561,000 sq.m.

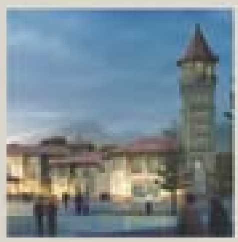
Total saleable GFA: 472,000 sq.m.

Attributable interest to our Group: 100%

Usage: Residential and retail space

Number of phases: 2

Completion: 2013 - 2014



Dalian

Tianjin

IT Zone-Industrial

Total GFA: 927,000 sq.m.

Total saleable GFA: 927,000 sq.m.

Attributable interest to our Group: 100%

Usage: Office premises

Number of phases: 5

Completion: 2013 - 2019

Ocean City

Total GFA: 2,339,000 sq.m.

Total saleable GFA: 1,796,000 sq.m.

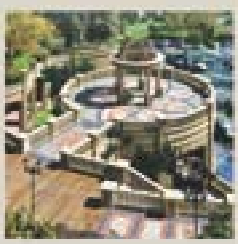
Attributable interest to our Group: 100%

Usage: Residential and retail space

Number of phases: 11

Completion: 2010 - 2015

Ocean Great Harmony



Total GFA: 334,000 sq.m.

Total saleable GFA: 261,000 sq.m.

Attributable interest to our Group: 100%

Usage: Residential and retail space

Number of phases: 2

Completion: 2011 - 2013

Ocean International Center *

Total GFA: 301,000 sq.m.

Total saleable GFA: 210,000 sq.m.

Attributable interest to our Group: 96.99%

Usage: Office premises and retail space

Number of phases: 2

Completion: 2010 - 2013

* Part of Ocean Paradise

Shenyang

Ocean Paradise

Total GFA: 707,000 sq.m.

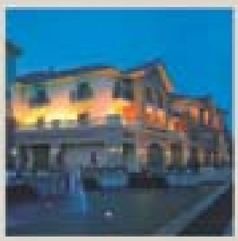
Total saleable GFA: 596,000 sq.m.

Attributable interest to our Group: 100%

Usage: Residential and retail space

Number of phases: 5

Completion: 2009 - 2014



Qingdao

Fushan Project

Total GFA: 145,000 sq.m.

Total saleable GFA: 103,000 sq.m.

Attributable interest to our Group: 100%

Usage: Residential and retail space

Number of phases: 1

Completion: 2012 - 2013

Hangzhou

Canal Commercial District

Total GFA: 867,000 sq.m.

Total saleable GFA: 664,000 sq.m.

Attributable interest to our Group: 51%

Usage: Residential, office premises, retail space and hotel

Number of phases: 5

Completion: 2012 - 2013

Hang Yimian

Total GFA: 208,000 sq.m.

Total saleable GFA: 142,000 sq.m.

Attributable interest to our Group: 70%

Usage: Residential and retail space

Number of phases: 2

Completion: 2012 - 2013

Huangshan

Taohuadao Project

Total GFA: 140,000 sq.m.

Total saleable GFA: 135,000 sq.m.

Attributable interest to our Group: 100%

Usage: Residential and retail space

Number of phases: 1

Completion: 2012

Shanghai

Bond Castle

Total GFA: 91,000 sq.m.

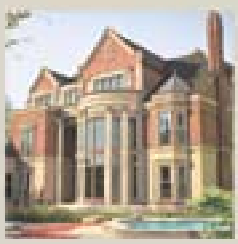
Total saleable GFA: 91,000 sq.m.

Attributable interest to our Group: 100%

Usage: Residential and retail space

Number of phases: 1

Completion: 2012



Zhongshan

Chengdu

Ocean City

Total GFA: 1,921,000 sq.m.

Total saleable GFA: 1,759,000 sq.m.

Attributable interest to our Group: 100%

Usage: Residential and retail space

Number of phases: 10

Completion: 2008 - 2015

Ocean Langjun

Total GFA: 155,000 sq.m.

Total saleable GFA: 137,000 sq.m.

Attributable interest to our Group: 100%

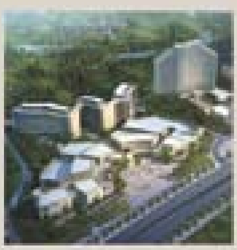
Usage: Residential and retail space

Number of phases: 1

Completion: 2012

Chongqing

Chongqing Golf Project



Total GFA: 362,000 sq.m.

Total saleable GFA: 349,000 sq.m.

Attributable interest to our Group: 93.25%

Usage: Residential, retail space and shopping center

Number of phases: 4

Completion: 2012 - 2013

Wuhan

Ocean World (Jinpan Project)

Total GFA: 482,000 sq.m.

Total saleable GFA: 444,000 sq.m.

Attributable interest to our Group: 55%

Usage: Residential and retail space

Number of phases: 2

Completion: 2012 - 2013

Sanya

Qinhuangdao

Ocean Olympics

Total GFA: 53,000 sq.m.

Total saleable GFA: 49,000 sq.m.

Attributable interest to our Group: 70%

Usage: Residential and retail space

Number of phases: 1

Completion: 2011

Ocean Century

Total GFA: 1,359,000 sq.m.

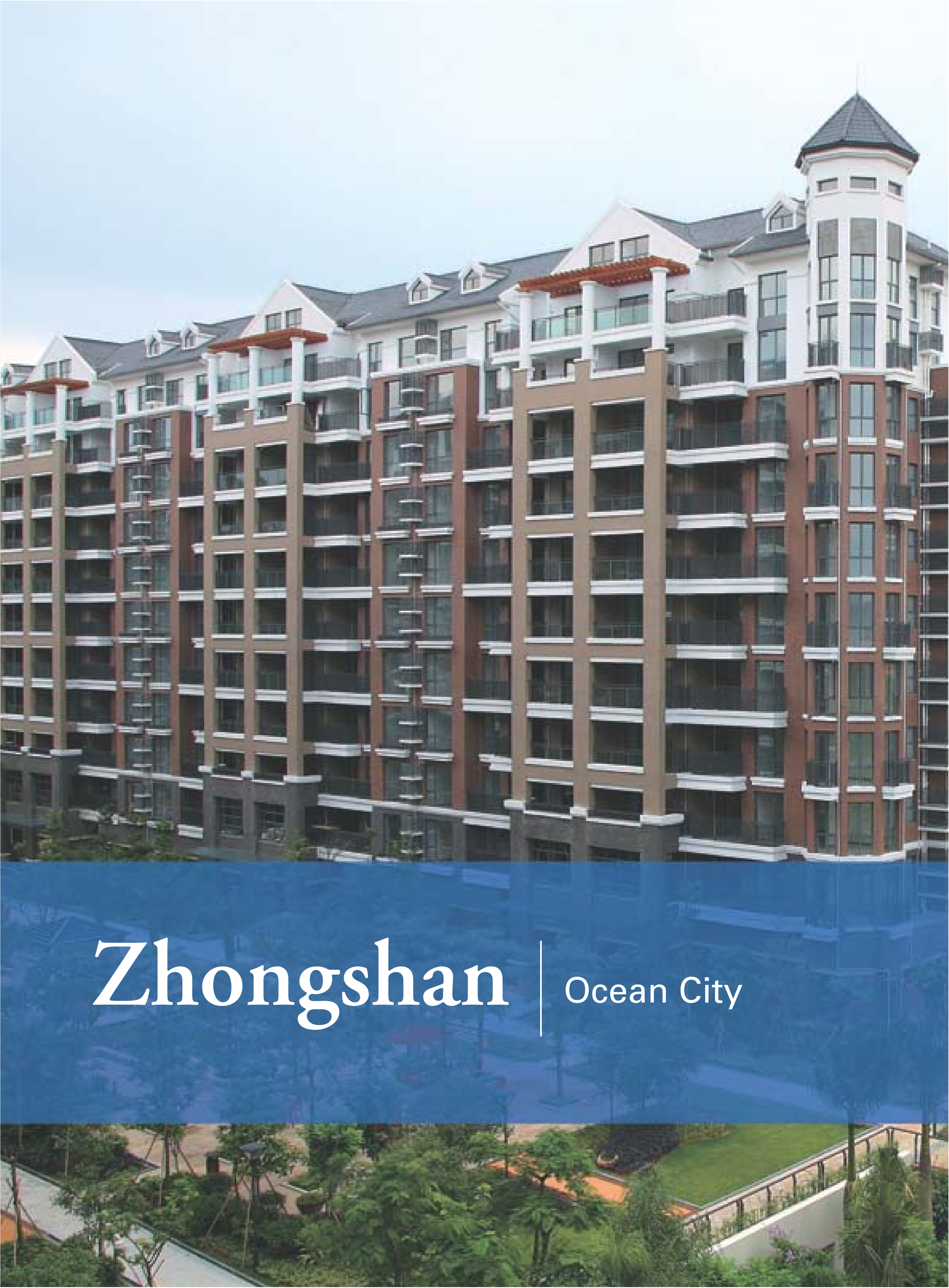
Total saleable GFA: 1,242,000 sq.m.

Attributable interest to our Group: 100%

Usage: Residential, office premises and retail space

Number of phases: 7

Completion: 2013 - 2018



Zhongshan | Ocean City

Biographies of Directors and Senior Management

Executive Director

Mr. LI Ming (李明), aged 47, is the Chairman of the Board and the chairman of the Investment Committee of the Board of the Company. Mr. Li joined the Group as a general manager in July 1997 and became the Chief Executive Officer in August 2006. Mr. Li also serves as the chairman, legal representative, a director or a general manager of a number of our subsidiaries and project companies. With extensive experience in corporate governance, property development and property investment, Mr. Li is primarily responsible for our Company's overall operation management and the implementation of development strategies. Mr. Li obtained a Bachelor's Degree in Motor Vehicle Transportation from the Jilin Industrial University in July 1985 and a Master's Degree in Business Administration from the China Europe International Business School in May 1998; he also obtained a senior engineer qualification. Mr. Li is currently a member of the Chinese People's Political Consultative Conference of the Beijing Municipality, a member of the People's Congress of the Chaoyang District of the Beijing Municipality, the decision-making and advisory expert of the Real Estate Market Regulation of the Ministry of Housing and Urban-Rural Development and the vice-president of the China Real Estate Association.

Executive Director

Mr. WANG Xiaoguang (王曉光), aged 47, is the Chief Operating Officer of the Company. Mr. Wang joined the Group in December 2008. Mr. Wang also serves as the chairman, legal representative or a general manager of a number of our subsidiaries and project companies. With extensive experience in property development and property investment, Mr. Wang is primarily responsible for the overall operation management of the development business of the Group. Mr. Wang received a Bachelor's Degree in Machinery from the Jilin University in July 1986 and received a Master's Degree in Business Administration from the Dongbei University of Finance and Economics in June 2005. Mr. Wang is currently 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.

Executive Director

Mr. CHEN Runfu (陳潤福), aged 46, is the Vice President and a member of the Investment Committee of the Board of the Company. Mr. Chen joined the Group in 1995. Mr. Chen also serves as the director or a general manager of a number of our subsidiaries and project companies. With extensive experience in property development and property investment, Mr. Chen is the joint secretary of the Board of the Company, and is primarily responsible for the Group's management works of strategy management, risk management, branding and customer relationship management. 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 Master's Degree in Business Administration from the China Europe International Business School in September 2005.

Non-executive Director

Ms. LIU Hui (劉暉), aged 41, joined the Group in March 2010. Ms. Liu has 19 years of working experience in banking and investment management fields. She held various positions including general manager and deputy 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 ("China Life") 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 obtained a qualification of senior economist in 2001. Ms. Liu is recommended by China Life.

Non-executive Director

Mr. YANG Zheng (楊征), aged 41, joined the Group in March 2011. Mr. Yang joined China Life as assistant to the general manager of the finance department in July 2005. In October 2006, he was promoted to the deputy general manger of the same department. Mr. Yang has been the general manager of the finance department of China Life since March 2009. Before joining China Life, Mr. Yang worked at China North Industries Corp. from August 1993 to August 1998 and he also held a senior financial analyst position at Molex Inc. in USA from July 2000 to June 2005. Mr. Yang graduated from Beijing University of Technology in 1993. He then obtained a Master's Degree in Business Administration from Northeastern University in 2000. Mr. Yang is an economist in the PRC and a Chartered Certified Accountant in Illinois, USA. Mr. Yang is recommended by China Life.

Non-executive Director

Mr. CHEUNG Vincent Sai Sing (張世成), aged 30, joined the Group in March 2011. Mr. Cheung joined Nan Fung Development Limited ("Nan Fung Development") in 2009. Mr. Cheung currently holds a position as director of Nan Fung Development and is responsible for leading the daily operation and the proposition, consultation, and approval of investments of Nan Fung Development and its affiliated companies. He has extensive experience in the financial sector. Before joining Nan Fung Development, Mr. Cheung was vice president of the Interest Rates Structuring at Barclays Capital Asia Limited from 2008 to 2009, where he worked with a number of institutional and retail clients in Asia. Before that, Mr. Cheung was the vice president of the Interest Rates Structuring and Medium Term Notes Trading at Citigroup Global Markets Asia Limited from 2004 to 2008. Mr. Cheung has become a Committee Member of the All-China Youth Federation and a Council Member of the Hong Kong United Youth Association since 2010. Mr. Cheung graduated from the University of California, Berkeley, graduating with honors in Molecular and Cell Biology in 2003.

Independent Non-executive Director

Mr. TSANG Hing Lun (曾慶麟), aged 61, is the chairman of the Audit Committee and a member of the Investment Committee of the Board of the Company. Mr. Tsang joined the Group in June 2007. Mr. Tsang is 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. He joined the UOB Group in Singapore in 1990 as its head of International Branches Division and its first vice president. 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 and the chairman of the audit committee of Sinotrans Shipping Limited, Beijing Media Corporation Limited and China Rongsheng Heavy Industries Group Holdings Limited, companies listed on the Stock Exchange.

Independent Non-executive Director

Mr. GU Yunchang (顧雲昌), aged 66, is a member of the Audit Committee, Remuneration and Nomination Committee and the Investment Committee of the Board of the Company. Mr. Gu joined the Group in June 2007. He joined the Ministry of Construction in 1979 and has over 29 years' experience in market theory and policy research, including research and analysis of the PRC property market. 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 1998 to 2006, and was appointed as the vice-chairman of the Research Committee of Real Estate and Accommodation in the PRC in 2006. Mr. Gu currently also 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 56, is the chairman of the Remuneration and Nomination Committee and a member of the Audit Committee and the Investment Committee of the Board of the Company. Mr. Han joined the Group in June 2007. Mr. Han is the founding partner of the Commerce & Finance Law Offices. He is skillful in the restructuring of large-scale state-owned enterprises and private companies and offshore listing of the Chinese companies. He has over 23 years' practical experience in corporate and securities law in China. Mr. Han graduated from the China University of Political Science and Law and obtained a Master's Degree in Law in 1985. He currently also acts as an independent director of Shenzhen Overseas Chinese Town Holding Company, a company listed on the Shenzhen Stock Exchange in the PRC and a supervisor of Beijing Capital International Airport Company Limited, a company listed on the Stock Exchange.

Independent Non-executive Director

Mr. ZHAO Kang (趙康), aged 62, is a member of the Remuneration and Nomination Committee and the Investment Committee of the Board of the Company. He joined the Group in June 2007. Mr. Zhao graduated from Tsinghua University in 1975. With extensive experience in real estate industry, Mr. Zhao joined the Committee of Municipal and Rural Construction from 1978 to 1980, and was appointed the deputy general manager, general manager and chairman of Beijing Urban Development (Group) Co., Ltd respectively from 1980 to 2005. In 2005, Mr. Zhao was the chairman of Beijing National Olympics Investment Company Limited（北京國奧投資有限公司）which was in charge of the development of the Beijing Olympics Village and the National Gymnasium in Beijing. Mr. Zhao is currently a member of the Eleventh Committee of the Chinese People's Political Consultative Conference of the Beijing Municipal. Mr. Zhao was an independent director of Beijing Capital Co. Ltd., a company listed on the Shanghai Stock Exchange in the PRC.

Senior Management

Mr. LI Jianbo (李建波), aged 48, is a Vice President of the Group. Mr. Li joined the Group in September 2009. With extensive experience in human resources and operation management in multi-national companies, Mr. Li is primarily responsible for the overall operation management and human resources management of the Group. Mr. Li obtained a Bachelor's Degree in Computer Engineering from the Tsinghua University in July 1985 and obtained a Master's Degree in Business Administration from the State University of New Jersey in August 2000. For the period from 22 October 2010 to 16 March 2011, Mr. Li was the chairman and an executive director of Gemini Property Investments Limited, a subsidiary of the Company, which is a listed company on the Stock Exchange.

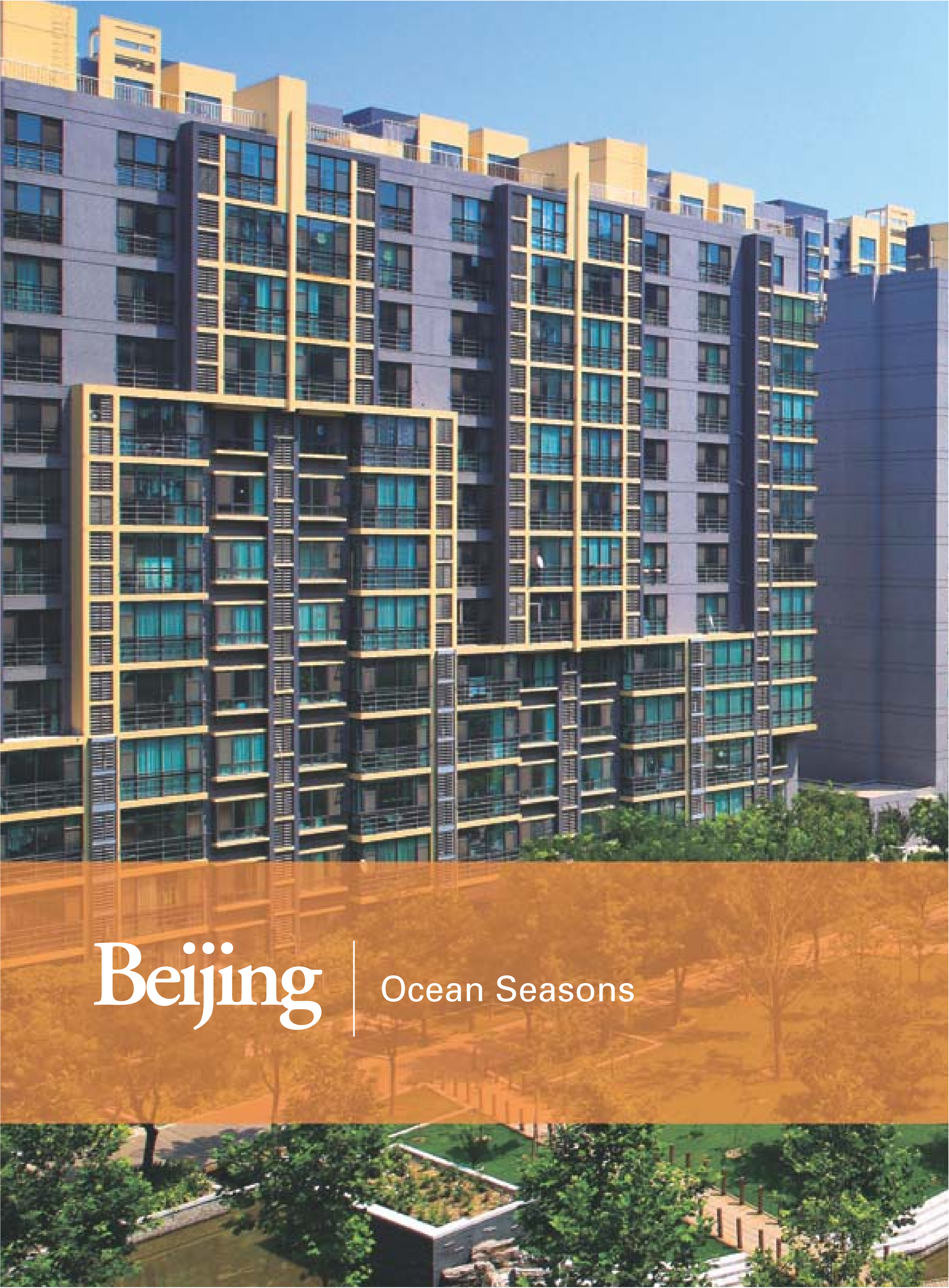
Mr. XU Li (徐立), aged 49, is a Vice President of the Group. Mr.Xu joined the Group in October 1997. With extensive experience in property development and property investment, Mr. Xu is primarily responsible for the comprehensive management of the Group's regional office in Beijing. Mr. Xu obtained a Diploma in Industrial and Residential Construction from the Liaoning Radio and Television University in December 1992 and obtained a Master's Degree in Business Administration from Cheung Kong Graduate School of Business in March 2010.

Ms. ZHOU Tong (周彤), aged 47, is a Vice President of the Group. Ms. Zhou joined the Group in August 2003. With extensive experience in property design, property development and property investment, Ms. Zhou is primarily responsible for the comprehensive management of the Group's Hangzhou project companies and the management of property and agency business. Ms. Zhou obtained a Bachelor's Degree in Architecture from the Tongji University in July 1986 and obtained a Master's Degree in Business Administration from the China Europe International Business School in September 2009.

Mr. SUM Pui Ying, Adrian (沈培英), aged 49, is the Chief Financial Officer and Company Secretary of the Group. Mr. Sum joined the Group in May 2007. Mr. Sum is a fellow member of the Hong Kong Institute of Certified Public Accountant and a member of the Institute of Chartered Accountants in England & Wales. With extensive experience in governing the companies listed on the Stock Exchange, Mr. Sum is mainly responsible for the Company's financial management, company secretarial affairs, corporate financing and investor relationship. Mr. Sum obtained a Professional Diploma in Accounting from the Hong Kong Polytechnic University in 1988, a Master's Degree in Business Administration from the University of Wales in 1991 and a Diploma in Legal Studies from the University of Hong Kong in 1996. As at the date of this report, Mr. Sum is the chairman and a non-executive director of Gemini Property Investments Limited, a subsidiary of the Company, which is a listed company on the Stock Exchange.

Mr. CHEN Zuyuan (諶祖元), aged 49, is a Vice President of the Group. Mr. Chen joined the Group in February 2003. With extensive experience in property development and planning and design, Mr. Chen is primarily responsible for the comprehensive management of the Zhongshan project companies of the Group. Mr. Chen obtained a Bachelor's Degree in Industrial and Civil Construction from the Hunan University in July 1983 and a Master's Degree in Business Administration from the China Europe International Business School in September 2006.

Mr. ZHU Yunchun (朱雲春), aged 53, is a Vice President of the Group. He joined the Group in May 2002. Mr. Zhu is primarily responsible for assisting in the management of the regional office in Tianjin. 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.



Beijing | Ocean Seasons

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 2010.

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 consolidated financial statements.

Results and appropriations

Results of the Group for the year ended 31 December 2010 are set out in the consolidated income statement on page 85.

During the year under review, an interim dividend in respect of the period ended 30 June 2010 of HKD0.05 per ordinary share and a final dividend in respect of the financial year ended 31 December 2009 of HKD0.05 per ordinary share were paid respectively.

The Directors proposed to recommend at the forthcoming annual general meeting to be held on 12 May 2011 the payment of a final dividend of HKD0.08 per ordinary share for the year ended 31 December 2010. The final dividend will be paid in cash, with a scrip dividend option offered to all shareholders excluding shareholders with registered addresses outside Hong Kong. The final dividend and the scrip dividend option are subject to the approval of the shareholders at the forthcoming annual general meeting and condition upon Listing Committee of the Stock Exchange granted approval to the listing of permission to deal in the new shares.

The register of members of ordinary shares of the Company will be closed from Friday, 6 May 2011 to Thursday, 12 May 2011 (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 Thursday, 5 May 2011.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in note 30 to the consolidated financial statements.

Distributable reserves

The Company's total distributable reserves as at 31 December 2010 amounted to RMB437 million.

Share capital

Movements in the share capital of the Company during the year and as at 31 December 2010 are set out in note 26 to the consolidated financial statements.

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 31 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 40 to the consolidated financial statements.

Donations

For the year ended 31 December 2010, the Group's donations to charity and other purposes were approximately RMB5.95 million (2009: RMB7.84 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 and introduces restricted share award scheme 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 39 to the consolidated financial statements.

Five-year financial summary

A five-year financial summary of the Group is set out on page 184.

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

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

Convertible Securities

As announced by the Company on 27 July 2010, Sino-Ocean Land Capital Finance Limited, a wholly-owned subsidiary of the Company, issued the perpetual subordinated convertible securities (the"Convertible Securities"), in an aggregate principal amount of USD900 million, which have been fully subscribed by certain investors. The Convertible Securities confer a right to receive distribution at a rate of 8% per annum payable semi-annually in arrears on 27 January and 27 July each year, pursuant to the terms of the Convertible Securities. The net proceeds from the issue of the Convertible Securities were approximately USD882 million and were used to finance the Group's new and existing projects (including construction costs and land costs) and for general corporate purposes.

Restricted Share Award Scheme

As announced by the Company on 22 March 2010, the Board of the Company resolved to adopt the restricted share award scheme (the"Award Scheme") on 22 March 2010 (the"Adoption Date") as an incentive to retain and encourage the employees of the Group for the continual operation and development of the Group. Unless early terminated by the Board of the Company, the Award Scheme shall continue in full force and effect from the Adoption Date for a term of 10 years. According to the Award Scheme, shares up to 3% of the issued share capital of the Company as at the Adoption Date will be purchased by the trustee from the market out of cash contributed by the Group and be held in trust for the relevant selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the Award Scheme. The total number of shares to be purchased under the Award Scheme cannot exceed 169,104,822 shares, representing 3% of the total number of shares of the Company as at 31 December 2010. As at 31 December 2010, no share was awarded to any selected employees under the Award Scheme.

As at 31 December 2010, the Company had through the trustee purchased 21,528,000 shares, representing 0.38% of the issued share capital of the Company as at the Adoption Date, from the market at an aggregate consideration of HKD114 million (including transaction costs). As at the date of this report, the purchased shares was held in trust by the trustee.

Share Option Scheme

A share option scheme of the Company (the "Share Option Scheme"), which was approved by the shareholders' written resolutions, is valid and effective for a period of 10 years until 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 share 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 the 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 share options may be granted under the Share Option Scheme is not permitted to exceed 424,286,000 shares, representing 7.52% of the total number of shares of the Company as at 31 December 2010. Without prior approval from the Company's shareholders, the number of shares in respect of which share 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 share options become exercisable after one year from the offer date, 70% of share options become exercisable after two years from the offer date, and all share options become exercisable after three years from the offer date. A consideration of HKD1.00 is payable by each grantee accepting on the grant of share options. Options are exercisable at a price that is determined by the Board 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 share option granted	Exercise price per share (HKD)	No. of share options outstanding as at 1 January 2010	No. of share options granted during the year	No. of share options exercised during the year (note)	No. of share options lapsed during the year	No. of share options outstanding as at 31 December 2010
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 Yanfeng	8 Oct 2007	7.70	1,430,000	—	—	—	1,430,000
	19 Sept 2008	2.55	500,000	—	—	—	500,000
	30 July 2009	8.59	1,430,000	—	—	—	1,430,000
Mr. WANG Xiaoguang	19 Sept 2008	2.55	500,000	—	—	—	500,000
	30 July 2009	8.59	800,000	—	—	—	800,000
	5 Oct 2009	7.11	910,000	—	—	—	910,000
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 Richard	19 Sept 2008	2.55	200,000	—	(80,000)	(120,000)	—
	30 July 2009	8.59	200,000	—	—	(200,000)	—
Mr. TSANG Hing Lun	24 Jan 2008	7.70	140,000	—	—	—	140,000
	19 Sept 2008	2.55	60,000	—	—	—	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			**23,850,000**	**—**	**(80,000)**	**(320,000)**	**23,450,000**

	Date of share option granted	Exercise price per share (HKD)	No. of share options outstanding as at 1 January 2010	No. of share options granted during the year	No. of share options exercised during the year (note)	No. of share options lapsed during the year	No. of share options outstanding as at 31 December 2010
Employees							
	28 Sept 2007	7.70	54,495,500	—	—	(2,320,000)	52,175,500
	24 Jan 2008	7.70	8,650,000	—	—	(460,000)	8,190,000
	19 Sept 2008	2.55	24,719,500	—	(1,668,000)	(835,500)	22,216,000
	30 July 2009	8.59	17,550,000	—	—	(500,000)	17,050,000
	2 September 2009	7.01	22,420,000	—	—	(670,000)	21,750,000
	5 October 2009	7.11	26,750,000	—	—	(1,020,000)	25,730,000
Subtotal			**154,585,000**	**—**	**(1,668,000)**	**(5,805,500)**	**147,111,500**
Total			**178,435,000**	**—**	**(1,748,000)**	**(6,125,500)**	**170,561,500**

Note: The weighted average price of the shares immediately before the dates on which the share options were exercised was HKD6.03.

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)
Mr. LI Ming	Executive Director, Chairman and Chief Executive Officer (appointed as the Chairman on 23 March 2010)
Mr. WANG Xiaoguang	Executive Director (appointed on 23 March 2010)
Mr. CHEN Runfu	Executive Director
Ms. LIU Hui	Non-executive Director (appointed on 23 March 2010)
Mr. YANG Zheng	Non-executive Director (appointed on 18 March 2011)
Mr. CHEUNG Vincent Sai Sing	Non-executive Director (appointed on 18 March 2011)
Mr. LIANG Yanfeng	Non-executive Director (resigned on 18 March 2011)
Mr. WANG Xiaodong	Non-executive Director (appointed on 23 March 2010 and resigned on 18 March 2011)
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. LI Ming, Mr. CHEN Runfu, Mr. TSANG Hing Lun and Mr. GU Yunchang 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.

In accordance with Article 115 of the Articles of Association of the Company, Mr. YANG Zheng and Mr. CHEUNG Vincent Sai Sing, being appointed by the Board to fill vacancies, shall also retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Brief biographical details of the Directors and senior management are set out on pages 54 to 57.

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

Save 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 2010, the interests and short positions of each Director and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

Name	Nature of interest	Number of ordinary shares held (long position)	Number of underlying shares comprised in share options	Total	Percentage in the Company's issued share capital
Mr. LI Ming	Founder of discretionary trust	125,878,375 (note i)		125,878,375	2.233%
	Beneficial owner		11,560,000 (note iii)	11,560,000	0.205%
Mr. LIANG Yanfeng	Beneficial owner		3,360,000 (note iii)	3,360,000	0.060%
Mr. WANG Xiaoguang	Interest of controlled corporation	102,355,189 (note ii)		102,355,189	1.815%
	Beneficial owner		2,210,000 (note iii)	2,210,000	0.039%
Mr. CHEN Runfu	Beneficial owner		4,420,000 (note iii)	4,420,000	0.078%
Mr. WANG Xiaodong	Beneficial owner	20,000		20,000	0.0004%

Name	Nature of interest	Number of ordinary shares held (long position)	Number of underlying shares comprised in share options	Total	Percentage in the Company's issued share capital
Mr. TSANG Hing Lun	Beneficial owner	40,000		40,000	0.001%
	Beneficial owner		400,000 (note iii)	400,000	0.007%
Mr. GU Yunchang	Beneficial owner		500,000 (note iii)	500,000	0.009%
Mr. HAN Xiaojing	Beneficial owner		500,000 (note iii)	500,000	0.009%
Mr. ZHAO Kang	Beneficial owner		500,000 (note iii)	500,000	0.009%

Notes:

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

ii. The 102,355,189 shares were registered in the name of, and beneficially owned by, Key Sky Group Limited. Mr. WANG Xiaoguang was interested in 50% of Key Sky Group Limited. Mr. WANG was deemed to be interested in these shares by virtue of the SFO.

iii. 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" and the prospectus of the Company dated 14 September 2007.

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 2010, 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 executives of the Company.

Name of shareholders	Capacity	Long/short position	Number of ordinary shares held	Number of ordinary shares convertible under the Convertible Securities	Percentage in the Company's issued share capital
China Life Insurance (Group) Company (note i)	Interest of controlled corporation	Long	1,357,186,120		24.07%
China Life Insurance Company Limited (note i)	Beneficial owner	Long	1,357,186,120		24.07%
CHEN Din Hwa (note ii) ("Mr. Chen")	Interest of controlled corporation/ Family interest	Long	723,707,500		12.84%
	Interest of controlled corporation	Long		510,543,065	9.05%
CHEN YANG Foo Oi (note iii) ("Mrs. Chen")	Interest of controlled corporation/ Family interest	Long	723,707,500		12.84%
	Family interest	Long		510,543,065	9.05%

Notes:

(i) The 1,357,186,120 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.

(ii) Mr. CHEN Din Hwa held a long position in 723,707,500 shares of the Company and 510,543,065 shares convertible under the Convertible Securities comprising:

(a) 659,683,500 shares and 64,002,000 shares were beneficially owned by Spring Glory Investment Limited and Gavast Estates Limited respectively. Both Spring Glory Investment and Gavast Estates Limited were wholly owned by Keymark Associates Limited. Keymark Associates Limited was wholly owned by Nan Fung Textiles Consolidated Limited. Nan Fung Textiles Consolidated Limited was wholly owned by Chen's Holdings Limited, which in turn was wholly owned by Mr. CHEN Din Hwa;

(b) 22,000 shares were indirectly held by Mrs. CHEN YANG Foo Oi, the spouse of Mr. Chen. Further details of Mrs. Chen's interest in these 22,000 shares can be referred to note (iii)(a) below; and

(c) 510,543,065 shares convertible under the Convertible Securities were beneficially owned by Kind Talent Limited. Kind Talent Limited was wholly owned by Absolute Gain Trading Limited, which in turn was wholly owned by Mr. CHEN Din Hwa. Details of Convertible Securities can be referred to the Company announcement made on 13 July 2010.

(iii) Mrs. CHEN YANG Foo Oi held a long position in 723,707,500 shares of the Company and 510,543,065 shares convertible under the Convertible Securities comprising:

(a) 22,000 shares were beneficially owned by Jadespring Limited. Jadespring Limited was wholly owned by Wei An Developments Limited. Wei An Developments Limited was wholly owned by Timeworth Group Limited, which in turn was wholly owned by Mrs. CHEN YANG Foo Oi;

(b) 723,685,500 shares were indirectly held by Mr. CHEN Din Hwa as above note (ii)(a). Mr. Chen is the spouse of Mrs. Chen; and

(c) 510,543,065 shares convertible under the Convertible Securities were indirectly held by Mr. Chen as above note (ii)(c). Mr. Chen is the spouse of Mrs. Chen.

Save as disclosed above, as at 31 December 2010, 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, purchase from the Group's five largest suppliers (excluding land supply) accounted for less than 30% of the total purchase for the year.

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. During the year under review, sales to the Group's five largest customers accounted for less than 30% of the turnover for the year.

As far as the Directors are aware, neither the Directors, their associates, nor the 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 49 to the consolidated financial statements.

A. One-off connected transaction

Formation of Joint Venture

On 22 December 2010, Sino-Ocean Land Limited（遠洋地產有限公司）(an indirect wholly-owned subsidiary of the Company) ("Sino-Ocean") and Super Goal Development Limited (an indirect wholly-owned subsidiary of Golden Success Profits Limited and a member of the Nan Fung Group) ("Super Goal") entered into a co-operation agreement (the "Co-operation Agreement") in respect of the establishment of the joint venture for the property development project located at CBD area in Chaoyang District, Beijing, the PRC (the "Joint Venture"). The registered capital of the Joint Venture is RMB4,000 million, to which Sino-Ocean and Super Goal has contributed RMB3,200 million and RMB800 million, respectively. Sino-Ocean and Super Goal hold 80% and 20%, respectively, of the equity interest of the Joint Venture. The Co-operation Agreement was approved by independent shareholders of the Company at the extraordinary general meeting held on 15 February 2011.

Mr. CHEN Din Hwa and his associates hold 12.84% of the issued share capital of the Company and is a substantial shareholder of the Company and therefore, Super Goal, being a member of the Nan Fung Group which is under the control of Mr. CHEN Din Hwa, is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules.

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 2010 the following 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 2010 the following continuing connected transactions (i) have received the approval of the Board; (ii) are in accordance with the pricing policies 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 2010 as set out in the announcement dated 31 December 2009.

Property Lease Agreements

(a) Property lease between Beijing Yuanyang Building and China COSCO:

One of our subsidiaries, Beijing Yuanyang Building Co., Ltd.（北京遠洋大廈有限公司）("Beijing Yuanyang Building") entered into a lease agreement with the China COSCO Holdings Company Limited ("China COSCO") on 31 December 2009, pursuant to which Beijing Yuanyang Building has let office units nos. F305A, F312, F410 and F411, and underground warehouse of Ocean Plaza (Beijing) to China COSCO for a total of rental, other charges and outgoings amounted to RMB3.18 million for the year 2010. The annual cap under this agreement for 2010 is RMB4 million.

China COSCO was a connected person of the Company under the Listing Rules, as it is a non-wholly owned subsidiary of China Ocean Shipping (Group) Company ("COSCO"), the then substantial shareholder of the Company.

(b) Master Lease Agreement between Beijing Yuanyang Building and COSCO Hotel and Property Management:

One of our subsidiaries, COSCO Hotel and Property Management Co., Ltd. ("COSCO Hotel and Property Management") has entered into a master lease agreement with Beijing Yuanyang Building on 31 December 2009 (the "Master Lease Agreement"), pursuant to which Beijing Yuanyang Building has agreed to let certain parts and units on floor B1, floor B2 and floor B3 and four parking lots of Ocean Plaza (Beijing) to COSCO Hotel and Property Management for a term of three years, during which COSCO Hotel and Property Management may from time to time lease or cease leasing any of such parts, units and parking lots by serving a six months' prior written notice to Beijing Yuanyang Building. During the year under review, the rental, other charges and outgoings paid to Beijing Yuanyang Building was RMB1.1 million. The annual cap under the Master Lease Agreement for the year 2010 is approximately RMB1.6 million.

Beijing Yuanyang Building is a non wholly-owned subsidiary and was a connected person of the Company under Rule 14A.11(5) of the Listing Rules, as it is owned as to 72% by the Company and as to 28% by Xiangyuan (Beijing) Investment Co., Ltd., which in turn is an associate of COSCO, the then substantial shareholder of the Company.

(c) Property lease between Beijing Yuanyang Building and COSCO Hotel and Property Management:

On 31 December 2009, Beijing Yuanyang Building and COSCO Hotel and Property Management entered into a lease agreement for a term of three years (the "COSCO Hotel Lease Agreement"), pursuant to which Beijing Yuanyang Building has agreed to let a part of floor B1 of Ocean Plaza (Beijing) to COSCO Hotel and Property Management in accordance with the terms of the COSCO Hotel Lease Agreement for COSCO Hotel and Property Management to use such part to operate a cafeteria. During the year under review, the rental, other charges and outgoings paid to Beijing Yuanyang Building was RMB0.7 million. The annual cap under the COSCO Hotel Lease Agreement for the year 2010 approximately RMB0.7 million.

Beijing Yuanyang Building is a non wholly-owned subsidiary and was a connected person of the Company under Rule 14A.11(5) of the Listing Rules, as it is owned as to 72% by the Company and as to 28% by Xiangyuan (Beijing) Investment Co., Ltd., which in turn is an associate of COSCO, the then substantial shareholder of the Company.

As disclosed in the announcement of the Company dated 31 December 2009, on the basis that the transactions contemplated under the above three lease agreements are aggregated for the purposes of Rule 14A.25 of the Listing Rules, the maximum annual amounts of the rental, other charges and outgoings payable under the above three lease agreements for the year ended 31 December 2010 are expected to be approximately RMB6.3 million.

Since COSCO ceased to hold any shares of the Company starting from 21 December 2010, COSCO is no longer a connected person of the Company. Therefore, China COSCO and Beijing Yuanyang Building are no longer connected persons 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 report, the Company has maintained a sufficient public float of more than 25% 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 standard of corporate governance practices. Corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 71 to 76.

Auditors

The consolidated financial statements for the year ended 31 December 2010 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, 17 March 2011

Corporate Governance Report

The Board is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2010.

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 of the Group 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 save for a director who failed to notify the Board in advance before he purchased 20,000 shares of the Company in late December 2010 as required under paragraph 8 of the Model Code. To remedy such non-compliance, the Board has sent a reminder to all directors in respect of the Model Code requirements.

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. The delegated functions, power and work tasks are periodically reviewed to ensure that they remain appropriate. The Board will give clear directions to the management team as to their powers of management, and circumstances where the management team should report back. Approval has to be obtained from the Board prior to any decision being made or any commitments being entered into on behalf of the Company that are outside the scope of the operational authority delegated by the Board. Matters reserved for the Board are the overall strategy of the Group, major acquisitions and disposals, major capital investments, dividend policy, significant changes in accounting policies, material contracts, appointment and retirement of Directors, remuneration policy and other major operational and financial matters. 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 2010 and the final results for the year ended 31 December 2010, approved the Group's major acquisitions and other critical business operations, assessed the internal control and the financial matters of the Group.

Board composition

After the resignation of Mr. LIANG Yanfeng and Mr. WANG Xiaodong and the appointment of Mr. YANG Zheng and Mr. CHEUNG Vincent Sai Sing with effect from 18 March 2011, 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. YANG Zheng and Mr. CHEUNG Vincent Sai Sing; 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 provision 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 but they are subject to retirement by rotation and re-election 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 provision A.4.2 of the CG Code.

(i) Chairman and Chief Executive Officer

Mr. LI Jianhong resigned as the Chairman of the Company with effect from 23 March 2010. Since then the Chief Executive Officer of the Company, Mr. LI Ming, was appointed as the Chairman of the Company. The roles of Chairman and the Chief Executive Officer of the Company have not been segregated as required under code provision A.2.1 of the CG Code, however, the Company considers that the combination of the roles of the Chairman and the Chief Executive Officer 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. LI Ming, Mr. CHEN Runfu, Mr. TSANG Hing Lun and Mr. GU Yunchang shall retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

Mr. LIANG Yanfeng and Mr. WANG Xiaodong resigned on 18 March 2011 and Mr. YANG Zheng and Mr. CHEUNG Vincent Sai Sing were appointed by the Board to fill the relevant vacancies on 18 March 2011. Pursuant to Article 115 of the Articles of Association of the Company, Mr. YANG Zheng and Mr. CHEUNG Vincent Sai Sing shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

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 (Resigned on 23 March 2010)	1/4
Mr. LUO Dongjiang (Resigned on 23 March 2010)	1/4
Mr. LI Ming	4/4
Mr. WANG Xiaoguang (Appointed on 23 March 2010)	3/4
Mr. CHEN Runfu	4/4
Ms. LIU Hui (Appointed on 23 March 2010)	3/4
Mr. LIANG Yanfeng	3/4
Mr. WANG Xioadong (Appointed on 23 March 2010)	3/4
Mr. YIN Yingneng Richard (Resigned on 23 March 2010)	1/4
Mr. TSANG Hing Lun	4/4
Mr. GU Yunchang	3/4
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 agenda accompanying board papers are given to all Directors in a timely manner. All Directors are properly briefed on issues arising at any 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 the Board procedures and all applicable rules and regulations are followed and all enquiries from the Directors to make an informed decision on matters placed before them are answered. 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 the Directors' inspection.

Where a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would only be dealt with by a Board meeting and only independent Directors who, and whose associates, have no material interest in the transaction would be present at such Board meeting.

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 several relevant seminars and courses for the Directors to attend.

Directors' and officers' liability insurance and indemnity

The Company has arranged appropriate liability insurance to indemnify its Directors and officers for their liabilities arising out of corporate activities. Throughout the financial year 2010, 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 of the Company (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. 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) Reviewed of the interim and annual consolidated financial statements;

(ii) Discussed 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) Reviewed of the cash flow projection for 2010 and monitored of the overall financial position of the Group;

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

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

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

Remuneration and Nomination Committee

The remuneration and nomination committee of the Company (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 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 or any of his associates will be involved in any discussion in connection with his or her own remuneration. The Remuneration and Nomination Committee may also consult the Chairman of the Board 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 2010, 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 2009 and the Company's salary budget for the year ended 31 December 2010;

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

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

(iv) Reviewed and approved the recommendation of the Award Scheme to the Board; and

(v) Reviewed and approved the proposal of restricted share purchase and granted under the Award Scheme.

Investment Committee

The investment committee of the Company (the "Investment Committee") comprises six members, two of whom are executive Directors and four are INEDs. 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. 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, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and to report to regulators as well as to disclose information required pursuant to statutory requirements. 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 2010 is set out in the Independent Auditor's Report on page 80.

Internal Control

The internal controls of the Group are designed to help the Group protecting 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 2010. The system comprises, among others, the relevant financial, operational and compliance controls and risk management procedures, the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget, 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 2010 as well as advise the Company on tax compliance and related matters.

For the year ended 31 December 2010, remunerations payable to PwC for the provision of statutory audit services and non-auditing services amounted to RMB7.65 million and RMB6.06 million respectively.

Shareholder Rights And Investor Relations

As one of the measures to safeguard the shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on every substantial matters, including the election of individual directors, for shareholders' consideration and voting. Furthermore, the Company regards the annual general meeting as an important event and Directors, senior management and external auditors make an effort to attend the annual general meeting of the Company to address the shareholders' queries. 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 38 and 39.

Corporate Information

Directors

Executive Directors

Mr. LI Ming (Chairman)
Mr. WANG Xiaoguang
Mr. CHEN Runfu

Non-executive Directors

Ms. LIU Hui
Mr. YANG Zheng (Appointed on 18 March 2011)
Mr. CHEUNG Vincent Sai Sing (Appointed on 18 March 2011)
Mr. LIANG Yanfeng (Resigned on 18 March 2011)
Mr. WANG Xiaodong (Resigned on 18 March 2011)

Independent non-executive Directors

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

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. CHEN Runfu
Mr. TSANG Hing Lun
Mr. GU Yunchang
Mr. HAN Xiaojing
Mr. ZHAO Kang

Company Secretary

Mr. SUM Pui Ying, Adrian

Authorized Representatives

Mr. LI Ming
Mr. SUM Pui Ying, Adrian

Registered Office

Suite 601, One Pacific Place
88 Queensway
Hong Kong

Principal Place of Business

31-33 Floor, Block A, Ocean International Center
56 Dongsihuanzhonglu
Chaoyang District, Beijing
PRC

Principal Bankers

Industrial and Commercial Bank of China, Ltd.
Bank of Communications Co., Ltd.
Bank of China Limited
Agricultural Bank of China, Ltd.
China Construction Bank Corporation
China Everbright Bank Company Limited
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.
Hang Seng Bank Limited
DBS Bank Limited

Auditor

PricewaterhouseCoopers

Legal Advisor

Paul, Hastings, Janofsky & Walker

Share Registrar

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

Listing Information

The Stock Exchange of Hong Kong Limited
Stock Code: 03377

Company Website

www.sinooceanland.com

Investor Relations Contact

ir@sinooceanland.com

Beijing

Ocean Landscape

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 81 to 183, which comprise the consolidated and Company balance sheets as at 31 December 2010, 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 information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated 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 2010 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, 17 March 2011

Consolidated Balance Sheet

	Note	As at 31 December 2010 RMB'000	2009 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**214,895**	324,867
Land use rights	8	**9,723**	38,964
Investment properties	9	**4,988,572**	3,984,000
Goodwill	10	**705,572**	662,602
Interests in jointly controlled entities	12	**687,826**	671,685
Interests in associates	13	**397,458**	294,462
Available-for-sale financial assets	16	**433,886**	592,648
Derivative financial instrument	32	**—**	8,331
Trade and other receivables	22	**85,367**	893,590
Deferred income tax assets	33	**814,244**	305,539
		8,337,543	7,776,688
Current assets			
Deposits for land use rights	21	**18,825,060**	7,371,019
Properties under development	19	**41,393,331**	22,254,218
Inventories, at cost	3.13(c)	**231,280**	99,503
Land development cost recoverable	20	**2,439,138**	926,828
Completed properties held for sale	23	**2,648,568**	3,483,588
Available-for-sale financial assets	16	**181,663**	—
Other investment	17	**43,707**	—
Financial assets at fair value through profit or loss	18	**29,101**	—
Trade and other receivables	22	**3,566,474**	1,720,294
Restricted bank deposits	24	**1,057,378**	896,442
Cash and cash equivalents	25	**13,977,211**	17,619,619
		84,392,911	54,371,511
Total assets		**92,730,454**	62,148,199

Consolidated Balance Sheet

	Note	As at 31 December 2010 RMB'000	2009 RMB'000
EQUITY			
Capital and reserves attributable to Equity holders			
Share capital and premium	26	**20,121,412**	20,117,523
Shares held for Restricted Share Award Scheme	26	**(95,986)**	—
Convertible securities	27	**5,970,266**	—
Reserves	30	**(226,865)**	(485,282)
Retained earnings	29		
– proposed final dividend	43	**379,758**	248,154
– others		**4,922,121**	3,487,484
		31,070,706	23,367,879
Non-controlling interests		**2,055,098**	518,535
Total equity		**33,125,804**	23,886,414
LIABILITIES			
Non-current liabilities			
Borrowings	31	**19,276,159**	17,186,844
Deferred income tax liabilities	33	**1,351,372**	999,182
		20,627,531	18,186,026
Current liabilities			
Borrowings	31	**9,920,123**	4,653,168
Trade and other payables	34	**10,831,635**	4,526,103
Advances from customers	35	**16,234,852**	9,494,610
Income tax payable		**1,990,509**	1,401,878
		38,977,119	20,075,759
Total liabilities		**59,604,650**	38,261,785
Total equity and liabilities		**92,730,454**	62,148,199
Net current assets		**45,415,792**	34,295,752
Total assets less current liabilities		**53,753,335**	42,072,440

Approved by the Board of Directors on 17 March 2011

LI Ming
Executive Director

CHEN Runfu
Executive Director

The notes on pages 90 to 183 are an integral part of these consolidated financial statements.

Balance Sheet

	Note	As at 31 December	
		2010 **RMB'000**	2009 RMB'000
ASSET			
Non-current assets			
Investments in subsidiaries	11	**3,521,624**	3,407,371
Current assets			
Amounts due from subsidiaries	11	**29,204,620**	16,387,387
Other receivables		**2,691**	2,209
Cash and cash equivalents	25	**300,338**	6,224,132
		29,507,649	22,613,728
Total assets		**33,029,273**	26,021,099
EQUITY			
Share capital and premium	26	**20,121,412**	20,117,523
Reserve	30	**333,340**	222,580
Retained earnings	29		
– proposed final dividend	43	**379,758**	248,154
– others		**57,423**	206,716
Total equity		**20,891,933**	20,794,973

	Note	As at 31 December 2010 RMB'000	2009 RMB'000
LIABILITY			
Non-current liabilities			
Borrowings	31	**3,177,008**	4,186,479
		3,177,008	4,186,479
Current liabilities			
Borrowings	31	**1,258,313**	995,503
Amount due to subsidiaries	11	**5,970,266**	—
Other payables	34	**1,731,753**	44,144
		8,960,332	1,039,647
Total liabilities		**12,137,340**	5,226,126
Total equity and liabilities		**33,029,273**	26,021,099
Net current assets		**20,547,317**	21,574,081
Total assets less current liabilities		**24,068,941**	24,981,452

Approved by the Board of Directors on 17 March 2011

LI Ming
Executive Director

CHEN Runfu
Executive Director

The notes on pages 90 to 183 are an integral part of these consolidated financial statements.

Consolidated Income Statement

	Note	Year ended 31 December 2010 RMB'000	2009 RMB'000
Revenue	6	**13,720,665**	8,823,658
Cost of sales		**(9,596,016)**	(6,166,644)
Gross profit		**4,124,649**	2,657,014
Interest and other income	36	**239,957**	210,593
Other gains/(losses) - net	37	**187,958**	(8,294)
Fair value gains on investment properties	9	**567,350**	708,625
Selling and marketing costs		**(441,019)**	(318,252)
Administrative expenses		**(457,233)**	(319,539)
Operating profit		**4,221,662**	2,930,147
Finance costs	40	**(287,356)**	(308,753)
Share of losses of jointly controlled entities	12	**(8,859)**	(35,315)
Share of losses of associates	13	**(72,004)**	(18,334)
Profit before income tax		**3,853,443**	2,567,745
Income tax expense	41	**(1,414,620)**	(929,401)
Profit for the year		**2,438,823**	1,638,344
Attributable to:			
Equity holders		**2,444,076**	1,582,077
Non-controlling interests		**(5,253)**	56,267
		2,438,823	1,638,344
Earnings per share attributable to equity holders during the year (expressed in RMB)			
- Basic	42	**0.398**	0.337
- Diluted	42	**0.397**	0.336

The notes on pages 90 to 183 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2010 RMB'000	2009 RMB'000
Profit for the year		**2,438,823**	1,638,344
Other comprehensive income			
Fair value losses on available-for-sale financial assets	16	**(38,421)**	(11,402)
Reserves realized in consolidated income statement upon disposal of available-for-sale investments through disposals of subsidiaries	47(b)	**80,089**	—
Currency translation differences	16	**(20,520)**	(677)
Other comprehensive income for the year		**21,148**	(12,079)
Total comprehensive income for the year		**2,459,971**	1,626,265
Total comprehensive income attributable to:			
– Equity holders		**2,465,224**	1,569,998
– Non-controlling interests		**(5,253)**	56,267
		2,459,971	1,626,265

Consolidated Statement of Changes in Equity

	Note	Attributable to equity holders								
		Share capital RMB'000	Share premium RMB'000	Share held for Restricted Share Award Scheme RMB'000	Other reserves RMB'000	Convertible securities RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2010		4,289,174	15,828,349	–	(485,282)	–	3,735,638	23,367,879	518,535	23,886,414
Profit for the year		–	–	–	–	–	2,444,076	2,444,076	(5,253)	2,438,823
Other comprehensive income:										
Fair value losses on available-for-sale financial assets	16	–	–	–	(38,421)	–	–	(38,421)	–	(38,421)
Reserves realized in consolidated income statement upon disposal of available-for-sale investments through disposals of subsidiaries	47(b)	–	–	–	80,089	–	–	80,089	–	80,089
Currency translation differences	16	–	–	–	(20,520)	–	–	(20,520)	–	(20,520)
Total comprehensive income		–	–	–	21,148	–	2,444,076	2,465,224	(5,253)	2,459,971
Transactions with equity holders										
Dividends relating to 2009		–	–	–	–	–	(247,046)	(247,046)	(1,150)	(248,196)
Dividends relating to 2010	43	–	–	–	–	–	(246,850)	(246,850)	–	(246,850)
Fair value reserve on employee share option plan	30	–	–	–	112,454	–	–	112,454	–	112,454
Transfer from retained earnings	30	–	–	–	181,616	–	(181,616)	–	–	–
Issue of shares pursuant to exercise of employee share options	26	1,220	2,669	–	(1,694)	–	1,694	3,889	–	3,889
Issue of convertible securities	27	–	–	–	–	5,970,266	–	5,970,266	–	5,970,266
Distribution relating to convertible securities		–	–	–	–	–	(204,017)	(204,017)	–	(204,017)
Restricted share award scheme	26	–	–	(95,986)	–	–	–	(95,986)	–	(95,986)
Contribution from non-controlling interests		–	–	–	–	–	–	–	1,072,679	1,072,679
Total contributions by and distributions to equity holders		1,220	2,669	(95,986)	292,376	5,970,266	(877,835)	5,292,710	1,071,529	6,364,239
Increase in non-controlling interests as a result of acquisition of subsidiaries	47	–	–	–	–	–	–	–	491,487	491,487
Increase in non-controlling interests as a result of other acquisitions		–	–	–	–	–	–	–	147,987	147,987
Decrease in non-controlling interests as a result of acquisition of additional interests in subsidiaries from non-controlling shareholders	30	–	–	–	(55,107)	–	–	(55,107)	(169,187)	(224,294)
Total transactions with equity holders		1,220	2,669	(95,986)	237,269	5,970,266	(877,835)	5,237,603	1,541,816	6,779,419
Balance at 31 December 2010		4,290,394	15,831,018	(95,986)	(226,865)	5,970,266	5,301,879	31,070,706	2,055,098	33,125,804

Consolidated Statement of Changes in Equity

		Attributable to equity holders								
	Note	Share capital RMB'000	Share premium RMB'000	Share held for Restricted Share Award Scheme RMB'000	Other reserves RMB'000	Convertible securities RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity 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		—	—		(12,079)	—	1,582,077	1,569,998	56,267	1,626,265
Transactions with equity holders										
Dividends relating to 2008		19,873	136,107	—	—	—	(288,308)	(132,328)	(17,404)	(149,732)
Dividends relating to 2009	43	—	—	—	—	—	(165,513)	(165,513)	—	(165,513)
Fair value reserve on employee share option plan	30	—	—	—	78,943	—	—	78,943	—	78,943
Transfer from retained earnings	30	—	—	—	86,212	—	(86,212)	—	—	—
Issue of shares pursuant to exercise of employee share options	26	2,218	14,816	—	—	—	—	17,034	—	17,034
Issue of subscription shares to a new shareholder	26	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 non-controlling interests	26	143,049	500,672	—	(356,796)	—	—	286,925	(569,099)	(282,174)
Total contributions by and distributions to equity holders		823,050	5,108,351	—	(191,641)	—	(540,033)	5,199,727	(586,503)	4,613,224
Decrease in non-controlling interests as a result of acquisition of additional interests in subsidiaries from non-controlling interests	30	—	—	—	(54,773)	—	—	(54,773)	(81,411)	(136,184)
Total transactions with equity holders		823,050	5,108,351	—	(246,414)	—	(540,033)	5,144,954	(667,914)	4,477,040
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 pages 90 to 183 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

	Note	Year ended 31 December 2010 RMB'000	2009 RMB'000
Cash flows from operating activities			
Cash (used in)/generated from operations	44	**(13,837,929)**	1,750,659
Interest paid		**(1,416,381)**	(871,368)
Income tax paid		**(1,950,594)**	(1,285,085)
Net cash used in operating activities		**(17,204,904)**	(405,794)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(57,809)**	(25,186)
Proceeds from sale of property, plant and equipment	44	**8,050**	9,384
Purchases of available-for-sale financial assets		**(63,425)**	(206,898)
Proceeds from disposal of available-for-sale financial assets		**—**	19,432
Dividends received from available-for-sale financial assets	36	**15,956**	2,746
Purchases of subsidiaries, net of cash acquired	47(a)	**(579,708)**	(110,335)
Acquisition of additional interests in subsidiaries		**(50,000)**	(531,582)
Prepayment for purchasing equity shares of a third party	22	**(51,000)**	—
Prepayment for acquisition of a subsidiary	22	**—**	(158,439)
Proceeds from disposal of subsidiaries	47(b)	**312,296**	1,499
Capital injection to a jointly controlled entity	12	**(25,000)**	(175,000)
Deemed capital injection to a jointly controlled entity	12	**—**	(532,000)
Capital injection to an associate	13	**(175,000)**	(2,000)
Interest received		**53,125**	56,591
Net cash used in investing activities		**(612,515)**	(1,651,788)
Cash flows from financing activities			
Proceeds from borrowings		**13,405,708**	18,027,933
Repayments of borrowings		**(7,343,925)**	(11,178,009)
Advances received from a shareholder	34	**1,724,493**	—
Proceeds from issuance of shares	26	**—**	5,114,666
Dividends paid to non-controlling interests		**(1,150)**	(17,404)
Dividends paid to equity holders		**(493,896)**	(297,841)
Capital injection from non-controlling interests		**1,072,679**	—
Proceeds from issuance of convertible securities	27	**5,970,266**	—
Restricted share award scheme		**(95,986)**	—
Issue of shares pursuant to exercise of employee share options		**3,889**	12,550
Net cash generated from financing activities		**14,242,078**	11,661,895
Net (decrease)/increase in cash and cash equivalents		**(3,575,341)**	9,604,313
Cash and cash equivalents at beginning of the year	25	**17,619,619**	8,026,677
Exchange losses on cash and cash equivalents		**(67,067)**	(11,371)
Cash and cash equivalents at end of the year	25	**13,977,211**	17,619,619

The notes on pages 90 to 183 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 601, 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").

These consolidated financial statements are presented in Renminbi, unless otherwise stated. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements have been approved for issue by the Board of Directors on 17 March 2011.

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, financial assets at fair value through profit or loss, and derivative financial instruments, which are carried at 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.

3.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

HKFRS 3 (revised), "Business combinations", and consequential amendments to HKAS 27, "Consolidated and separate financial statements", HKAS 28, "Investments in associates", and HKAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed. The Group applied the revised standards to all business combinations from 1 January 2010. See Note 47 for further details of the business combinations that occurred in 2010.

3 Summary of significant accounting policies (Continued)

3.1 Changes in accounting policy and disclosures (Continued)

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

HKAS 27(revised), 'Consolidated and separate financial statement', and consequential amendments to HKAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', effective from 1 January 2010. Previously transactions with non-controlling interests were treated as transactions with parties external to the group. Disposals therefore resulted in gains or losses in profit or loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained earnings.

Previously, when the group ceased to have control or significant influence over an entity, the carrying amount of the investment at the date control or significant influence became its cost for the purposes of subsequently accounting for the retained interests as associates, jointly controlled entity or financial assets.

The group has applied the new policy prospectively to transactions occurring on or after 1 January 2010. As a consequence, no adjustments were necessary to any of the amounts previously recognized in the financial statements.

HKAS 17 (amendment), "Leases", deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. The Group has reassessed the classification of unexpired leasehold land and land use right as at 1 January 2010, and found all leases as retained by the Group should be recognized as operating leases. Therefore, no reclassification is considered necessary.

HKAS 36 (amendment), 'Impairment of assets', effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of HKFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics).

HKFRS 2 (amendments), 'Group cash-settled share-based payment transactions', effective form 1 January 2010. In addition to incorporating HK(IFRIC) 8, 'Scope of HKFRS 2', and HK(IFRIC) 11, HKFRS 2 - Group and treasury share transactions', the amendments expand on the guidance in HK(IFRIC) 11 to address the classification of Group arrangements that were not covered by that interpretation.

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

HK(IFRIC) 17, "Distribution of non-cash assets to owners" (effective on or after 1 July 2009). The interpretation was published in November 2008. 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.

HK(IFRIC) 18, "Transfers of assets from customers", effective for transfer of assets received on or after 1 July 2009. This interpretation clarifies the requirements of HKFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).

3 Summary of significant accounting policies (Continued)

3.1 Changes in accounting policy and disclosures (Continued)

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events) (Continued)

HK(IFRIC) 9, 'Reassessment of embedded derivatives and HKAS 39, Financial instruments: Recognition and measurement', effective 1 July 2009. This amendment to HK(IFRIC) 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the 'fair value through profit or loss' category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. If the entity is unable to make this assessment, the hybrid instrument must remains classified as at fair value through profit or loss in its entirety.

HK(IFRIC) 16, Hedges of a net investment in a foreign operation' effective 1 July 2009. This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the Group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of HKAS 39 that relate to a net investment hedge are satisfied. In particular, the Group should clearly document its hedging strategy because of the possibility of different designations at different levels of the Group. HKAS 38 (amendment), 'Intangible assets', effective 1 January 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

HKAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies 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.

HKFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies 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, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1.

(c) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted.
The Group's and the Company's assessment of the impact of these new standards and interpretations is set out below.

HKFRS 9, 'Financial instruments', issued in November 2009. This standard is the first step in the process to replace HKAS 39, 'Financial instruments: recognition and measurement'. HKFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess HKFRS 9's full impact, however no significant impact is expected for the Group.

Revised HKAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes HKAS 24, 'Related party disclosures', issued in 2003. HKAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted.

3 Summary of significant accounting policies (Continued)

3.1 Changes in accounting policy and disclosures (Continued)

(c) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted. (Continued)

The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group will apply the revised standard from 1 January 2011. When the revised standard is applied, the Group and the parent will need to disclose any transactions between its subsidiaries and its associates. The Group is currently putting systems in place to capture the necessary information. It is, therefore, not possible at this stage to disclose the impact, if any, of the revised standard on the related party disclosures.

'Classification of rights issues' (amendment to HKAS 32), issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with HKAS 8 'Accounting policies, changes in accounting estimates and errors'. The Group will apply the amended standard from 1 January 2011.

HK (IFRIC) - Int 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The Group will apply the interpretation from 1 January 2011. It is not expected to have any impact on the Group or the parent entity's financial statements.

Prepayments of a minimum funding requirement' (amendments to HK (IFRIC) - Int 14). The amendments correct an unintended consequence of HK (IFRIC) - Int 14, 'HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when HK (IFRIC) - Int 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. The Group will apply these amendments for the financial reporting period commencing on 1 January 2011.

'Limited exemption from comparative HKFRS 7 disclosures for first-time adopters'(Amendment to HKFRS 1), is to provide first-time adopters with the same transition provisions as included in the March 2009 amendment to HKFRS 7 in relation to relief from presenting comparative information that ended before 31 December 2009 for new fair value disclosures requirements.

'Deferred tax: Recovery of underlying assets' (HKAS 12 (Amendment)). The amendment introduces an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. Prior to the amendment, HKAS 12 requires an entity to measure the deferred tax relating to an asset/liability depending on whether the entity expects to recover/settle the carrying amount of the asset/liability through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

3 Summary of significant accounting policies (Continued)

3.2 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 Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

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

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interest as transactions with owners of the parent. For purchases from non-controlling 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 non-controlling interest are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

3 Summary of significant accounting policies (Continued)

3.2 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)

3.3 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.

3.4 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 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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains – net.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

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)

3.5 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.

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 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)

3.5 Properties (Continued)

(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.

3.6 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.

Buildings and leasehold improvements	5-50 years
Hotel property	50 years
Machinery	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 3.8).

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.

3.7 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)

3.8 Impairment of 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.

3.9 Financial assets

3.9.1 Classification

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) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) 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 3.14 and 3.15).

(c) 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.

3 Summary of significant accounting policies (Continued)

3.9 Financial assets (Continued)

3.9.2 Recognition and measurement

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, unless in situation where fair value cannot be reliably measured, in which respective available-for-sale financial assets are subsequently carried at cost. 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.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains - net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are include in the income statement as 'gains and 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.

3.10 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.

3.11 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.

3 Summary of significant accounting policies (Continued)

3.11 Impairment of financial assets (Continued)

(a) Assets carried at amortized cost (Continued)

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, 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 carrying amount of the asset is reduced and the amount of the loss is recognised 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.

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 recognised (such as an improvement in the debtor's credit rating) the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

3 Summary of significant accounting policies (Continued)

3.11 Impairment of financial assets (Continued)

(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.

3.12 Land development cost recoverable

These costs refer to costs capitalized on 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.

3.13 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 costs of properties comprises land use rights, 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.

(c) Other inventories

Other inventories mainly comprise raw materials 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 Summary of significant accounting policies (Continued)

3.14 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.

3.15 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.

3.16 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.

3.17 Convertible securities

Convertible securities with no contracted obligation to repay its principal nor to pay any distribution are classified as equity. Respective distributions if and when declared are treated as equity dividends.

3.18 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

3.19 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.

(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 Summary of significant accounting policies (Continued)

3.20 Current and deferred income tax

The tax expense for the year 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.

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.

3.21 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.

3 Summary of significant accounting policies (Continued)

3.21 Employee benefits(Continued)

(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 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.

3.22 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.

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

3.23 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.

3 Summary of significant accounting policies (Continued)

3.23 Provisions (Continued)

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.

3.24 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.

3.25 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)

3.25 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.

3.26 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.

3.27 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 2010, if RMB had strengthened by 5% against HKD and USD with all other variable held constant, post-tax gain for the year of the Group would have been RMB118,852,000 higher (2009: RMB114,176,000 lower), mainly as the result of foreign exchange gain (2009: losses) 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.

(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 2010 and 2009, 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 2010, 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 RMB2,024,000 (2009: RMB2,031,000).

4 Financial risk management (Continued)

4.1 Financial risk factors (Continued)

(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.

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 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 in 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 31), 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.

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.

4 Financial risk management (Continued)

4.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Group					
At 31 December 2010					
Borrowings	**11,125,389**	**11,653,108**	**6,572,924**	**2,350,250**	**31,701,671**
Trade and other payables excluding statutory liabilities	**10,380,028**	**—**	**—**	**—**	**10,380,028**
	21,505,417	**11,653,108**	**6,572,924**	**2,350,250**	**42,081,699**
At 31 December 2009					
Borrowings	5,549,770	7,611,270	7,095,545	4,071,483	24,328,068
Trade and other payables excluding statutory liabilities	4,391,714	—	—	—	4,391,714
	9,941,484	7,611,270	7,095,545	4,071,483	28,719,782

4 Financial risk management (Continued)

4.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Company					
At 31 December 2010					
Borrowings	**1,453,573**	**3,288,215**	**—**	**—**	**4,741,788**
Trade and other payables excluding statutory liabilities	**1,731,753**	**—**	**—**	**—**	**1,731,753**
	3,185,326	**3,288,215**	**—**	**—**	**6,473,541**
Company					
At 31 December 2009					
Borrowings	1,107,469	98,667	4,254,787	—	5,460,923
Trade and other payables excluding statutory liabilities	44,144	—	—	—	44,144
	1,151,613	98,667	4,254,787	—	5,505,067

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.

4 Financial risk management (Continued)

4.2 Capital risk management (Continued)

The gearing ratios at 31 December 2010 and 2009 were as follows.

	As at 31 December	
	2010 RMB'000	**2009 RMB'000**
Total borrowings (Note 31)	**29,196,282**	21,840,012
Less: cash and cash equivalents (Note 25)	**(13,977,211)**	(17,619,619)
Net debt	**15,219,071**	4,220,393
Total equity	**33,125,804**	23,886,414
Total capital	**48,344,875**	28,106,807
Gearing ratio	**31%**	15%

The increase in the gearing ratio during 2010 resulted primarily from the increase in total borrowings and decrease of cash and cash equivalents as a result of increase in acquisitions (See Note 47) and volume of construction projects (See Note 19).

4.3 Fair value estimation

Effective on 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 2010 and 2009.

	Level 1	Level 2	Level 3	Total
Group				
At 31 December 2010				
Other investment (Note 17)	**43,707**	**—**	**—**	**43,707**
Financial assets at fair value through profit or loss (Note 18)	**29,101**	**—**	**—**	**29,101**
Available-for-sale financial assets: equity securities (Note 16)	**433,886**	**—**	**181,663**	**615,549**
	506,694	**—**	**181,663**	**688,357**
Group				
At 31 December 2009				
Available-for-sale financial assets: equity securities (Note 16)	557,507	—	35,141	592,648
Derivative financial instrument (Note 32)	—	—	8,331	8,331
	557,507	—	43,472	600,979

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-sale.

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 Group carries its investment properties at fair value with changes in the fair values recognised in profit or loss. It obtains independent qualified valuations from independent valuer, DTZ Debenham Tie Leung Limited at least annually. At the end of each reporting period, the management updates their assessment of the fair value of each property, taking into account the most recent independent valuations. The key assumptions used in this determination and the sensitivity of the directors' estimates of these assumptions to the carrying amount of the investment properties are set out in Note 9.

(b) Estimate of fair value of employee share options

Up till 31 December 2010, fair value of employee share options issued by the Group are assessed by an independent qualified 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.

(c) 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 judgment 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 judgment is required in determining the extent of 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.

5 Critical accounting estimates and judgements (Continued)

(d) 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.

(e) Revenue recognition

The Group has recognized revenue from the sale of properties held for sale as disclosed in Note 3.25. 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 to the buyer, upon release of the respective property to the purchaser.

As disclosed in Note 45, 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 expire when relevant property ownership certificates are lodged with the 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 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.

(f) Estimated impairment of assets

The Group tests at least annually whether assets have suffered any impairment in accordance with the accounting policies stated in Note 3.8. Assets are also reviewed for impairment, whenever events or changes in circumstances are noted, that may potentially causes the carrying amount of the assets to 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.

(g) Estimations for properties total construction cost

The Group makes estimations on properties construction cost 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 the constructions progresses. 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 operating committee (the "Committee") that are used to make strategic decisions.

The Committee considers the business from both a geographic and product perspective. From the product perspective, management considers the performance of property development and property investment. Property development businesses are further segregated geographically into Beijing, Tianjin, North-east as well as all other territories.

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

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 costs and income are not included in the result for each operating segment that is reviewed by the Committee, as they are driven by activities of the central treasury function, which manages the cash position of the Group. The measure also excludes the effects of any unrealized gains/losses from investments in jointly controlled entities and associates as well as fair value gains/losses from investment properties. 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 2010 and 2009 is as follows:

	Property development								
	Beijing RMB'000	**Tianjin** RMB'000	**North-east** RMB'000	**Others** RMB'000	**Investment property** RMB'000	**All other segments** RMB'000	**Total** RMB'000	**Inter-Company elimination** RMB'000	**Group total** RMB'000
Year ended 31 December 2010									
Total revenue	**6,764,924**	**1,414,170**	**3,183,473**	**1,435,415**	**217,079**	**1,877,719**	**14,892,780**	**–**	**14,892,780**
Inter-segment revenue	**–**	**–**	**–**	**–**	**(5,515)**	**(1,166,600)**	**(1,172,115)**	**–**	**(1,172,115)**
Revenue (from external customers)	**6,764,924**	**1,414,170**	**3,183,473**	**1,435,415**	**211,564**	**711,119**	**13,720,665**	**–**	**13,720,665**
Segment operating profit	**2,601,814**	**250,320**	**825,999**	**100,161**	**98,015**	**500,568**	**4,376,877**	**(410,899)**	**3,965,978**
Depreciation and amortization	**(1,565)**	**(1,342)**	**(6,836)**	**(7,170)**	**(684)**	**(14,358)**	**(31,955)**	**–**	**(31,955)**
Goodwill disposed for sales of properties (Note 10)	**–**	**(8,838)**	**–**	**(75,064)**	**–**	**–**	**(83,902)**	**–**	**(83,902)**
Income tax expense (Note 41)	**(276,473)**	**(59,520)**	**(243,165)**	**(157,670)**	**(43,606)**	**(634,186)**	**(1,414,620)**	**–**	**(1,414,620)**
Finance income	**134,465**	**45,632**	**154,426**	**58,569**	**3,384**	**493,544**	**890,020**	**(782,206)**	**107,814**
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
Segment 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)
Goodwill disposed for sales of properties (Note 10)	—	—	—	(71,967)	—	—	(71,967)	—	(71,967)
Income tax expense (Note 41)	(309,589)	(24,784)	(134,595)	(50,291)	(15,572)	(394,570)	(929,401)	—	(929,401)
Finance income	94,903	16,091	28,688	6,594	6,228	22,203	174,707	(118,306)	56,401

6 Segment information (Continued)

	Property development				Investment property	All other operations	Total	Inter-Company elimination	Group total
	Beijing RMB'000	Tianjin RMB'000	North-east RMB'000	Others RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2010									
Total segment assets	**33,940,037**	**9,569,868**	**25,535,994**	**20,616,400**	**5,274,465**	**19,395,793**	**114,332,557**	**(34,540,220)**	**79,792,337**
Additions to non-current assets (other than financial instruments and deferred tax assets)	**140,124**	**3,101**	**10,381**	**42,715**	**299,298**	**37,707**	**533,326**	**–**	**533,326**
Total segment liabilities	**16,232,942**	**3,661,878**	**7,428,596**	**9,087,159**	**1,202,665**	**15,198,662**	**52,811,902**	**(23,958,923)**	**28,852,979**
As at 31 December 2009									
Total segment 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 instruments and deferred tax assets)	515	2,072	21,618	4,486	638	15,271	44,600	—	44,600
Total segment 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

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

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Segment operating profit	**3,965,978**	2,344,125
Corporate finance income	**72,687**	111,208
Corporate overheads	**(384,353)**	(233,811)
Finance costs (Note 40)	**(287,356)**	(308,753)
Fair value gain on investment properties (Note 9)	**567,350**	708,625
Share of loss of jointly controlled entities (Note 12)	**(8,859)**	(35,315)
Share of loss of associates (Note 13)	**(72,004)**	(18,334)
Profit before income tax	**3,853,443**	2,567,745

6 Segment information (Continued)

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

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Total segment assets	**79,792,337**	48,507,890
Corporate cash and cash equivalents	**10,350,232**	11,775,975
Investment in jointly controlled entities (Note 12)	**687,826**	671,685
Investment in associates (Note13)	**397,458**	294,462
Available-for-sale financial assets (Note 16)	**615,549**	592,648
Financial assets at fair value through profit or loss (Note 18)	**29,101**	—
Other investment (Note 17)	**43,707**	—
Deferred income tax assets (Note 33)	**814,244**	305,539
Total assets per consolidated balance sheet	**92,730,454**	62,148,199
Total segment liabilities	**28,852,979**	15,422,591
Deferred income tax liabilities (Note 33)	**1,351,372**	999,182
Current borrowings (Note 31)	**9,920,123**	4,653,168
Non-current borrowings (Note 31)	**19,276,159**	17,186,844
Distribution payable (Note 27)	**204,017**	—
Total liabilities per consolidated balance sheet	**59,604,650**	38,261,785

The Company is incorporated in Hong Kong, with most of its major subsidiaries domiciled in the PRC. All revenues from external customers of the Group are derived in the PRC for the years ended 31 December 2010 and 2009.

As at 31 December 2010, the total of non-current assets other than financial instruments and deferred tax assets located in the PRC is RMB6,873,008,000 (2009: RMB5,974,738,000), and the total of these non-current assets located in Hong Kong is RMB131,038,000 (2009: RMB1,842,000).

For the year ended 31 December 2010 and 2009, the Group does not have any single significant customer with the transaction value above 10% of the external sales.

7 Property, plant and equipment

	Buildings and leasehold improvements RMB'000	Hotel property RMB'000	Machinery RMB'000	Vehicles RMB'000	Office equipment RMB'000	Electronic equipment RMB'000	Total RMB'000
Year ended 31 December 2010							
Opening net book amount	**89,898**	**170,189**	**5,423**	**38,966**	**8,626**	**11,765**	**324,867**
Additions	**12,388**	**—**	**2,385**	**33,515**	**10,669**	**8,623**	**67,580**
Acquisition of subsidiaries (Note 47 (a))	**16,820**	**—**	**1,546**	**5,321**	**6,822**	**865**	**31,374**
Disposals	**—**	**—**	**(972)**	**(6,683)**	**(69)**	**(147)**	**(7,871)**
Depreciation charge (Note 38)	**(2,334)**	**(562)**	**(1,517)**	**(14,591)**	**(6,279)**	**(6,145)**	**(31,428)**
Disposal of a subsidiary (Note 47(b)(i))	**—**	**(169,627)**	**—**	**—**	**—**	**—**	**(169,627)**
Closing net book amount	**116,772**	**—**	**6,865**	**56,528**	**19,769**	**14,961**	**214,895**
At 31 December 2010							
Cost	**125,751**	**—**	**12,184**	**106,444**	**45,236**	**37,341**	**326,956**
Accumulated depreciation	**(8,979)**	**—**	**(5,319)**	**(49,916)**	**(25,467)**	**(22,380)**	**(112,061)**
Net book amount	**116,772**	**—**	**6,865**	**56,528**	**19,769**	**14,961**	**214,895**
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
Transfer from completed property held for sale	3,566	—	—	—	—	—	3,566
Acquisition of a subsidiary	—	—	—	19,110	143	161	19,414
Disposals	—	—	(11)	(2,028)	(263)	(7,170)	(9,472)
Depreciation charge (Note 38)	(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

7 Property, plant and equipment (Continued)

Depreciation expense of RMB22,650,000 (2009: RMB8,668,000) has been charged in 'cost of sales', and RMB8,778,000 (2009: RMB10,148,000) in 'administrative expenses'.

As at 31 December 2010 and 2009, hotel properties of the Group with the carrying values of nil and RMB170,189,000 respectively, as well as buildings with the carrying values of RMB73,341,000 and RMB74,918,000 respectively were pledged as collateral for the Group's borrowings (Note 31) as at 31 December 2010 and 2009.

8 Land use rights

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

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
At beginning of the year	**38,964**	36,958
Transfer from completed properties held for sale	**—**	2,889
Amortization charge (Note 38)	**(527)**	(883)
Disposal of a subsidiary (Note 47(b)(i))	**(28,714)**	—
At end of the year	**9,723**	38,964

As at 31 December 2010 and 2009, land use rights of the Group with carrying values of RMB6,329,000 and RMB35,467,000 respectively were pledged as collateral for the Group's borrowings (Note 31).

9 Investment properties

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
At fair value		
At beginning of the year	**3,984,000**	1,984,000
Acquisition of subsidiaries (Note 47(a)(iv))	**296,500**	—
Transfer from completed properties held for sale	**140,722**	1,291,375
Fair value gains	**567,350**	708,625
At end of the year	**4,988,572**	3,984,000

9 Investment properties (Continued)

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

	Year ended 31 December	
	2010 **RMB'000**	2009 RMB'000
Rental income (Note 6)	**211,564**	156,489
Direct operating expenses arising from investment properties that generate rental income	**90,624**	62,354
Direct operating expenses that did not generate rental income	**8,784**	7,947

(b) Valuation basis

The fair value of the Group's investment properties at 31 December 2010 and 2009 were valued by DTZ Debenham Tie Leung Limited and BMI Appraisals Limited, 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 2010 and 2009, investment properties of the Group with carrying values of RMB2,906,425,000 and RMB 3,260,000,000 respectively were pledged as collateral for the Group's borrowings (Note 31).

(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	
	2010 **RMB'000**	2009 RMB'000
Within 1 year	**303,634**	156,755
Between 1 to 5 years	**534,711**	241,381
After 5 years	**98,048**	69,573
	936,393	467,709

9 Investment properties (Continued)

(d) Leasing arrangements (Continued)

The Group's interests in investment properties at their net book values are analysed as follows:

	2010 RMB'000	2009 RMB'000
In PRC, held on:		
Leases of less than 50 years	**4,988,572**	3,984,000

10 Goodwill

	RMB'000
Year ended 31 December 2010	
Opening net book amount	**662,602**
Acquisition of subsidiaries (Note 47(a))	**137,872**
Disposal of a subsidiary (Note 47(b)(i))	**(11,000)**
Goodwill disposed for sales of properties, charged to cost of sales	**(83,902)**
Closing net book amount	**705,572**
At 31 December 2010	
Cost	**883,668**
Goodwill disposed for sales of properties, charged to cost of sales	**(178,096)**
Net book amount	**705,572**
Year ended 31 December 2009	
Opening net book amount	734,569
Goodwill disposed for sales of properties, charged to cost of sales	(71,967)
Closing net book amount	662,602
At 31 December 2009	
Cost	756,796
Goodwill disposed for sales of properties, charged to cost of sales	(94,194)
Net book amount	662,602

10 Goodwill (Continued)

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	
	2010 RMB'000	2009 RMB'000
Property development	**577,710**	649,267
Investment property	**125,527**	—
Others	**2,335**	13,335
	705,572	662,602

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	
	2010 RMB'000	2009 RMB'000
Unlisted investments, at cost	**3,407,371**	3,407,371
Contribution to the Restricted Share Award Scheme Trust	**114,253**	—
Amounts due from subsidiaries	**29,204,620**	16,387,387
Amounts due to subsidiaries	**(5,970,266)**	—

Amounts due from and to 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 2010 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 2010	Principal activities
(1)	Sino-Ocean Land Limited 遠洋地產有限公司	PRC	Wholly foreign owned enterprise	RMB 5,754,700	100%	Property development
(2)	北京德年投資管理諮詢有限公司	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	PRC	Limited liability Company	RMB 663,261	100%	Consultant service
(4)	遠洋國際建設有限公司	PRC	Sino-foreign equity joint venture	RMB 600,000	100%	Renovation service
(5)	Beijing Zhong Lian Land Development Company, Limited 北京中聯置地房地產開發有限公司	PRC	Limited liability Company	RMB 560,000	100%	Property development
(6)	Beijing Yuankun Real Estate Development Company, Limited 北京遠坤房地產開發有限公司	PRC	Limited liability Company	RMB 500,000	100%	Property development
(7)	北京萬洋世紀創業投資管理有限公司	PRC	Limited liability Company	RMB 341,000	100%	Consultant service
(8)	北京碧城創業投資管理有限公司	PRC	Limited liability Company	RMB 336,000	100%	Consultant service
(9)	Beijing Yuan Yang Building Co., Ltd. 北京遠洋大廈有限公司	PRC	Sino-foreign equity joint venture	USD 30,000	72%	Investment property
(10)	Beijing Linda Huaxia Real Estate Development Company, Limited 北京林達華夏房地產開發有限公司	PRC	Sino-foreign equity joint venture	RMB 219,000	100%	Property development
(11)	北京濤力投資管理有限公司	PRC	Limited liability Company	RMB 207,736	100%	Consultant service

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 2010	Principal activities
(12)	北京遠洋瑞景園林工程有限公司	PRC	Sino-foreign equity joint venture	RMB 200,000	100%	Renovation service
(13)	Beijing Wuhe Real Estate Development Company, Limited 北京五河房地產開發有限公司	PRC	Limited liability Company	RMB 100,000	75%	Land development
(14)	Qinhuangdao Ocean Land Development Company, Limited 秦皇島海洋置業房地產開發有限公司	PRC	Limited liability Company	RMB 100,000	100%	Property development
(15)	Beijing Yuan Sheng Land Development Company, Limited 北京遠盛置業有限公司	PRC	Limited liability Company	RMB 100,000	100%	Property development
(16)	Beijing De Jun Land Development Company Limited 北京德俊置業有限公司	PRC	Limited liability Company	RMB 90,000	100%	Property development
(17)	Beijing Dong Rong Real Estate Development Co., Ltd. 北京東隆房地產開發有限公司	PRC	Sino-foreign cooperative joint venture	USD 12,370	85.72%	Property development
(18)	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	PRC	Limited liability Company	RMB 75,000	100%	Land development
(19)	Beijing Long Ze Yuan Property Company, Limited 北京龍澤源置業有限公司	PRC	Limited liability Company	RMB 60,000	100%	Investment property

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 2010	Principal activities
(20)	Beijing Yuan Hao Land Development Company, Limited 北京遠豪置業有限公司	PRC	Limited liability Company	RMB 60,000	100%	Property development
(21)	Beijing Yuan-lin Land Development Company, Limited 北京遠麟置業有限公司	PRC	Limited liability Company	RMB 50,000	100%	Property development
(22)	Beijing Yuanqian Property Co., Ltd. 北京遠乾置業有限公司	PRC	Limited liability Company	RMB 50,000	100%	Investment holding
(23)	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	PRC	Limited liability Company	RMB 50,000	97%	Renovation services
(24)	Beijing Yuan He Real Estate Development Company Limited 北京遠河房地產開發有限公司	PRC	Limited liability Company	RMB 30,000	100%	Property development
(25)	Beijing Silver Sail Real Estate Development Company Limited 北京銀帆基業房地產開發有限公司	PRC	Limited liability Company	RMB 30,000	70%	Property development
(26)	Beijing Tianlin Real Estate Development Company, Limited 北京市天麟房地產開發有限公司	PRC	Limited liability Company	RMB 30,000	100%	Property development
(27)	COSCO Hotel & Property Management Co., Limited 中遠酒店物業管理有限公司	PRC	Sino-foreign equity joint venture	RMB 12,667	100%	Hotel and property management

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 2010	Principal activities
(28)	Beijing Yin Gang Real Estate Development Company Limited 北京銀港房地產開發有限公司	PRC	Limited liability Company	RMB 10,000	100%	Investment holdings
(29)	Langfang Yuan Tuo Real Estate Development Company, Limited 廊坊市遠拓房地產開發有限公司	PRC	Limited liability Company	RMB 10,000	70%	Land development
(30)	Beijing Yuan-lian Real Estate Development Company, Limited 北京遠聯置地房地產開發有限公司	PRC	Limited liability Company	RMB 10,000	100%	Property development
(31)	Beijing Sino-Ocean Property Management Company, Limited 北京遠洋基業物業管理有限公司	PRC	Sino-foreign equity joint venture	RMB 8,800	100%	Property management
(32)	Tianjin Yuan-bin Real Estate Development Company, Limited 天津遠濱房地產開發有限公司	PRC	Sino-foreign equity joint venture	RMB 600,000	97.05%	Property development
(33)	Tianjin Pulida Real Estate Construction and Development Company Limited 天津普利達房地產開發有限公司	PRC	Limited liability Company	RMB 420,000	100%	Property development
(34)	Tianjin Yuan-Chi Real Estate Development Company, Limited 天津市遠馳房地產開發有限公司	PRC	Limited liability Company	RMB 400,000	96.99%	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 2010	Principal activities
(35)	天津宇華房地產開發有限公司	PRC	Limited liability Company	RMB 100,000	90%	Property development
(36)	天津盛曼投資管理有限公司	PRC	Limited liability Company	RMB 200,000	100%	Consultant service
(37)	Sino-Ocean Real Estate (Tianjin) Co., Ltd. 遠洋地產（天津）有限公司	PRC	Sino-foreign equity joint venture	RMB 170,000	94.1%	Investment holding
(38)	Tianjin Yuanying Real Estate Development Company, Limited 天津市遠贏房地產開發有限公司	PRC	Limited liability Company	RMB 20,000	100%	Property development
(39)	大連新悅置業有限公司	PRC	Wholly foreign owned enterprise	USD 241,000	90%	Property development
(40)	大連廣宇置業有限公司	PRC	Wholly foreign owned enterprise	USD 213,200	90%	Property development
(41)	大連滙洋置業有限公司	PRC	Wholly foreign owned enterprise	USD 150,000	100%	Property development
(42)	青島遠佳置業有限公司	PRC	Sino-foreign equity joint venture	RMB 667,670	100%	Property development
(43)	大連聖基置業有限公司	PRC	Wholly foreign owned enterprise	USD 114,545	90%	Property development
(44)	大連世甲置業有限公司	PRC	Sino-foreign equity joint venture	USD 97,850	90%	Property development
(45)	Wanxiang Zhiye (Shenyang) Co., Ltd. 萬祥置業（瀋陽）有限公司	PRC	Sino-foreign equity joint venture	RMB 582,830	100%	Property development
(46)	大連鑫融置業有限公司	PRC	Wholly foreign owned enterprise	USD70,000	100%	Property development
(47)	Liaoning Wanxiang Property Co., Ltd. 遼寧萬祥置業有限公司	PRC	Sino-foreign equity joint venture	RMB 459,240	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 2010	Principal activities
(48)	Shining (DL) Real Estate Co., Ltd. 勛業（大連）置業有限公司	PRC	Sino-foreign equity joint venture	USD 90,000	100%	Property development
(49)	Dalian Sunny-Ocean Property Limited 大連明遠置業有限公司	PRC	Sino-foreign equity joint venture	USD 80,000	100%	Property development
(50)	大連永圖置業有限公司	PRC	Wholly foreign owned enterprise	USD 79,500	90%	Property development
(51)	Dalian Sky-Upright Property Limited 大連正乾置業有限公司	PRC	Sino-foreign equity joint venture	USD 76,860	100%	Property development
(52)	大連至遠置業有限公司	PRC	Wholly foreign owned enterprise	USD 69,754	90%	Property development
(53)	大連潤峰置業有限公司	PRC	Wholly foreign owned enterprise	USD 64,560	90%	Property development
(54)	大連宏澤置業有限公司	PRC	Wholly foreign owned enterprise	USD 60,000	100%	Property development
(55)	大連源豐置業有限公司	PRC	Sino-foreign equity joint venture	USD 50,700	90%	Property development
(56)	長春東方聯合置業有限公司	PRC	Limited liability Company	RMB 200,000	51%	Property development
(57)	Dalian Qianhao Real Estate Co., Ltd. 大連凱盟房地產開發有限公司	PRC	Limited liability Company	RMB 150,000	100%	Property development
(58)	大連遠佳產業園開發有限公司	PRC	Wholly foreign owned enterprise	USD 20,000	100%	Property development
(59)	大連元天投資管理諮詢有限公司	PRC	Wholly foreign owned enterprise	USD 15,000	100%	Consultant service

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 2010	Principal activities
(60)	大連通遠房地產開發有限公司	PRC	Limited liability Company	RMB 8,000	100%	Property development
(61)	重慶遠騰房地產開發有限公司	PRC	Sino-foreign equity joint venture	RMB 1,100,000	93.25%	Property development
(62)	遠洋地產（中山）開發有限公司	PRC	Sino-foreign equity joint venture	RMB 720,000	100%	Property development
(63)	杭州遠洋天祺置業有限公司	PRC	Sino-foreign equity joint venture	USD 147,760	100%	Property development
(64)	杭州遠洋運河商務區開發有限公司	PRC	Sino-foreign equity joint venture	USD 93,240	100%	Property development
(65)	廣州市德逸房地產開發有限公司	PRC	Wholly foreign owned enterprise	RMB 600,000	100%	Property development
(66)	杭州德洋投資管理有限公司	PRC	Wholly foreign owned enterprise	USD 29,600	100%	Consultant service
(67)	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	PRC	Limited liability Company	RMB 100,000	70%	Property development
(68)	成都市同益房地產開發有限公司	PRC	Limited liability Company	RMB 10,000	100%	Property development
(69)	重慶高爾夫國際俱樂部有限公司	PRC	Limited liability Company	RMB 96,290	55%	Land development
(70)	三亞南國奧林匹克花園有限公司	PRC	Limited liability Company	RMB 64,100	70%	Property development
(71)	三亞棠棣莊園投資有限公司	PRC	Limited liability Company	RMB 64,000	52.5%	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 2010	Principal activities
(72)	黃山東方紅影視產業投資有限公司	PRC	Limited liability Company	RMB 50,000	100%	Preparation for travel site development
(73)	武漢弘福置業有限公司	PRC	Limited liability Company	RMB 45,000	55%	Property development
(74)	杭州遠洋新河酒店置業有限公司	PRC	Sino-foreign equity joint venture	USD 7,307	100%	Property development
(75)	青島遠豪置業有限公司	PRC	Limited liability Company	RMB 20,000	100%	Property development
(76)	上海遠鑫置業有限公司	PRC	Limited liability Company	RMB 20,000	100%	Property development
(77)	海南浙江椰香村建設開發有限公司	PRC	Limited liability Company	RMB 15,000	70%	Property development
(78)	Triumph Source Limited	BVI	Limited Company	RMB 2,616,612	90%	Investment holding
(79)	Neo Vast Limited 新浩有限公司	Hong Kong	Limited Company	RMB 1,726,710	85.71%	Investment holding
(80)	Hero Field Investment Limited 英域投資有限公司	Hong Kong	Limited Company	RMB 1,508,543	85.71%	Investment holding
(81)	Gemini Property Investments Limited 盛洋地產投資有限公司	Hong Kong	HK Listed Company	HKD22,275	70.15%	Investment property
(82)	Alpha Anchor Limited	BVI	Limited Company	RMB 2,185	90%	Investment holding
(83)	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
(84)	Tak Shing International Investment Limited 德盛國際投資有限公司	Hong Kong	Limited Company	HKD 10	100%	Investment holding
(85)	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

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 2010	Principal activities
(86)	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
(87)	Mission Success Limited 穎博有限公司	Hong Kong	Limited Company	HKD —	100%	Investment holding
(88)	Dynamic Class Limited 昇能有限公司	Hong Kong	Limited Company	HKD —	100%	Investment holding
(89)	Moral Wealth International Limited 德發國際有限公司	Hong Kong	Limited Company	HKD —	100%	Investment holding
(90)	Shine Wind Development Limited 耀勝發展有限公司	BVI	Limited Company	USD 10	100%	Investment holding
(91)	Mega Precise Profits Limited	BVI	Limited Company	USD —	100%	Investment holding
(92)	Smart State Properties Limited	BVI	Limited Company	USD —	100%	Investment holding
(93)	Moral Known Limited 德曉有限公司	BVI	Limited Company	USD —	100%	Investment holding

12 Interests in jointly controlled entities

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
At beginning of the year	**671,685**	—
Capital injection	**25,000**	175,000
Deemed capital injection (a)	**—**	532,000
Addition from acquisition of a subsidiary (Note 47(a)(ii))	**5,000**	—
Disposals	**(5,000)**	—
Share of results of jointly controlled entities	**(8,859)**	(35,315)
At end of the year	**687,826**	671,685

12 Interests in jointly controlled entities (Continued)

(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"), a jointly controlled entity of the Group, and the other two jointly controlled shareholders of Linlian, in provision of funds totalled RMB1,064,000,000 to Linlian. The amount is unsecured, interest free and would only be repayable on a future date as agreed by all parties.

(b) Following are the details of the jointly controlled entities of the Group as at 31 December 2010 and 2009, all of which are unlisted :

Name	Country of incorporation and operation	Legal status	Issue/paid in capital (In thousand)	Effective interest held as at 31 December 2010	2009	Principal activities
Beijing Linlian Property Company Limited 北京麟聯置業有限公司	PRC	Limited liability Company	RMB 400,000	**50%**	50%	Land and property development
Chengdu Qiansong Construction Development Company Limited. 成都乾松城市建設開發有限公司	PRC	Limited liability Company	RMB 50,000	**50%**	—	Land and property development

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

Name	Assets RMB'000	Liabilities RMB'000	Revenues RMB'000	Losses RMB'000	% interest held
2010					
Beijing Linlian Property Company Limited	**1,025,484**	**362,668**	**—**	**(8,869)**	**50%**
Chengdu Qiansong Construction Development Company Limited.	**25,029**	**19**	**—**	**10**	**50%**
2009					
Beijing Linlian Property Company Limited	740,848	69,163	—	(35,315)	50%

As at 31 December 2010, there are capital commitments of RMB401,351,000 (2009: RMB267,006,000) relating to the Group's interests in the jointly controlled entity. There were no other Contingent Liabilities.

13 Interests in associates

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
At beginning of the year	**294,462**	310,796
Addition	**175,000**	2,000
Share of results of associates	**(72,004)**	(18,334)
At end of the year	**397,458**	294,462

Following are the details of the associates of the Group at 31 December 2010 and 2009, all of which are unlisted:

Name	Country of incorporation and operation	Legal status	Issue/paid in capital (In thousand)	Effective interest held as at 31 December 2010	2009	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	PRC	Limited liability Company	RMB 680,850	**47%**	47%	Land development
Beijing Shengyong Property Development and Investment Company Limited 北京盛永置業投資有限公司	PRC	Limited liability Company	RMB 500,000	**35%**	—	Property development and investment services
Beijing Kunlian Xinhe Business Management Company Limited 北京坤聯信和商業管理有限責任公司	PRC	Limited liability Company	RMB 5,000	**40%**	40%	Consulting management

13 Interests in associates (Continued)

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

Name	Assets RMB'000	Liabilities RMB'000	Revenues RMB'000	Losses RMB'000	% interest held
2010					
Beijing Central Business District Development and Construction Company Limited	**708,584**	**402,346**	**—**	**(13,064)**	**47%**
Beijing Shengyong Property Development and Investment Company Limited	**150,498**	**61,276**	**—**	**(58,940)**	**35%**
Beijing Kunlian Xinhe Business Management Company Limited	**1,998**	**—**	**—**	**—**	**40%**
2009					
Beijing Central Business District Development and Construction Company Limited	651,928	359,464	—	(18,332)	47%
Beijing Kunlian Xinhe Business Management Company Limited	1,998	—	—	(2)	40%

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

14 Financial instruments by category

(a) Group

	Loans and receivables RMB'000	Assets at fair value through profit and loss RMB'000	Available-for-sale Financial assets RMB'000	Total RMB'000
Assets				
As at 31 December 2010				
Available-for-sale financial assets (Note 16)	**—**	**—**	**615,549**	**615,549**
Financial assets at fair value through profit or loss (Note 18)	**—**	**29,101**	**—**	**29,101**
Trade and other receivables excluding prepayments	**1,972,934**	**—**	**—**	**1,972,934**
Restricted bank deposits (Note 24)	**1,057,378**	**—**	**—**	**1,057,378**
Cash and cash equivalents (Note 25)	**13,977,211**	**—**	**—**	**13,977,211**
	17,007,523	**29,101**	**615,549**	**17,652,173**
As at 31 December 2009				
Available-for-sale financial assets (Note 16)	—	—	592,648	592,648
Derivative financial instrument (Note 32)	—	8,331	—	8,331
Trade and other receivables excluding prepayments	1,513,137	—	—	1,513,137
Restricted bank deposits (Note 24)	896,442	—	—	896,442
Cash and cash equivalents (Note 25)	17,619,619	—	—	17,619,619
	20,029,198	8,331	592,648	20,630,177

14 Financial instruments by category (Continued)

(a) Group (Continued)

	Other financial liabilities RMB'000
Liabilities	
As at 31 December 2010	
Borrowings (Note 31)	**29,196,282**
Trade and other payables excluding tax payable	**10,380,028**
	39,576,310
As at 31 December 2009	
Borrowings (Note 31)	21,840,012
Trade and other payables excluding tax payable	4,391,714
	26,231,726

(b) Company

	Loans and receivables RMB'000
Assets	
As at 31 December 2010	
Amounts due from subsidiaries (Note 11)	**29,204,620**
Trade and other receivables excluding prepayments	**630**
Cash and cash equivalents (Note 25)	**300,338**
	29,505,588
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 25)	6,224,132
	22,613,728

14 Financial instruments by category (Continued)

(b) Company (Continued)

	Other financial liabilities RMB'000
Liabilities	
As at 31 December 2010	
Borrowings (Note 31)	**4,435,321**
Amount due to subsidiaries (Note 11)	**5,970,266**
Trade and other payables excluding tax payable	**1,731,753**
	12,137,340
As at 31 December 2009	
Borrowings (Note 31)	5,181,982
Trade and other payables excluding tax payable	44,144
	5,226,126

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	
	2010 RMB'000	2009 RMB'000
Trade receivables		
Counterparties without external credit rating	**104,954**	64,651
Trade receivables that are neither past due nor impaired	**90,774**	51,416

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 2010 and 2009.

(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	
	2010 **RMB'000**	2009 RMB'000
Investment in Glorious Property Holding Limited (a)	**—**	163,279
Investment in listed securities held in the SOL Fund (b)	**433,886**	394,228
Investment in other unlisted equity securities (c)	**181,663**	35,141
	615,549	592,648
Less: non-current portion	**(433,886)**	(592,648)
Current portion	**181,663**	—

(a) In October 2009, Moral King International Limited ("Moral King"), a wholly owned subsidiary, acquired 52,840,000 ordinary shares of Glorious Property Holding Limited ("Glorious"), a company incorporated in the Cayman Islands on 27 July 2007, and whose shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited, at price of HKD4.4 per share, totaling RMB206,872,000.

On 31 December 2010, the Group disposed of its entire investment in Glorious through disposals of subsidiaries (see Note 47 (b)) to Win Powerful Investment Limited, a company incorporated in the British Virgin Islands, and an independent third party at consideration approximate the original cost of investment by the Group, totaling RMB199,828,000. As a result, the deficit of investment revaluation reserve of RMB80,089,000 were reversed and no gain or loss on disposal were recorded by the Group. Such consideration is due to be received by 30 June 2011.

(b) On 31 March 2008, SOL Investment Fund Limited ("SOL"), 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 sole underlying investment in SOL is SOL Fund, representing a portfolio of investments in listed shares and its fair value as at 31 December 2010 was based on the respective quoted closing prices.

(c) 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.

The movements of available-for-sale financial assets of the Group are as follows:

	Year ended 31 December	
	2010 **RMB'000**	2009 RMB'000
At beginning of the year	**592,648**	426,715
Additions	**208,625**	206,898
Disposal of a subsidiary (Note 47(b)(iii))	**(126,783)**	(28,886)
Revaluation losses charged to equity (Note 30)	**(38,421)**	(11,402)
Currency translation differences (Note 30)	**(20,520)**	(677)
At end of the year	**615,549**	592,648

16 Available-for-sale financial assets (Continued)

Available-for-sale financial assets include the following:

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Fair value:		
– listed	**433,886**	557,507
– unlisted	**181,663**	35,141
	615,549	592,648
Market value of listed securities	**433,886**	557,507

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

	As at 31 December	
	2010 RMB'000	2009 RMB'000
– HKD	**433,886**	557,507
– RMB	**181,663**	35,141
	615,549	592,648

There were no impairment provisions on available-for-sale financial assets as at 31 December 2010 and 2009.

17 Other investment

Other investment represents gold bullions stated at fair values less costs to sell. The fair values are determined by reference to the quoted market price. Gain or loss arising on measurement amounting to RMB1,165,000 recognised in profit or loss (Note 37).

18 Financial assets at fair value through profit or loss - Group

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Listed securities - held-for-trading		
Equity securities listed in Hong Kong	**6,054**	—
Equity securities listed elsewhere	**23,047**	—
Market value of listed securities	**29,101**	—

Financial assets at fair value through profit or loss are presented within 'operating activities' as part of changes in working capital in the statement of cash flows (Note 44).

18 Financial assets at fair value through profit or loss - Group (Continued)

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'other (losses)/gains - net' in the income statement (Note 37).

The fair value of all equity securities is based on their current bid prices in an active market.

19 Properties under development

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
At beginning of the year	**22,254,218**	18,443,878
Additions	**22,912,229**	5,995,153
Transfer from land development cost recoverable	**65,336**	1,426,204
Transfer from deposits for land use rights	**2,559,575**	2,189,580
Acquisition of a subsidiary (Note 47(a)(ii))	**1,125,162**	420,443
Disposal of a subsidiary (Note 47(b)(ii))	**(458,438)**	—
Transfer to completed properties held for sale	**(7,064,751)**	(6,221,040)
At end of the year	**41,393,331**	22,254,218
Properties under development comprises:		
Land use rights	**20,997,958**	7,437,652
Construction costs and capitalized expenditure	**18,632,258**	13,383,219
Interest capitalized	**1,763,115**	1,433,347
	41,393,331	22,254,218

Land use rights are analyzed as follows:

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
In the PRC held on:		
Leases of over 50 years	**16,187,930**	4,664,727
Leases within 50 years	**4,810,028**	2,772,925
At end of the year	**20,997,958**	7,437,652

Properties under development are all located in the PRC.

19 Properties under development (Continued)

As at 31 December 2010 and 2009, properties under development of approximately RMB1,485,192,000 and RMB2,120,717,000 (Note 31) respectively were pledged as collateral for the Group's borrowings.

All properties under development are expected to be completed within the normal operating cycle of the Group, in which RMB31,316,688,000 (2009:RMB15,189,467,000) is expected to be completed and available for sale more than twelve months after the balance sheet date.

20 Land development cost recoverable

Land development cost recoverable refers to capitalized costs on primary land development projects. The land use right certificates belong to the government for these projects, and the Group subsequently receives an agreed amount with the government after work has been completed. Main activities for primary land development projects included dismantling and land leveling works.

21 Deposits for land use rights

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Deposits to local land authorities (a)	**15,382,824**	4,137,885
Deposits to third parties (b)	**3,442,236**	3,233,134
	18,825,060	7,371,019

(a) Deposits of approximately RMB15,382,824,000 and RMB4,137,885,000 were paid to local land authorities for open market bidding of land use rights as at 31 December 2010 and 2009 respectively.

(b) Deposits of approximately RMB3,442,236,000 and RMB3,233,134,000 are paid to third parties for the transfers of land use rights as at 31 December 2010 and 2009 respectively. Such lands are acquired with the intention of project developments.

22 Trade and other receivables

	As at 31 December	
	2010 **RMB'000**	2009 RMB'000
Trade receivables	**71,562**	55,336
Amounts due from customers for contract work	**33,392**	9,315
Less: provision for impairment of receivables	**(6,051)**	(5,388)
Trade receivables - net (a)	**98,903**	59,263
Prepayments for acquisition (b)	**51,000**	158,439
Prepaid tax - income tax	**567,954**	414,948
Prepaid tax - others	**886,796**	509,762
Entrusted loan to third parties (c)	**427,000**	118,680
Entrusted loan to an associate (d)	**337,239**	307,770
Notes receivables (e)	**202,543**	196,543
Receivable from disposals or acquisition of subsidiaries (f)	**199,828**	483,926
Amounts due from a jointly controlled entity (g)	**285,356**	—
Other prepayments	**173,157**	17,598
Other receivables	**422,065**	346,955
	3,651,841	2,613,884
Less: non-current portion	**(85,367)**	(893,590)
Current portion	**3,566,474**	1,720,294

The carrying amounts of trade and other receivables approximated to their respective fair values as at 31 December 2010 and 2009.

(a) Trade receivables

Proceeds from services and sales rendered are to be received in accordance with the term of respective agreements. Ageing analysis of trade receivables and amounts due from customers for contract work at the respective balance sheet dates is as follows:

	As at 31 December	
	2010 **RMB'000**	2009 RMB'000
Within than 6 months	**71,230**	52,282
Between 6 months to 1 year	**19,544**	4,973
Between 1 year to 2 years	**5,697**	1,875
Between 2 years to 3 years	**3,294**	969
Over 3 years	**5,189**	4,552
	104,954	64,651

22 Trade and other receivables (Continued)

(a) Trade receivables (Continued)

As at 31 December 2010, trade receivables of RMB14,180,000 (2009: RMB13,235,000) were considered as past due. Included in these balances, RMB5,894,000 (2009: RMB6,251,000) 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 2010, trade receivables of RMB8,286,000 (2009: RMB 6,984,000) were impaired. The amount of the provision was RMB6,051,000 as at 31 December 2010 (2009: RMB5,388,000).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	
	2010 RMB'000	2009 RMB'000
At 1 January	**(5,388)**	(5,021)
Provision for receivable impairment (Note 38)	**(663)**	(367)
At 31 December	**(6,051)**	(5,388)

(b) As at 31 December 2010, prepayments for acquisition amounting to RMB51,000,000 represented amounts for establishing a joint venture with third parties which 10% will be held by the Group.

As at 31 December 2009, 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"). Such acquisition was completed during the year (Note 47(a)(i)).

(c) As at 31 December 2010, entrusted loans amounting to RMB427,000,000 (2009: RMB118,680,000) represent amounts lent to certain third parties. These balances are secured by respective share capital of the third parties, interest bearing from 4.86% to 12% (2009:6.2%), and are repayable on demand.

(d) Entrusted loans to an associate are unsecured, interest bearing at rate 5.31% (2009: 5.31%) and are repayable before 25 March 2011.

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 (Note 49(f)).

(e) On 8 January 2008, the Group subscribed notes receivables 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.

As at 31 December 2010, the Group, together with other subscribers of the Notes, was in arrangement with the issuer for repayments of the principal of the Notes, as well as respective interests. As at the date of this report, such arrangement for repayment is still in progress.

(f) As at 31 December 2010, balance represents considerations receivable from a disposal of Glorious' shares through disposals of subsidiaries (See Note 16(a)).

As at 31 December 2009, balance represents amounts lent to Chongqing Golf as its working capital. Chongqing Golf had then became a subsidiary of the Group during the year ended 31 December 2010 (Note 47(a)(i)).

(g) Amounts due from a jointly controlled entity is interest free, and repayable on demand (Note 49(f)).

23 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 2010 and 2009 respectively.

	As at 31 December	
	2010 **RMB'000**	2009 RMB'000
Completed properties held for sale comprised:		
Land use rights	**556,605**	461,344
Construction costs and capitalized expenditure	**1,967,816**	2,811,478
Interest capitalized	**124,147**	210,766
	2,648,568	3,483,588

As at 31 December 2010, no completed properties held for sale were pledged as collateral for the Group's borrowings (2009: RMB106,609,000) (Note 31).

Land use rights are analyzed as follows:

	Year ended 31 December	
	2010 **RMB'000**	2009 RMB'000
In the PRC held on:		
Leases of over 50 years	**152,221**	201,697
Leases within 50 years	**404,384**	259,647
At end of the year	**556,605**	461,344

24 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.

25 Cash and cash equivalents

	As at 31 December			
	Group		Company	
	2010 RMB'000	2009 RMB'000	**2010 RMB'000**	2009 RMB'000
Cash at bank and in hand	**11,934,507**	11,440,315	**124,929**	5,254,231
Short-term bank deposits	**2,042,704**	6,179,304	**175,409**	969,901
Cash and cash equivalents	**13,977,211**	17,619,619	**300,338**	6,224,132
Denominated in:				
– RMB	**11,867,219**	9,248,384	**—**	—
– HKD	**1,574,725**	5,400,057	**139,398**	5,138,165
– USD	**523,839**	2,971,169	**160,928**	1,085,958
– AUD	**10,907**	—	**12**	—
– CHF	**259**	—	**—**	—
– SGD	**250**	—	**—**	—
– GBP	**12**	9	**—**	9
	13,977,211	17,619,619	**300,338**	6,224,132

The effective interest rates on short-term bank deposits ranged from 0.36% to 2.25% for the year ended 31 December 2010 (2009: 0.36% to 3.6%).

The Group's cash and cash equivalents denominated in RMB, HKD, USD and AUD 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 the PRC, is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

26 Share capital and premium

	Number of ordinary shares of HKD 0.8 each	Nominal value of ordinary shares HK $'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Share held for Restricted Share Award Scheme RMB'000	Total RMB'000
Opening balance 1 January 2010	**5,636,626,432**	**4,509,301**	**4,289,174**	**15,828,349**	**–**	**20,117,523**
Issue of shares pursuant to exercise of employee share option	**1,748,000**	**1,398**	**1,220**	**2,669**	**–**	**3,889**
At 31 December 2010	**5,638,374,432**	**4,510,699**	**4,290,394**	**15,831,018**	**–**	**20,121,412**
Restricted share award scheme (a)	**(21,528,000)**	**–**	**–**	**–**	**(95,986)**	**(95,986)**
	5,616,846,432	**4,510,699**	**4,290,394**	**15,831,018**	**(95,986)**	**20,025,426**
Opening balance 1 January 2009	4,468,587,000	3,574,870	3,466,124	10,719,998	—	14,186,122
Issue of consideration shares for the acquisition of a subsidiary and additional interests in subsidiaries from a non-controlling interests	202,711,000	162,169	143,049	500,672	—	643,721
Issue of shares pursuant to exercise of employee share option	3,148,000	2,518	2,218	14,816	—	17,034
Issue of scrip dividends	28,180,432	22,544	19,873	136,107	—	155,980
Placing	934,000,000	747,200	657,910	4,456,756	—	5,114,666
At 31 December 2009	5,636,626,432	4,509,301	4,289,174	15,828,349	—	20,117,523

(a) On 22 March 2010, the board of the Company resolved to adopt a restricted share award scheme, pursuant to which existing shares are purchased from the market and be held in trust for the relevant selected Group of employees, until such shares are vested in accordance with the provision of the scheme.

As at 31 December 2010, no share was vested to employees under the scheme.

27 Convertible securities

On 27 July 2010, Sino-ocean Land Capital Finance Limited, a wholly owned subsidiary, issued a perpetual subordinated convertible securities (the "convertible securities") callable in 2015, with an initial aggregate principal amount of USD900,000,000.

Such convertible securities are guaranteed by and convertible into shares of the Company, at the same time bear distribution at a rate of 8% per annum, payable semi-annually. The issuer of the convertible securities may elect to defer distribution, and is not subject to any limits as to the number of times distribution can be deferred.

Holders of the convertible securities have the right to convert such convertible securities into shares of the Company at any time, commencing from 12 months after the issue date, at a fixed price of HKD6.85 per share.

As the convertible securities have no contracted obligation to repay its principal nor to pay any distributions, they do not meet the definition for classification of a financial liabilities under HKAS 32. As a result, the whole instrument is classified as equity, and respective distributions if and when declared are treated as equity dividends.

The Group had not elected to defer distribution payments for the semi-annual period ended 27 January 2011, and such distribution had been fully settled as at the date of the approval of these financial statements.

28 Share option

Share options are granted to several directors and to selected employees, in which 40% of the options are exercisable 1 year from the grant date; 70% of the options are exercisable 2 years from the grant date, and all options are exercisable 3 years from the grant date. The options have a contractual option term of 5 years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

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)
At 1 January 2010	6.78	178,435
Lapsed during the year	6.82	(6,126)
Exercised during the year	2.55	(1,748)
At 31 December 2010	6.82	170,561

Out of the 170,561,000 outstanding options (2009: 178,435,000), 116,818,000(2009: 57,617,000) were exercisable as at 31 December 2010.

28 Share option (Continued)

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	59,595
24 January 2013	7.7	8,930
19 September 2013	2.55	27,576
30 July 2014	8.59	26,070
2 September 2014	7.01	21,750
5 October 2014	7.11	26,640
		170,561

No options were granted for the year ended 31 December 2010.The weighted average fair value of options granted during the year 2009 determined using the binomial lattice model was HKD2.99 per option. Significant inputs into the model included weighted average share prices, volatility assumptions, dividend yields as well as annual risk-free interest rate estimations.

29 Retained earnings

	As at 31 December			
	Group		Company	
	2010 RMB'000	2009 RMB'000	**2010 RMB'000**	2009 RMB'000
At 1 January	**3,735,638**	2,693,594	**454,870**	620,043
Profit for the year	**2,444,076**	1,582,077	**474,513**	288,648
Dividends relating to 2008	**—**	(288,308)	**—**	(288,308)
Dividends relating to 2009	**(247,046)**	(165,513)	**(247,046)**	(165,513)
Dividends relating to 2010 (Note 43)	**(246,850)**	—	**(246,850)**	—
Distribution relating to convertible securities (Note 27)	**(204,017)**	—	**—**	—
Issue of shares pursuant to exercise of employee share option	**1,694**	—	**1,694**	—
Transfer to statutory reserve fund	**(181,616)**	(86,212)	**—**	—
At 31 December	**5,301,879**	3,735,638	**437,181**	454,870

30 Reserves

(a) Group

	Capital redemption reserve RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Investment revaluation reserve RMB'000	Employee share option RMB'000	Other reserve RMB'000	Total RMB'000
At 1 January 2010	**4,898**	**(763,427)**	**490,500**	**(9,138)**	**(14,228)**	**217,682**	**(411,569)**	**(485,282)**
Fair value loss on available-for-sale financial assets (Note 16)	–	–	–	–	(38,421)	–	–	(38,421)
Reserves realized in consolidated income statement upon disposal of available-for-sale investments through disposals of subsidiaries (Note 47(b))	–	–	–	4,467	75,622	–	–	80,089
Currency translation difference (Note 16)	–	–	–	(20,520)	–	–	–	(20,520)
Employee share option	–	–	–	–	–	112,454	–	112,454
Issue of shares pursuant to exercise of employee share options	–	–	–	–	–	(1,694)	–	(1,694)
Transfer from retained earnings	–	–	181,616	–	–	–	–	181,616
Acquisition of additional interests in subsidiaries from non-controlling interests (Note 48)	–	–	–	–	–	–	(55,107)	(55,107)
At 31 December 2010	**4,898**	**(763,427)**	**672,116**	**(25,191)**	**22,973**	**328,442**	**(466,676)**	**(226,865)**

30 Reserves (Continued)

(a) Group (Continued)

	Capital redemption reserve RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Investment revaluation reserve RMB'000	Employee share option RMB'000	Other reserve RMB'000	Total 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 differences (Note 16)	—	—	—	(677)	—	—	—	(677)
Employee share option	—	—	—	—	—	78,943	—	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 non-controlling interests	—	—	—	—	—	—	(356,796)	(356,796)
Acquisition of additional interests in subsidiaries from non-controlling interests	—	—	—	—	—	—	(54,773)	(54,773)
At 31 December 2009	4,898	(763,427)	490,500	(9,138)	(14,228)	217,682	(411,569)	(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.

30 Reserves (Continued)

(b) Company

	RMB'000
At 1 January 2010	**222,580**
Employee share option	**112,454**
Issue of shares pursuant to exercise of employee share options	**(1,694)**
At 31 December 2010	**333,340**
At 1 January 2009	143,637
Employee share option	78,943
At 31 December 2009	222,580

31 Borrowings

	As at 31 December			
	Group		Company	
	2010 RMB'000	2009 RMB'000	**2010 RMB'000**	2009 RMB'000
Non-current				
Bank borrowings (a)	**12,613,522**	14,607,814	**3,177,008**	4,186,479
Other borrowings (b)	**6,662,637**	2,579,030	**—**	—
Total non-current borrowings	**19,276,159**	17,186,844	**3,177,008**	4,186,479
Current				
Current portion of long-term bank borrowings (a)	**8,368,989**	3,526,665	**927,178**	—
Short-term bank borrowings	**1,551,134**	1,126,503	**331,135**	995,503
Total current borrowings	**9,920,123**	4,653,168	**1,258,313**	995,503
Total borrowings	**29,196,282**	21,840,012	**4,435,321**	5,181,982

31 Borrowings (Continued)

(a) As at 31 December 2010 and 2009, long-term bank borrowings amounting to RMB4,556,000,000 and RMB7,028,000,000 were secured by properties under development (Note 19), completed properties held for sale (Note 23), 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.

As at 31 December 2010, other borrowings also included RMB4,080,000,000 raised through the establishment of trusts. Entrusted loans provided to certain wholly owned subsidiaries were transferred to the trust as contributions by the Group. Such loans bears interests at the rate of 7% per annum, and are repayable after 25 months from the inception date of the loan.

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

	As at 31 December	
	2010 Bank and other borrowings RMB'000	2009 Bank and other borrowings RMB'000
Total borrowings		
- Within 1 year	**9,920,123**	4,653,168
- Between 1 and 2 years	**11,062,008**	7,019,293
- Between 2 and 5 years	**6,184,151**	6,358,520
- Over 5 years	**2,030,000**	3,809,031
	29,196,282	21,840,012

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

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Denominated in:		
- RMB	**22,178,325**	16,658,030
- HKD	**—**	176,100
- USD	**7,017,957**	5,005,882
	29,196,282	21,840,012

31 Borrowings (Continued)

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

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Bank borrowings	**5.27%**	5.40%
Other borrowings	**5.75%**	4.40%
Convertible bonds (i)	**–**	6.50%

(i) All convertible bonds matured on September 2009.

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

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Within 6 months	**18,066,426**	15,942,982
Between 6 and 12 months	**4,417,219**	3,318,000
Between 1 and 5 years	**6,712,637**	2,579,030
	29,196,282	21,840,012

(g) The carrying amounts of non-current borrowings approximated to their respective fair values as at 31 December 2010 and 2009.

Fair values of non-current borrowings as at 31 December 2010 are based on cash flows discounted using borrowing rates of 5.85% (2009: 5.40%).

32 Derivative financial instruments

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Conversion option in relation to notes receivables	**–**	8,331

32 Derivative financial instruments (Continued)

As at 31 December 2010, the Group, together with other subscribers of the Notes, was in arrangement with the issuer for repayments of the principal of the Notes, as well as respective interests (See Note 22). Since it is became certain that no conversion would occur, respective derivative is derecognized.

33 Deferred income tax

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

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Deferred tax assets:		
– to be recovered after more than 12 months	**283,415**	38,365
– to be recovered within 12 months	**530,829**	267,174
	814,244	305,539
Deferred tax liabilities:		
– to be recovered after more than 12 months	**(1,342,414)**	(984,011)
– to be recovered within 12 months	**(8,958)**	(15,171)
	(1,351,372)	(999,182)
Deferred tax liabilities, net	**(537,128)**	(693,643)

33 Deferred income tax (Continued)

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

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
At beginning of the year	**693,643**	678,261
Recognized in the income statement (Note 41)	**(431,184)**	(5,788)
Acquisition of subsidiaries (Note 47(a))	**274,669**	21,170
At end of the year	**537,128**	693,643

The movement in deferred income tax assets and liabilities during the years ended 31 December 2010 and 2009, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Recognition of expenses RMB'000	Recognition of financial guarantee liabilities RMB'000	Unrealized gain RMB'000	Tax losses not recognized RMB'000	Total RMB'000
At 1 January 2010	**142,389**	**15,859**	**156,086**	**—**	**314,334**
Charged/(credited) to income statement	**287,306**	**(4,552)**	**168,770**	**48,386**	**499,910**
At 31 December 2010	**429,695**	**11,307**	**324,856**	**48,386**	**814,244**
At 1 January 2009	54,131	10,076	62,309	—	126,516
Charged to income statement	88,258	5,783	93,777	—	187,818
At 31 December 2009	142,389	15,859	156,086	—	314,334

33 Deferred income tax (Continued)

Deferred income tax liabilities

	Depreciation difference RMB'000	Investment properties revaluation RMB'000	Property revaluation RMB'000	Deemed disposal RMB'000	Others RMB'000	Total RMB'000
At 1 January 2010	**(46,368)**	**(421,629)**	**(534,860)**	**—**	**(5,120)**	**(1,007,977)**
(Credited)/charged to income statement	**(13,726)**	**(175,045)**	**120,045**	**—**	**—**	**(68,726)**
Acquisition of subsidiaries (Note 47(a))	**—**	**—**	**(274,669)**	**—**	**—**	**(274,669)**
At 31 December 2010	**(60,094)**	**(596,674)**	**(689,484)**	**—**	**(5,120)**	**(1,351,372)**
At 1 January 2009	(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 as at 31 December 2009 that can be carried forward against future taxable income. These tax losses are going to expire within five years.

Deferred income tax liabilities of RMB232,582,000 (2009: RMB87,764,000) 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 totaled RMB3,448,749,000 at 31 December 2010 (2009: RMB1,294,875,000).

34 Trade and other payables

(a) Group

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Trade payables	**3,612,571**	2,541,430
Accrued expenses	**597,312**	659,869
Distribution payable (Note 27)	**204,017**	—
Advances received from a shareholder (i)	**1,724,493**	—
Considerations received in respect of partial disposal of equity interests in a subsidiary (ii)	**1,300,000**	—
Consideration payable (iii)	**455,800**	—
Other payables	**2,426,846**	1,129,788
Other tax	**451,607**	134,389
Provision for financial guarantee liabilities	**58,989**	60,627
	10,831,635	4,526,103

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

(i) On 21 November 2010, the Group entered into a co-operation agreement with Nan Fung, a major shareholder of the Company, in respect of the establishment of a series of joint ventures for the development of certain commercial property projects. The total investment amount in relation to the establishment of the joint ventures will be approximately USD 650,000,000. The actual formation of the Joint Venture is in progress as at the date of this report, and expects to be completed in the first half year of 2011. (Note 49(g)).

(ii) On 31 December 2010, Sino-Ocean Land (Hong Kong) Limited ("SOLHK"), a wholly owned subsidiary of the Group, entered into a Co-operation Agreement (the "agreement") with Greentown China Holdings Limited ("Greentown") and Zhejiang Railway Investment Group Limited ("Railway"), both independent third parties.

Pursuant to the agreement, SOLHK agreed to dispose a 24.5% equity interest of Poly Link Management Limited ("Poly Link"), a wholly owned subsidiary of the Group, to Greentown and Railway each. Total consideration receivable for the disposal amounted to approximately RMB 1,846,000,000.

Poly link is an investment holding company that holds 100% equity interests in certain real estate projects companies, with real estate projects located in Hangzhou, P.R.C. The actual disposal of equity interests is in progress as at the date of this report, and expects to be completed in the first half year of 2011.

(iii) Consideration payable as at 31 December 2010 represents amounts payable to a third party for an acquisition of land during the year.

34 Trade and other payables (Continued)

(a) Group (Continued)

(iv) Ageing analysis of the trade payables is as follows:

	As at 31 December	
	2010 **RMB'000**	2009 RMB'000
Within than 6 months	**2,802,237**	1,975,186
Between 6 months to 12 months	**530,425**	315,809
Between 1 year to 2 years	**233,748**	241,241
Between 2 years to 3 years	**30,860**	7,655
Over 3 years	**15,301**	1,539
	3,612,571	2,541,430

The provision for financial guarantee liabilities given to purchasers of the Group's properties as set out in Note 45 is as follows:

	Year ended 31 December	
	2010 **RMB'000**	2009 RMB'000
At beginning of the year	**60,627**	40,304
Addition	**59,502**	111,975
Reversal	**(61,140)**	(91,652)
At end of the year	**58,989**	60,627

(b) Company

	As at 31 December	
	2010 **RMB'000**	2009 RMB'000
Amount due to a shareholder (Note 34(a))	**1,724,493**	—
Other payables	**7,260**	44,144
	1,731,753	44,144

35 Advances from customers

Advances from customers represent amounts received from sale of properties, where the risks and rewards of the properties sold had not yet been transferred as at year-end.

36 Interest and other income

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Dividend income from available-for-sale financial assets	**15,956**	2,746
Interest income	**180,501**	167,609
Others	**43,500**	40,238
	239,957	210,593

37 Other gains/(losses) - net

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Loss on disposal of available-for-sale financial assets	**—**	(9,454)
Gain on disposal of subsidiaries, net (Note 47(b))	**297,048**	3,585
Gain on redemption of convertible bonds	**—**	1,458
De-recognition of derivative financial instrument (Note 32)	**(8,331)**	—
Fair value gain of other investment	**1,165**	—
Loss on revaluation of financial assets at fair value through profit or loss	**(3,703)**	—
Gain on disposal of financial assets at fair value through profit or loss	**2,551**	—
Negative goodwill from acquisition of a subsidiary (Note 47(a)(iii))	**2,512**	10,867
Gain/(loss) on disposal of property, plant and equipment	**179**	(88)
Exchange losses	**(103,463)**	(14,662)
	187,958	(8,294)

38 Expenses by nature

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

	Year ended 31 December	
	2010 **RMB'000**	2009 RMB'000
Cost of properties and land use rights sold:		
- Land use rights	**1,127,017**	813,168
- Capitalized interest	**252,252**	232,737
- Construction related cost	**6,884,007**	4,144,112
Cost of upfitting services rendered	**174,289**	155,686
Direct investment property expenses (Note 9)	**99,408**	70,301
Employee benefit expense (Note 39)	**363,863**	312,479
Consultancy fee	**102,551**	72,451
Auditor's remuneration	**10,650**	7,100
Depreciation (Note 7)	**31,428**	18,816
Amortization of land use rights (Note 8)	**527**	883
Advertising and marketing	**388,543**	284,722
Business taxes and other levies	**763,229**	490,936
Net impairment for trade and other receivables (Note 22(a))	**663**	367
Office expenditure	**85,151**	47,697
Properties maintenance expenses	**86,526**	67,554
Energy expenses	**41,943**	32,060
Others	**82,221**	53,366
	10,494,268	6,804,435

39 Employee benefits expense

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

	Year ended 31 December	
	2010 **RMB'000**	2009 RMB'000
Salaries, wages and bonuses	**504,140**	317,170
Retirement benefits contribution	**34,525**	21,768
Share options granted to directors and employees	**112,454**	83,426
Other allowances and benefits	**87,070**	55,787
	738,189	478,151
Less: capitalized in properties under development	**(374,326)**	(165,672)
	363,863	312,479

39 Employee benefits expense (Continued)

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 2010 and 2009.

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).

(a) Directors' emoluments

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

	Year ended 31 December									
	2010					2009				
	Fees RMB'000	Salary and bonus RMB'000	Employer's contribution to retirement benefit scheme RMB'000	Other long-term welfare RMB'000	Total RMB'000	Fees RMB'000	Salary and bonus RMB'000	Employer's contribution to retirement benefit scheme RMB'000	Other long-term welfare RMB'000	Total RMB'000
Mr. Li Ming	–	3,830	1,733	63	5,626	—	3,760	1,658	2,408	7,826
Ms.Liu Hui	–	–	–	–	–	—	—	—	—	—
Mr. Liang Yanfeng	–	–	–	–	–	—	—	—	—	—
Mr. Wang Xiaodong	–	–	–	–	–	—	—	—	—	—
Mr. Wang Xiaoguang	–	3,530	136	–	3,666	—	—	—	—	—
Mr. Chen Runfu	–	2,680	219	–	2,899	—	2,840	143	—	2,983
Mr. Tsang Hing Lun	213	–	–	–	213	176	—	—	—	176
Mr. Gu Yunchang	213	–	–	–	213	176	—	—	—	176
Mr. Han Xiaojing	213	–	–	–	213	176	—	—	—	176
Mr. Zhao Kang	213	–	–	–	213	176	—	—	—	176
Mr. Yin Yingneng	–	–	–	–	–	176	—	—	—	176
	852	10,040	2,088	63	13,043	880	6,600	1,801	2,408	11,689

39 Employee benefits expense (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2009: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2009: three) highest paid individuals during the year are as follows:

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Basic salaries and allowance	**10,010**	4,974
Bonuses	**10,688**	4,980
Retirement scheme contributions	**2,352**	295
Other long-term welfare	**63**	—
	23,113	10,249

The emoluments fell within the following bands:

	Year ended 31 December	
	2010	2009
RMB 1,400,000 to RMB 2,500,000	**—**	—
RMB 2,500,000 to RMB 4,000,000	**2**	2
RMB 4,000,000 to RMB 4,500,000	**—**	1
Over RMB 4,500,000	**3**	—
	5	3

(c) During the years ended 31 December 2010 and 2009, no emoluments were paid by 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.

40 Finance costs

	Year ended 31 December	
	2010 **RMB'000**	2009 RMB'000
Interest expense:		
- Bank borrowings	**1,143,434**	871,368
- Other borrowings	**342,423**	85,080
- Convertible bonds	**—**	32,889
Less: interest capitalized at a capitalization rate of 5.35% (2009: 5.35%) per annum	**(1,198,501)**	(680,584)
	287,356	308,753

41 Income tax expense

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 2010 and 2009. Other companies are mainly subjected to Hong Kong profits tax.

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

	Year ended 31 December	
	2010 **RMB'000**	2009 RMB'000
Current income tax:		
– PRC enterprise income tax	**1,442,655**	687,105
– PRC land appreciation tax	**403,149**	248,084
Deferred income tax (Note 33)	**(431,184)**	(5,788)
	1,414,620	929,401

41 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	
	2010 **RMB'000**	2009 RMB'000
Profit before income tax	**3,853,443**	2,567,745
Add: Share of loss of a jointly controlled entity (Note 12)	**8,859**	35,315
Share of losses of associates (Note 13)	**72,004**	18,334
	3,934,306	2,621,394
Tax calculated at a tax rate of 25%	**983,577**	655,349
Effect of higher tax rate for the appreciation of land in the PRC	**302,362**	186,063
Income not subject to tax	**(17,219)**	(17,979)
Expenses not deductible for tax purposes	**124,297**	76,491
Tax losses not recognized	**48,386**	44,168
Utilization of previously unrecognized tax losses	**(26,783)**	(14,691)
Tax expense	**1,414,620**	929,401

42 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and shares held for Restricted Share Award Scheme (Note 25).

	Year ended 31 December	
	2010	2009
Profit attributable to equity holders of the Company (RMB'000)	**2,444,076**	1,582,077
Distribution relating to convertible securities (RMB'000) (Note 27)	**(204,017)**	—
Profit used to determine basic earnings per share (RMB'000)	**2,240,059**	1,582,077
Weighted average number of ordinary shares in issue (thousands)	**5,632,962**	4,690,952
Basic earnings per share (RMB per share)	**0.398**	0.337

42 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 securities. 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. Convertible securities of 374,278,000 shares (Note 27) when calculated on a weighted average basis were not included in the calculation of dilutive earnings per share because of their anti-diluted effect.

	Year ended 31 December	
	2010	2009
Profit attributable to equity holders of the Company (RMB'000)	**2,444,076**	1,582,077
Distribution relating to on convertible securities (RMB'000) (Note 27)	**(204,017)**	—
Profit used to determine diluted earnings per share (RMB'000)	**2,240,059**	1,582,077
Weighted average number of ordinary shares in issue (thousands)	**5,632,962**	4,690,952
Adjustment for:		
– share options (thousands)	**15,982**	15,954
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**5,648,944**	4,706,906
Diluted earnings per share (RMB per share)	**0.397**	0.336

43 Dividends

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Interim dividend paid	**246,850**	165,513
Final dividend proposed (a)	**379,758**	248,154

(a) On 17 March 2011, the Company proposed a final dividend of RMB379,758,000.

44 Cash used in operations

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Profit for the year	**2,438,823**	1,638,344
Adjustments for:		
– Tax expense (Note 41)	**1,414,620**	929,401
– Depreciation (Note 7)	**31,428**	18,816
– Amortization of land use rights (Note 8)	**527**	883
– Goodwill disposed for sales of properties (Note 10)	**83,902**	71,967
– Net impairment for trade and other receivables (Note 22(a))	**663**	367
– (Gain)/loss on sale of property, plant and equipment (Note 37)	**(179)**	88
– Interest expense	**287,356**	308,753
– Interest income	**(59,125)**	(65,651)
– Share of loss of jointly controlled entities (Note 12)	**8,859**	35,315
– Share of loss of associates (Note 13)	**72,004**	18,334
– Valuation gain on investment properties (Note 9)	**(567,350)**	(708,625)
– De-recognition of derivative financial statements (Note 37)	**8,331**	—
– Fair value gains from other investment (Note 37)	**(1,165)**	—
– Fair value losses on financial assets at fair value through profit or loss (Note 37)	**3,703**	—
– Loss transfer from equity of available-for-sale		
– Loss on disposal of available-for-sale financial assets (Note 37)	**—**	9,454
– Gain on acquisition of a subsidiary (Note 37)	**(2,512)**	(10,867)
– Gain on disposal of subsidiaries (Note 37)	**(297,048)**	(3,585)
– Investment income from available-for-sale financial assets (Note 36)	**(15,956)**	(2,746)
– Exchange losses	**67,067**	11,371
– Employee share option	**78,408**	52,392
– Gain on redemption of convertible bonds (Note 37)	**—**	(1,458)
	3,552,356	2,302,553

44 Cash used in operations (Continued)

	Year ended 31 December	
	2010 **RMB'000**	2009 RMB'000
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
– Completed properties held for sale	**880,260**	(538,880)
– Inventories, at cost	**(129,503)**	(19,286)
– Trade and other receivables	**(928,918)**	(410,330)
– Land development cost recoverable	**(561,120)**	944,211
– Deposits for land use rights	**(11,212,615)**	(3,216,587)
– Trade and other payables	**2,819,482**	(199,346)
– Derivative financial instruments	**—**	(1,451)
– Other investment	**(3,203)**	—
– Financial assets at fair value through profit or loss	**(32,196)**	—
– Prepayments	**(155,559)**	28,508
– Advanced proceeds received from customers	**6,658,041**	5,745,336
– Properties under development	**(14,564,018)**	(2,797,633)
– Restricted cash	**(160,936)**	(86,436)
Cash (used in)/generated from operations	**(13,837,929)**	1,750,659

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

	Year ended 31 December	
	2010 **RMB'000**	2009 RMB'000
Net book amount (Note 7)	**7,871**	9,472
Gains/(losses) on disposal of property, plant and equipment (Note 37)	**179**	(88)
Proceeds from disposal of property, plant and equipment	**8,050**	9,384

45 Financial guarantees

(a) Group

The Group had the following financial guarantees as at the end of the years ended 31 December 2010 and 2009:

	As at 31 December	
	2010 **RMB'000**	2009 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers	**2,925,285**	1,812,083

45 Financial guarantees (Continued)

(a) Group (Continued)

As at 31 December 2010 and 2009, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the property purchasers obtain the "property title certificate" which is then pledged with the banks.

(b) Company

As at years end 31 December 2010 and 2009, the Company provided financial guarantees to certain subsidiaries for their borrowings, as well as for the issuance of convertible securities (Note 27).

46 Commitments

(a) Capital commitments

(i) Capital Commitments - Group

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

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Land use rights	**9,167,037**	344,850
Properties under development	**9,309,635**	6,843,910
Contracted but not provided for	**18,476,672**	7,188,760

(ii) Capital Commitments - Company

There are no capital commitments relating to the Company for the year ended 2010 and 2009.

46 Commitments (Continued)

(b) Operating lease rental receivables

(i) Operating lease rental receivables - Group

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	
	2010 **RMB'000**	2009 RMB'000
Within 1 year	**312,301**	177,016
Between 1 to 5 years	**563,930**	309,206
After 5 years	**98,048**	273,981
	974,279	760,203

(ii) Operating lease rental receivables - Company

There are no operating lease rental receivables relating to the Company for the year ended 2010 and 2009.

47 Business combination

(a) Acquisition of subsidiaries

(i) On 5 January 2010, the Group acquired 55% equity interest in Chongqing Golf Club Company Limited, a real estate company established on 31 July 1998, at a consideration of RMB152,000,000.

	2010 **RMB'000**
Purchase consideration - cash paid	**152,000**

47 Business combination (Continued)

(a) Acquisition of subsidiaries (Continued)

(i) (Continued)

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

	Fair value RMB'000
Property, plant and equipment	4,422
Land development cost recoverable	903,325
Inventory, at cost	1,164
Trade and other receivables and prepayments	416
Cash and cash equivalents	4,061
Borrowings	(100,000)
Trade and other payables	(589,156)
Deferred income tax liabilities	(25,302)
Net identified assets acquired	198,930
Non-controlling interest	(46,930)
	152,000
Inflow of cash to acquire business, net of cash acquired	
Cash consideration	(152,000)
Less: prepaid consideration in 2009	152,000
	—
Cash and cash equivalents in subsidiary acquired	4,061
Cash inflow on acquisition in 2010	4,061

(1) Acquisition related costs
Acquisition related costs of RMB6,439,000 are included in the income statement.

(2) Acquired receivables
The fair value of other receivables is RMB416,000, and there are no trade receivables acquired.

(3) Non-controlling interest
The Group recognized the non-controlling interest at fair value using the proportionate share method.

(4) Revenue and profit contribution
The acquired business contributed revenues of RMB 6,321,000 and net loss of RMB13,075,000 to the Group for the period from 5 January 2010 to 31 December 2010. If the acquisition had occurred on 1 January 2010, the consolidated statement of comprehensive income would show revenue of RMB13,720,665,000 and profit of RMB2,438,823,000.

47 Business combination (Continued)

(a) Acquisition of subsidiaries (Continued)

(ii) On 2 February 2010, the Group acquired 70% equity interest in Sanya South Olympic Garden Company Limited, a real estate Company established on 15 April 2002, at a consideration of RMB500,000,000.

The goodwill of RMB 12,345,000 arising from the acquisition is attributable to the economies of scale expected from combining the operations of the Group and Sanya South Olympic Garden Company Limited.

None of the goodwill recognized is expected to be deductible for income tax purposes.

	2010 RMB'000
Purchase consideration - cash paid	**500,000**

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

	Fair value RMB'000
Property, plant and equipment	9,297
Interest in a jointly controlled entity	5,000
Properties under development	1,125,162
Trade and other receivables and prepayments	40,206
Cash and cash equivalents	203,413
Borrowings	(60,000)
Trade and other payables	(300,346)
Deferred income tax liabilities	(239,578)
Non-controlling interests	(86,504)
Net identified assets acquired	696,650
Non-controlling interest	(208,995)
Goodwill	12,345
	500,000
Outflow of cash to acquire business, net of cash acquired	
Cash consideration	(500,000)
Cash and cash equivalents in the subsidiary acquired	203,413
Cash outflow on acquisition	(296,587)

47 Business combination (Continued)

(a) Acquisition of subsidiaries (Continued)

(ii) (Continued)

(1) Acquisition related costs
Acquisition related costs of RMB 200,000 are included in the income statement.

(2) Acquired receivables
The fair value of other receivables is RMB 40,206,000, and there are no trade receivables acquired.

(3) Non-controlling interest
The Group recognized the non-controlling interest at fair value using the proportionate share method.

(4) Revenue and profit contribution
The acquired business contributed revenues of RMB3,162,000 and net loss of RMB15,628,000 to the Group for the period from 2 February 2010 to 31 December 2010. If the acquisition had occurred on 1 January 2010, the consolidated statement of comprehensive income would show revenue of RMB13,721,012,000 and profit of RMB2,435,890,000.

(iii) On 5 February 2010, the Group acquired a 100% equity interest in Dalian JiYee Concrete Manufacture Company Limited, a concrete manufacturing company established on 12 December 2004, at a consideration of RMB7,090,000.

	2010 RMB'000
Purchase consideration - cash paid	**7,090**

47 Business combination (Continued)

(a) Acquisition of subsidiaries (Continued)

(iii) (Continued)

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

	Fair value RMB'000
Property, plant and equipment	17,499
Other long-term assets	10,559
Trade and other receivables and prepayments	23,908
Inventory, at cost	1,535
Cash and cash equivalents	18,479
Borrowings	(37,880)
Trade and other payables	(24,498)
Net identified assets acquired	9,602
Non-controlling interest	—
Negative goodwill	(2,512)
	7,090
Inflow of cash to acquire business, net of cash acquired	
Cash paid	(7,090)
Cash and cash equivalents in the subsidiary acquired	18,479
Cash inflow on acquisition	11,389

(1) Acquisition related costs
Acquisition related costs of RMB60,000 are included in the income statement.

(2) Acquired receivables
The fair value of trade and other receivables is RMB23,908,000 and includes trade receivables with a fair value of RMB21,041,000. The gross contractual amount for trade receivables due is RMB24,371,000, of which RMB1,430,000 is expected to be uncollectible.

(3) Non-controlling interest
The Group recognize the non-controlling interest at fair value, using the proportionate share method.

(4) Revenue and profit contribution
The acquired business contributed revenues of RMB 117,562,000 and net profit of RMB 7,856,000 to the Group for the period from 5 February 2010 to 31 December 2010. If the acquisition had occurred on 1 January 2010, the consolidated statement of comprehensive income would show revenue of RMB13,723,901,000 and profit of RMB2,437,314,000.

47 Business combination (Continued)

(a) Acquisition of subsidiaries (Continued)

(iv) On 14 October 2010, the Group acquired a 70% equity interest in Kee Shing (Holding) Limited, a Main Board listed company on the Stock Exchange of Hong Kong with its main business in investment property management, at a consideration of RMB442,708,000.

The goodwill of RMB 125,527,000 arising from the acquisition is attributable to the economies of scale expected from combining the operations of the Group and Kee Shing (Holding) Limited.

None of the goodwill recognized is expected to be deductible for income tax purposes.

	2010 RMB'000
Purchase consideration - cash paid	**442,708**

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

	Fair value RMB'000
Investment Properties	296,500
Property, plant and equipment	156
Other investment	39,339
Financial assets at fair value through profit or loss	608
Trade and other receivables	9,069
Cash and cash equivalents	144,137
Deferred income tax liabilities	(9,789)
Trade and other payables	(13,781)
Non-controlling interests	(14,072)
Net identified assets acquired	452,167
Non-controlling interest	(134,986)
Goodwill	125,527
	442,708
Outflow of cash to acquire business, net of cash acquired	
Cash paid	(442,708)
Cash and cash equivalents in the subsidiary acquired	144,137
Cash outflow on acquisition	(298,571)

47 Business combination (Continued)

(a) Acquisition of subsidiaries (Continued)

(iv) (Continued)

(1) Acquisition related costs
Acquisition related costs of RMB2,755,000 are included in the income statement.

(2) Acquired receivables
The fair value of trade and other receivables is RMB9,069,000, and there are no trade and receivables acquired.

(3) Non-controlling interest
The Group recognize the non-controlling interest at fair value using the proportionate share method.

(4) Revenue and profit contribution
The acquired business contributed revenues of RMB3,336,000 and net loss of RMB61,258,000 to the Group for the period from 14 October 2010 to 31 December 2010. If the acquisition had occurred on 1 January 2010, the consolidated statement of comprehensive income would show revenue of RMB13,733,823,000 and profit of RMB2,511,948,000.

(b) Disposal of subsidiaries

(i) On 23 April 2010, the Group entered into an agreement with Beijing Wuhuan Hotel Operation Limited to dispose Beijing Best Western Premier Beijing Hotel Limited, a 100% owned subsidiary of the Group. The subsidiary was sold on 31 May 2010 for cash consideration of RMB200,000,000

	2010 RMB'000
Proceeds on disposal of subsidiary	**200,000**
Less: Goodwill arising from acquisition of the subsidiary	**(11,000)**
Carrying value of the subsidiary disposed - shown as below	**(1,832)**
Gain on disposal of the subsidiary	**187,168**

47 Business combination (Continued)

(b) Disposal of subsidiaries (Continued)

(i) (Continued)

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

	Carrying value RMB'000
Property, plant and equipment	169,627
Land use right	28,714
Inventory, at cost	449
Trade and other receivables	2,213
Cash and cash equivalents	5,111
Trade and other payables	(204,125)
Advance from customer	(157)
Net assets disposed	1,832
Inflow of cash to dispose business, net of cash disposed	
Proceeds received in cash	200,000
Cash and cash equivalents in subsidiary disposed of	(5,111)
Cash inflow on disposal	194,889

(ii) On 9 September 2010, the Group entered into an agreement with Beijing Shengyong Property Development and investment Limited, an associate of the Group, to dispose Beijing Yuanxiang Property Development Limited, a 100% owned subsidiary of the Group. The subsidiary was sold on 18 October 2010 for cash consideration of RMB119,856,000.

	2010 RMB'000
Proceeds on disposal of subsidiary	**119,856**
Carrying value of the subsidiary disposed - shown as below	**(9,976)**
Gain on disposal of the subsidiary	**109,880**

47 Business combination (Continued)

(b) Disposal of subsidiaries (Continued)

(ii) (Continued)

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

	Carrying value RMB'000
Properties under development	458,438
Trade and other receivables	339
Cash and cash equivalents	2,449
Borrowings	(444,000)
Trade and other payables	(7,250)
Net assets disposed	9,976
Inflow of cash to dispose business, net of cash disposed	
Proceeds received in cash	119,856
Cash and cash equivalents in subsidiary disposed of	(2,449)
Cash inflow on disposal	117,407

(iii) On 31 December 2010, the Group entered into an agreement with Win Powerful Investment Limited to dispose of Grand Thrive Investment Limited and its subsidiary, both 100% owned subsidiaries of the Group. The subsidiaries were sold on 31 December 2010 for cash consideration of RMB199,828,000.

	2010 RMB'000
Proceeds on disposal of the subsidiary (including in other receivables as at 31 December 2010)	**199,828**
Less: loan to the subsidiary	**(199,828)**
Net liabilities of the subsidiary disposed - shown as below	**80,089**
Reserve realized in consolidated income statement upon disposal of available-for-sale investments through disposals of subsidiaries	**(80,089)**
Gain on disposal of the subsidiary	**–**

47 Business combination (Continued)

(b) Disposal of subsidiaries (Continued)

(iii) (Continued)

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

	Carrying value RMB'000
Available-for-sale financial assets	126,783
Loan from shareholder	(199,828)
Other payables	(7,044)
Net liabilities disposed	(80,089)
Inflow of cash to dispose business, net of cash disposed	
Cash consideration	199,828
Less: cash will be received in year 2011 (Note 22(f))	(199,828)
Cash inflow on disposal in year 2010	—

48 Transactions with non-controlling interests

(a) Acquisition of additional interest in subsidiaries

On 18 January 2010, a wholly owned subsidiary of the Group, acquired an additional 30% interest in Hangzhou Yuanyang Tianqi Property Company Limited, Hangzhou Yuanyang Yunhe Commercial District Development Company Limited and Hangzhou Yuanyang Xinhe Hotel Property Company Limited (the "Hangzhou subsidiaries") respectively for a purchase consideration of RMB224,294,000. The carrying amount of the non-controlling interests in the Hangzhou subsidiaries on the date of acquisition was RMB169,187,000. The Group recognised a decrease in non-controlling interests of RMB169,187,000 and a decrease in equity attributable to owners of the parent of RMB55,107,000. The effect of changes in the ownership interest of the Hangzhou subsidiaries on the equity attributable to owners of the Company during the period is summarized as follows:

	2010 RMB'000
Carrying amount of non-controlling interests acquired	**169,187**
Consideration paid to non-controlling interests	**(224,294)**
Excess of consideration paid recognized in the transactions with non-controlling interests reserve within equity	**(55,107)**

48 Transactions with non-controlling interests (Continued)

(b) Effects of transactions with non-controlling interests on the equity attributable to equity holders for the year ended 31 December 2010

	2010 RMB'000
Total comprehensive income for the year attributable to the shareholders of the Company	**2,465,224**
Changes in equity attributable to shareholders of the Company arising from the acquisition of additional interests in subsidiaries	**(55,107)**
	2,410,117

49 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 2010 and 2009:

(a) Sales of properties and services

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Sales of properties:		
– An associate	**3,963**	—
– A jointly controlled entity of China Ocean Shipping (Group) Company Limited ("COSCO Group")	**—**	109,683
	3,963	109,683
Provision of services:		
– COSCO Group	**5,100**	11,104
– A jointly controlled entity	**3,472**	7,230
– An associate	**30,000**	—
– A jointly controlled entity of COSCO Group	**2,811**	1,052
	41,383	19,386
	45,346	129,069

49 Related party transactions (Continued)

(b) Key management compensation

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Salaries and other short-term employee benefits	**37,276**	32,969
Post-employment benefits	**4,109**	3,035
Other long-term welfare	**63**	2,408
Share-based payments	**23,225**	17,403
	64,673	55,815

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

	As at 31 December	
	2010 RMB'000	2009 RMB'000
Receivables from related parties:		
– An associate	**275**	—
– A jointly controlled entity	**—**	324
– A jointly controlled entity of COSCO Group	**—**	10,968
	275	11,292
Receivables from related parties:		
– A jointly controlled entity	**4,753**	—
	4,753	—

(d) Interest income

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Interest received:		
– A jointly controlled entity	**—**	15,973
– An associate	**38,999**	17,042
	38,999	33,015

49 Related party transactions (Continued)

(e) Gain on disposal of a subsidiary

	Year ended 31 December	
	2010 **RMB'000**	2009 RMB'000
Gain from related parties:		
Gain on disposal of a subsidiary to a jointly controlled entity	**109,880**	—
	109,880	—

(f) Loans to related parties

	Year ended 31 December	
	2010 **RMB'000**	2009 RMB'000
Jointly controlled entities:		
At 1 January	**532,000**	267,190
Loans advanced during year (Note 22)	**285,356**	745,170
Loans advanced as investment (Note 12)	**—**	532,000
Loans repayments received	**—**	(1,012,360)
Interest charged	**—**	15,973
Interest received	**—**	(15,973)
At 31 December	**817,356**	532,000
An associate:		
At 1 January	**307,770**	268,478
Loans advanced during year	**1,218,025**	886,274
Loans repayments received	**(1,188,556)**	(846,982)
Interest charged	**38,999**	17,042
Interest received	**(38,999)**	(17,042)
At 31 December	**337,239**	307,770

49 Related party transactions (Continued)

(g) Advances from related parties

	Year ended 31 December	
	2010 **RMB'000**	2009 RMB'000
A shareholders:		
At 1 January	—	—
Loans advanced during year (Note 34(a))	**1,724,493**	—
At 31 December	**1,724,493**	—

(h) Capital injection from related parties

	Year ended 31 December	
	2010 **RMB'000**	2009 RMB'000
Increase in non-controlling interests from shareholder	**942,479**	—
	942,479	—

50 Event after the balance sheet date

On 21 January 2011 and 30 January 2011, the Group successfully bid for two pieces of land located within Baoshan District of Shanghai, P.R.C., with a consideration of RMB538,260,000 and RMB 3,133,770,000. These lands occupy a total area of 35,600 sq.m. and 137,708 sq.m. respectively. These lands are planned for residential and commercial use.

Five-year Financial Summary

RMB million	2010	2009	2008	2007	2006
Revenue	**13,721**	8,824	6,487	5,750	3,708
Gross profit	**4,125**	2,657	2,820	1,907	1,089
Profit attributable to equity holders of the Company	**2,444**	1,582	1,388	1,722	570
Total assets	**92,730**	62,148	43,268	37,766	16,802
Total liabilities	**59,605**	38,262	25,485	20,888	12,735
Shareholders' equity	**31,071**	23,368	16,653	15,824	3,526
Total equity	**33,126**	23,886	17,783	16,878	4,067