远洋地产
SINO-OCEAN

INTERIM REPORT 2009

遠洋地產控股有限公司
Sino-Ocean Land Holdings Limited

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

(Stock Code: 03377)

Contents

relaxed • serene

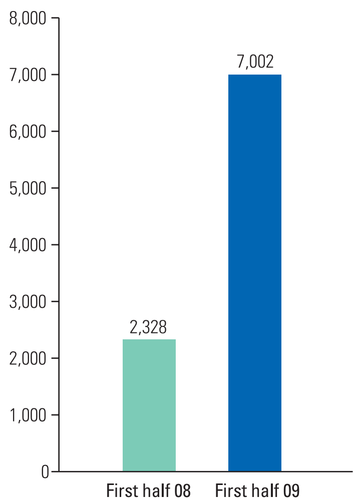
Financial Highlights

	Six months ended 30 June (unaudited)		
(RMB million)	**2009**	2008	% changes
Revenue	**3,488**	3,247	7%
Contracted sales	**7,002**	2,328	201%
Gross profit	**1,000**	1,412	-29%
Profit for the period	**729**	583	25%
Profit attributable to equity holders of the Company	**670**	542	24%
Earnings per share (RMB)	**0.14**	0.12	17%
Dividend per share (HKD)	**0.04**	0.03	33%
Dividend payout ratio	**25%**	22%	3pts

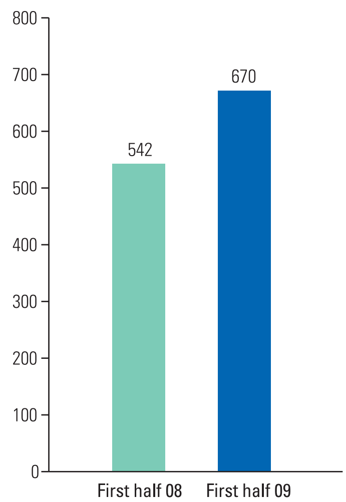
(RMB million)	**As at 30 June 2009**	As at 31 December 2008	% changes
Total assets	**50,422**	43,268	17%
Shareholders' equity	**17,530**	16,653	5%
Cash resources *	**12,492**	8,837	41%
Current ratio	**2.5**	2.5	—
Gearing ratio *	**34%**	35%	-1pts
Landbank (sq.m.)	**11,954,000**	12,282,000	-3%

*Including the restricted bank deposits

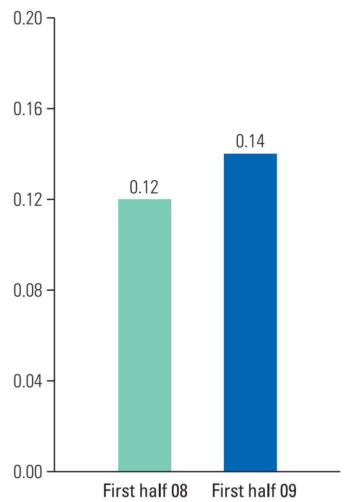
Contracted sales
(RMB million)



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



Earnings per share
(RMB)




uncomplicated • natural

Chairman's Statement

The prolonged adverse effect of the global financial crisis that started in 2008 continued at the beginning of 2009. However, Sino-Ocean Land Holdings Limited (the "Company"), together with its subsidiaries (the "Group" or "We") were pleased to see that the economy in the PRC has emerged from its trough since late 2008 and continued its growth momentum. In our 2008 annual report, we foresaw that an upward trend for the property market in late 2008 would be sustainable and it was in fact sustained in the first half of 2009.

We were able to capture the rebound opportunities and our on-time sales and marketing campaigns led to a satisfactory result for the six months ended 30 June 2009. Our contracted sales figure grew significantly by 201% to RMB7,002 million during the six months ended 30 June 2009, up from RMB2,328 million for the corresponding period in 2008. The Group's revenue increased by 7% to RMB3,488 million in the first six months of 2009, while profit attributable to equity holders of the Company amounted to RMB670 million, representing a 24% increase from RMB542 million during the same period in 2008. Despite the enlargement of the issued share capital of the Company resulting from the issue of consideration shares for the acquisition of the Dalian Tsanghao Group in early 2009, earnings per share were about RMB0.14, representing a 17% increase from RMB0.12 for the same period in 2008. The Group's overall operating capacity and execution efficiency went from strength to strength. The driving force for growth in term of contracted sales is expected to be stable in the second half of 2009.

Interim Dividend

With reference to the profit attributable to the equity holders of the Company during the period under review, the Board of Directors of the Company (the "Board") is pleased to declare an interim dividend for the six months ended 30 June 2009 of HKD0.04 per share.

It is the Group's intention to maintain a stable and consistent dividend policy with an annual pay-out ratio of no less than 20% of profit available for distribution during a financial year, subject to the Board's review of the Group's earnings, cash flow, capital requirement and any other conditions that the Board deems relevant.

Market Review and Outlook

After a year of credit crunch and economic contraction in 2008, the global financial market started to stabilize in the first half of 2009. In view of the quantitative easing policies adopted by central banks worldwide, the market widely expects the first sign of "green shoot" in the global, especially the PRC, economy. The stock market's strong rebound in the second quarter of 2009 reflected such anticipation of recovery.

The positive effect of the RMB4 trillion economic stimulus program launched by the PRC Central Government in November 2008 became more obvious in the first half of 2009. As announced by the China Federation of Logistics & Purchasing, Purchasing Manager Index (PMI) of the PRC reached 53.2 in June 2009, the fourth consecutive month to be over 50 (being the watershed indicating an expansion of manufacturing activities). This indicated a revival in the manufacturing industry in the PRC in general. The recovery momentum was further accelerated by the considerable rise in new loans, of approximately RMB7.37 trillion during the first half of 2009. The stimulus measures to help credit liquidity will boost the capital expenditure and domestic consumption which will in turn drive GDP growth in the PRC. Accordingly, despite the tremendous global economic challenges and the difficult operating environment of the export sector ahead, we are still confident that the GDP growth rate in the PRC will reach 8% in 2009.

As a result of the combined benefits of a stimulus fiscal policy, an eased monetary policy and improved liquidity, property market in the PRC has continued its rally since the fourth quarter of 2008. According to the National Bureau of Statistics of China, total gross floor area (GFA) of commodity housing sold nationwide increased by 32% to approximately 341 million square meter (sq.m.) in the first half of 2009, up from approximately 259 million sq.m. over the same period in 2008. Total transaction value increased by 53% to approximately RMB1.58 trillion during the first half of 2009, up from approximately RMB1.03 trillion over the same period in 2008. The recent rally of the property market was backed by the release of the previously suppressed demand of the consumers for their own use. The recent key drivers for residential housing market in first-tier cities in the PRC were mostly first time buyers and users looking to upgrade their living conditions. The boom in transaction volume and strong performance in the general selling price have already enhanced consumer's confidence and expectation on the outlook of the property market. We are of the view that sentiment about the future of the property market is now more positive. Both transaction volume and selling price in first and second-tier cities enjoyed a hefty rise in the first half of 2009. Even though the market is slightly concerned with the impact of the recent enforcement of the government's second home mortgage policy, we believe that the ultimate goal of the policy is to curb potential speculation for a more sound and stable development of the property market. We expect that the regulatory forces regarding the property market will remain mild under the relatively favorable liquidity environment in the PRC. We think that it is the PRC Central Government's intention to foster stability and steady development of the property market catering to the nation's long-term housing demand. In view of that, we are very optimistic about the long-term development of the property market in the PRC given that its economic growth and demographics are

favorable to our industry in the decades to come. We anticipate that large scale property developers, like us, will have better competitive advantages as the economy of scale becomes more obvious when the real estate industry is going to be more developed and mature.

We believe that any future macro-economic control policy to be issued by the PRC Central Government towards the property market will mainly be on the supply side, i.e. gradually increasing the land supply and the number of units offered to lower income group via policy housing. Meanwhile, the impact of the RMB900 billion investments in aggregate by the PRC Central Government in policy housing will gradually emerge. We expect that supply of policy housing will work parallel to the low end commodity housing products. We believe that the Group's positioning in the mid-to-high end products will avoid direct competition in the low end housing market. As mentioned in our 2008 annual report, in order to maintain our long term relationship with local government and to support the government policy, we shall consider getting involved selectively in projects that are subjected to the conditions of development of certain percentage of policy housing. However, such participation of policy housing will only account for a minor portion and each project will be evaluated on its own returns and merits.

In the first half of 2009, we observed that there were quite a number of developers taking an aggressive approach in land deals involving incredible premium. We do not think that "high price bidding" is a good land replenishment strategy in the long run. Although we will remain active in land auction, we believe that a sound land replenishment strategy has to rely on a well-balanced multi-sourced channel, i.e., by merger and acquisition, primary land development, etc. Even though we will be more active in land replenishment in the second half of 2009, we will only focus on land plots that are along the transportation hub and with high potential for us to add value in town planning. We will give priority to those land plots adjacent to our existing projects or within the city center in first-tier cities in the PRC. As one of the leading property developers in the Pan-Bohai Rim, to strengthen our market share, we will focus primarily on opportunities in the region, especially Beijing where we have strong presence and competitive advantages. At the same time, we will also keep searching for opportunities in other fast-growing cities in the PRC with high economic growth or with unique geographical advantages.

In the cities that we operated, we took a different view from other developers to the so-called "over-supply" situation in the PRC property market. In 2008 when the operating circumstances were unclear, many developers postponed their development plan. As a result, GFA under construction at that time was significantly reduced. The decrease in supply thus caused, together with the surge in transaction volume, led to a substantial decline in inventory level across major cities in the PRC in the first half of 2009. We observed that during the first half of 2009, the acceleration of construction progress among property developers was still comparatively slow despite the increase in transaction volume. In addition, the scarce land resources in the centers of various first-tier cities in the PRC limited new supply significantly. With valuable resources on hand, we expect property developers will focus on profitability in the second half of 2009 by cautiously increasing their selling price in addition to boosting transactions. Accordingly, we expect to see a steady rise in both transaction volume and selling price in various city centers in the latter half of 2009.

In view of this, we have adjusted our sales strategy - pushing the mid-range products but adjusting the sale schedule of scarce land plots. For existing products available for sale, we will aim at balancing the rate of turnover and profitability. To capture the growing momentum of the PRC property market in the second half of 2009, we will continue our development plan with focus on mid-to-high end products, targeting the growing middle class and the affluent population. We will also pay attention to opportunities arising from the urbanization which will provide long term support to the real estate market in the PRC.

Brand Value

We build our success on our "Sino-Ocean" brand. We emphasize the importance of quality products and services which are the foundations upon which we build and promote our brand. "Sino-Ocean" is now a well-recognized and popular brand in Beijing and across the Pan-Bohai Rim. We value the many advantages attributed to our brand. Our management firmly believes in brand building and is willing to refine and customize our product design to suit local needs and tastes from time to time. To enhance and protect our brand, we successfully implemented the "Total Quality Management" (TQM) process in 2008 and continued its application during the first half of 2009. The TQM process enables us to apply higher standard in our products, provide better on-site and after-sales services. Leveraging on our brand value, we are able to sustain and replicate our growth model across various cities in the PRC. It is the Group's business model to provide quality living, complete with educational facilities and a peaceful environment, to our customers.

Social Responsibility

It is the Group's belief in balancing its profitability and its social responsibility. The Group has continued its efforts to participate in various charitable and welfare activities. We hope our dedicated efforts can help those in need so that we become a model for others to emulate. Our key charity and welfare functions include the Sino-Ocean Charity Fund and our "Old Residential Community, New Green Environment" program.

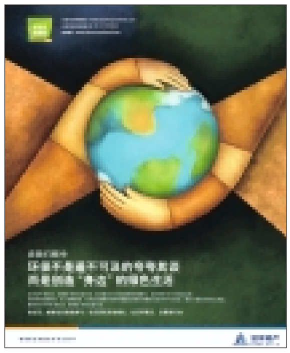
1) Sino-Ocean Charity Fund

Since the establishment of the Sino-Ocean Charity Fund in 2008, the Fund has been active in various charitable events. In the first half of 2009, the Fund sponsored the following initiatives:

- Provision of over 7,500 garments to keep students in Sichuan warm
- Setting up of libraries and provision of over 140,000 books to Sichuan schools
- Provision of motor vehicles to the Sichuan earthquake relief headquarter at a total value of over RMB800,000
- Provision of education for young children from poor families
- Establishment of the Sino-Ocean Education Sponsorship to support educational works with outstanding contribution to the community
- Establishment of the Sino-Ocean University Student Practice Award to encourage and support university students to gain work experience during school-life

Chairman's Statement





2) "Old Residential Community, New Green Environment"

The "Old Residential Community, New Green Environment" program is in its fourth year in 2009. In line with our belief in environmental protection and preservation of our natural resources, this year we aim to increase awareness among the general public of the importance of environmental protection for our next generation. We are active in promoting new environmental protection concept. In addition, we designed new posters and placed them in various locations to encourage reduction of water and electricity wastage in the community.

Corporate Governance

The Group continues to exercise a high standard of corporate governance and will strive to improve it to safeguard our stakeholders' interest. Given the diverse shareholders base and to balance the interests of various investors, we give priority to management transparency. To improve communication with our stakeholders, we have revamped our website to provide more up-to-date information to stakeholders including answers to frequently asked questions, quarterly newsletters, etc. The risk management department has also provided meaningful insights for the Board to improve the Group's internal controls and risk management. Furthermore, the Group's corporate governance will still be under strict and independent oversight by our independent non-executive directors. We continue to protect and utilize our valuable resources to create and enhance shareholders value.

Appreciation

Finally, I would like to express my gratitude to our shareholders, customers, business partners, local government authorities, members of the Board, and our management team and dedicated staff for all your valuable support to the Company. With your support, I am confident that the Group will reach new heights in the future.

Li Jianhong
Chairman

Hong Kong, 1 September 2009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CEO's Report and Management Discussion & Analysis

On behalf of the Group's management, I am pleased to report to shareholders that the Group recorded satisfactory results during the period under review. Revenue and profit attributable to equity holders of the Company grew by 7% and 24%, respectively. Details of the results are as follows:

Financial Review

Revenue

The Group's revenue in the first six months of 2009 amounted to RMB3,488 million, representing a 7% growth compared to RMB3,247 million for the corresponding period in 2008.

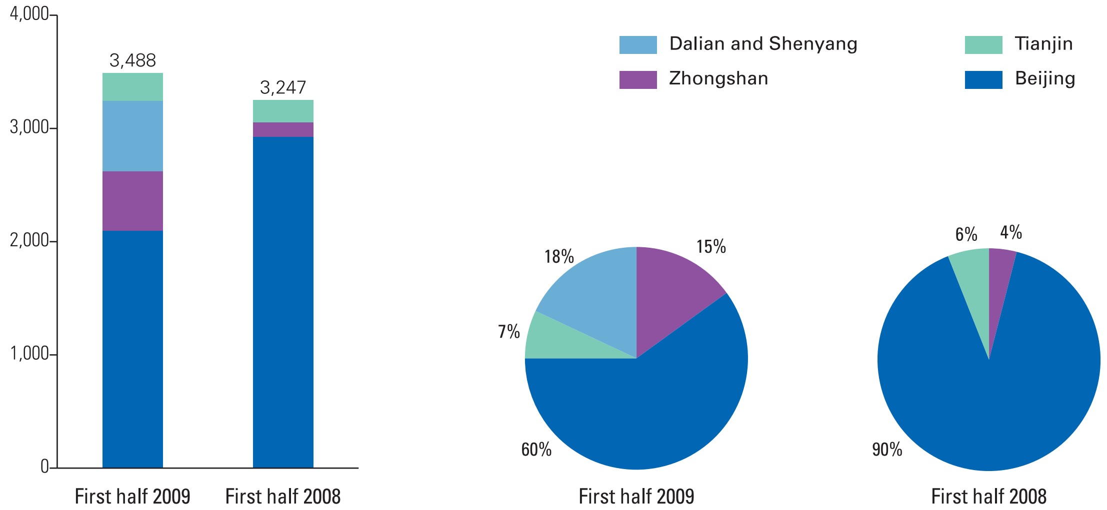
The following table sets forth our revenue breakdown for the six months ended 30 June 2009 and 2008.

(RMB million)	**First half 2009**	First half 2008	Change (%)
Property development	**3,240**	3,021	7%
Property investment	**72**	56	29%
Hotel operation	**18**	22	-18%
Property management	**81**	67	21%
Other real estate related businesses	**77**	81	-5%
Total	**3,488**	3,247	7%

As the Group's home base, Beijing remained the largest geographical segment, contributing 60% of the Group's total revenue during the period under review, as compared to 90% during the first half of 2008. Revenue from the Pan-Bohai Rim accounted for most of the Group's revenue at 85% during the first half of 2009. The increasing contribution from other cities in the Pan-Bohai Rim reduces the Group's overreliance on the Beijing market and further reinforces the Group's leading position in the region. In addition, the well-balanced and diversified geographical mix and product mix of our projects capturing opportunities arising across cities in the PRC will help to safe-guard the Group's revenue growth in the future.

The following graphs compare the revenue contributions by geographical locations for the six months ended 30 June 2009 and 30 June 2008.

Revenue
(RMB million)



Cost of Sales

As the Group's core business, property development cost continued to be the most significant cost of sales, accounting for approximately 92% of the Group's total cost of sales for the period under review. Cost for property development mainly comprised of land cost and construction cost, which together accounted for 82% of the Group's total cost of sales for the period under review. Excluding car parks, average land cost per sq.m. for the property development business for the period under review was approximately RMB1,682 per sq.m., representing a 14% decrease from RMB1,960 per sq.m. for the corresponding period in 2008. This was due to the well-balanced business operation with considerable growth in property development in other cities where land cost is much lower than that in Beijing. Average construction cost per sq.m. (excluding car parks) for property development for the period under review was approximately RMB4,161 per sq.m., representing a slight increase of 12% from RMB3,710 per sq.m. for the corresponding period in 2008 as a result of the construction of more high end fit-out apartments.

Gross Profit

Gross profit for the period under review amounted to RMB1,000 million, representing a 29% drop compared to the gross profit for the corresponding period in 2008. This was due to a decrease in gross profit margin by 14 percentage points from 43% in the first half of 2008 to 29% in the first half of 2009. Such decrease was mainly because i) revenue in the first half of 2009 included properties pre-sold in 2008 at the time when the sales price softened; and ii) the diminishing contribution of Ocean Landscape (Beijing), the final phase of which was being delivered. We expect that the aforesaid effect will carry to the end of this year and the gross profit will improve in the year 2010 due to the turnaround of selling prices in the first half of 2009 and the gradual delivery of more high-end products with higher margin. We are confident that we can sustain our future gross profit margin through better regional management structure, dedicated effort in cost control, continuous improvement of our product quality and product mix. In addition, the steady upward trend of property price will help to maintain our future gross margin in the long run.

Other Income and Gains

Other income decreased by 38% to RMB71 million for the six months ended 30 June 2009, as compared to RMB115 million for the same period in 2008. Such decrease was mainly due to the reduction in interest income as a result of interest rate cut.

Other gains decreased by 91% to approximately RMB9 million for the six months ended 30 June 2009, as compared to RMB96 million for the same period in 2008. Such drop was mainly due to the inclusion of the gain from the early redemption of convertible bonds (RMB78 million) and the gain on the acquisition of additional interest in our subsidiaries (RMB35 million) during the first half of 2008 (No such gains in the first half of 2009).

Operating Expenses

Selling and marketing costs increased by 32% to RMB137 million in the first half of 2009 (30 June 2008: RMB104 million). Such increase was due to more projects becoming available for sale during the first half of 2009 as compared to that of 2008. These costs, however, were only approximately 2.0% of the total contracted sales amount for the first half of 2009, as compared to 4.5% for the corresponding period in 2008. Our cost control measures successfully kept these costs at a relatively low level.

Administrative expenses decreased by 51% to RMB98 million in the first half of 2009 (30 June 2008: RMB198 million). This was partly attributable to our cost control measures tabled in 2008 and effectively implemented in the first half of 2009. Included in administrative expenses the amortization cost on share options decreased by 77% to RMB14 million (30 June 2008: RMB61 million). Overall administrative expenses only represented 2.8% of revenue in the period under review, representing a 3.3 percentage points decrease from 6.1% for the first half of 2008.

Finance Costs

Total debt amount increased to approximately RMB18,479 million as at 30 June 2009, as compared to RMB14,744 million as at 31 December 2008. Even so, the reduction in average interest rate from 7.6% for the first half of 2008 to only 6.1% for the first half of 2009 effected a 17% decrease of total interest expenses paid or accrued to RMB401 million (30 June 2008: RMB481 million).

As a result of effective capital management and efficient utilization of borrowings, we were able to capitalize most of the interest expenses with only RMB85 million being charged through consolidated statement of comprehensive income during the first half of 2009 (30 June 2008: RMB60 million).

We expect that interest rate is unlikely to go up in the short term in view of the need for continuous fiscal policy to stimulate economic growth and thus a low interest rate environment will continue to benefit the Group's operation.

Taxation

The aggregate of enterprise income tax and deferred tax decreased by 41% to RMB260 million during the first half of 2009 (30 June 2008: RMB443 million), with effective tax rate reduced to 23% (30 June 2008: 33%). This was attributable to lower income tax rate since 2008. In line with the decrease in gross profit margin, together with a smaller contribution from our Ocean Landscape (Beijing) project, land appreciation tax for the period under review dropped by 53% to RMB144 million (30 June 2008: RMB308 million).

Profit Attributable to Equity Holders of the Company

Due to positive effect in cost control measures and the revaluation gain from the newly classified investment property – Ocean Office Park (Beijing) Block C during the first half of 2009, profit attributable to equity holders of the Company recorded a significant growth of 24% to RMB670 million, as compared to only RMB542 million for the first half of 2008. Average return on equity was approximately 4% for the first half of 2009 (30 June 2008: 3%). The Group's management will pay continuous efforts in the improvement of our shareholders' return.

Liquidity and Financial Resources

The Group successfully completed the issue of corporate bonds worth RMB2.6 billion in the PRC in June 2009. We are the first PRC property developer listed in Hong Kong to issue RMB denominated bonds in the PRC in 2009. The corporate bonds were over-subscribed within a short period of time, which was an indication of the strong recognition of the "Sino-Ocean" brand among investors in the PRC. Furthermore, the issue of domestic corporate bonds has opened up a new financing channel that helps to lower our average cost of fund, improves our long term debt structure and will support the Group's future growth.

As at 30 June 2009, the Group had total cash resources on hand (being the aggregate of cash and cash equivalent and restricted bank deposits) of RMB12,492 million and a current ratio of 2.5 times. The cash to total assets ratio was approximately 25%, enabling the Group to have resources for future expansion and acquisition. The Group's total assets and shareholders' equity reached a record high of RMB50,422 million and RMB17,530 million, respectively. Unutilized credit facilities amounted to RMB12,900 million, of which approximately RMB4,000 million was available for use by the Group as all of the relevant conditions to drawdown have been fulfilled.

CEO's Report and Management Discussion & Analysis

The Group's total borrowings increased by 25% to RMB18,479 million as at 30 June 2009 (31 December 2008: RMB14,744 million). However, we managed to maintain the gearing ratio at a relatively low level at 34%. In addition, we refined our borrowing structure to have a higher portion in long term borrowings in order to support the Group's sound and safe development. Borrowings with repayment terms over 2 years accounted for 32% of the total borrowings as at 30 June 2009, as compared to only 20% as at 31 December 2008.

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

(RMB million)	**As at 30 June 2009**	As at 31 December 2008
Within 1 year	**5,031**	5,965
1 to 2 years	**7,501**	5,783
2 to 5 years	**2,770**	1,796
Over 5 years	**3,177**	1,200
Total	**18,479**	14,744

Financial Guarantees and Pledge of Assets

As at 30 June 2009, the value of the guarantees provided by the Group to banks for mortgages extended to some property buyers before completion of their mortgage registration was RMB1,875 million (31 December 2008: RMB1,544 million).

As at 30 June 2009, the Group had pledged part of its land use rights, properties under development, completed properties held for sale, etc. to secure long-term bank loans of RMB8,579 million.

Capital Commitments

The Group had entered into certain agreements in respect of land acquisition and property development. As at 30 June 2009, the Group had a total capital commitment of RMB10,206 million (31 December 2008: RMB10,404 million).

Contingent Liabilities

In line with the prevailing commercial practice in the PRC, the Group provides guarantees for mortgages extended to some property buyers before completion of their mortgage registration. As at 30 June 2009, the total amount of the aforesaid guarantees provided by the Group was RMB1,875 million (31 December 2008: RMB1,544 million). In the past, the Group had not incurred any material loss from providing such guarantees. This is because the guarantees were given as a transitional arrangement that would be terminated upon completion of the relevant mortgage registration.

Business Review

Property Development

1) Recognized Sales

As other cities in the PRC (including Dalian, Tianjin and Zhongshan) became more successful in contributing to the total saleable GFA delivered, the overall average selling price recognized was lower due to a lower average selling price (ASP) in these cities. We anticipate that their contribution will become more significant in the future. Notwithstanding the decrease in ASP (excluding car parks) from approximately RMB12,518 per sq.m. for the first half of 2008 to approximately RMB9,369 per sq.m. for the first half of 2009, the Group still managed to record a mild growth of 7% in revenue from property development in the first half of 2009 to RMB3,240 million (30 June 2008: RMB3,021 million). This rise was mainly attributable to the increase in total saleable GFA delivered (excluding car parks) from approximately 236,000 sq.m. for the first half of 2008 to approximately 338,000 sq.m. for the first half of 2009.

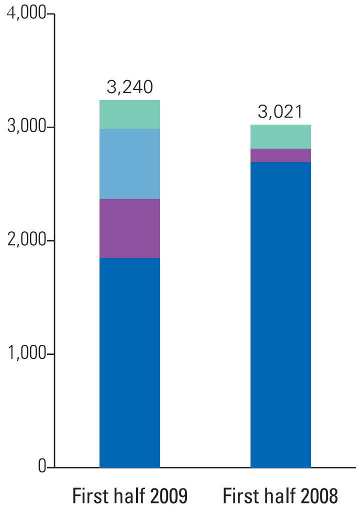
Revenue and saleable GFA delivered from each project during the first half of 2009 were as follows:

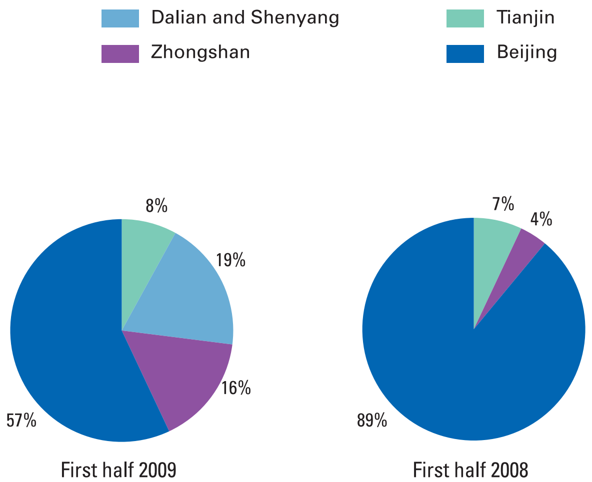
	Revenue (RMB million)	Saleable GFA delivered (sq.m.)	Average selling price recognized (RMB/ sq.m.)	Interest attributable to the Group (%)
Excluding car parks				
Beijing				
Ocean Express (遠洋新幹線)	32	2,312	13,841	100%
Ocean Honored Chateau (遠洋公館)	430	17,642	24,374	100%
Ocean Landscape (遠洋山水)	566	48,039	11,782	100%
Ocean Seasons (遠洋自然)	4	342	11,696	70%
Poetry of River Phase I (遠洋一方一期)	789	72,174	10,932	100%
Tianjin				
Ocean Express (遠洋新幹線)	232	35,071	6,615	97.05%
Ocean Paradise Phase I (遠洋天地一期)	5	739	6,766	96.99%
Dalian				
Ocean Prospect (遠洋風景)	356	25,820	13,788	100%
Xiangsong Project (香頌花城)	72	20,210	3,563	100%
Shenyang				
Ocean Paradise (遠洋天地)	181	28,005	6,463	100%
Zhongshan				
Ocean City (遠洋城)	499	87,576	5,698	100%
Subtotal	3,166	337,930	9,369	
Car parks (various projects)	74	21,012	3,522	
Total	3,240	358,942	9,027	

Revenue contribution from Beijing's property development decreased to 57% for the first half of 2009 (30 June 2008: 89%). This was mainly due to the fact that two of our current key projects in Beijing, namely Ocean Landscape Eastern Area (Beijing) and Ocean Great Harmony (Beijing), will have most of the saleable GFA delivered in the second half of 2009. Another reason was the growing contribution from other cities in the PRC. The increasing revenue contribution from Tianjin, Dalian, Shenyang and Zhongshan was a result of the Group's regional development to secure a more diverse customer base with a view to mitigating the risk associated with over-reliance on and fluctuation of any single market.

The following graphs indicate the breakdown of the Group's revenue from property development by geographical locations during the first half of 2009 and 2008.

Revenue
(RMB million)





2) Contracted Sales

Benefitting from a series of policies implemented by the PRC Central Government to stabilize the property market and to boost economic growth, the property market continued to recover from its trough since the last quarter of 2008. We were able to catch the upward trend by adjusting our sales schedule and launching products with reasonable pricing. As a result, our contracted sales amount during the six months ended 30 June 2009 reached a record high of RMB7,002 million, representing approximately 88% of our original full-year forecast made in early 2009.

As a result of the implementation of regional management structure, we began to see greater contribution from Dalian, Shenyang, Tianjin and Zhongshan in the first six months of 2009. Sales in Beijing in the first half of 2009 rose a lot, but these other regions were even more buoyant resulting in a remarkably high saleable GFA sold (excluding car parks), representing an increase of 342% to approximately 698,000 sq.m. (30 June 2008: 158,000 sq.m.). As the average selling price from these other regions was lower and their contributions were higher, the overall average selling price (excluding car parks) decreased by 31% to RMB9,829 per sq.m. (30 June 2008: RMB14,209 per sq.m.). As at 30 June 2009, the Group's outstanding contracted sales to be recognized amounted to RMB9,258 million, providing a strong and solid foundation for the Group's future revenue growth.

The following table sets forth the information regarding the contracted sales amounts and the saleable GFA sold by projects during the first half of 2009.

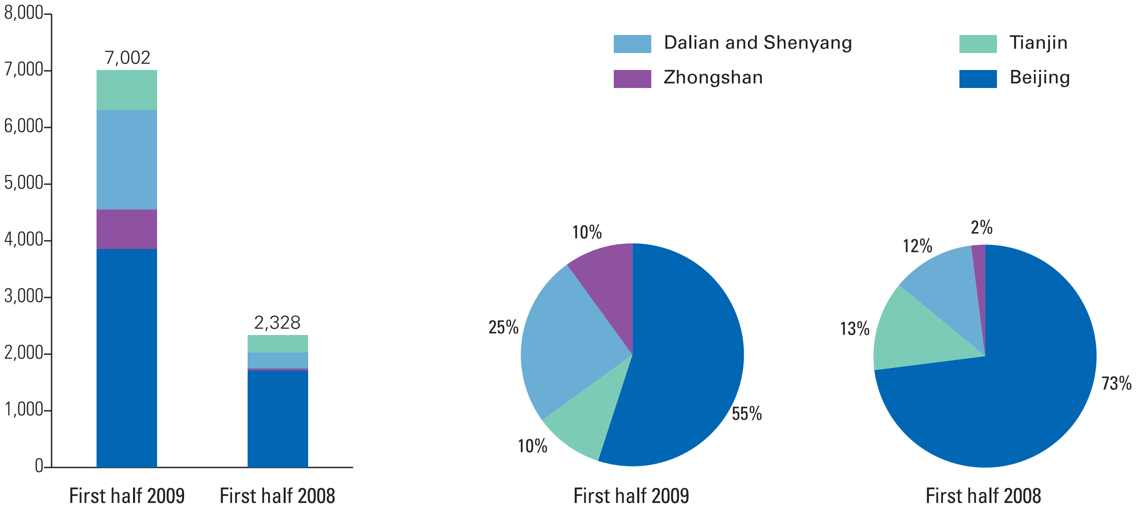
	Contracted sales amount (RMB million)	Saleable area sold (sq.m.)	Average selling price (RMB/ sq.m.)	Interest attributable to the Group (%)
Excluding car parks				
Beijing				
Ocean Express (遠洋新幹線)	23	1,992	11,546	100%
Ocean Great Harmony (遠洋萬和城)	1,602	67,312	23,800	100%
Ocean Honored Chateau (遠洋公館)	70	2,507	27,922	100%
Ocean Landscape (遠洋山水)	226	20,180	11,199	100%
Ocean Landscape Eastern Area (遠洋沁山水)	1,715	126,334	13,575	100%
Poetry of River Phase I (遠洋一方一期)	108	11,547	9,353	100%
Tianjin				
Ocean City (遠洋城)	405	67,773	5,976	100%
Ocean Express (遠洋新幹線)	276	48,402	5,702	97.05%
Ocean Paradise (遠洋天地)	42	3,868	10,858	96.99%
Dalian				
Ocean Prospect (遠洋風景)	493	37,373	13,191	100%
Ocean Worldview (遠洋紅星海世界觀)	811	99,823	8,124	100%
Xiangsong Project (香頌花城)	145	41,093	3,529	100%
Shenyang				
Ocean Paradise (遠洋天地)	307	58,155	5,279	100%
Zhongshan				
Ocean City (遠洋城)	640	111,866	5,721	100%
Subtotal	6,863	698,225	9,829	
Car parks (various projects)	139	40,359	3,444	
Total	7,002	738,584	9,480	

CEO's Report and Management Discussion & Analysis

There were altogether 14 projects available for sale during the first half of 2009 (30 June 2008: 11), of which 13 were located in the Pan-Bohai Rim, accounting for about 90% of the total contracted sales amount. Beijing was still the Group's single largest market in terms of contracted sales amount in the first half of 2009, accounting for approximately 55%. We anticipate a higher proportion of contribution coming from other cities in the PRC. However in order to further consolidate our leading position in the region, our primary focus will still be the Pan-Bohai Rim.

The following graphs indicate the breakdown of the Group's contracted sales amount by geographical locations during the first half of 2009 and 2008.

Contracted sales amount
(RMB million)



3) Construction Progress and Developing Projects

During the first half of 2009, the total GFA and the total saleable GFA completed were approximately 394,000 sq.m. and 332,000 sq.m., respectively. Although the total GFA completed in the first half of 2009 was approximately 9% or 37,000sq.m. fewer than that completed in the first half of 2008, according to our construction plan, we expect a larger GFA to be completed in the second half of 2009 for the delivery of our projects, including Ocean Landscape Eastern Area (Beijing) and Ocean Great Harmony (Beijing). We target to complete the construction of over 1 million sq.m. in 2009. We will regulate the scale of construction to correspond with the anticipated GFA required for delivery so as to have better cost control and to minimize the unnecessary accumulation of inventory. Nevertheless, we will remain flexible in adjusting our construction in accordance with changes in the market.

	Approximate total GFA (sq.m.)	GFA completed during first half of 2009 (sq.m.)	GFA to be completed during second half of 2009 (sq.m.)
Beijing			
Ocean Great Harmony (遠洋萬和城)	438,000	—	132,000
Ocean Honored Chateau (遠洋公館)	52,000	—	24,000
Ocean Landscape Eastern Area (遠洋沁山水) *	594,000	—	107,000
Ocean Seasons (遠洋自然)	381,000	23,000	—
Poetry of River Phase I (遠洋一方一期)	297,000	64,000	—
Tianjin			
Ocean Express (遠洋新幹線)	449,000	21,000	58,000
Dalian			
Ocean Prospect (遠洋風景)	177,000	—	20,000
Xiangsong Project (香頌花城)	181,000	36,000	52,000
Shenyang			
Ocean Paradise (遠洋天地)	800,000	76,000	138,000
Zhongshan			
Ocean City (遠洋城)	1,971,000	174,000	95,000
Total	**5,340,000**	**394,000**	**626,000**

* Including the land plot adjacent to Ocean Landscape Eastern Area (Beijing) acquired right after the interim period

CEO's Report and Management Discussion & Analysis

4) Landbank

Other than the completion of acquisition of the Dalian Tsanghao Group, no land plot was acquired during the first half of 2009. However, the management team keeps searching for suitable opportunities to replenish the Group's land bank. Immediately after the first six months of 2009, the Group acquired a piece of land in Beijing of approximately 141,000 sq.m. adjacent to our existing project, namely Ocean Landscape Eastern Area (Beijing), at a consideration of about RMB750 million. We believe that this newly acquired land plot will benefit from the reputation built up from our success in Ocean Landscape (Beijing) and Ocean Landscape Eastern Area (Beijing). Including this new acquisition, the Group's landbank has approximately 11,954,000sq.m. with an attributable GFA of approximately 11,385,000sq.m. The average land cost per sq.m. for the Group's landbank was approximately RMB2,152 compared to RMB2,118 as at 31 December 2008.

Including the acquisition of the land plot near Ocean Landscape Eastern Area (Beijing), our landbank portfolio during the period under review was as follows:

Location	Project	Approximate total GFA (sq.m.)	Approximate total saleable GFA (sq.m.)	Remaining GFA (sq.m.)	Interest attributable to the Group (%)
Completed properties held for sale					
Beijing	Ocean Express (遠洋新幹線)	191,000	173,000	17,000	100%
Beijing	Ocean Landscape (遠洋山水)	1,401,000	1,193,000	62,000	100%
Beijing	Ocean Office Park (遠洋・光華國際)*	155,000	144,000	115,000	80%
Beijing	Ocean Seasons (遠洋自然)	381,000	237,000	65,000	70%
Tianjin	Ocean Paradise Phase I (遠洋天地一期)	320,000	275,000	39,000	96.99%
Subtotal		**2,448,000**	**2,022,000**	**298,000**	
Properties under development					
Beijing	Jiangtai Business Center (將台商務中心)	306,000	264,000	306,000	50%
Beijing	Ocean Great Harmony (遠洋萬和城)	438,000	333,000	438,000	100%
Beijing	Ocean Honored Chateau (遠洋公館)	52,000	38,000	28,000	100%
Beijing	Ocean Landscape Eastern Area (遠洋沁山水)**	594,000	489,000	594,000	100%
Beijing	Poetry of River Phase I (遠洋一方一期)	297,000	261,000	153,000	100%
Tianjin	Ocean City (遠洋城)	2,234,000	1,773,000	2,234,000	100%
Tianjin	Ocean Express (遠洋新幹線)	449,000	353,000	404,000	97.05%
Dalian	Ocean Prospect (遠洋風景)	177,000	143,000	87,000	100%
Dalian	Ocean Worldview (遠洋紅星海世界觀)	1,958,000	1,513,000	1,958,000	100%
Dalian	Xiangsong Project (香頌花城)	181,000	173,000	160,000	100%
Shenyang	Ocean Paradise (遠洋天地)	800,000	651,000	765,000	100%
Zhongshan	Ocean City (遠洋城)	1,971,000	1,723,000	1,801,000	100%
Subtotal		**9,457,000**	**7,714,000**	**8,928,000**	

CEO's Report and Management Discussion & Analysis

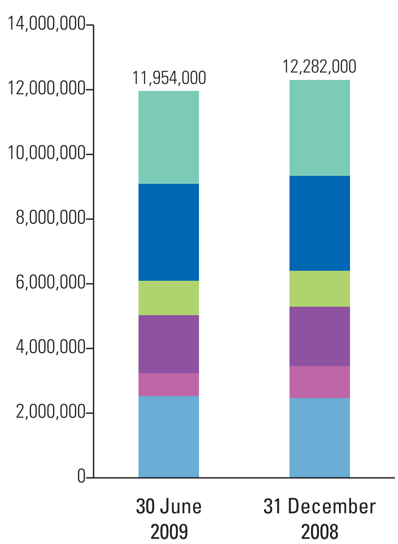
Location	Project	Approximate total GFA (sq.m.)	Approximate total saleable GFA (sq.m.)	Remaining GFA (sq.m.)	Interest attributable to the Group (%)
Properties held for future development					
Beijing	Beiqijia Project (北七家項目)	228,000	118,000	228,000	100%
Beijing	Ocean La Vie (遠洋・La Vie)	208,000	130,000	208,000	85.72%
Beijing	Ocean Wangfujing Project (王府井項目)	50,000	45,000	50,000	100%
Beijing	Poetry of River Phase II (遠洋一方二期)	497,000	442,000	497,000	100%
Beijing	Tongzhou Yuqiao (通州橋項目)	179,000	159,000	179,000	100%
Tianjin	Ocean Paradise Phase II (遠洋天地二期)	231,000	195,000	231,000	96.99%
Dalian	Nanguan Ling Project (南關嶺項目)	160,000	103,000	160,000	100%
Dalian	Xishan Project (西山項目)	97,000	80,000	97,000	100%
Hangzhou	Canal Commercial District (運河商務區)	886,000	613,000	886,000	70%
Hangzhou	Hang Yimian (杭一棉)	192,000	140,000	192,000	70%
Subtotal		**2,728,000**	**2,025,000**	**2,728,000**	
Total		**14,633,000**	**11,761,000**	**11,954,000**	

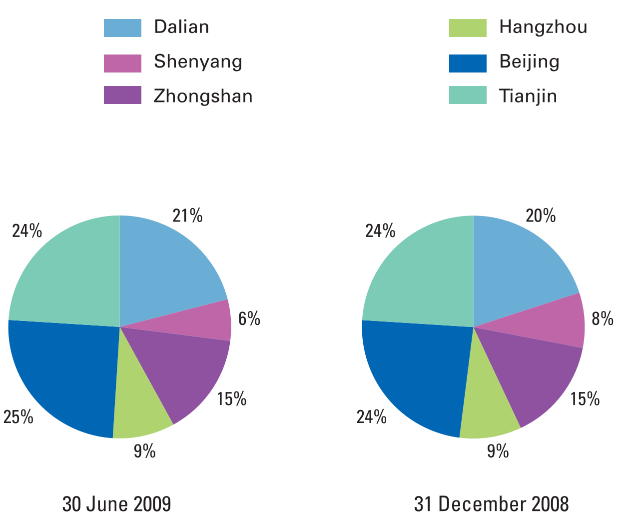
* Excluding block C which has been classified as investment property

** Including the land plot adjacent to Ocean Landscape Eastern Area (Beijing) acquired right after the interim period

The following graphs set forth the land bank by geographical locations as at 30 June 2009 and 31 December 2008:

Lankbank
(sq.m.)





Property Investment

Revenue from property investment increased by 29% to RMB72 million during the first half of 2009 (30 June 2008: RMB56 million). The rise in rental income was mainly due to the increase in occupancy rate for Ocean International Center Block A (Beijing). During the first half of 2009 we added a new investment property, namely Ocean Office Park Block C (Beijing). Although Ocean Office Park Block C (Beijing) will only start its leasing business in the second half of 2009, we are optimistic about the appreciation and rental income generated by this newly added grade A investment property in view of its prime location.

	Approximate leasable area (sq.m.)	Office premises (sq.m.)	Retail spaces (sq.m.)	Others (sq.m.)	Occupancy rate as at 30 June 2009 (%)	Interest attributable to the Group (%)
Ocean Plaza (Beijing)	31,000	26,000	1,000	4,000	Over 95%	72%
Ocean International Center Block A (Beijing)	85,000	77,000	8,000	—	Over 80%	100%
Ocean Office Park Block C (Beijing)	58,000	53,000	5,000	—	Start leasing in 2nd half 2009	80%
Total	**174,000**	**156,000**	**14,000**	**4,000**		

Property Management and Hotel Operation

During the first half of 2009, revenue from the provision of property management service increased by 21% to RMB81 million (30 June 2008: RMB67 million). As at 30 June 2009, total GFA covered by the Group's property management services amounted to about 3,230,000 sq.m. (30 June 2008: 2,635,000 sq.m.).

In the first six months of 2009, revenue from hotel operation decreased by 18% to RMB18 million (30 June 2008: RMB22 million). The decline is a direct consequence of the global financial crisis and the impact of the H1N1 influenza. In view of the steady recovery of the PRC economy, we believe that the long term prospect of our Best Western Hotel (Beijing) will be positive. We understand that an increasing number of land plots will be ear-marked for the development of residential and commercial complexes, including office buildings and hotels, in future land supply. We believe that the current hotel operation will not only enable the Group to diversify its revenue source, but will also provide valuable experience in the future development of residential and commercial complexes.

Strategy and Prospects

Proactive but Cautious Land Replenishment

The Group's success to a very large extent rests with the quality of our land bank. Bearing this in mind, the Group has always adopted a cautious approach in land replenishment and has, in the past years, carefully built up a sizable quality land bank for our future growth.

Our involvement in primary land development enables us to acquire better knowledge of town planning and to enhance our relationships with local governments. We highly value our close relationships with local governments and banks, and believe that will be one of our competitive edges in land acquisition.

We will cautiously raise our profile in land acquisition in the second half of 2009 and will be seeking suitable opportunities more actively. It is the Group's strategy to give land plots in the Pan-Bohai Rim, especially Beijing, priority in order to further consolidate our leading position in the region. In addition, we also pay attention to opportunities in other fast-growing cities in the PRC with high economic growth or with unique geographical advantages. We will primarily focus on medium-sized land plots in convenient locations that are usually good for accelerating asset turnover, preferably with education and transportation facilities in the vicinity. These invaluable features will put a premium on the sites when developed and will enhance the Group's net asset value.

Prudent but Transparent Financial Management

It is the Group's philosophy to exercise prudent financial management to support our long term growth. The current valuable cash resource of RMB12,492 million will allow the Group flexibility in expansion through land acquisition and to safe-guard our existing business development. In addition, the strong contracted sales in the first half of 2009 brought in sufficient operating cashflow for the Group's smooth operation. In view of the current low interest rate, we will speed up our refinance process to replace loans with lower interest rate to save finance costs. The current low gearing ratio and ample financing resources would give the Group room for further financing if necessary. The successful issue of corporate bonds in the PRC has opened another financing channel for the Group. Nevertheless, we will continue our current prudent but transparent financial management policy and maintain an optimal balance of our cash to total assets ratio.

Execution Efficiency

The challenges arising from the downturn in 2008 had spurred management to further improve our execution efficiency. In order to be more responsive to market changes and closer to our customers, the Group has started to adopt a more decentralized approach in management since early 2009. We set up 3 regional offices, i.e. Beijing Office, Tianjin Office and North East Office (which manages Dalian and Shenyang projects) during the first half of 2009. The establishment of these regional offices enables effective management structure with more efficient decision making, leading to quicker response to the market and local demand and more flexible pricing. Such decentralized approach would also improve the efficiency in implementing decisions of the Board across these regions, especially in terms of land acquisition, as the regional offices will be authorized to execute more reasonable actions regarding land purchase under guidelines given and decision made by the Board. We will continue to improve our current investment appraisal mechanism and our professional knowledge in all operating units. In addition, we will also continue to emphasize the importance of good corporate governance and operational risk management.

Other Information

Risk of Exposure to Exchange Rate Fluctuations and Related Hedging

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

Employees and Remuneration Policy

As at 30 June 2009, the Group had 3,892 employees (31 December 2008: 3,893). There was not much change in the number of employees although the Group's overall operation capacity has increased in terms of contracted sales amount, reflecting our staff's productivity.

During the first half of 2009, we observed a general pressure from increased staff cost across the real estate industry. Even after taking into account the amortization of share options, we were able to maintain the level of our overall staff cost at about RMB151 million during the first half of 2009 (30 June 2008: RMB172 million). We are of the view that granting share options would be an effective tool to retain senior staff. This can motivate them to improve the Group's overall performance and maximize return for shareholders. We will maintain salary at a reasonable and yet competitive level and balance it with the granting of share options. In addition, we provide professional training to our staff on both technical and soft skills, e.g. sales and marketing, management skills, legal studies, etc. We believe that improving our staff's professional knowledge will bring long term benefit to our shareholders.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Disclosure of Interests

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2009, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), were as follows:

Name	Nature of interest	No. of ordinary shares held (long position)	Share options	Total	Percentage in the Company's issued share capital
LI Ming	Founder of discretionary trust	125,878,373 *(Note i)*	7,280,000 *(Note ii)*	133,158,373	2.833%
LIANG Yanfeng			1,930,000 *(Note ii)*	1,930,000	0.041%
CHEN Runfu			2,710,000 *(Note ii)*	2,710,000	0.058%
YIN Yingneng Richard	Beneficial owner	16,178,371	200,000 *(Note ii)*	16,378,371	0.348%
TSANG Hing Lun			240,000 *(Note ii)*	240,000	0.005%
GU Yunchang			300,000 *(Note ii)*	300,000	0.006%
HAN Xiaojing			300,000 *(Note ii)*	300,000	0.006%
ZHAO Kang			300,000 *(Note ii)*	300,000	0.006%

Notes:

i. The 125,878,373 shares are held by a discretionary trust of which Mr. Li Ming is founder.

ii. The share options were granted pursuant to the share option scheme of the Company, the details of which are set out below 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.

Directors' Rights to Purchase Shares or Debentures

Except for the share options granted pursuant to the share option scheme of the Company, the details of which are set out below in the paragraph headed "Share Option Scheme" as set out below, at no time during the six months ended 30 June 2009 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 any equity or debt securities of the Company or any other body corporate or had exercised any such right.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares and Debentures

The register of substantial shareholders required to be kept by the Company under Section 336 of Part XV of the SFO shows that as at 30 June 2009, the Company was notified of the following substantial shareholders' interests and short positions in the shares and underlying shares of the Company, being interests of 5% or more, in addition to those disclosed above in respect of the directors and chief executives of the Company.

Name of shareholders	Capacity	Long / short position	No. of ordinary shares held	Percentage in the Company's issued share capital
China Ocean Shipping (Group) Company *(Note i)*	Interest of controlled corporation	Long	949,937,399	20.21%
COSCO (Hong Kong) Group Limited *(Note i)*	Interest of controlled corporation	Long	949,937,399	20.21%
True Smart International Limited *(Note i)*	Interest of controlled corporation	Long	949,937,399	20.21%
COSCO International Holdings Limited *(Note i)*	Interest of controlled corporation	Long	949,937,399	20.21%
COSCO (B.V.I.) Holdings Limited *(Note i)*	Interest of controlled corporation	Long	949,937,399	20.21%
COSCO International Land (B.V.I.) Limited *(Note i)*	Interest of controlled corporation	Long	949,937,399	20.21%
COSCO International Land Limited *(Note i)*	Interest of controlled corporation	Long	949,937,399	20.21%
Sunny Wealth Investments Limited *(Note i)*	Beneficial owner	Long	949,937,399	20.21%
Sinochem Group *(Note ii)* (formerly named Sinochem Corporation)	Interest of controlled corporation	Long	608,420,000	12.94%
Sinochem Corporation *(Note ii)*	Interest of controlled corporation	Long	608,420,000	12.94%
Sinochem Hong Kong (Group) Company Limited *(Note ii)*	Beneficial owner	Long	608,420,000	12.94%

Disclosure of Interests

Notes:

(i) The 949,937,399 shares were beneficially owned by Sunny Wealth Investments Limited which was a wholly owned subsidiary of COSCO International Land Limited. COSCO International Land Limited was a wholly owned subsidiary of COSCO International Land (B.V.I.) Limited which in turn was wholly owned by COSCO (B.V.I.) Holdings Limited. COSCO (B.V.I.) Holdings Limited was a wholly owned subsidiary of COSCO International Holdings Limited. True Smart International Limited was interested in 59.55% of COSCO International Holdings Limited. True Smart International Limited was wholly owned by COSCO (Hong Kong) Group Limited which in turn was wholly owned by China Ocean Shipping (Group) Company

(ii) The 608,420,000 shares were beneficially owned by Sinochem Hong Kong (Group) Company Limited which was wholly owned by Sinochem Corporation. Sinochem Group was interested in 98% of Sinochem Corporation.

Save as disclosed above, as at 30 June 2009, the Company has not been notified by any person or corporation who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Corporate Governance and Other Information

Share Option Scheme

The share option scheme (the "Share Option Scheme") was approved by the shareholders' written resolutions dated 3 September 2007. Under the Share Option Scheme the Board may grant options to eligible employees and directors of the Group. As set out in the prospectus of the Company dated 14 September 2007 (the "Prospectus"), the purpose of the Share Option Scheme is to provide an incentive for employees of the Group to work with commitment towards enhancing the value of the Company and its shares for the benefit of our shareholders, and to compensate employees of the Group for their contribution based on their individual performance and that of the Company. All of the options granted and outstanding as at 30 June 2009 are governed by the terms of the Share Option Scheme as stated herein and further detailed in the Prospectus.

During the six months ended 30 June 2009, movements of share options granted to the directors, chief executive and employees of the Group under the Share Option Scheme were as follows:

	Date of option granted	Exercise price per share HKD	No. of options outstanding as at 1 January 2009	No. of options granted during the period	No. of options exercised during the period *(Note ii)*	No. of options lapsed during the period	No. of options outstanding as at 30 June 2009
Directors							
LI Ming	8 Oct 2007	7.70	4,280,000	—	—	—	4,280,000
	19 Sept 2008	2.55	3,000,000	—	—	—	3,000,000
LIANG Yanfeng	8 Oct 2007	7.70	1,430,000	—	—	—	1,430,000
	19 Sept 2008	2.55	500,000	—	—	—	500,000
CHEN Runfu	8 Oct 2007	7.70	1,710,000	—	—	—	1,710,000
	19 Sept 2008	2.55	1,000,000	—	—	—	1,000,000
YIN Yingneng Richard	19 Sept 2008	2.55	200,000	—	—	—	200,000
TSANG Hing Lun	24 Jan 2008	7.70	200,000	—	(60,000)	—	140,000
	19 Sept 2008	2.55	100,000	—	—	—	100,000
GU Yunchang	24 Jan 2008	7.70	200,000	—	—	—	200,000
	19 Sept 2008	2.55	100,000	—	—	—	100,000
HAN Xiaojing	24 Jan 2008	7.70	200,000	—	—	—	200,000
	19 Sept 2008	2.55	100,000	—	—	—	100,000
ZHAO Kang	24 Jan 2008	7.70	200,000	—	—	—	200,000
	19 Sept 2008	2.55	100,000	—	—	—	100,000
			13,320,000	—	(60,000)	—	13,260,000

	Date of option granted	Exercise price per share HKD	No. of options outstanding as at 1 January 2009	No. of options granted during the period	No. of options exercised during the period *(Note ii)*	No. of options lapsed during the period	No. of options outstanding as at 30 June 2009
Employees	28 Sept 2007	7.70	60,010,000	—	(674,000)	(3,618,000)	55,718,000
	24 Jan 2008	7.70	9,510,000	—	(30,000)	(530,000)	8,950,000
	19 Sept 2008	2.55	28,740,000	—	—	(1,230,000)	27,510,000
			98,260,000	—	(704,000)	(5,378,000)	92,178,000
Total			**111,580,000**	**—**	**(764,000)**	**(5,378,000)**	**105,438,000**

Note:

(i) The share options granted during the period are exercisable within a five-year period in which 40% of options become exercisable 1 year from the grant date, 70% of options become exercisable 2 years from the grant date, and all options become exercisable 3 years from the grant date.

(ii) During the six months ended 30 June 2009, 764,000 share options were exercised and the weighted average closing price of shares of the Company immediately before the dates of exercise was HKD8.76 per ordinary share.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2009, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

Review of Interim Results

The unaudited interim results for the six months ended 30 June 2009 have been reviewed by the auditors of the Company, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, the report of which is included on page 66.

Audit Committee

The Audit Committee of the Company (the "Audit Committee") consists of three independent non-executive directors of the Company, namely Mr. TSANG Hing Lun, Mr. GU Yunchang and Mr. HAN Xiaojing. Mr. TSANG Hing Lun, who has professional qualifications in accountancy, is the chairman of the Audit Committee. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated financial statements for the six months ended 30 June 2009.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee of the Company (the "Remuneration and Nomination Committee") comprises three members, all being independent non-executive directors, namely Mr. Han Xiaojing, Mr. Gu Yunchang and Mr. Zhao Kang. Mr. Han Xiaojing is the chairman of the Remuneration and Nomination Committee. The main duties of the Remuneration and Nomination Committee are to make recommendations and proposals to the Board in respect of the remuneration policies and structures for the directors and senior management, and to review and approve the remunerations which are determined based on the results and performance by making reference to the Company's objectives approved from time to time by the Board. In addition, the Remuneration and Nomination Committee will also nominate candidates for directorship, consider director 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.

Code on 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 six months ended 30 June 2009, except for the deviation from the CG Code Provision A.4.1 with the explanation as below:

Under Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. Three non-executive directors and four independent non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company. According to Article 110 of the Articles of Association of the Company, one-third of the directors for the time being, or if their number is not three or a multiple of three, the number which is nearest to one-third and is at least one-third, shall retire from office by rotation at least once every three years. A retiring director shall be eligible for re-election. Therefore, the Board considers that the non-compliance with Code Provision 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.

Model Code for Securities Transactions by Directors of Listed Companies

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

Interim Dividend and Book Closure

The Board has declared an interim dividend of HKD0.04 per share (2008: HKD0.03 per share) to shareholders whose names appear on the Company's register of members on 25 September 2009. The interim dividend will be paid on 8 October 2009. The register of members of the Company will be closed from 23 September 2009 to 25 September 2009, both days inclusive, during which period no transfer of shares will be effected. To qualify for the interim dividend, all transfer documents together with relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 22 September 2009.

Investor Relations - achieving higher transparency

The 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 the very challenging business environment in 2008. We continued to maintain regular communication the first half of 2009. At the same time, we have turned our stakeholders' constructive suggestions on investor relations into practice.

Reaching a larger audience

For the first six months, the Group's management representatives and the IR team participated in about 220 meetings and conference calls with stakeholders from over 300 funds and securities firms as well as retail shareholders, including 11 large-scale investors conferences and daily meetings.

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

Gaining wider analyst coverage

To raise our profile in the financial community, more analysts have been encouraged to pay attention to the Group's performance. The IR team is pleased to report that coverage has increased from 5 securities firms in 2007, to 15 in 2008 and 21 as of June 2009, including Citigroup, J.P. Morgan, Merrill Lynch, Morgan Stanley, Nomura, Goldman Sachs, BNP Paribas, etc. As at end of June 2009, ratings on the Group were very encouraging - 16 firms recommended "buy" and 5 suggested "hold". No "sell"rating.

Organizing site visits

In the first half of 2009, we organized some 170 site visits for the stakeholders to view our projects in six different cities in China. We collected and reported to the management team regularly stakeholders' comments and suggestions on the projects.

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

Revamping company website and enriching content of newsletters

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

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

Strengthening communication with retail shareholders

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

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

Corporate Information

Directors

Mr. LI Jianhong
(Non-executive Director and Chairman)
Mr. LUO Dongjiang
(Non-executive Director and Vice Chairman)
Mr. LI Ming
(Executive Director and Chief Executive Officer)
Mr. LIANG Yanfeng *(Non-executive Director)*
Mr. CHEN Runfu *(Executive Director)*
Mr. YIN Yingneng Richard *(Non-executive Director)*
Mr. TSANG Hing Lun
(Independent non-executive Director)
Mr. GU Yunchang
(Independent non-executive Director)
Mr. HAN Xiaojing
(Independent non-executive Director)
Mr. ZHAO Kang
(Independent non-executive Director)

Audit Committee

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

Remuneration and Nomination Committee

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

Investment Committee

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

Company Secretary

Mr. SUM Pui Ying, Adrian

Authorized Representative

Mr. LI Ming
Mr. SUM Pui Ying, Adrian

Registered Office

Suite 1512, 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 Minsheng Banking Corp., Ltd.
China Merchants Bank Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd.
Shenzhen Development Bank Co., Ltd.
Bank of Beijing Co., Ltd.
China CITIC Bank Corporation Ltd.
Standard Chartered Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited
China Industrial and Commercial Bank of China (Asia) Ltd.
Bank of East Asia Limited

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


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Condensed Consolidated Interim Balance Sheet

	Note	As at 30 June 2009 RMB'000 (Unaudited)	As at 31 December 2008 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	326,134	304,989
Land use rights	5	36,543	36,958
Investment properties	6	3,349,000	1,984,000
Goodwill		700,549	734,569
Interest in a jointly controlled entity		150,166	—
Interests in associates		311,875	310,796
Available-for-sale financial assets	7	430,808	426,715
Derivative financial instrument	11	8,335	8,338
Trade and other receivables	8	244,189	250,731
Deferred income tax assets		131,023	111,777
		5,688,622	4,168,873
Current assets			
Properties under development		20,571,658	18,443,878
Land under development		1,390,426	1,839,557
Inventories, others at cost		65,736	80,217
Deposits for land use rights		4,495,457	4,066,559
Trade and other receivables	8	2,565,825	1,589,327
Completed properties held for sale		3,152,240	4,242,538
Restricted bank deposits		1,151,260	810,006
Cash and cash equivalents		11,340,679	8,026,677
		44,733,281	39,098,759
Total assets		50,421,903	43,267,632
EQUITY			
Equity attributable to equity holders of the Company			
Share capital and premium	9	14,992,806	14,186,122
Reserves		(537,925)	(226,789)
Retained earnings			
– proposed dividends		165,734	288,373
– others		2,909,186	2,405,221
		17,529,801	16,652,927
Minority interests		597,942	1,130,182
Total equity		18,127,743	17,783,109

Condensed Consolidated Interim Balance Sheet

	Note	As at 30 June 2009 RMB'000 (Unaudited)	As at 31 December 2008 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	10	13,447,918	8,778,770
Deferred income tax liabilities		914,585	790,038
		14,362,503	9,568,808
Current liabilities			
Borrowings	10	5,030,938	5,964,807
Derivative financial instrument	11	1,458	1,458
Trade and other payables	12	4,681,089	5,010,158
Advances from customers		7,335,718	3,749,274
Current income tax liabilities		882,454	1,190,018
		17,931,657	15,915,715
Total liabilities		32,294,160	25,484,523
Total equity and liabilities		50,421,903	43,267,632
Net current assets		26,801,624	23,183,044
Total assets less current liabilities		32,490,246	27,351,917

The notes on pages 44 to 65 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Income Statement

	Note	Unaudited Six months ended 30 June 2009 RMB'000	2008 RMB'000
Revenue	4	3,488,275	3,246,973
Cost of sales	14	(2,487,852)	(1,834,866)
Gross profit		1,000,423	1,412,107
Other income		70,875	115,477
Other gains - net	13	9,037	96,297
Fair value gain on investment properties	6	398,180	—
Selling and marketing costs	14	(136,857)	(103,917)
Administrative expenses	14	(97,961)	(198,087)
Operating profit		1,243,697	1,321,877
Fair value gain on convertible bonds		—	72,586
Finance costs	15	(84,560)	(60,248)
Share of loss of a jointly controlled entity		(24,834)	(54)
Share of losses of associates		(1,303)	(832)
Profit before income tax		1,133,000	1,333,329
Income tax expense	16	(403,533)	(750,420)
Profit for the period		729,467	582,909
Attributable to:			
Equity holders of the Company		669,634	541,769
Minority interests		59,833	41,140
		729,467	582,909
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB)			
– basic	17	0.14	0.12
– diluted	17	0.14	0.12
Interim dividends	18	165,734	117,984

The notes on page 44 to 65 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Comprehensive Income

	Unaudited Six months ended 30 June 2009	2008
	RMB'000	RMB'000
Profit for the period	729,467	582,909
Other comprehensive income		
Fair value gains/(losses) on available-for-sale financial assets	18,490	(11,758)
Currency translation differences	(172)	(19,625)
Other comprehensive income for the period	18,318	(31,383)
Total comprehensive income for the period	747,785	551,526
Total comprehensive income attributable to:		
– equity holders of the Company	687,952	510,386
– minority interests	59,833	41,140
	747,785	551,526

The notes on page 44 to 65 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Changes in Equity

	Unaudited						
	Attributable to the equity holders of the Company						
	Share capital	Share premium	Other reserves	Retained earnings	Total	Minority interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2008	3,471,022	10,719,998	(399,126)	2,032,315	15,824,209	1,054,110	16,878,319
Profit for the period	—	—	—	541,769	541,769	41,140	582,909
Other comprehensive income:							
Fair value losses on available-for-sale financial assets	—	—	(11,758)	—	(11,758)	—	(11,758)
Currency translation differences	—	—	(19,625)	—	(19,625)	—	(19,625)
Total comprehensive income for the period ended 30 June 2008	—	—	(31,383)	541,769	510,386	41,140	551,526
Dividends relating to 2007	—	—	—	(502,907)	(502,907)	(6,000)	(508,907)
Share buybacks	(1,666)	(8,223)	1,666	(1,666)	(9,889)	—	(9,889)
Fair value reserve on employee share option plan	—	—	60,681	—	60,681	—	60,681
Decrease in minority interests as a result of acquisition of additional interests in subsidiaries from minority shareholders	—	—	—	—	—	(186,840)	(186,840)
	(1,666)	(8,223)	30,964	37,196	58,271	(151,700)	(93,429)
Balance at 30 June 2008	3,469,356	10,711,775	(368,162)	2,069,511	15,882,480	902,410	16,784,890

Condensed Consolidated Interim Statement of Changes in Equity

	Unaudited Attributable to the equity holders of the Company						
	Share capital	Share premium	Other reserves	Retained earnings	Total	Minority interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2009	3,466,124	10,719,998	(226,789)	2,693,594	16,652,927	1,130,182	17,783,109
Profit for the period	—	—	—	669,634	669,634	59,833	729,467
Other comprehensive income:							
Fair value gains on available-for-sale financial assets	—	—	18,490	—	18,490	—	18,490
Currency translation differences	—	—	(172)	—	(172)	—	(172)
Total comprehensive income for the period ended 30 June 2009	—	—	18,318	669,634	687,952	59,833	747,785
Dividends relating to 2008	19,873	136,107	—	(288,308)	(132,328)	—	(132,328)
Fair value reserve on employee share option plan	—	—	24,676	—	24,676	—	24,676
Issue of shares pursuant to exercise of employee share options	539	6,444	—	—	6,983	—	6,983
Issue of shares of acquisition of a subsidiary and additional interests in subsidiaries from a minority shareholder	143,049	500,672	(356,796)	—	286,925	(569,099)	(282,174)
Decrease in minority interests as a result of acquisition of additional interests in subsidiaries from minority shareholders	—	—	2,666	—	2,666	(22,974)	(20,308)
	163,461	643,223	(311,136)	381,326	876,874	(532,240)	344,634
Balance at 30 June 2009	3,629,585	11,363,221	(537,925)	3,074,920	17,529,801	597,942	18,127,743

The notes on page 44 to 65 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Cash Flow Statement

	Unaudited Six months ended 30 June 2009	2008
	RMB'000	RMB'000
Net cash generated from/ (used in) operating activities	268,958	(2,765,329)
Net cash used in investing activities	(423,142)	(641,368)
Net cash generated from financing activities	3,469,252	1,671,760
Net increase/(decrease) in cash and cash equivalents	3,315,068	(1,734,937)
Cash and cash equivalents at beginning of the period	8,026,677	8,468,815
Exchange losses on cash and cash equivalents	(1,066)	(11,295)
Cash and cash equivalents at end of the period	11,340,679	6,722,583

The notes on page 44 to 65 form an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 General information

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

The Company's shares were listed on the Stock Exchange on 28 September 2007.

This condensed consolidated interim financial information are presented for thousands of units of Renminbi ("RMB'000"), unless otherwise stated. This condensed consolidated interim financial information has not been audited, and was approved by the board of directors for issue on 1 September 2009.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2009 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. This condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3 Accounting policies

Except as described below, the accounting policies applied are consistent with those used in the annual financial statements for the year ended 31 December 2008, as described in those annual financial statements.

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

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

Notes to the Condensed Consolidated Interim Financial Information

3 Accounting policies *(Continued)*

The change in accounting policy has been accounted for retrospectively in accordance with HKAS 8 "Accounting policies, changes in accounting estimates and errors". However, since development commenced almost immediately after land use rights were obtained, and a large majority of completed properties were sold in the same period in which the respective properties were completed, substantially all amortization charges have been capitalized in prior years. Accordingly, the change in accounting policy has had no material effect on the consolidated financial statements of the Group for the current year or comparative periods.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) The following new standards, amendments to standards or interpretations are mandatory for the first time for financial year beginning 1 January 2009.

HKAS 1 (revised), "Presentation of financial statements". The revised standard prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All "non-owner changes in equity" are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Group has elected to present two statements: a consolidated income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

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

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

Notes to the Condensed Consolidated Interim Financial Information

3 Accounting policies *(Continued)*

(a) The following new standards, amendments to standards or interpretations are mandatory for the first time for financial year beginning 1 January 2009. *(Continued)*

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

Amendment to HKFRS 7, "Financial instruments: disclosures". The amendment increases the disclosure requirements about fair value measurement and reinforces existing principles for disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures and requires some specific quantitative disclosures for financial instruments on the lowest level in the hierarchy. It also requires entities to provide additional disclosures about the relative reliability of fair value measurements. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. The Group will make additional relevant disclosures in its financial statements ending 31 December 2009.

HKFRS 8, "Operating segments". HKFRS 8 replaces HKAS 14, "Segment reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented, as the previously reported property development segment has been splited into property development Beijing, property development Tianjin, property development North-east and property development other segments.

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

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

Notes to the Condensed Consolidated Interim Financial Information

3 Accounting policies *(Continued)*

(a) The following new standards, amendments to standards or interpretations are mandatory for the first time for financial year beginning 1 January 2009. *(Continued)*

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

(b) The following interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the Group:

HK(IFRIC) 9 (amendment), "Reassessment of embedded derivatives" and HKAS 39 (amendment), "Financial instruments: Recognition and measurement"

HKAS 32 (amendment), "Financial instruments: presentation"

HK(IFRIC) 13, "Customer loyalty programmes"

HK(IFRIC) 16, "Hedges of a net investment in a foreign operation"

(c) The following new standards, amendments to standards or interpretations have been issued but are not effective for financial year beginning 1 January 2009 and have not been early adopted.

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", 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. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation, joint ventures and associates on the Group.

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

HK(IFRIC) 17, "Distributions of non-cash assets to owners", effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.

Notes to the Condensed Consolidated Interim Financial Information

3 Accounting policies *(Continued)*

(c) The following new standards, amendments to standards or interpretations have been issued but are not effective for financial year beginning 1 January 2009 and have not been early adopted. *(Continued)*

HK(IFRIC) 18, "Transfers of assets from customers", effective for transfer of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.

HKICPA's improvements to HKFRS published in May 2009:

Amendment to HKAS 1 "Presentation of financial statements", effective for periods beginning on or after 1 January 2010. Current / non-current classification of the liability component of convertible instruments is not affected by the holder's option which will result in the settlement by the issue of equity instruments. The Group will apply HKAS 1 (amendment) from 1 January 2010.

Amendment to HKAS 7 "Statement of cash flows", effective for periods beginning on or after 1 January 2010. Only expenditures that result in a recognised asset are eligible for classification as investing activities. The Group will apply HKAS 7 (amendment) from 1 January 2010.

Amendment to HKAS 17 "Leases", effective for periods beginning on or after 1 January 2010. The amendment removes the specific lease classification guidance related to long-term leases of land that it must be classified as operating lease unless title of or significant risks and rewards of ownership passed to the lessee by the end of the lease term, irrespective of the term of the lease. Instead, the classification of land leases should apply the general principles applicable to the classification of leases. The Group will apply HKAS 17 (amendment) from 1 January 2010.

Amendment to HKAS 36 "Impairment of assets", effective for periods beginning on or after 1 January 2010. This clarifies that the largest unit permitted for the goodwill impairment test is the lowest level of operating segment before any aggregation as defined in HKFRS 8. The amendment does not have any impact on the Group's financial statements.

Amendment to HKAS 38 "Intangible assets", effective for periods beginning on or after 1 July 2009. This clarifies the description of the valuation techniques commonly used to measure intangible assets acquired in a business combination when they are not traded in an active market. In addition, an intangible asset acquired in a business combination might be separable but only together with a related contract, identifiable asset or liability. In such cases, the intangible asset is recognised separately from goodwill but together with the related item. The Group will apply HKAS 36 (amendment) from 1 January 2010.

Amendment to HKAS 39 "Financial instruments: recognition and measurement", effective for periods beginning on or after 1 January 2010. Loan prepayment penalties are treated as closely related embedded derivatives, only if the penalties are payments approximate the present value of lost interest for the remaining term of the host contract. In addition, the scope exemption to business combination contracts only applies to forward contracts that are firmly committed to be completed between the acquirer and a selling shareholder to buy or sell an acquiree in a business combination at a future acquisition date. This amendment also clarifies that the gains or losses on the cash flow hedging instrument should be reclassified from equity to profit and loss in the period or periods that the hedged cash flows affect profit or loss. The Group will apply HKAS 39 (amendment) from 1 January 2010.

Notes to the Condensed Consolidated Interim Financial Information

3 Accounting policies *(Continued)*

(c) The following new standards, amendments to standards or interpretations have been issued but are not effective for financial year beginning 1 January 2009 and have not been early adopted. *(Continued)*

Amendment to HKFRS 2 "Share-based payments", effective for periods beginning on or after 1 July 2009. This clarification confirms that HKFRS 3(revised) does not change the scope of HKFRS 2. This is not currently relevant for the Group as it has not issued equity instruments for business combination under common control or for the formation of a joint venture.

Amendment to HKFRS 5 "Non-current Assets held for sale and discontinued operations", effective for periods beginning on or after 1 January 2010. Disclosures in standards other than HKFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs specifically require disclosures for them. Additional disclosures about these assets or discontinued operations may be necessary to comply with the general requirements of HKAS 1 "Presentation of financial statements". This is not currently relevant to the Group as it has not held any of such assets.

Amendment to HKFRS 8 "Operating segments", effective for periods beginning on or after 1 January 2010. Disclosure of information about total assets and liabilities for each reportable segment is required only if such amounts are regularly provided to the chief operating decision-maker. The Group will apply HKFRS 8 (amendment) from 1 January 2010.

Amendment to HK(IFRIC) 9 "Reassessment of embedded derivatives", effective for periods beginning on or after 1 July 2009. This amendment aligns the scope of HK(IFRIC) 9 to the scope of HKFRS 3(revised): the exclusion of embedded derivatives in contracts acquired in a business combination, a common control combination or the formation of a joint venture. The Group will apply HK(IFRIC) 9 (amendment) from 1 January 2010.

Amendment to HK(IFRIC) 16 "Hedges of a net investment in a foreign operation", effective for periods beginning on or after 1 July 2009. This amendment removes the restriction on the entity that can hold hedging instruments. The hedging instruments can be held by the foreign operation that itself is being hedged. This is not currently relevant for the Group as it does not have such hedge.

4 Segment information

The chief operating decision-maker has been identified as the executive committee (the "Committee"). The Committee reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

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

Notes to the Condensed Consolidated Interim Financial Information

4 Segment information *(Continued)*

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

The Committee assesses the performance of the operating segments based on a measure of operating profit. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. Finance cost is not included in the result for each operating segment that is reviewed by the Committee, which is managed on a central basis. Other information provided to the Committee, except as noted below, is measured in a manner consistent with that in the financial statements.

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

Turnover consists of sales from the property development segment, which mainly represent property sales income, and rental income as derived from the property investment segment, which are RMB3,252,527,000 and RMB72,140,000 for the six months ended 30 June 2009 and RMB3,021,545,000 and RMB54,549,000 for the six months ended 30 June 2008 respectively.

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.

	Property development				Investment	All other		Inter-company	
	Beijing	Tianjin	North-east	Others	property	segments	Total	elimination	Group total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Period ended 30 June 2009									
Total revenue	1,867,101	245,267	622,883	517,276	74,507	559,537	3,886,571	—	3,886,571
Inter-segment revenue	—	—	—	—	(2,367)	(395,929)	(398,296)	—	(398,296)
Revenue (from external customers)	1,867,101	245,267	622,883	517,276	72,140	163,608	3,488,275	—	3,488,275
Adjusted operating profit	612,093	19,099	146,350	36,841	63,363	168,069	1,045,815	(137,578)	908,237
Depreciation and amortization	(793)	(420)	(2,453)	(829)	(103)	(7,907)	(12,505)	—	(12,505)
Finance income	60,245	4,721	22,161	437	5,234	69,884	162,682	(135,602)	27,080
Period ended 30 June 2008									
Total revenue	2,678,020	206,361	—	137,164	54,755	251,644	3,327,944	—	3,327,944
Inter-segment revenue	—	—	—	—	(206)	(80,765)	(80,971)	—	(80,971)
Revenue (from external customers)	2,678,020	206,361	—	137,164	54,549	170,879	3,246,973	—	3,246,973
Adjusted operating profit	1,257,000	64,976	(18,647)	19,341	52,754	184,970	1,560,394	(168,814)	1,391,580
Depreciation and amortization	(745)	(220)	(307)	(252)	(201)	(6,459)	(8,184)	—	(8,184)
Finance income	77,975	13,068	487	316	10,029	14,734	116,609	(100,111)	16,498

Notes to the Condensed Consolidated Interim Financial Information

4 Segment information *(Continued)*

	Property development				Investment property	All other segments	Total	Inter-company elimination	Group total
	Beijing	Tianjin	North-east	Others					
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 June 2009									
Total assets	20,030,911	4,377,697	7,368,154	5,817,487	3,496,850	5,663,387	46,754,486	(7,299,831)	39,454,655
Additions to non-current assets (other than financial instruments and deferred tax assets)	369	1,089	19,672	832	—	5,666	27,628	—	27,628
Liabilities:									
Advances from customers	4,471,931	606,423	1,721,180	441,885	17,007	111,048	7,369,474	(33,756)	7,335,718
As at 31 December 2008									
Total assets	19,721,230	3,940,823	6,650,889	5,470,069	2,167,494	7,561,488	45,511,993	(6,617,707)	38,894,286
Additions to non-current assets (other than financial instruments and deferred tax assets)	1,121	730	1,716	3,276	36	24,998	31,877	—	31,877
Liabilities:									
Advances from customers	2,587,784	218,036	631,390	240,991	19,702	62,624	3,760,527	(11,253)	3,749,274
As at 30 June 2008									
Total assets	19,031,348	3,925,442	5,680,747	3,314,528	1,175,310	5,627,523	38,754,898	(6,734,359)	32,020,539
Additions to non-current assets (other than financial instruments and deferred tax assets)	841	8,863	507	2,142	—	16,672	29,025	—	29,025
Liabilities:									
Advances from customers	1,284,253	142,629	532,247	191,865	13,131	167,387	2,331,512	(25,947)	2,305,565

Notes to the Condensed Consolidated Interim Financial Information

4 Segment information *(Continued)*

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

	30 June 2009 RMB'000	30 June 2008 RMB'000
Adjusted operating profit	**908,237**	1,391,580
Corporate finance income	**34,940**	80,798
Corporate overheads	**(97,660)**	(150,501)
Finance costs	**(84,560)**	(60,248)
Fair value gain on investment properties	**398,180**	—
Fair value gain on convertible bonds	**—**	72,586
Share of loss of a jointly controlled entity	**(24,834)**	(54)
Share of loss of associates	**(1,303)**	(832)
Profit before income tax	**1,133,000**	1,333,329

	30 June 2009 RMB'000	31 December 2008 RMB'000	30 June 2008 RMB'000
Reportable and other segments' assets are reconciled to total assets as follows:			
Total segment assets	**39,454,655**	38,894,286	32,020,539
Corporate cash and cash equivalents	**9,943,376**	3,524,058	6,388,016
Investment in a jointly controlled entity	**150,166**	—	—
Investment in associates	**311,875**	310,796	312,393
Available-for-sale financial assets	**430,808**	426,715	434,705
Deferred income tax assets	**131,023**	111,777	93,629
Total assets per balance sheet	**50,421,903**	43,267,632	39,249,282

The Company is domiciled in Hong Kong and most of its main subsidiaries are domiciled in the PRC. All the revenue from external customers of the Group are derived in the PRC for the six months ended 30 June 2009 and 2008.

At 30 June 2009, the total of non-current assets other than financial instruments and deferred tax assets located in the PRC is RMB27,628,000 (At 31 December 2008: RMB30,435,000; At 30 June 2008: RMB28,052,000), and the total of these non-current assets located in Hong Kong is nil (At 31 December 2008: RMB1,442,000; At 30 June 2008: RMB973,000).

Notes to the Condensed Consolidated Interim Financial Information

5 Capital expenditure

	Unaudited	
	Property, plant and equipment	Land use rights
	RMB'000	RMB'000
Opening net book amount as at 1 January 2009	304,989	36,958
Additions	8,455	—
Transfer from completed properties held for sale	6,455	—
Acquisition of a subsidiary	19,173	—
Disposals	(848)	—
Depreciation and amortization charged to expense	(12,090)	(415)
Closing net book amount as at 30 June 2009	326,134	36,543
Opening net book amount as at 1 January 2008	292,579	36,947
Additions	17,912	—
Addition in construction in progress	6,237	—
Acquisition of a subsidiary	4,876	—
Disposals	(1,562)	—
Depreciation and amortization charged to expense	(7,767)	(417)
Closing net book amount as at 30 June 2008	312,275	36,530

Hotel property for the carrying values of RMB172,169,000 and RMB172,489,000, building for the carrying values of RMB75,707,000 and RMB76,496,000 and land use rights for the carrying values of RMB35,876,000 and RMB36,285,000 were pledged as collateral for the Group's borrowings (Note 10) as at 30 June 2009 and 31 December 2008 respectively.

6 Investment properties

	Six months ended 30 June	
	2009	2008
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
At beginning of the period	1,984,000	1,984,000
Transfer from completed properties held for sale	966,820	—
Fair value gain	398,180	—
At end of the period	3,349,000	1,984,000

Investment properties for the carrying values of RMB2,625,000,000 and RMB1,260,000,000 were pledged as collateral for the Group's borrowings (Note 10) as at 30 June 2009 and 31 December 2008 respectively.

Notes to the Condensed Consolidated Interim Financial Information

7 Available for sale financial assets

On 31 March 2008, SOL Investment Fund ("SOL fund") Limited, a special purpose entity of the Group, was incorporated in and under the laws of Cayman Islands, with the purpose to carry out investment activities for the Group.

Available for sale financial assets of the Group also include certain unlisted equity securities, all denominated in RMB.

8 Trade and other receivables

	As at 30 June 2009	As at 31 December 2008
	RMB'000 (Unaudited)	RMB'000 (Audited)
Trade receivables	192,326	192,141
Less: provision for impairment of receivables	(5,021)	(5,021)
Trade receivables – net (a)	187,305	187,120
Prepaid tax – income tax	467,112	166,642
Prepaid tax – others	453,962	198,446
Entrusted loan to third parties	160,000	160,100
Entrusted loan to a jointly controlled entity (b)	344,120	267,190
Entrusted loan to an associate (b)	290,897	268,478
Notes receivables (Note 11(a))	187,400	187,483
Other prepayments	4,976	46,106
Bidding deposits (c)	367,000	—
Other receivables	347,242	358,493
	2,810,014	1,840,058
Less: non-current portion	(244,189)	(250,731)
Current portion	2,565,825	1,589,327

Notes to the Condensed Consolidated Interim Financial Information

8 Trade and other receivables *(Continued)*

(a) Ageing analysis of trade receivables at the respective balance sheet dates are as follows:

	As at 30 June 2009	As at 31 December 2008
	RMB'000 (Unaudited)	RMB'000 (Audited)
Less than 6 months	**23,838**	103,889
6 months to 1 year	**161,742**	80,504
1 year to 2 years	**1,117**	2,284
2 years to 3 years	**608**	443
	187,305	187,120

(b) For the six months ended 30 June 2009, entrusted loans to a jointly controlled entity and an associate are unsecured, interest bearing at rates ranging from 4.86% to 5.31% (for the year ended 31 December 2008: 5.58% to 8.22%).

(c) The balance as at 30 June 2009 was the deposits paid to local land authorities for land market bidding of land use rights. The payments were subsequently recovered in July 2009.

9 Share capital and premium

	Number of ordinary shares of HKD 0.8 each	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Share premium	Total
		HKD'000	RMB'000	RMB'000	RMB'000
Opening balance 1 January 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 minority shareholder	**202,711,000**	**162,169**	**143,049**	**500,672**	**643,721**
Issue of shares pursuant to exercise of employee share option	**764,000**	**611**	**539**	**6,444**	**6,983**
Issue of scrip dividends	**28,180,432**	**22,544**	**19,873**	**136,107**	**155,980**
At 30 June 2009	**4,700,242,432**	**3,760,194**	**3,629,585**	**11,363,221**	**14,992,806**
Opening balance 1 January 2008	4,475,540,000	3,580,432	3,471,022	10,719,998	14,191,020
Share buybacks	(2,369,000)	(1,895)	(1,666)	(8,223)	(9,889)
At 30 June 2008	4,473,171,000	3,578,537	3,469,356	10,711,775	14,181,131

Notes to the Condensed Consolidated Interim Financial Information

10 Borrowings

	As at 30 June 2009	As at 31 December 2008
	RMB'000 (Unaudited)	RMB'000 (Audited)
Non-current	**13,447,918**	8,778,770
Current	**5,030,938**	5,964,807
	18,478,856	14,743,577

Movements in borrowings are analyzed as follows:

	Six months ended 30 June 2009	2008
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
At beginning of the period	**14,743,577**	11,284,111
New bank loans raised	**9,498,635**	4,319,947
Repayment of bank loans	**(5,763,356)**	(1,374,125)
Bond redemption (Note 11(b))	**—**	(716,408)
At end of the period	**18,478,856**	13,513,525

As at 30 June 2009 and 31 December 2008, long-term bank borrowings amounting to RMB8,578,809,000 and RMB5,206,556,000 were secured by properties under development, land use rights (Note 5), property, plant and equipment (Note 5) and investment properties (Note 6) of the Group.

As at 30 June 2009 and 31 December 2008, no short-term bank borrowings were secured.

Interest expense on borrowings and loans for the six months ended 30 June 2009 is RMB400,558,000 (six months ended 30 June 2008: RMB476,838,000).

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 4.4%, the interest of which will be paid annually and the principal is fully repayable on 22 June 2015. The bond holders have the right to sell all or part of the bond at its face value to the issuer on the interest payment date of the third year.

Notes to the Condensed Consolidated Interim Financial Information

11 Derivative financial instruments

(a) Notes receivables

On 8 January 2008, the Group subscribed notes receivables with an aggregate principal amount of USD 30 million (the "Notes") from an independent third party.

The Group has the option to convert the Notes 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 offerings.

At any time after the 36th months from the subscription date, should the issuer failed to go on its initial public offerings, the Group has an option to elect to receive USD 30 million in cash, with respective interest calculated at a rate as predetermined in the Notes.

(b) Convertible bonds

On 7 September 2007, the Group issued 3% coupon convertible bonds with an aggregate principal amount of HKD 1,575 million (the "Bonds"). Holders of the Bonds have the option to convert the bonds into shares of the Company of HKD0.80 each at a conversion price of HKD12.50 per share from the date of issue through maturity on 6 September 2009.

At any time prior to the maturity date, the Group may, redeem all and not some only of the Bonds at a redemption price as defined in the convertible agreement, if the average closing price of the Group's shares for the last three consecutive trading days of the six months following the listing of the Group's shares be above HKD12.50.

At any time prior to the maturity date, the Group may also notify the holders of the Bonds in writing on the immediate following trading day that the conversion shall be exercised, if the Group's shares closes above HKD13.5 per share for three consecutive trading days. Upon receipt of the Group's written notice, holders of the Bonds shall within five working days convert all of the Bonds, or elect to receive HKD1,575 million in cash.

On 5 May 2008, the Group entered into an amendment agreement with the holders of the Bonds, allowing the Group to redeem at a maximum HKD780,000,000 of the convertible bonds, with considerations amounted to 97% of the principal amount of the redemption portion. Such additional option expired on 31 May 2008.

On 5 May 2008, the Group exercised the aforementioned additional option, and redeemed HKD780,000,000 of the convertible bond at a price of HKD756,600,000, equals to 97% of the principle amount of the redeemed portion.

As the functional currency of the bond issuing entity is RMB, the conversion option of the Bonds denominated in HK dollar will not result in settlement by the exchange of a fixed amount of cash for a fixed number of equity instruments. The conversion option is therefore accounted for as an embedded derivative financial instrument carried at fair value through profit or loss.

Notes to the Condensed Consolidated Interim Financial Information

12 Trade and other payables

Trade and other payables mainly comprise trade payables, accrued construction costs and provision for guarantee liabilities.

The ageing analysis of the trade payables was as follows:

	As at 30 June 2009	As at 31 December 2008
	RMB'000 (Unaudited)	RMB'000 (Audited)
Less than 6 months	1,334,444	1,453,214
6 months to 12 months	433,408	196,983
1 year to 2 years	64,738	258,018
2 years to 3 years	11,898	7,099
Over 3 years	2,378	3,511
	1,846,866	1,918,825

13 Other gains – net

	Six months ended 30 June 2009	2008
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Gain on acquisition of additional interests in subsidiaries from minority shareholders	—	35,384
Negative goodwill from acquisition of a subsidiary	10,867	2,999
Loss on disposal of an available-for-sale financial asset	(675)	—
Gain on early redemption of convertible bonds (Note 11(b))	—	77,816
Gain/(loss) on disposal of property, plant and equipment	111	(77)
Exchange losses	(1,266)	(19,825)
	9,037	96,297

Notes to the Condensed Consolidated Interim Financial Information

14 Expenses by nature

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

	Six months ended 30 June 2009 RMB'000 (Unaudited)	Six months ended 30 June 2008 RMB'000 (Unaudited)
Cost of properties and land use rights sold:		
– Land use rights	**275,268**	109,933
– Capitalized interest	**90,644**	54,308
– Construction related cost	**1,766,741**	1,346,645
Cost of upfitting services rendered	**45,247**	69,028
Direct investment property expenses	**12,942**	8,016
Employee benefit expense	**90,203**	134,914
Consultancy fee	**16,441**	23,244
Depreciation	**12,090**	7,767
Amortization of land use rights	**415**	417
Advertising and marketing	**131,412**	90,270
Business taxes and other levies	**199,416**	177,095
Office expenditure	**20,890**	35,465
Properties maintenance expenses	**28,255**	19,581
Energy expenses	**14,354**	11,599
Others	**18,352**	48,588
	2,722,670	2,136,870

15 Finance Costs

	Six months ended 30 June 2009 RMB'000 (Unaudited)	Six months ended 30 June 2008 RMB'000 (Unaudited)
Interest expense on borrowings		
– wholly repayable within five years	**378,700**	439,456
Interest expense on convertible bonds	**21,858**	37,382
Interest expense on preference shares	**—**	3,882
Less: interest capitalized at a capitalization rate of 6.10% (2008: 7.74%) per annum	**(315,998)**	(420,472)
	84,560	60,248

Notes to the Condensed Consolidated Interim Financial Information

16 Income tax expense

Vast majority of the group entities are subjected to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% of the assessable income of each of these group entities for the six months ended 30 June 2009 and 2008. Other companies are mainly subjected to Hong Kong income tax.

The amount of income tax expense charged to the combined income statements represents:

	Six months ended 30 June 2009	2008
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Current income tax:		
– PRC enterprise income tax	**175,883**	427,114
– PRC land appreciation tax	**143,520**	307,719
Deferred tax	**84,130**	15,587
	403,533	750,420

17 Earnings per share

(a) Basic

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

	Six months ended 30 June 2009	2008
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Profit attributable to equity holders of the Company	**669,634**	541,769
Weighted average number of ordinary shares in issue (thousands)	**4,698,396**	4,503,677
Basic earnings per share (RMB per share)	**0.14**	0.12

Notes to the Condensed Consolidated Interim Financial Information

17 Earnings per share *(Continued)*

(b) Diluted

The Company has two categories of dilutive potential ordinary shares: share options and convertible bonds. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The dilutive effect of the convertible debt is not considered, as the convertible debt is anti-dilutive since its interest per ordinary share obtainable on conversion exceeds basic earnings per share.

	Six months ended 30 June 2009	2008
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Profit attributable to equity holders of the Company	**669,634**	541,769
Weighted average number of ordinary shares in issue (thousands)	**4,698,396**	4,503,677
Adjustment for:		
– share options (thousands)	**19,411**	—
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**4,717,807**	4,503,677
Diluted earnings per share (RMB per share)	**0.14**	0.12

18 Dividends

On 1 September 2009, the Board has resolved to declare an interim dividend of RMB165,734,000 for the six months ended 30 June 2009 (six months ended 30 June 2008: RMB117,984,000).

	Six months ended 30 June 2009	2008
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Final dividends paid	**288,308**	502,907
Interim dividends proposed	**165,734**	117,984

Notes to the Condensed Consolidated Interim Financial Information

19 Financial guarantees

The Group had the following financial guarantees as at the end of 30 June 2009 and 31 December 2008:

	As at 30 June 2009	As at 31 December 2008
	RMB'000 (Unaudited)	RMB'000 (Audited)
Guarantees in respect of mortgage facilities for certain purchasers	**1,874,720**	1,543,580

As at 30 June 2009 and 31 December 2008, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the property purchasers obtain the "property title certificate" which is then pledged with the banks.

20 Commitments

(a) Capital commitments

Capital commitments in respect of development costs attributable to properties under development and land use rights at the balance sheet date but not yet incurred are as follows:

	As at 30 June 2009	As at 31 December 2008
	RMB'000 (Unaudited)	RMB'000 (Audited)
Land use rights	**3,767,093**	4,911,988
Property under development	**6,439,391**	5,491,665
Contracted but not provided for	**10,206,484**	10,403,653

(b) Operating lease rental receivables

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

	As at 30 June 2009	As at 31 December 2008
	RMB'000 (Unaudited)	RMB'000 (Audited)
Within 1 year	**170,384**	144,942
Between 1 to 5 years	**298,053**	230,220
After 5 years	**253,196**	255,201
	721,633	630,363

Notes to the Condensed Consolidated Interim Financial Information

21 Business combination

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

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

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

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

Notes to the Condensed Consolidated Interim Financial Information

22 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 six months ended 30 June 2009 and 2008:

(a) Sales of properties and services

	Six months ended 30 June 2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
Provision of services:		
– COSCO Group	4,284	2,408
– A jointly controlled entity	—	62
	4,284	2,470

(b) Key management compensation

	Six months ended 30 June 2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
Salaries and other short-term employee benefits	4,890	4,195
Post-employment benefits	579	519
Other long term welfare	196	178
	5,665	4,892

(c) Interest income and expenses

	Six months ended 30 June 2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
Interest received:		
– A jointly controlled entity	8,080	16,882
– An associate	9,007	4,898
	17,087	21,780

Notes to the Condensed Consolidated Interim Financial Information

22 Related party transactions *(Continued)*

(d) Loan to related parties

	As at 30 June 2009	As at 31 December 2008
	RMB'000 (Unaudited)	RMB'000 (Audited)
– A jointly controlled entity	**344,120**	267,190
– An associate	**290,897**	268,478
	635,017	535,668

23 Event after balance sheet date

On 20 July 2009, the Group successfully bid for a piece of land located within the Shijingshan area of Beijing, PRC, with a consideration of RMB748,250,000. This land occupies a total area of 40,985 sq.m. with a total gross floor area of 140,579 sq.m., and is planned for residential use.

Report on Review of Interim Financial Information

TO THE BOARD OF DIRECTORS OF SINO-OCEAN LAND HOLDING LIMITED
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 37 to 65, which comprises the condensed consolidated balance sheet of Sino-Ocean Land Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2009 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 1 September 2009