远洋地产
SINO-OCEAN

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

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

(Stock Code: 03377)

2010 INTERIM REPORT

ABOUT US

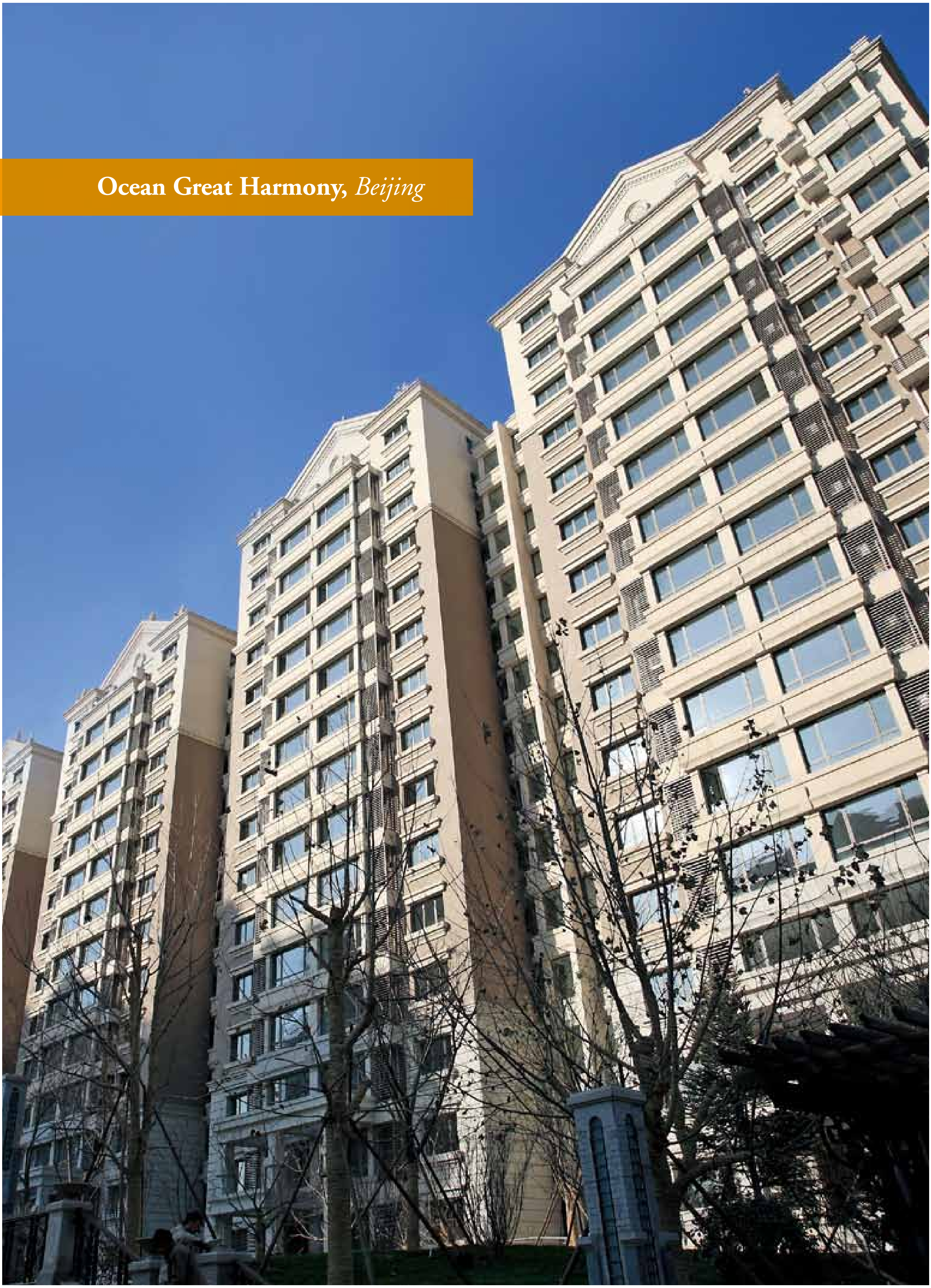
We are one of the leading property developers in Beijing and the Pan Bohai Rim area. We focus on developing mid- to high-end residential projects, premium office buildings, retail properties, serviced apartments and hotels. We have over 38 development projects in various stages of development in high-growth cities across the country, including Beijing, Tianjin, Dalian, Shenyang and Qingdao in the Pan Bohai Rim Area, Hangzhou of the Yangtze River Delta, Zhongshan of the Pearl River Delta and serveral tourist spot cities including Huangshan and Sanya .

On the back of its dedication to high-quality products and professional services, Sino-Ocean Land has built up a strong brand in Beijing, Pan Bohai Rim and Pearl River Delta regions. As of 30 June 2010 total land bank was about 14.42 million sqm and about 80% of the land bank is located in the Pan Bohai Rim.

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

CONTENTS

Ocean Great Harmony, ***Beijing***



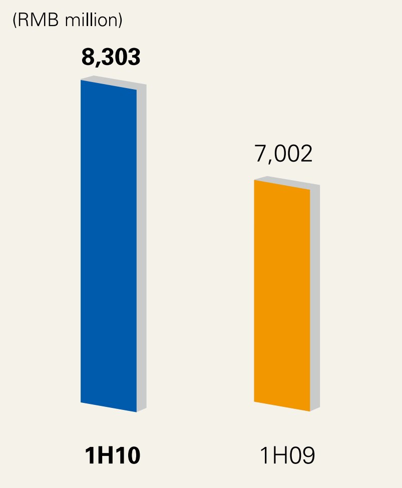
FINANCIAL HIGHLIGHTS

	Six months ended 30 June (unaudited)		
(RMB million)	**2010**	2009	% changes
Contracted sales	**8,303**	7,002	19%
Revenue	**4,753**	3,468	37%
Gross profit	**1,206**	992	22%
Profit for the period	**1,156**	729	59%
Profit attributable to equity holders of the Company	**1,152**	670	72%
Earnings per share (RMB)			
– basic	**0.20**	0.14	43%
– diluted	**0.20**	0.14	43%
Dividend per share (HKD)	**0.05**	0.04	25%
Dividend payout ratio	**21%**	25%	-4% pts
Gross profit margin	**25%**	29%	-4% pts
Net profit margin	**24%**	21%	3% pts
Saleable GFA sold (sq.m.)	**625,955**	738,584	-15%
Saleable GFA delivered (sq.m.)	**422,186**	358,942	18%

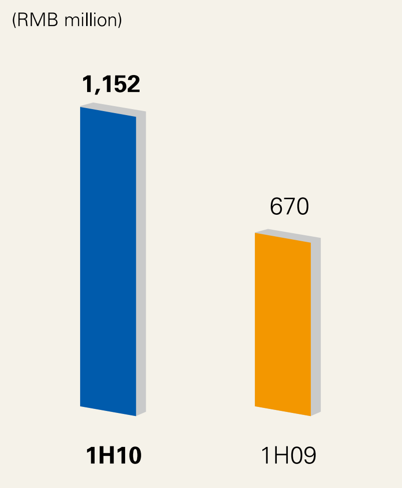
(RMB million)	**As at 30 June 2010**	As at 31 December 2009	% changes
Total assets	**76,934**	62,148	24%
Equity attributable to equity holders of the Company	**24,189**	23,368	4%
Cash resources*	**14,359**	18,516	-22%
Current ratio	**2.4**	2.7	-11%
Net gearing ratio*	**68%**	14%	54%pts
Land-bank (sq.m.)	**14,418,000**	13,808,000	4%

* Including the restricted bank deposits

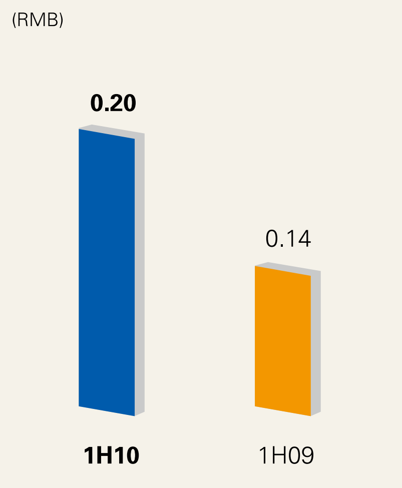
Contracted sales



Profit attributable to equity holders of the Company



Earnings per share



CEO'S STATEMENT

Although the PRC property market has been affected by new policies adopted by the Central Government of the PRC in the first half of 2010, Sino-Ocean Land Holdings Limited (the "Company") and its subsidiaries (together referred as "our Group" or "We") were able to maintain our pace of growth and development. Thus, I am pleased to report that we were able to deliver satisfactory results to our shareholders. Our contracted sales grew by 19% to RMB8,303 million during the six months ended 30 June 2010, up from RMB7,002 million for the corresponding period in 2009. Our revenue increased by 37% to RMB4,753 million and profit attributable to equity holders of the Company increased significantly by 72% to RMB1,152 million in the first six months of 2010. As a result, earnings per share (basic) were about RMB0.20, representing a 43% increase from RMB0.14 for the same period in 2009. With reference to the profit attributable to the equity holders of the Company for the period under review, the Board of Directors (the "Board") is pleased to declare an interim dividend for the six months ended 30 June 2010 of HK$0.05 per share.

On 13 July 2010, our Group announced the issue of perpetual subordinated convertible securities up to USD900 million. The securities were fully subscribed on the day after the announcement and the transaction was completed on 27 July 2010. The securities were the first of their kinds in the Asia market (ex-Japan) for non-bank Chinese entities. Successful completion of this innovative transaction is proof of investors' recognition and approval of our Group. The perpetual and equity-link features of the securities attracted long-term strategic investors to invest in this product. Our financial position and liquidity were further strengthened with the USD900 million proceeds raised. This will enable us to better position ourselves and be ready for forthcoming market consolidation. We will plan the use of the proceeds carefully and evaluate each of the opportunities in the coming market cycle cautiously to ensure that the utilization of funding will serve the purpose of identifying good projects to enhance the return for our shareholders.

Market Review and Outlook

According to the National Bureau of Statistics of China, gross floor area (GFA) of commodity properties sold across China in the first half of 2010 was 394 million square meter (sq.m.), representing an increase of 15.4% over the same period in 2009, while commodity residential housing had a growth of 12.7% in terms of GFA sold. Sales of commodity properties amounted to RMB1.98 trillion, up by 25.4% over the same period in 2009, while the sales of commodity residential housing registered an increase of 20.3%. On the year to year basis property price continued to hike but at a slower rate. In June 2010, 70 key cities nationwide recorded an average increase in property price of 11.4% as compared to the corresponding period in 2009, which is 1% lower than the increment in May 2010.

Several new policies were implemented by the Central Government of the PRC to stabilize property price and cool down the property market in several hot spot cities. As a result, we observed that the property market had entered a turning point in the first half 2010. The development of the property market in the first half of 2010 could be roughly divided into two phases: Before April, very strong flow of speculative purchases emerged again in some first tier cities at the expectation on insufficient supply and price hike. This has led to a continuous rapid surge in property prices. To curb the soaring property prices in some over-heated cities, the Central Government of the PRC launched a series of measures since April 2010. The "New Ten Measures" issued on 17 April had the largest impact among all, aimed to suppress speculation activities, enhance the effective supply of housing, speed up the development of policy housing and strengthen property market regulatory forces. Since April, although the National Real Estate Climate Index was still 8.51 points higher than that in the same period last year, it has declined for three consecutive months. In addition, we also observed the gradual drop in transaction volume and softening of property prices in the second quarter of 2010.

Looking forward into the second half of 2010, from the supply and demand perspective, GFA in new constructions in the first six months of 2010 amounted to 805 million sq.m., representing a growth of 67.9% over the same period in 2009. Increase in new supply coupled with slower sales growth will put pressure on property prices and moderate decline will be expected. From a regional perspective, market maturity among the Pan Bohai Rim, the Yangtze River Delta, the Pearl River Delta and the mid-western region of China is quite differential. The trend of rapidly rising property prices in certain first tier cities will be tempered, while in most second tier and third tier cities the overall market performance will be more persuasive and move gradually upward. In the meantime, the current macro-economic development of the PRC is still subject to rather complicated domestic and external environments. The global economic outlook is still shrouded in uncertainty. Within the PRC's domestic economy, there are still many conflicts and challenges ahead to overcome. In the short term, the development of the PRC's property market will continue to be influenced by the macro-economic policy.

Overall, we support the policies implemented by the Central Government of the PRC as we believe the intention of these policies is consistent and clear – to stabilize the growth of property price and curb speculations for the steady and sustainable development of the property market.

Review of Operation and Strategy

Our primary market positioning is mid- to high-end residential properties, premium grade office buildings, retail space and serviced apartments. We continue to maintain a diversified portfolio of development projects and currently have 38 projects at various stages of development. While reinforcing our leading position in Beijing and the Pan Bohai Rim, we also expand our foothold into other selected high growth areas in the PRC by leveraging and replicating our successful experiences of Beijing and the Pan Bohai Rim in these areas.

Despite the ever-changing property market conditions, we adhered to the construction schedules of our ongoing projects in order to ensure delivery of our properties and to secure future revenue growth but bearing certain flexibilities to adjust the construction schedule according to market situations.

In the second half of 2010 we will focus on contracted sales and continue to adopt a flexible sales and pricing strategy to meet our contracted sales target for 2010. In addition, in view of the rapid change in property market cycle, we will allocate more resources on market research to better equip ourselves when land acquisition opportunities arise. During our course of expansion, we will continue to implement tight cost-control policy together with cautious but flexible financial management policy to maintain our liquidity and gearing ratio at a healthy level.

Regarding land replenishment strategy, we will continue to expand our land-bank in a selective and disciplined manner in accordance the laid down strategy by our Board. We will focus our land acquisition on conveniently located sites for residential projects, prime locations for office and shopping mall projects, and medium to large-scale land parcels suitable for integrated developments. We expect to be active but with cautious in the participation of land auctions, and to add land reserve in high growth areas, such as in those second tier and third tier cities by means of selective merger and acquisition transactions so that we can ultimately expand out geographical coverage.

Corporate Social Responsibilities

Our Group places great emphasis on corporate social responsibilities and is active in community and charitable activities, such as community conservation, environmental protection and education. In the past years, we participated in many community and charitable activities mainly as part of the "Old Residential Community, New Green Environment" program and under the auspices of the Sino-Ocean Charity Foundation. Our Group strives to maintain a harmonious culture for the corporation that fully serves its shareholders, business associates and the community for future development.

1) **"Old Residential Community, New Green Environment", an environmental protection and community interest program**
   In the first half of 2010, we participated in a variety of energy saving and environmental protection activities. The aim was to improve the quality of life with lower carbon level within the residential community and encourage the habit of recycling. We also took part in the "2010 Earth Hour" campaign organized by the Worldwide Fund in March 2010 to show our support of energy saving.

2) **Sino-Ocean Charity Foundation**
   Our Group is committed to discharging corporate social responsibilities through setting up a students aid fund and vocational schools in Sichuan and Qinghai for sustainable development in the quake-affected areas. In addition, the "Sino-Ocean University Student Practice Award" was launched for the second year with a number of PRC universities participating, namely Peking University, Tsinghua University, Tianjin University, Zhejiang University, Sichuan University, Chongqing University, Dalian University of Technology, Hunan University, etc.

Appreciation

We anticipate the property market in the second half of 2010 will remain challenging. Our management team and staff will work together with determination and confidence to bring continuous success to our Group. On behalf of the Board, I would like to take this opportunity to express my gratitude to everyone's support for the growth of our Group, including our shareholders, customers, local government authorities, business partners, members of the Board, our management team and dedicated staff.

LI Ming
CEO

Hong Kong, 18 August 2010

Ocean Express, *Tianjin*

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL REVIEW

Revenue

The following table sets forth our revenue breakdown for the six-month periods ended 30 June 2010 and 2009.

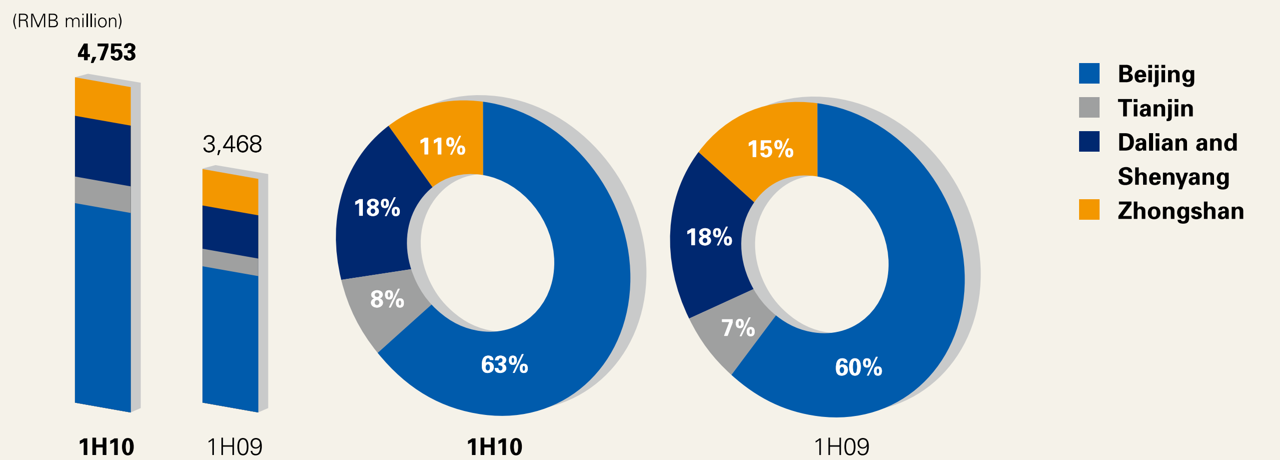
(RMB million)	**First half 2010**	First half 2009	YoY (%)
Property development	**4,443**	3,240	37%
Property investment	**95**	72	32%
Property management	**113**	81	40%
Other real estate related businesses	**102**	75	36%
Total	**4,753**	3,468	37%

Our Group's revenue in the first six months of 2010 amounted to RMB4,753million, representing a 37% growth compared to RMB3,468 million for the corresponding period in 2009.

The increase in total revenue was primarily due to an increase of RMB1,203 million, or 37%, in our property development revenue to RMB4,443 million for the first half of 2010. This was the result of a rise in saleable GFA delivered (including car parks) from approximately 359,000 sq.m. to approximately 422,000 sq.m. In addition, a 20% hike in average selling price ("ASP") delivered (excluding car parks) to RMB 11,210 per sq.m. in the first six months of 2010 compared to RMB 9,369 per sq.m. in the corresponding period in 2009 also contributed to the property development revenue growth.

In terms of geographical revenue mix, for the first half of 2010, Beijing remained the largest segment, contributing 63% of our Group's total revenue, roughly the same as that in the same period in 2009. Revenue from the Pan Bohai Rim continued to account for most of our Group's revenue at 89% during the period under review. The gradually increasing contribution from Tianjin, Dalian and Shenyang, with total revenue up from RMB868 million in the first half of 2009 to RMB1,246 million in 2010, reduced our Group's reliance on the Beijing market and diversified our revenue base to safeguard our Group's revenue growth in the future.

The following graphs compare the revenue contributions by geographical locations for the six-month periods ended 30 June 2010 and 2009.



Cost of Sales

Property development cost continued to be the most significant cost of sales, accounting for approximately 92% of our Group's total cost of sales for the period under review. Cost of property development mainly comprised of land cost and construction cost, which together accounted for 83% of our Group's total cost of sales during this period. Excluding car parks, average land cost per sq.m. of the property development business for the period under review was approximately RMB3,159 (first half of 2009: RMB1,682). The increase was due to higher portion of GFA sold and delivered in the first half of 2010, in which the land parcels were acquired in recent years and thus carried relatively higher price per sq.m. when compared to delivery of last phase of projects acquired years ago in previous financial years. Average construction cost per sq.m. (excluding car parks) for property development for the period under review was approximately RMB4,275, comparable to RMB4,161 for the corresponding period in 2009.

Gross Profit

Gross profit for the period under review amounted to RMB1,206 million, representing a 22% increase compared to the corresponding period in 2009. Gross profit margin decreased from 29% in the first half of 2009 to 25% in the first half of 2010. The drop were primarily due to the facts that a higher portion of saleable GFA sold and delivered in this period was related to GFA sold when the ASP softened at the beginning of last year and most of our delivered projects were in the early phases, such as Ocean Landscape Eastern Area (Beijing) and Ocean City (Tianjian), which typically have lower margins but prices will pick up in later phases.

Other Income and Gains

Other income increased by 54% to RMB109 million for the six months ended 30 June 2010, as compared to RMB71 million for the same period in 2009. The gain was partly due to the increase in interest income as a result of the cash receipts from the share placement in late 2009 and the rise in other operating income.

Other gains increased by RMB174 million to approximately RMB183 million in the first half of 2010, as compared to RMB9 million for the same period in 2009. This increase in other gains was mainly attributable to the disposal gain of our Best Western Premier Beijing Hotel Limited during the first half of 2010.

Operating Expenses

Selling and marketing expenses for the first half of 2010 were RMB158 million, representing a 17% increase compared to RMB135 million of the corresponding period in 2009. The rise was basically due to bigger advertising and marketing campaigns for the launch of new projects during the first half of 2010. These costs, however, were only approximately 2% of the total contracted sales amount for the first half of 2010, the same as 2009. Our cost control measures successfully kept these costs at a relatively low level.

Administrative expenses increased by 66% to RMB156 million in the first half of 2010 (first half of 2009: RMB94 million). This was attributable to our expansion into and operation in more cities to support our contracted sales growth and the cost of upgrading our IT system to enhance overall efficiency. Administrative expenses also included the amortization cost of share options of RMB35 million during the period under review (first half of 2009: RMB14 million). Overall administrative expenses only represented 3.3% of revenue (first half of 2009: 2.7%) and 1.9% of the total contracted sales (first half of 2009: 1.3%) during the period under review.

Finance Costs

Total borrowings as at 30 Jun 2010 were approximately RMB30,814 million (31 December 2009: RMB21,840 million). Despite the rise in total borrowings, we have efficiently applied them to the projects, as a result we were able to capitalize most of the interest expenses and thus leave RMB31 million to be charged through income statement during the first half of 2010, compared to RMB82 million for the first half of 2009.

The average interest rate dropped from 6.1% for the first half of 2009 to only 5.09% for the first half of 2010 partly off-setting the effect from higher total borrowings, leading to total interest expenses paid or accrued to RMB603 million (first half 2009: RMB401 million).

Taxation

The aggregate of enterprise income tax and deferred tax increased by 28% to RMB334 million during the first half of 2010 (first half of 2009: RMB260 million), while the effective tax rate was reduced to 21% (first half of 2009: 23%). The increase was in line with higher pre-tax profit during the period under review. Land appreciation tax for the same period reduced to RMB114 million, a fall of 21% compared to the amount of RMB144 million for the same period in 2009.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders of the Company recorded a significant growth of 72% to RMB1,152 million during the first half of 2010, as compared to RMB670 million for the first half of 2009. It was mainly due to the growth in revenue from property development and gross profit, together with the disposal gain of our Best Western Premier Beijing Hotel Limited during the period under review.

Liquidity and Financial Resources

During the first half of 2010, our Group further refined our funding structure while liquidity and credit policies in the financial market began to tighten. We recorded a net increase in total borrowings of RMB8.974 billion during the first half of 2010. Furthermore, the issuance of USD900 million perpetual subordinated convertible securities was successfully completed on 27 July 2010. It improved our long term capital structure remarkably and will support our future acquisition during market consolidation.

As at 30 June 2010, total cash resources amounted to approximately RMB14.4 billion. Together with unutilized credit facilities of about RMB21.9 billion, the total funds that will be available for future operation and expansion amounted to approximately RMB36.3 billion. Adding the USD900 million raised right after the interim period, our Group is ensured to be financially sound. We have ample financial resources and an adaptable financial management policy to meet our business expansion

We have settled most of our total outstanding land premium during the period under review. As at 30 June 2010, our total outstanding land premium was only RMB1,842 million. As a result of land premium settlement, our net gearing ratio (total debt less cash resources divided by equity attributable to equity holders of the Company) increased to about 68% (31 December 2009: 14%).

In addition, we maintained our borrowing structure to have a higher portion in mid-to-long term borrowings in order to support our sound and safe development. Borrowings with repayment terms over one year accounted for 71% of the total borrowings as at 30 June 2010, as compared to 79% as at 31 December 2009.

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

(RMB million)	**As at 30 June 2010**	As at 31 December 2009	YoY%
Within 1 year	**8,828**	4,653	90%
1 to 2 years	**9,320**	7,019	33%
2 to 5 years	**10,636**	6,359	67%
Over 5 years	**2,030**	3,809	-47%
Total	**30,814**	21,840	

Financial Guarantees and Pledge of Assets

As at 30 June 2010, the value of the guarantees provided by our Group to banks for mortgages extended to some property buyers before completion of their mortgage registration was RMB2,757 million (31 December 2009: RMB1,812 million).

As at 30 June 2010, our Group had pledged part of its land use rights, properties under development, completed properties held for sale, investment properties etc. to secure long-term bank loans of RMB6,308 million (31 December 2009: RMB7,028 million).

Capital Commitments

Our Group entered into certain agreements in respect of land acquisition and property development. As at 30 June 2010, we had a total capital commitment of RMB6,988 million (31 December 2009: RMB7,189 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 2010, the total amount of the aforesaid guarantees provided by us was RMB2,757 million (31 December 2009: RMB1,812 million). In the past, we did not incurr 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 and were secured by the buyers' properties.

BUSINESS REVIEW

Property Development

1) Recognized Sales

Revenue from property development business grew by 37% for the first half of 2010 to RMB4,443 million, compared to RMB3,240 million for the first half of 2009.

The growth in revenue from property development business was mainly due to the increase of saleable GFA delivered from approximately 359,000 sq.m. for the first half of 2009 to approximately 422,000 sq.m. in the first half of 2010; and the 20% rise in ASP excluding car parks from RMB9,369 per sq.m. in the first half of 2009 to RMB11,210 per sq.m. in the first half of 2010.

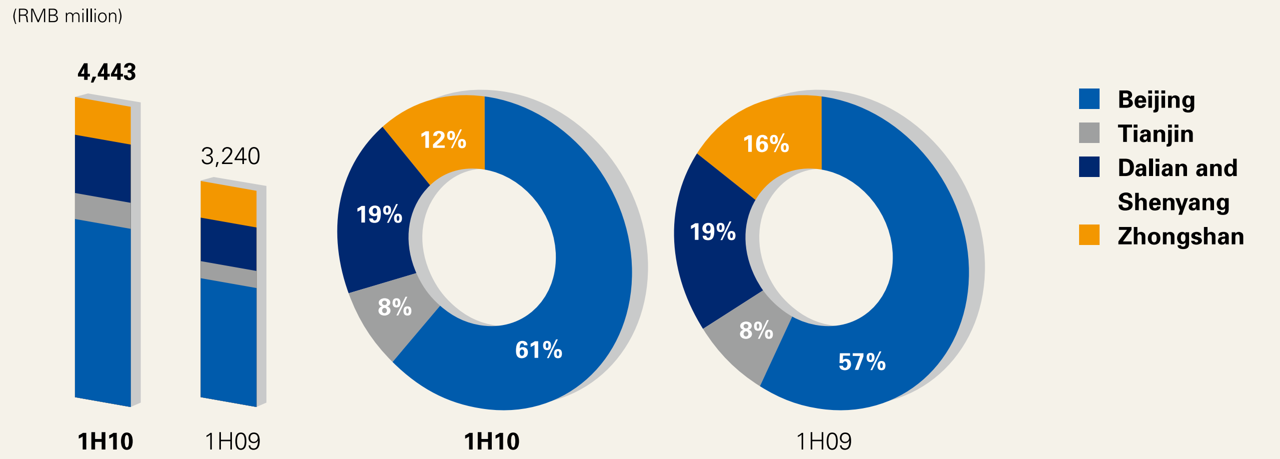
Revenue and saleable GFA delivered from each project during the first half of 2010 were as follows:

	Revenue (RMB million)	Saleable GFA delivered (sq.m.)	Average selling price recognized (RMB/ sq.m.)	Interest attributable to our Group (%)
Beijing				
Ocean Great Harmony 遠洋・萬和城	43	1,868	23,019	100%
Ocean Honored Chateau 遠洋公館	345	8,130	42,435	100%
Ocean Landscape 遠洋山水	133	11,759	11,310	100%
Ocean Landscape Eastern Area 遠洋・沁山水	1,680	145,234	11,568	100%
Ocean Office Park 遠洋・光華國際	323	19,923	16,212	100%
Ocean Seasons 遠洋・自然	41	4,572	8,968	70%
Poetry of River 遠洋一方	24	1,937	12,390	100%
Dalian				
Ocean Prospect 遠洋風景	40	2,577	15,522	100%
Ocean Worldview 紅星海世界觀	569	39,385	14,447	100%
Xiangsong Project 香頌花城	17	3,442	4,939	100%
Shenyang				
Ocean Paradise 遠洋天地	188	32,078	5,861	100%
Tianjin				
Ocean City 遠洋城	212	37,338	5,678	100%
Ocean Express 遠洋新幹線	81	6,710	12,072	97.05%
Ocean Paradise 遠洋天地	83	6,993	11,869	96.99%
Zhongshan				
Ocean City 遠洋城	518	61,364	8,441	100%
Subtotal	4,297	383,310	11,210	
Car parks (various projects)	146	38,876	3,756	
Total	**4,443**	**422,186**	**10,524**	

1) Recognized Sales *(Continued)*

Property development revenue contribution from Beijing remained relatively stable at about 61% for the first half of 2010 (first half of 2009: 57%). One of our key projects in Beijing, namely Ocean Landscape Eastern Area (Beijing) contributed most of the total saleable GFA delivered in the period under review. Meanwhile, there was growing contribution from other cities in the Pan Bohai Rim including Tianjin, Dalian and Shenyang, accounting for 32% of total saleable GFA delivered in the period under review.

The following graphs indicate the breakdown of our revenue from property development by geographical locations during the first half of both 2010 and 2009.



2) Contracted Sales

Our contracted sales in the first half of 2010 amounted to RMB8,303 million, representing an approximately 19% increase compared to RMB7,002 million for the corresponding period in 2009. The increase was mainly a result of the higher average selling price per sq. m. for the first half of 2010. It went up by 39% to RMB13,706 (first half of 2009: RMB9,829) excluding car parks and by 40% to RMB13,265 (first half of 2009: RMB9,480) including car parks.

In terms of geographical distribution, we began to see more substantial contributions from Tianjin, Dalian, Shenyang, and Hangzhou in the first six months of 2010. These regions contributed a total contracted sales amount (excluding car parks) of RMB4,591 million in the first half of 2010 (first half of 2009: RMB2,479 million). As at 30 June 2010, our Group's outstanding contracted sales to be recognized amounted to RMB15,402 million, providing a strong and solid foundation for our Group's future revenue growth.

2) Contracted Sales *(Continued)*

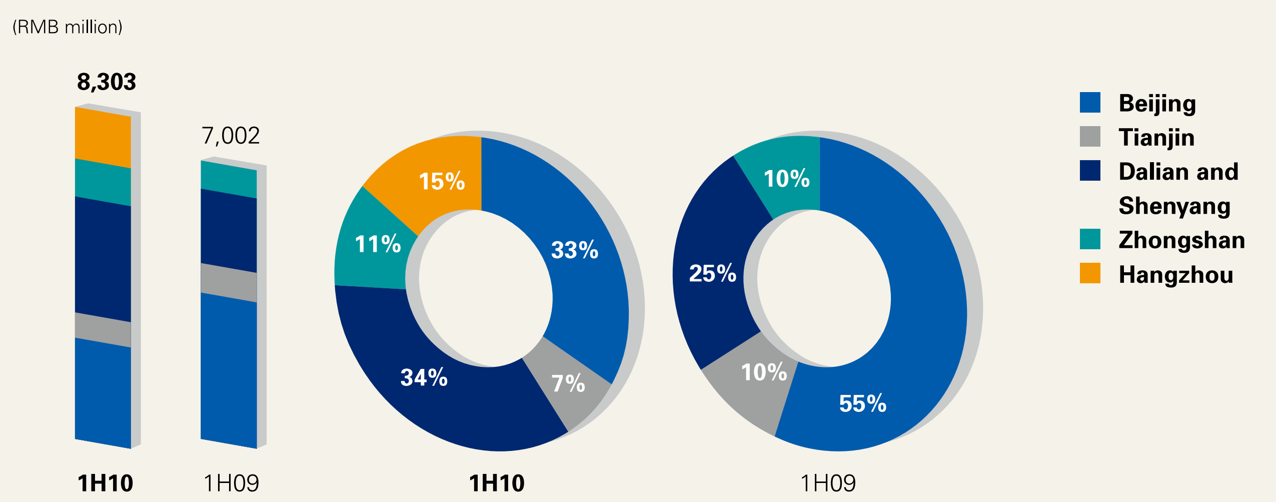
The following table sets forth the information regarding the contracted sales amounts and the saleable GFA sold by projects during the first half of 2010.

	Contracted sales amount (RMB million)	Saleable area sold (sq.m.)	Average selling price (RMB/ sq.m.)	Interest attributable to our Group (%)
Beijing				
Ocean Great Harmony 遠洋・萬和城	814	18,754	43,404	100%
Ocean Honored Chateau 遠洋公館	311	7,224	43,051	100%
Ocean Landscape 遠洋山水	109	7,791	13,991	100%
Ocean Landscape Eastern Area 遠洋・沁山水	721	29,315	24,595	100%
Ocean Office Park 遠洋・光華國際	319	19,923	16,012	100%
Ocean Season 遠洋・自然	35	4,572	7,655	70%
Poetry of River 遠洋一方	358	14,718	24,324	100%
Dalian				
Ocean Prospect 遠洋風景	237	14,491	16,355	100%
Ocean Season 遠洋・自然	386	37,735	10,229	100%
Ocean Worldview 紅星海世界觀	1,073	81,380	13,185	100%
Xiangsong Project 香頌花城	172	40,386	4,259	100%
Hangzhou				
Canal Commercial District 遠洋公館	1,246	37,340	33,369	100%
Shenyang				
Ocean Paradise 遠洋天地	870	112,537	7,731	100%
Tianjin				
Ocean City 遠洋城	445	41,014	10,850	100%
Ocean Express 遠洋新幹線	121	10,740	11,266	97.05%
Ocean Paradise 遠洋天地	41	3,118	13,149	96.99%
Zhongshan				
Ocean City 遠洋城	898	114,034	7,875	100%
Subtotal	8,156	595,072	13,706	
Car parks (various projects)	147	30,883	4,760	
Total	**8,303**	**625,955**	**13,265**	

2) Contracted Sales *(Continued)*

There were altogether 17 projects available for sale during the first half of 2010 (first half of 2009: 14), of which 15 were located in the Pan Bohai Rim, accounting for about 74% of the total contracted sales amount. While Beijing was still the largest market in terms of contracted sales amount in the first half of 2010, accounting for approximately 33%, its ratio was declining compared to the 55% in the corresponding period in 2009. We foresee a higher proportion of contribution coming from other cities in the PRC in the coming years while maintaining a strong presence in Beijing.

The following graphs indicate the breakdown of our Group's contracted sales amount by geographical locations during the first half of both 2010 and 2009.



3) Construction Progress

Total GFA completed and total saleable GFA completed in the first half of 2010 was approximately 370,000 sq.m. and 329,000 sq.m., which slightly dropped by 6% and 1% respectively compared to the corresponding period in 2009. Following that, according to our usual construction cycle, we will have more GFA completed in the second half of the year. As according to our construction schedule, we expect to complete about 1,283,000 sq.m. during 2010.

	Approximate total GFA (sq.m.)	GFA completed during first half of 2010 (sq.m.)	GFA expected to be completed during 2010 (sq.m.)
Beijing			
Ocean Great Harmony 遠洋・萬和城	435,000	–	118,000
Ocean Landscape Eastern Area 遠洋・沁山水	597,000	108,000	226,000
Poetry of River 遠洋一方	793,000	–	3,000
Dalian			
Ocean Prospect 遠洋風景	178,000	–	30,000
Ocean Worldview 紅星海世界觀	1,945,000	62,000	276,000
Xiangsong Project 香頌花城	188,000	–	99,000
Shenyang			
Ocean Paradise 遠洋天地	779,000	16,000	29,000
Tianjin			
Ocean City 遠洋城	2,363,000	42,000	239,000
Ocean Express 遠洋新幹線	328,000	61,000	61,000
Zhongshan			
Ocean City 遠洋城	1,919,000	81,000	202,000
Total	**9,525,000**	**370,000**	**1,283,000**

4) Land-bank

Our land-bank increased by 4.4% to 14,418,000 sq.m. as at 30 June 2010 (31 December 2009: 13,808,000 sq.m.); while land-bank with attributable interest increased to 14,140,000 sq.m. (31 December 2009: 13,549,000 sq.m.). During the first half of 2010, we acquired six plots of land located in Beijing, Dalian, Qingdao and Hainan with approximate GFA of 216,000 sq.m., 406,000 sq.m., 248,000 sq.m. and 67,000 sq.m., respectively. The average land cost per sq.m. for our land-bank as at 30 June, 2010 was approximately RMB2,835 compared to RMB2,251 as at 31 December 2009.

Our land-bank portfolio as at 30 June, 2010 was as follows:

Location	Project	Approximate total GFA (sq.m.)	Approximate total saleable GFA (sq.m.)	Remaining land-bank (sq.m.)	Interest attributable to our Group (%)
Completed properties held for sale					
Beijing	Ocean Express 遠洋新幹線	191,000	173,000	17,000	100%
Beijing	Ocean Honored Chateau 遠洋公館	52,000	39,000	1,000	100%
Beijing	Ocean Landscape 遠洋山水	1,401,000	1,193,000	13,000	100%
Beijing	Ocean Seasons 遠洋・自然	381,000	237,000	15,000	70%
Subtotal		2,025,000	1,642,000	46,000	
Properties under development					
Beijing	Jiangtai Business Center (INDIGO) 將台商務中心（頤提港）*	295,000	269,000	295,000	50%
Beijing	Ocean Great Harmony 遠洋・萬和城	435,000	373,000	305,000	100%
Beijing	Ocean Landscape Eastern Area 遠洋・沁山水	597,000	513,000	410,000	100%
Beijing	Poetry of River 遠洋一方	793,000	703,000	643,000	100%
Beijing	Tongzhou Yuqiao Project (Ocean Oriental) 通州玉橋項目（遠洋・東方）*	174,000	150,000	174,000	100%
Dalian	Nanguan Ling Project (Ocean Seasons) 南關嶺項目（遠洋・自然）*	138,000	103,000	138,000	100%
Dalian	Ocean Prospect 遠洋風景	178,000	160,000	50,000	100%
Dalian	Ocean Worldview 紅星海世界觀	1,945,000	1,518,000	1,848,000	100%
Dalian	Xiangsong Project 香頌花城	188,000	176,000	103,000	100%
Hainan	Ocean Olympics 遠洋奧林匹克公館	53,000	51,000	53,000	70%
Hangzhou	Canal Commercial District 運河商務區（遠洋公館）*	866,000	612,000	866,000	100%
Shenyang	Ocean Paradise 遠洋天地	779,000	747,000	662,000	100%
Tianjian	Ocean City 遠洋城	2,363,000	1,768,000	2,313,000	100%
Tianjian	Ocean Express 遠洋新幹線	328,000	282,000	210,000	97.05%
Tianjian	Ocean Paradise 遠洋天地	578,000	452,000	274,000	96.99%
Zhongshan	Ocean City 遠洋城	1,919,000	1,704,000	1,565,000	100%
Subtotal		11,629,000	9,581,000	9,909,000	

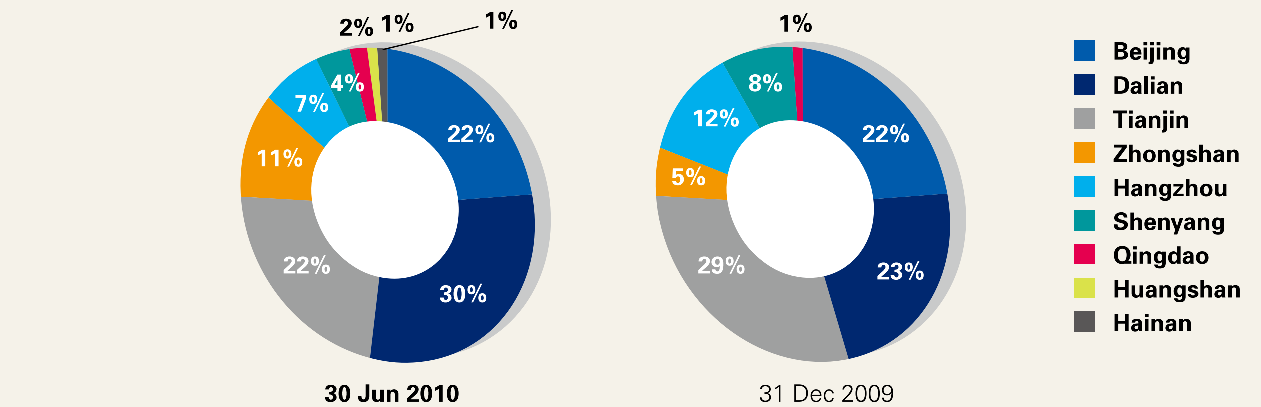
4) Land-bank *(Continued)*

Location	Project	Approximate total GFA (sq.m.)	Approximate total saleable GFA (sq.m.)	Remaining land-bank (sq.m.)	Interest attributable to our Group (%)
Properties held for future development					
Beijing	Beiqijia Project (Ocean Manor) 北七家（遠洋・傲北）*	268,000	118,000	268,000	100%
Beijing	Dawangjing Project 大望京項目	216,000	194,000	216,000	100%
Beijing	Jingmian Project 京棉項目	79,000	70,000	79,000	100%
Beijing	Ocean La Vie 遠洋・La Vie	208,000	130,000	208,000	85.72%
Beijing	Ocean Wangfujing Project 王府井項目	50,000	45,000	50,000	100%
Beijing	Poetry of River - Eastern Area 遠洋一方東區（遠洋・新悦）*	94,000	80,000	94,000	100%
Beijing	Yizhuang Sanyang (Ocean Palace) 亦庄三羊（遠洋・天著）*	345,000	251,000	345,000	100%
Dalian	IT Zone - Residential (Ocean Valley Lafite) IT 產業園 - 住宅部分（遠洋・拉斐庄園）*	400,000	362,000	400,000	100%
Dalian	IT Zone - Industrial IT 產業園 – 工業部份	835,000	399,000	835,000	100%
Dalian	Ocean Plaza 中華路項目（遠洋廣場）*	406,000	353,000	406,000	100%
Dalian	University Zone (Ocean Times) 大學城（遠洋時代城）*	537,000	488,000	537,000	100%
Dalian	Xishan Project (Ocean Midtown) 西山項目（遠洋 MIDTOWN)*	90,000	74,000	90,000	100%
Hainan	Tang Di Project 棠棣項目	14,000	12,000	14,000	52.5%
Hangzhou	Hang Yimian Project 杭一棉項目	199,000	176,000	199,000	70%
Huangshan	Taohuadao Project 桃花島項目	140,000	135,000	140,000	100%
Qingdao	Fushan Project 浮山項目（遠洋風景）*	143,000	102,000	143,000	100%
Qingdao	Quanzhoulu Project 泉州路項目（遠洋公館）*	105,000	77,000	105,000	100%
Tianjian	Ocean Great Harmony 倪黃庄項目（遠洋・萬和城）*	334,000	324,000	334,000	100%
Subtotal		4,463,000	3,390,000	4,463,000	
Total		**18,117,000**	**14,613,000**	**14,418,000**	

* Projects' new names shown for reference.

4) Land-bank *(Continued)*

The following graphs set forth the land-bank by geographical locations as at 30 June 2010 and 31 December 2009:



Property Investment

Revenue from property investment increased by 32% to RMB95 million during the first half of 2010 (first half of 2009: RMB72 million). The rise in rental income was mainly due to higher occupancy rate for Ocean Office Park (Beijing). We are optimistic about the appreciation in value and rental income generated by these grade A investment properties in view of their prime locations in Beijing.

	Approximate leasable area (sq.m.)	Office premises (sq.m.)	Retail space (sq.m.)	Others (sq.m.)	Occupancy rate as at 30 June 2010 (%)	Interest attributable to our Group (%)
Ocean Plaza (Beijing)	31,000	26,000	1,000	4,000	Over 95%	72%
Ocean International Center Block A (Beijing)	85,000	77,000	8,000	–	Over 88%	100%
Ocean Office Park (Beijing)	99,000	81,000	18,000	–	Over 56%	100%
Total	**215,000**	**184,000**	**27,000**	**4,000**		

Property Management

During the first half of 2010, revenue from the provision of property management services increased by 40% to RMB113 million (first half of 2009: RMB81 million). As at 30 June 2010, total GFA covered by our property management services increased to about 4,550,000 sq.m., compared to approximately 3,230,000 sq.m. for the corresponding period in 2009.

OTHER INFORMATION

Risk of Exposure to Exchange Rate Fluctuations and Related Hedging

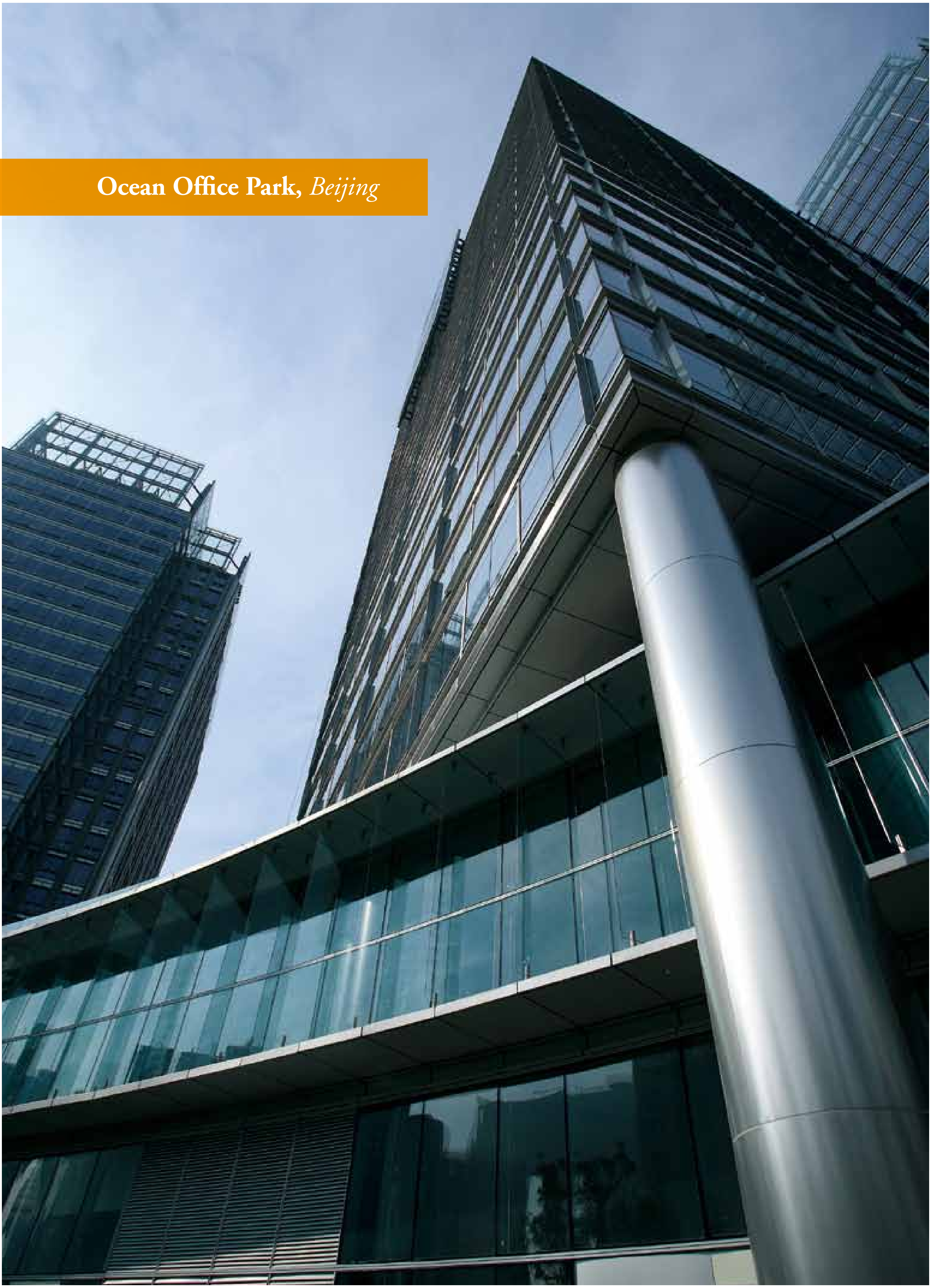
During the first half of 2010, our Group had no investments in hedging or speculative derivatives. In view of the potential Renminbi exchange rate fluctuations, we will consider arranging for monetary and interest rate swaps at appropriate times to avoid the corresponding risks.

Employees and Human Resources

As at 30 June 2010, our Group had 5,397 employees (31 December 2009: 4,111), a 31% increase in headcount. We set up offices in several new cities which we entered or intended to enter, including Shanghai, Chongqing and Hainan. The increase in the number of headcount is in line with our business expansion to support sales growth and increasing number of properties under construction in other cities across the PRC.

During the first half of 2010, even after taking into account the amortization of share options, we were able to maintain the level of our overall staff cost at about RMB243 million (first half of 2009: RMB151 million). Besides the share option scheme adopted in previous years, we introduced a restricted share scheme during this period. We believe that these schemes will provide long-term incentive and rewards to our staff. We will continuously review our salary and compensation schemes to make them competitive to retain our talented staff so that these talented staff can ultimately bring in higher return to our shareholders and investors.

Ocean Office Park, *Beijing*



DISCLOSURE OF INTERESTS

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

As at 30 June 2010, the interests and short positions of each of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange 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	Percentage in the Company's issued share capital
LI Ming	Founder of discretionary trust	125,878,375 *(Note i)*		2.233%
	Beneficial owner		11,560,000 *(Note iii)*	0.205%
LIANG Yanfeng	Beneficial owner		3,360,000 *(Note iii)*	0.060%
WANG Xiaoguang	Interest of controlled corporation	102,355,189 *(Note ii)*		1.816%
	Beneficial owner		2,210,000 *(Note iii)*	0.039%
CHEN Runfu	Beneficial owner		4,420,000 *(Note iii)*	0.078%
TSANG Hing Lun	Beneficial owner	40,000		0.001%
	Beneficial owner		400,000 *(Note iii)*	0.007%
GU Yunchang	Beneficial owner		500,000 *(Note iii)*	0.009%
HAN Xiaojing	Beneficial owner		500,000 *(Note iii)*	0.009%
ZHAO Kang	Beneficial owner		500,000 *(Note iii)*	0.009%

Notes:

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

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

iii. The share options were granted pursuant to the share option scheme 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.

iv. As at 23 March 2010, the resignation date of Mr. YIN Yingneng, Richard, 12,728,371 shares were beneficially owned by Mr. YIN. The 320,000 options granted to Mr. YIN were lapsed on 23 June 2010.

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 2010 was the Company or any of its subsidiaries a party to any arrangement that would enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors or any of their spouses or children under the age of 18 were granted any right to subscribe to any equity or debt securities of the Company or any other body corporate or had exercised any such right.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares 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 2010, 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 Life Insurance (Group) Company *(Note i)*	Interest of controlled corporation	Long	1,357,186,120	24.07%
China Life Insurance Company Limited *(Note i)*	Beneficial owner	Long	1,357,186,120	24.07%
China Ocean Shipping (Group) Company *(Note ii)*	Interest of controlled corporation	Long	949,937,399	16.85%
COSCO (Hong Kong) Group Limited *(Note ii)*	Interest of controlled corporation	Long	949,937,399	16.85%
True Smart International Limited *(Note ii)*	Interest of controlled corporation	Long	949,937,399	16.85%
COSCO International Holdings Limited *(Note ii)*	Interest of controlled corporation	Long	949,937,399	16.85%
COSCO (B.V.I.) Holdings Limited *(Note ii)*	Interest of controlled corporation	Long	949,937,399	16.85%
COSCO International Land (B.V.I.) Limited *(Note ii)*	Interest of controlled corporation	Long	949,937,399	16.85%

Name of shareholders	Capacity	Long / short position	No. of ordinary shares held	Percentage in the Company's issued share capital
COSCO International Land Limited *(Note ii)*	Interest of controlled corporation	Long	949,937,399	16.85%
Sunny Wealth Investments Limited *(Note ii)*	Beneficial owner	Long	949,937,399	16.85%
UBS AG *(Note iii)*	Beneficial owner/ person having a security interest in shares/ interest of controlled corporation	Long	286,735,122	5.09%
	Beneficial owner/ interest of controlled corporation	Short	49,911,200	0.89%

Notes:

(i) The 1,357,186,120 shares were registered in the name of, and beneficially owned by, China Life Insurance Company Limited. China Life Insurance (Group) Company was interested in 68.37% of China Life Insurance Company Limited.

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

(iii) UBS AG held a long position in 286,735,122 shares of the Company comprising:

(a) 161,518,122 shares held by UBS AG;

(b) 914,000 shares in which UBS AG has a security interest; and

(c) 124,303,000 shares held by certain wholly owned subsidiaries of UBS AG, including UBS Fund Management (Switzerland) AG, UBS Global Asset Management (Americas) Inc., UBS Global Asset Management (Hong Kong) Ltd, UBS Global Asset Management (Japan) Ltd, UBS Global Asset Management (Singapore) Ltd, UBS Global Management (UK) Limited, UBS Global Asset Management (Canada) Co., UBS Securities LLC and UBS Global Asset Management Trust Co Ltd.

UBS AG and its wholly owned subsidiary, UBS Securities LLC, held a short position in 9,147,700 shares and 40,763,500 shares of the Company respectively.

Save as disclosed above, as at 30 June 2010, the Company had not been notified by any person or corporation who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

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 2010 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 2010, movements of share options granted to the directors, chief executives and employees of the Group under the Share Option Scheme were as follows:

	Date of option granted	Exercise price per share HKD	No. of options outstanding as at 1 January 2010	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 2010
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
	30 Jul 2009	8.59	4,280,000	–	–	–	4,280,000
LIANG Yanfeng	8 Oct 2007	7.70	1,430,000	–	–	–	1,430,000
	19 Sept 2008	2.55	500,000	–	–	–	500,000
	30 Jul 2009	8.59	1,430,000	–	–	–	1,430,000
WANG Xiaoguang	19 Sept 2008	2.55	500,000	–	–	–	500,000
	30 Jul 2009	8.59	800,000	–	–	–	800,000
	5 Oct 2009	7.11	910,000	–	–	–	910,000
CHEN Runfu	8 Oct 2007	7.70	1,710,000	–	–	–	1,710,000
	19 Sept 2008	2.55	1,000,000	–	–	–	1,000,000
	30 Jul 2009	8.59	1,710,000	–	–	–	1,710,000
YIN Yingneng Richard	19 Sept 2008	2.55	200,000	–	(80,000)	(120,000)	–
	30 Jul 2009	8.59	200,000	–	–	(200,000)	–
TSANG Hing Lun	24 Jan 2008	7.70	140,000	–	–	–	140,000
	19 Sept 2008	2.55	60,000	–	–	–	60,000
	30 Jul 2009	8.59	200,000	–	–	–	200,000
GU Yunchang	24 Jan 2008	7.70	200,000	–	–	–	200,000
	19 Sept 2008	2.55	100,000	–	–	–	100,000
	30 Jul 2009	8.59	200,000	–	–	–	200,000

	Date of option granted	Exercise price per share HKD	No. of options outstanding as at 1 January 2010	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 2010
HAN Xiaojing	24 Jan 2008	7.70	200,000	–	–	–	200,000
	19 Sept 2008	2.55	100,000	–	–	–	100,000
	30 Jul 2009	8.59	200,000	–	–	–	200,000
ZHAO Kang	24 Jan 2008	7.70	200,000	–	–	–	200,000
	19 Sept 2008	2.55	100,000	–	–	–	100,000
	30 Jul 2009	8.59	200,000	–	–	–	200,000
Subtotal			23,850,000	–	(80,000)	(320,000)	23,450,000
Employees	28 Sept 2007	7.70	54,495,500	–	–	(466,000)	54,029,500
	24 Jan 2008	7.70	8,650,000	–	–	(192,000)	8,458,000
	19 Sept 2008	2.55	24,719,500	–	(696,000)	(270,000)	23,753,500
	30 July 2009	8.59	17,550,000	–	–	–	17,550,000
	2 Sept 2009	7.01	22,420,000	–	–	(340,000)	22,080,000
	5 Oct 2009	7.11	26,750,000	–	–	(450,000)	26,300,000
Subtotal			154,585,000	–	(696,000)	(1,718,000)	152,171,000
Total			**178,435,000**	**–**	**(776,000)**	**(2,038,000)**	**175,621,000**

Note:

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

(ii) During the six months ended 30 June 2010, 776,000 share options were exercised and the weighted average closing price of shares of the Company immediately before the dates of exercise was HKD6.66 per ordinary share.

Restricted Share Award Scheme

As announced by the Company on 22 March 2010, the Board of the Company resolved to adopt the restricted share award scheme (the "Award Scheme") on 22 March 2010 (the "Adoption Date") as an incentive to retain and encourage the employees for the continual operation and development of the Group. Unless early terminated by the Board of Directors, the Award Scheme shall continue in full force and effect from the Adoption Date for a term of 10 years. According to the Award Scheme, shares up to 3% of the issued share capital of the Company as at the Adoption Date will be purchased by the trustee from the market out of cash contributed by the Group and be held in trust for the relevant selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the Award Scheme. Up to 30 June 2010, no share was awarded to any selected employees under the Award Scheme.

Convertible Securities

As announced by the Company on 27 July 2010, the perpetual subordinated convertible securities (the "Convertible Securities") issued by a wholly owned subsidiary of the Company, in an aggregate principal amount of USD900 million, have been fully subscribed by certain investors. The net proceeds from the issue of the Convertible Securities were approximately USD882 million and will, in majority if not all, be used by the Company to finance new and existing projects (including construction costs and land costs) and for general corporate purpose.

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

During the six months ended 30 June 2010, 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 2010 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 64.

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 2010.

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 2010, except for the deviation from the codes A.4.1 and A.2.1 of the CG Code with the explanation as below:

Under code A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. One non-executive director 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 (the "Articles of Associations"). According to Article 110 of the Articles of Association, 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 A.4.1 of the CG Code is acceptable since, with at least one-third of all directors being subject to retirement at every annual general meeting, all of them should be retired by rotation at least once every three years so as to comply with code A.4.2 of the CG Code.

The code A.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individuals.

Effective from 23 March 2010, Mr. LI Jianhong resigned as the chairman of the Company and Mr. LI Ming was appointed as the chairman (the "Chairman") and remains as the chief executive officer of the Company (the "Chief Executive Officer"). Given the current corporate structure, there is no separation between the roles of the Chairman and the Chief Executive Officer as required under code A.2.1 of the CG Code. Although the responsibilities of the Chairman and the Chief Executive Officer are vested in one person, all major decisions are made in consultation with the Board members and the senior management of the Company. There are four independent non-executive directors and three non-executive directors in the Board. The Board considers that there is sufficient balance of power and that the current arrangement maintains a strong management position and also facilities the ordinary business activities of the Company.

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 Issuers 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 HKD0.05 per share (2009: HKD0.04 per share) to shareholders whose names appear on the Company's register of members on 17 September 2010. The interim dividend will be paid on or about 5 October 2010. The register of members of the Company will be closed from 15 September 2010 to 17 September 2010, 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 14 September 2010.

Investor Relations

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

We demonstrated our integrity by having constant and honest dialogues with stakeholders in any kind of business environment. This year, we are again facing a challenging market. We continued to maintain regular communication in the first half of 2010. At the same time, we have turned our stakeholders' constructive suggestions on investor relations into practice.

Reaching more long-term investors

For the first six months, the Group's management representatives and the investor relations (the "IR") team participated in 10 large-scale investors' conferences, met face-to-face and conducted conference calls with stakeholders from about 226 funds and securities firms.

As suggested by many stakeholders, to reach more long-term investors, we included Japan and Holland in our post annual results road show at the end of March, in addition to the United States, England, Singapore, Hong Kong and the PRC. Altogether we met with about 128 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 21 securities firms as of June 2009, to 27 as of June 2010 including Citigroup, Morgan Stanley, J.P. Morgan, Merrill Lynch, Goldman Sachs, Macquarie and BNP Paribas, etc. As at end of June 2010, ratings on the Group were very encouraging – 96 % recommended "buy" or "hold".

Organizing site visits

In the first half of 2010, we organized some 70 site visits for the stakeholders to view our projects in different cities in China. We regularly collected and reported to the management team in respect of stakeholders' comments and suggestions on the projects.

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. Therefore, our management representatives have been spending time at every annual and extraordinary general meeting to talk directly to shareholders, who are mostly retail shareholders, and answer their questions to ensure that they have a solid understanding of the Company's strategies and latest development.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

Executive Directors
Mr. LI Ming *(Chief Executive Officer)*
Mr. WANG Xiaoguang
Mr. CHEN Runfu

Non-executive Directors
Ms. LIU Hui
Mr. LIANG Yanfeng
Mr. WANG Xiaodong

Independent non-executive Directors
Mr. TSANG Hing Lun
Mr. GU Yunchang
Mr. HAN Xiaojing
Mr. ZHAO Kang

Audit Committee

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

Remuneration and Nomination Committee

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

Investment Committee

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

Company Secretary

Mr. SUM Pui Ying, Adrian

Authorized Representatives

Mr. LI Ming
Mr. SUM Pui Ying, Adrian

Registered Office

Suite 601, One Pacific Place
88 Queensway
Hong Kong

Principal Place of Business

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

Principal Bankers

Industrial and Commercial Bank of China, Ltd.
China Minsheng Banking Corp., Ltd.
Agricultural Bank of China, Ltd.
Bank of Communications Co., Ltd.
China Merchants Bank Co., Ltd.
Bank of China Limited
Bank of Beijing Co., Ltd.
China CITIC Bank Corporation Ltd.
Standard Chartered Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited
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

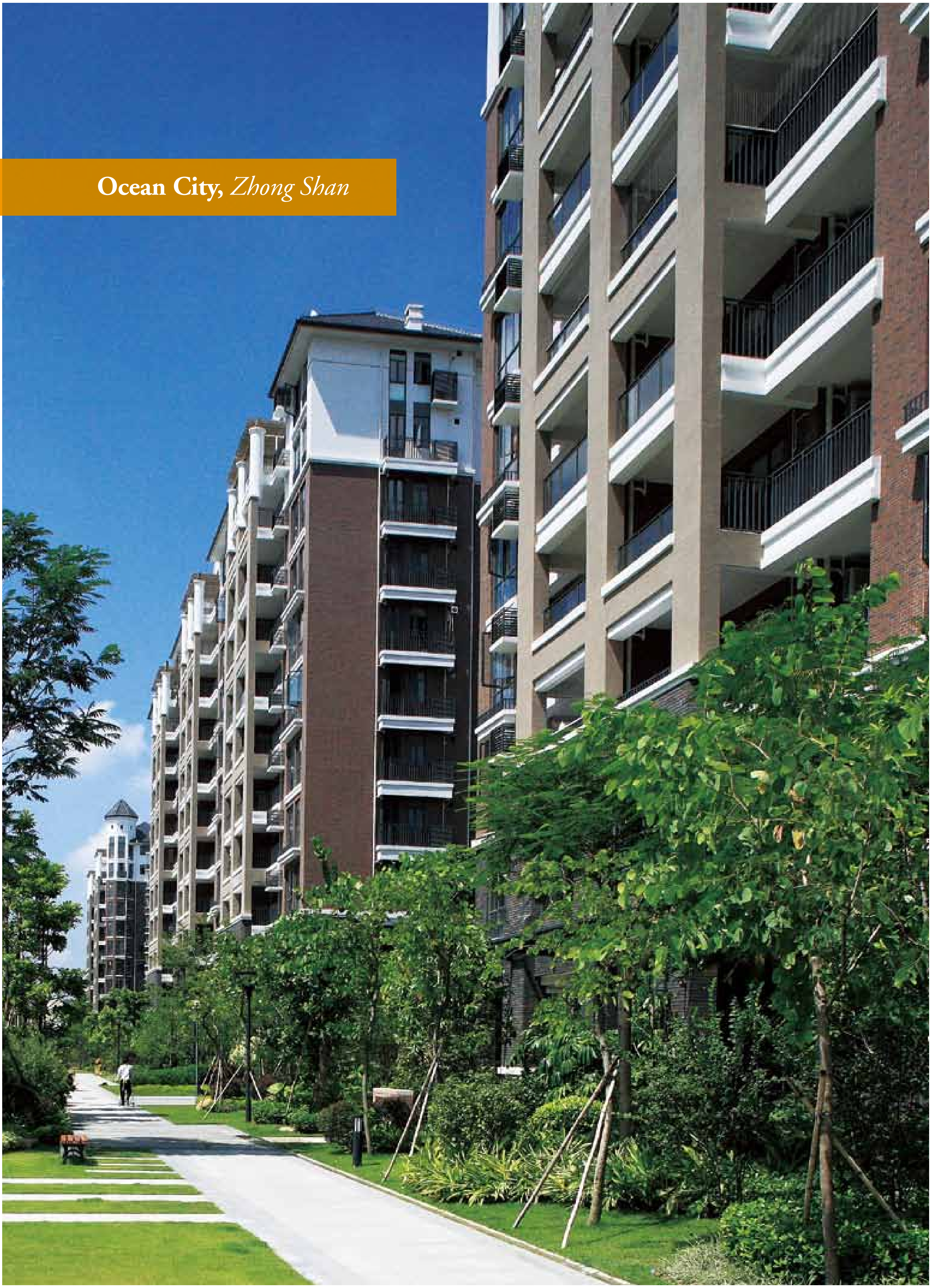
The Stock Exchange of Hong Kong Limited
Stock Code : 03377

Company Website

www.sinooceanland.com

Investor Relations Contact

ir@sinooceanland.com
Tel: +852 2248 1026



Ocean City, *Zhong Shan*

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	As at 30 June 2010 RMB'000 (Unaudited)	As at 31 December 2009 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	**207,050**	324,867
Land use rights	5	**68,819**	38,964
Investment properties	6	**4,614,000**	3,984,000
Goodwill		**637,437**	662,602
Interest in a jointly controlled entity		**670,226**	671,685
Interests in associates		**288,462**	294,462
Available-for-sale financial assets	7	**492,006**	592,648
Derivative financial instrument	11	**–**	8,331
Other receivables	8	**72,205**	893,590
Deferred income tax assets		**388,744**	305,539
Total non-current assets		**7,438,949**	7,776,688
Current assets			
Deposits for land use rights		**20,768,489**	7,371,019
Properties under development		**25,709,477**	22,254,218
Inventories, at cost		**168,752**	99,503
Land under development		**2,019,501**	926,828
Completed properties held for sale		**2,428,936**	3,483,588
Derivative financial instrument	11	**8,331**	–
Trade and other receivables	8	**4,032,373**	1,720,294
Restricted bank deposits		**773,740**	896,442
Cash and cash equivalents		**13,585,311**	17,619,619
Total current assets		**69,494,910**	54,371,511
Total assets		**76,933,859**	62,148,199
EQUITY			
Equity attributable to equity holders of the Company			
Share capital and premium	9	**20,119,263**	20,117,523
Reserves		**(570,982)**	(485,282)
Retained earnings			
– proposed dividends		**245,904**	248,154
– others		**4,394,787**	3,487,484
		24,188,972	23,367,879
Non-controlling interests		**781,030**	518,535
Total equity		**24,970,002**	23,886,414

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	As at 30 June 2010 RMB'000 (Unaudited)	As at 31 December 2009 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	10	**21,985,651**	17,186,844
Deferred income tax liabilities		**1,481,569**	999,182
Total non-current liabilities		**23,467,220**	18,186,026
Current liabilities			
Borrowings	10	**8,828,311**	4,653,168
Trade and other payables	12	**4,689,117**	4,526,103
Advances from customers		**13,761,369**	9,494,610
Current income tax liabilities		**1,217,840**	1,401,878
Total current liabilities		**28,496,637**	20,075,759
Total liabilities		**51,963,857**	38,261,785
Total equity and liabilities		**76,933,859**	62,148,199
Net current assets		**40,998,273**	34,295,752
Total assets less current liabilities		**48,437,222**	42,072,440

The notes on pages 41 to 63 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Note	Unaudited Six months ended 30 June 2010 RMB'000	 2009 RMB'000
Continuing Operations:			
Revenue	4	**4,753,217**	3,468,172
Cost of sales		**(3,547,088)**	(2,475,867)
Gross profit		**1,206,129**	992,305
Other income		**109,028**	70,875
Other gains – net	13	**183,100**	9,037
Fair value gain on investment properties	6	**462,949**	398,180
Selling and marketing expenses		**(157,685)**	(134,984)
Administrative expenses		**(155,702)**	(93,598)
Operating profit	14	**1,647,819**	1,241,815
Finance costs		**(30,534)**	(81,659)
Share of loss of a jointly controlled entity		**(1,459)**	(24,834)
Share of losses of associates		**(6,002)**	(1,303)
Profit before income tax		**1,609,824**	1,134,019
Income tax expense	15	**(448,027)**	(403,533)
Profit from continuing operations		**1,161,797**	730,486
Loss from discontinued operations	22	**(5,378)**	(1,019)
Profit for the period		**1,156,419**	729,467
Profit attributable to:			
Equity holders of the Company		**1,152,099**	669,634
Non-controlling interests		**4,320**	59,833
		1,156,419	729,467

FINANCIAL REPORT

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Note	Unaudited Six months ended 30 June **2010** **RMB'000**	 2009 RMB'000
Basic earnings per share for profit/(loss) attributable to the equity holders of the Company (expressed in RMB)			
– Continuing operations	16	**0.205**	0.143
– Discontinued operations	16	**(0.001)**	–
		0.204	0.143
Diluted earnings per share for profit/(loss) attributable to the equity holders of the Company (expressed in RMB)			
– Continuing operations	16	**0.205**	0.142
– Discontinued operations	16	**(0.001)**	–
		0.204	0.142
Interim dividends	17	**245,904**	165,734

The notes on page 41 to 63 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Profit for the period	**1,156,419**	729,467
Other comprehensive (losses)/income:		
Fair value (losses)/gains on available-for-sale financial assets	**(95,507)**	18,490
Currency translation differences	**(5,135)**	(172)
Other comprehensive (losses)/income for the period	**(100,642)**	18,318
Total comprehensive income for the period	**1,055,777**	747,785
Total comprehensive income attributable to:		
– Equity holders of the Company	**1,051,457**	687,952
– Non-controlling interests	**4,320**	59,833
	1,055,777	747,785

The notes on page 41 to 63 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 RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2009	3,466,124	10,719,998	(226,789)	2,693,594	16,652,927	1,130,182	17,783,109
Profit for the 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
Transactions with owners in their capacity as owners							
Dividends relating to 2008 paid in June 2009 (Note 17)	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 (Note 9)	539	6,444	–	–	6,983	–	6,983
Issue of shares of acquisition of a subsidiary and additional interests in subsidiaries from non-controlling interests	143,049	500,672	(356,796)	–	286,925	(569,099)	(282,174)
Decrease in non-controlling interests as a result of acquisition of additional interests in subsidiaries from non-controlling interests	–	–	2,666	–	2,666	(22,974)	(20,308)
Total transactions with owners	163,461	643,223	(329,454)	(288,308)	188,922	(592,073)	(403,151)
Balance at 30 June 2009	3,629,585	11,363,221	(537,925)	3,074,920	17,529,801	597,942	18,127,743

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Unaudited						
	Attributable to the equity holders of the Company						
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2010	4,289,174	15,828,349	(485,282)	3,735,638	23,367,879	518,535	23,886,414
Profit for the period	–	–	–	1,152,099	1,152,099	4,320	1,156,419
Other comprehensive income:							
Fair value losses on available-for-sale financial assets	–	–	(95,507)	–	(95,507)	–	(95,507)
Currency translation differences	–	–	(5,135)	–	(5,135)	–	(5,135)
Total comprehensive income for the period ended 30 June 2010	–	–	(100,642)	1,152,099	1,051,457	4,320	1,055,777
Transactions with owners in their capacity as owners							
Dividends relating to 2009 paid in June 2010 (Note 17)	–	–	–	(247,046)	(247,046)	–	(247,046)
Fair value reserve on employee share option plan	–	–	70,049	–	70,049	–	70,049
Issue of shares pursuant to exercise of employee share options (Note 9)	546	1,194	–	–	1,740	–	1,740
Decrease in non-controlling interests as a result of acquisition of additional interests in subsidiaries from non-controlling interests (Note 21)	–	–	(55,107)	–	(55,107)	(169,187)	(224,294)
Increase in non-controlling interests as a result of business combination (Note 20)	–	–	–	–	–	419,862	419,862
Contribution from non-controlling interests	–	–	–	–	–	7,500	7,500
Total transactions with owners	546	1,194	14,942	(247,046)	(230,364)	258,175	27,811
Balance at 30 June 2010	4,289,720	15,829,543	(570,982)	4,640,691	24,188,972	781,030	24,970,002

The notes on page 41 to 63 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Unaudited Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Net cash (used in)/generated from operating activities	**(11,371,207)**	268,958
Net cash used in investing activities	**(908,197)**	(423,142)
Net cash generated from financing activities	**8,275,090**	3,469,252
Net (decrease)/increase in cash and cash equivalents	**(4,004,314)**	3,315,068
Cash and cash equivalents at beginning of the period	**17,619,619**	8,026,677
Exchange losses on cash and cash equivalents	**(29,994)**	(1,066)
Cash and cash equivalents at end of the period	**13,585,311**	11,340,679

The notes on page 41 to 63 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

Sino-Ocean Land Holdings Limited (the "Company") is a limited liability company incorporated in Hong Kong on 12 March 2007. The address of its registered office is Suite 601, One Pacific Place, 88 Queensway, Hong Kong. The Company and its subsidiaries (together, the "Group") are principally engaged in investment holding, property development and property investment in the People's Republic of China (the "PRC").

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

These condensed consolidated interim financial information are presented in Renminbi , unless otherwise stated. This condensed consolidated interim financial information has not been audited, and was approved by the board of directors for issue on 18 August 2010.

Key events

The operational highlight of the period was the acquisition of Chongqing Golf Club Company Limited and Sanya South Olympic Garden Company Limited, both being a real estate company, as well as Dalian JiYee Concrete Manufacture Company Limited, a concrete manufacturing company. Further details of these transactions are given in Note 20.

The Group also acquired an additional 30% of the issued shares of Hangzhou Yuanyang Tianqi Property Company Limited, Hangzhou Yuanyang Yunhe Commercial District Development Company Limited and Hangzhou Yuanyang Xinhe Hotel Property Company Limited from their non-controlling interests. Further details are given in Note 21(a).

On 23 April 2010, the Group entered into an agreement to dispose of Best Western Premier Beijing Hotel Limited, a 100% owned subsidiary of the Company. Further details are given in Note 22.

On 7 July 2010, the Group publicly announced its acquisition plan for purchasing 69.02% share of Kee Shing (Holdings) Limited (Stock code:174), whose shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited. Further details are given in Note 24(a).

On 27 July 2010, the Group successfully issued and listed certain perpetual subordinated convertible securities on the Singapore Exchange Securities Trading Limited. Further details are given in Note 24(b).

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2010 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. These condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, 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 2009, as described in those annual financial statements.

3 Accounting policies *(Continued)*

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

(a) New and amended standards adopted by the Group

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

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

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

  The standard was applied to all acquisitions incurred on or after 1 July 2009. No contingent consideration has been recognised, while acquisition costs of RMB 6,699,000 have been recognised in the income statement. These would previously have been included in the consideration for the business combination. See Note 20 for further details of the business combination that were entered into in the six months under review.

  As the Group has adopted HKFRS 3 (revised), it is required to adopt HKAS 27 (revised), 'consolidated and separate financial statements', at the same time. HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. See Note 21 for further details of transactions with non-controlling interests that were entered into in the six months.

- HKAS 17 (amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Leasehold land and land use rights", and amortised over the lease term.

  The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 January 2010 on the basis of information existing at the inception of those leases, and no leasehold land is recognised as finance lease.

3 Accounting policies *(Continued)*

(b) Standards, amendments and interpretations to existing standards effective in 2010 but not relevant to the Group

- HK(IFRIC)-Int 17, 'Distributions of non-cash assets to owners' is 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.

  'Additional exemptions for first-time adopters' (Amendment to HKFRS 1) is effective for annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing HKFRS preparer.

- HKAS 39 (Amendment), 'Eligible hedged items' is effective for annual period on or after 1 July 2009. That is not currently applicable to the Group, as it has no hedging.

- HKFRS 2 (Amendment), 'Group cash-settled share-based payment transaction' is effective for annual periods beginning on or after 1 January 2010. This is not currently applicable to the Group, as it has no such share-based payment transactions.

- First improvements to Hong Kong Financial Reporting Standards (2008) were issued in October 2008 by the HKICPA. The improvement related to HKFRS 5 "Non-current assets held for sale and discontinued operations" is effective for annual period on or after 1 July 2009.

- Second improvements to Hong Kong Financial Reporting Standards (2009) were issued in May 2009 by the HKICPA. All improvements are effective in the financial year of 2010.

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 reviewed by the Committee that are used to make strategic decisions.

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

Other businesses 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 adjusted profit before income tax. This measurement basis excludes the effects of corporate finance income and costs, corporate overheads, fair values movements from investment properties, as well as share of results from jointly controlled entity and associates from the operating segments results that are reviewed by the Committee, as they are 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.

Segment 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.

4 Segment information *(Continued)*

Turnover consists of sales from the property development segment, which mainly represent property sales income, and rental income as derived from the investment property segment, which are RMB4,443,311,000 and RMB94,665,000 for the six months ended 30 June 2010 and RMB3,252,527,000 and RMB72,140,000 for the six months ended 30 June 2009 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.

	Unaudited									
	Property development									
	Beijing RMB'000	Tianjin RMB'000	North-east RMB'000	Others RMB'000	Investment property RMB'000	Total RMB'000	All other Businesses RMB'000	Inter-company elimination RMB'000	Discontinued operations RMB'000	Group total RMB'000
Six months ended 30 June 2010										
Total segment revenue	**2,702,278**	**377,671**	**830,952**	**532,410**	**98,024**	**4,541,335**	**473,820**	**–**	**17,113**	**5,032,268**
Inter-segment revenue	**–**	**–**	**–**	**–**	**(3,359)**	**(3,359)**	**(258,579)**	**–**	**–**	**(261,938)**
Revenue (from external customers)	**2,702,278**	**377,671**	**830,952**	**532,410**	**94,665**	**4,537,976**	**215,241**	**–**	**17,113**	**4,770,330**
Adjusted profit before income tax	**645,737**	**38,410**	**212,148**	**127,217**	**63,342**	**1,086,854**	**367,598**	**(134,687)**	**(1,119)**	**1,318,646**
Depreciation and amortization	**(3,762)**	**(601)**	**(3,286)**	**(1,885)**	**(1,016)**	**(10,550)**	**(5,679)**	**–**	**(1,844)**	**(18,073)**
Finance income	**39,232**	**14,517**	**56,895**	**21,742**	**1,555**	**133,941**	**60,252**	**(161,844)**	**–**	**32,349**
Six months ended 30 June 2009										
Total segment revenue	1,867,101	245,267	622,883	517,276	74,507	3,327,034	539,434	–	20,103	3,886,571
Inter-segment revenue	–	–	–	–	(2,367)	(2,367)	(395,929)	–	–	(398,296)
Revenue (from external customers)	1,867,101	245,267	622,883	517,276	72,140	3,324,667	143,505	–	20,103	3,488,275
Adjusted profit before income tax	612,093	19,099	146,350	36,841	63,363	877,746	170,253	(137,578)	(2,184)	908,237
Depreciation and amortization	(793)	(420)	(2,453)	(829)	(103)	(4,598)	(5,645)	–	(2,262)	(12,505)
Finance income	60,245	4,721	22,161	437	5,234	92,798	69,884	(135,602)	–	27,080

4 Segment information *(Continued)*

	Property development				Investment		All other	Inter-company	
	Beijing	Tianjin	North-east	Others	property	Total	Businesses	elimination	Group total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 June 2010 (Unaudited)									
Segment assets	**33,194,011**	**6,774,723**	**14,254,571**	**15,639,596**	**5,134,590**	**74,997,491**	**6,028,165**	**(16,309,491)**	**64,716,165**
Additions to non-current assets (other than financial instruments and deferred tax assets)	**14,512**	**2,038**	**4,837**	**90,973**	**215**	**112,575**	**29,800**	**–**	**142,375**
Segment Liabilities	**19,938,033**	**2,579,965**	**6,114,241**	**5,549,055**	**1,268,625**	**35,449,919**	**2,939,419**	**(18,721,012)**	**19,668,326**
As at 31 December 2009 (Audited)									
Segment assets	19,549,097	4,696,369	9,038,347	10,092,367	4,180,120	47,556,300	8,238,678	(7,287,088)	48,507,890
Additions to non-current assets (other than financial instruments and deferred tax assets)	515	2,072	21,618	4,486	638	29,329	15,271	–	44,600
Segment Liabilities	12,033,464	2,385,794	3,968,744	2,550,981	910,747	21,849,730	1,503,032	(7,930,171)	15,422,591

4 Segment information *(Continued)*

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

	Unaudited Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Adjusted profit before income tax	**1,318,646**	908,237
Corporate finance income	**41,502**	34,940
Corporate overheads	**(176,396)**	(97,660)
Finance costs	**(34,794)**	(84,560)
Fair value gain on investment properties (Note 6)	**462,949**	398,180
Share of loss of a jointly controlled entity	**(1,459)**	(24,834)
Share of loss of associates	**(6,002)**	(1,303)
Profit before income tax	**1,604,446**	1,133,000

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

	30 June 2010 (Unaudited)	31 December 2009 (Audited)
	RMB'000	RMB'000
Total segment assets	**64,716,165**	48,507,890
Corporate cash and cash equivalents	**10,378,256**	11,775,975
Investment in a jointly controlled entity	**670,226**	671,685
Investment in associates	**288,462**	294,462
Available-for-sale financial assets (Note 7)	**492,006**	592,648
Deferred income tax assets	**388,744**	305,539
Total assets per balance sheet	**76,933,859**	62,148,199
Total segment liabilities	**19,668,326**	15,422,591
Deferred income tax liabilities	**1,481,569**	999,182
Current borrowings (Note 10)	**8,828,311**	4,653,168
Non-current borrowings (Note 10)	**21,985,651**	17,186,844
Total liabilities per balance sheet	**51,963,857**	38,261,785

The Company is domiciled in Hong Kong and most of its main subsidiaries are domiciled in the Mainland of China. All the revenue from external customers of the Group are derived in the Mainland of China for the six months ended 30 June 2010 and 2009.

At 30 June 2010, the total of non-current assets other than financial instruments and deferred tax assets located in the Mainland of China is RMB 5,952,120,000 (31 December 2009: RMB5,425,058,000), and the total of these non-current assets located in Hong Kong is RMB533,874,000 (31 December 2009: RMB551,522,000).

4 Segment information *(Continued)*

For the six months ended 30 June 2010 and 2009, the Group do not have any single significant customer with the transaction value above 10% of the external sales.

5 Property, plant and equipment and Land use rights

	Unaudited	
	Property, plant and equipment RMB'000	**Land use rights RMB'000**
Opening net book amount as at 1 January 2010	**324,867**	**38,964**
Additions	**39,057**	**–**
Disposals	**(1,578)**	**–**
Acquisition of subsidiaries (Note 20)	**31,218**	**59,755**
Depreciation and amortization	**(16,887)**	**(1,186)**
Disposal of a subsidiary	**(169,627)**	**(28,714)**
Closing net book amount as at 30 June 2010	**207,050**	**68,819**
Opening net book amount as at 1 January 2009	304,989	36,958
Additions	8,455	–
Disposals	(848)	–
Transfer from completed properties held for sale	6,455	–
Acquisition of a subsidiary	19,173	–
Depreciation and amortization	(12,090)	(415)
Closing net book amount as at 30 June 2009	326,134	36,543

Hotel property with carrying values of nil and RMB171,458,000, building with carrying values of RMB74,130,000 and RMB75,970,000 and land use rights with carrying values of RMB7,055,000 and RMB36,013,000 were pledged as collateral for the Group's borrowings (Note 10) as at 30 June 2010 and 31 December 2009 respectively.

6 Investment properties

	Unaudited Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Opening net book amount at beginning of the period	**3,984,000**	1,984,000
Transfer from completed properties held for sale	**167,051**	966,820
Fair value gain	**462,949**	398,180
Closing net book amount at end of the period	**4,614,000**	3,349,000

Investment properties for the carrying values of RMB3,260,000,000 and RMB3,260,000,000 were pledged as collateral for the Group's borrowings (Note 10) as at 30 June 2010 and 31 December 2009 respectively.

7 Available for sale financial assets

	As at 30 June 2010 RMB'000 (Unaudited)	As at 31 December 2009 RMB'000 (Audited)
Investment in Glorious Property Holding Limited (a)	**103,257**	163,279
Investment in SOL Investment Fund Limited (b)	**352,286**	394,228
Investment in other unlisted equity securities	**36,463**	35,141
	492,006	592,648

(a) On 11 September 2009, Moral King International Limited ("Moral King"), a wholly owned subsidiary, entered into an agreement with Glorious Property Holding Limited ("Glorious"), a real estate development company, and its Joint Global Coordinators, in which Moral King agreed to purchase portions of Glorious' Investors' Shares at the IPO Price. On 2 October 2009, Glorious had its listing on The Stock Exchange of Hong Kong Limited, and Moral King purchased 52,840,000 shares of Glorious at HKD4.4 each accordingly. Its fair values as at 30 June 2010 as well as 31 December 2009 were based on quoted closing price from The Stock Exchange of Hong Kong Limited.

(b) On 31 March 2008, SOL Investment Fund Limited ("SOL Fund"), a special purpose entity of the Group, was incorporated in Cayman Islands, with the purpose of carrying out investment activities for the Group. The underlying investment of SOL Funds represented investments in shares listed on The Stock Exchange of Hong Kong Limited, and hence the fair value of SOL Fund as at 30 June 2010 as well as 31 December 2009 were based on quoted closing price from The Stock Exchange of Hong Kong Limited.

8 Trade and other receivables

	As at 30 June 2010 RMB'000 (Unaudited)	As at 31 December 2009 RMB'000 (Audited)
Trade receivables	**229,324**	55,336
Amounts due from customers for contract work	**14,197**	9,315
Less: provision for impairment of receivables	**(6,417)**	(5,388)
Trade receivables - net (a)	**237,104**	59,263
Prepayments for acquisition (b)	**–**	158,439
Prepaid tax - income tax	**529,059**	414,948
Prepaid tax - others	**716,398**	509,762
Entrusted loan to third parties (c)	**1,110,800**	118,680
Entrusted loan to an associate (d)	**323,280**	307,770
Notes receivables (Note 11)	**195,799**	196,543
Other prepayments	**175,960**	17,598
Other receivable from a third party (b)	**–**	483,926
Other receivables	**816,178**	346,955
	4,104,578	2,613,884
Less: non-current portion	**(72,205)**	(893,590)
Current portion	**4,032,373**	1,720,294

The carrying amounts of trade and other receivables approximated to their respective fair values as at 30 June 2010 and 31 December 2009.

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

	As at 30 June 2010 RMB'000 (Unaudited)	As at 31 December 2009 RMB'000 (Audited)
Less than 6 months	**212,152**	52,282
6 months to 1 year	**21,846**	4,973
1 year to 2 years	**3,234**	1,875
2 years to 3 years	**1,449**	969
Over 3 years	**4,840**	4,552
	243,521	64,651

8 Trade and other receivables *(Continued)*

(b) Prepayments for acquisition amounting to RMB158,439,000 represents amounts paid to Tianjin Equity Exchange for the acquisition of 55% interest in Chongqing Golf Club Company Limited ("Chongqing Golf"). Other receivable from a third party amounting to RMB483,926,000 represents amounts lent to Chongqing Golf as its working capital. Such receivable is interest free and repayable on demand.

Such acquisition was completed on 5 January 2010 (Note 20 (a)).

(c) Entrusted loans amounting to RMB1,110,800,000 represents amounts lent to certain third parties. These balances are unsecured, with interest bearing from 5.31% to 10% and are repayable before 17 May 2011. The balance included RMB1,005,000,000 lent to Tianjin Yuhua Real Estate Development Company, Limited ("Tianjin Yuhua"), further details are given in Note 24(d).

(d) Entrusted loans to an associate are unsecured, interest bearing at rate 5.31% (31 December 2009: 5.31%) and are repayable before 15 March 2011.

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

9 Share capital and premium

	Unaudited				
	Number of ordinary shares of HKD 0.8 each	Nominal value of ordinary shares HKD'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Opening balance 1 January 2010	**5,636,626,432**	**4,509,301**	**4,289,174**	**15,828,349**	**20,117,523**
Issue of shares pursuant to exercise of employee share option (a)	**776,000**	**621**	**546**	**1,194**	**1,740**
At 30 June 2010	**5,637,402,432**	**4,509,922**	**4,289,720**	**15,829,543**	**20,119,263**
Opening balance 1 January 2009	4,468,587,000	3,574,870	3,466,124	10,719,998	14,186,122
Issue of consideration shares for the acquisition of a subsidiary and additional interests in subsidiaries from a non-controlling interest (b)	202,711,000	162,169	143,049	500,672	643,721
Issue of shares pursuant to exercise of employee share option (a)	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

9 Share capital and premium *(Continued)*

(a) Employee share option scheme: options exercised during the period ended 30 June 2010 resulted in 776,000 shares being issued (30 June 2009: 764,000), with exercise proceeds of HK$1,979,000 (30 June 2009: HK$5,883,000). The related weighted average price at the time of exercise was HK$2.55 (30 June 2009: HK$7.7) per share.

(b) On 7 November 2008, the Group entered into 2 sales and purchase agreements to acquire 100% ownership in Tsanghao Real Estate Company, as well as 49% equity interests in each of Dalian Sky Upright Property Limited and Dalian Sunny Ocean Property Limited, for a total consideration of RMB1,200,000,000, in the form of 202,711,000 shares of the Company at an agreed price of HKD 4.04 per share, and RMB480,000,000 in cash. The acquisition was completed on 2 January 2009.

10 Borrowings

	As at 30 June 2010 RMB'000 (Unaudited)	As at 31 December 2009 RMB'000 (Audited)
Non-current	**21,985,651**	17,186,844
Current	**8,828,311**	4,653,168
	30,813,962	21,840,012

Movements in borrowings are analyzed as follows:

	Unaudited Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
At beginning of the period	**21,840,012**	14,743,577
New bank loans raised	**8,515,763**	9,498,635
Other loans raised	**4,080,000**	–
Repayment of bank loans	**(3,623,595)**	(5,763,356)
Changes of carrying value of corporate bonds	**1,782**	–
At end of the period	**30,813,962**	18,478,856

As at 30 June 2010 and 31 December 2009, long-term bank borrowings amounting to RMB6,308,000,000 and RMB7,028,000,000 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 2010 and 31 December 2009, no short-term bank borrowings were secured.

Interest expense on borrowings and loans for the six months ended 30 June 2010 is RMB603,342,000 (six months ended 30 June 2009: RMB400,558,000).

As at 30 June 2010, other loans that are due to third parties amounting to RMB4,080,000,000 are raised through the establishment of trusts. Entrusted loans provided to certain wholly owned subsidiaries were transferred to the trust as contributions by the Group. Such loans bear interests at the rate of 7% per annum, and are repayable after 25 months from the inception date of the loan.

11 Derivative financial instruments

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. The value of such option is separately disclosed on the face of the consolidated balance sheet, while the principal amount is treated as part of other receivables.

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. As the Group is intended to settle such notes right after the 36th months, the value of the option as well as the principal amount is reclassified as current assets accordingly.

12 Trade and other payables

	As at 30 June 2010 RMB'000 (Unaudited)	As at 31 December 2009 RMB'000 (Audited)
Trade payables	**2,711,732**	2,541,430
Accrued expenses	**595,225**	659,869
Other payables	**1,128,799**	1,129,788
Other tax	**173,501**	134,389
Provision for financial guarantee liabilities	**79,860**	60,627
	4,689,117	4,526,103

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

Trade and other payables mainly comprise trade payables, accrued construction costs and provision for guarantee liabilities. The ageing analysis of the trade payables based on invoice date was as follows:

	As at 30 June 2010 RMB'000 (Unaudited)	As at 31 December 2009 RMB'000 (Audited)
Less than 6 months	**2,045,029**	1,975,186
6 months to 12 months	**465,744**	315,809
1 year to 2 years	**166,956**	241,241
2 years to 3 years	**17,479**	7,655
Over 3 years	**16,524**	1,539
	2,711,732	2,541,430

13 Other gains – net

	Unaudited Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Gain on disposal of a subsidiary	**187,168**	–
Negative goodwill from acquisition of a subsidiary (Note 20 (c))	**2,512**	10,867
Loss on disposal of an available-for-sale financial asset	**–**	(675)
(Loss)/gain on disposal of property, plant and equipment	**(516)**	111
Exchange losses	**(6,064)**	(1,266)
	183,100	9,037

14 Operating profit

The following items are highlighted because of their nature, size or incidence, have been charged/(credited) to the operating profit during the period:

	Unaudited Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Investment properties at fair value through profit or loss:		
– fair value gains (Note 6)	**462,949**	398,180
Transaction costs in relation to acquisition of subsidiaries (Note 20)	**(6,699)**	–
(Loss)/gain on disposal of property, plant and equipment	**(516)**	111
Provision for impairment of receivables	**(1,029)**	–
	454,705	398,291

The Group has no non-financial assets that have an indefinite life during the period.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. No impairment is charged or reversed for the six months ended 30 June 2010 and 2009. Financial assets were reviewed for impairment as at 30 June 2010. There was no indication of impairment.

15 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 2010 and 2009. Other companies are mainly subjected to Hong Kong income tax.

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

	Unaudited Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Current income tax:		
– PRC enterprise income tax	**256,944**	175,883
– PRC land appreciation tax	**114,139**	143,520
Deferred tax	**76,944**	84,130
	448,027	403,533

16 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.

	Unaudited Six months ended 30 June	
	2010	2009
Profit from continuing operations attributable to equity holders of the Company (RMB'000)	**1,157,477**	670,653
Weighted average number of ordinary shares in issue (thousands)	**5,636,792**	4,698,396
Basic earnings per share for profit from continuing operations attributable to the equity holders of the Company (RMB per share)	**0.205**	0.143
Loss from discontinued operations attributable to equity holders of the Company (RMB'000)	**(5,378)**	(1,019)
Weighted average number of ordinary shares in issue (thousands)	**5,636,792**	4,698,396
Basic earnings per share for loss from discontinued operations attributable to the equity holders of the Company (RMB per share)	**(0.001)**	–

16 Earnings per share *(Continued)*

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has one category of dilutive potential ordinary shares: share options. 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.

	Unaudited Six months ended 30 June	
	2010	2009
Profit from continuing operations attributable to the equity holders of the Company (RMB'000)	**1,157,477**	670,653
Weighted average number of ordinary shares in issue (thousands)	**5,636,792**	4,698,396
Adjustment for:		
– share options (thousands)	**8,724**	19,411
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**5,645,516**	4,717,807
Diluted earnings per share for profit from continuing operations attributable to the equity holders of the Company (RMB per share)	**0.205**	0.142
Loss from discontinued operations attributable to the equity holders of the Company (RMB'000)	**(5,378)**	(1,019)
Weighted average number of ordinary shares in issue (thousands)	**5,636,792**	4,698,396
Adjustment for:		
– share options (thousands)	**8,724**	19,411
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**5,645,516**	4,717,807
Diluted earnings per share for loss from discontinued operations attributable to the equity holders of the Company (RMB per share)	**(0.001)**	–

17 Dividends

On 18 August 2010, the Board has resolved to declare an interim dividend of RMB245,904,000 for the six months ended 30 June 2010 (six months ended 30 June 2009: RMB165,734,000).

	Unaudited Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Final dividends paid	**247,046**	288,308
Interim dividends proposed	**245,904**	165,734

18 Financial guarantees

The Group had the following financial guarantees as at the end of 30 June 2010 and 31 December 2009:

	As at 30 June 2010 RMB'000 (Unaudited)	As at 31 December 2009 RMB'000 (Audited)
Guarantees in respect of mortgage facilities for certain purchasers	**2,756,970**	1,812,083

As at 30 June 2010 and 31 December 2009, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the property purchasers obtain the "property title certificate" which is then pledged with the banks.

19 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 2010 RMB'000 (Unaudited)	As at 31 December 2009 RMB'000 (Audited)
Land use rights	**–**	344,850
Property under development	**6,987,573**	6,843,910
Contracted but not provided for	**6,987,573**	7,188,760

(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 2010 RMB'000 (Unaudited)	As at 31 December 2009 RMB'000 (Audited)
Within 1 year	**189,126**	177,016
Between 1 to 5 years	**466,650**	309,206
After 5 years	**268,025**	273,981
	923,801	760,203

20 Business combination

(a) On 5 January 2010, the Group acquired 55% equity interest in Chongqing Golf Club Company Limited, a real estate company established on 31 July 1998, at a consideration of RMB 152,000,000.

	2010 RMB'000 (Unaudited)
Purchase consideration – cash paid	**152,000**

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

	Fair value RMB'000 (Unaudited)
Property, plant and equipment	4,422
Land use right	59,755
Land under development	978,361
Inventory, at cost	1,164
Trade and other receivables and prepayments	416
Cash and cash equivalents	4,061
Borrowings	(100,000)
Trade and other payables	(589,156)
Deferred income tax liabilities	(82,660)
Net identified assets acquired	276,363
Non-controlling interest	(124,363)
	152,000
Outflow of cash to acquire business, net of cash acquired	
– Cash consideration	(152,000)
– Cash and cash equivalents in subsidiary acquired	4,061
Cash outflow on acquisition	(147,939)

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

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

(iii) *Non-controlling interest*
The Group has chosen to recognize the non-controlling interest using the proportionate share method.

(iv) *Revenue and profit contribution*
The acquired business contributed revenues of RMB3,062,000 and net loss of RMB9,584,000 to the Group for the period from 5 January 2010 to 30 June 2010. If the acquisition had occurred on 1 January 2010, consolidated revenue and consolidated loss for the six months ended 30 June 2010 would have been RMB3,062,000 and RMB9,584,000 respectively.

20 Business combination *(Continued)*

(b) On 2 February 2010, the Group acquired 70% equity interest in Sanya South Olympic Garden Company Limited, a real estate company established on 15 April 2002, at a consideration of RMB 500,000,000.

	2010 RMB'000 (Unaudited)
Purchase consideration – cash paid	**500,000**

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

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

(i) Acquisition related costs

Acquisition related costs of RMB200,000 are included in the income statement.

(ii) Acquired receivables

The fair value of other receivables is RMB40,206,000, and there are no trade receivables acquired.

(iii) Non-controlling interest

The Group has chosen to recognize the non-controlling interest using the proportionate share method.

(iv) Revenue and profit contribution

The acquired business contributed revenues of RMB1,173,000 and net loss of RMB7,538,000 to the Group for the period from 2 February 2010 to 30 June 2010. If the acquisition had occurred on 1 January 2010, consolidated revenue and consolidated loss for the six months ended 30 June 2010 would have been RMB1,520,000 and RMB10,471,000 respectively.

20 Business combination *(Continued)*

(c) On 5 February 2010, the Group acquired a 100% equity interest in Dalian JiYee Concrete Manufacture Company Limited, a concrete manufacturing company established on 12 December 2004, at a consideration of RMB 7,090,000.

	2010 RMB'000 (Unaudited)
Purchase consideration – cash paid	**7,090**

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

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

(i) Acquisition related costs

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

(ii) Acquired receivables

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

(iii) Non-controlling interest

The Group has chosen to recognize the non-controlling interest using the proportionate share method.

20 Business combination *(Continued)*

(iv) Revenue and profit contribution

The acquired business contributed revenues of RMB33,421,000 and net loss of RMB1,532,000 to the Group for the period from 5 February 2010 to 30 June 2010. If the acquisition had occurred on 1 January 2010, consolidated revenue and consolidated loss for the six months ended 30 June 2010 would have been RMB36,657,000 and RMB3,010,000 respectively.

21 Transactions with non-controlling interests

(a) Acquisition of additional interest in subsidiaries

On 18 January 2010, a wholly owned subsidiary of the Group acquired an additional 30% of the issued shares of Hangzhou Yuanyang Tianqi Property Company Limited,Hangzhou YuanyangYunhe Commercial District Development Company Limited and Hangzhou Yuanyang Xinhe Hotel Property Company Limited (the "Hangzhou subsidiaries") respectively for a purchase consideration of RMB 224,294,000. The carrying amount of the non-controlling interests in the Hangzhou subsidiaries on the date of acquisition was RMB 169,187,000. The Group recognised a decrease in non-controlling interests of RMB 169,187,000 and a decrease in equity attributable to owners of the parent of RMB 55,107,000. The effect of changes in the ownership interest of the Hangzhou subsidiaries on the equity attributable to owners of the Company during the period is summarized as follows:

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

(b) Effects of transactions with non-controlling interests on the equity attributable to owners of the parent for the period ended 30 June 2010

	2010 RMB'000 (Unaudited)
Total comprehensive losses for the period attributable to the shareholders of the Company	**1,051,457**
Changes in equity attributable to shareholders of the Company arising from the acquisition of additional interests in subsidiaries	**(55,107)**
	996,350

22 Discontinued operations

On 23 April 2010, the Group entered into an agreement with Beijing Wuhuan Hotel Operation Limited to dispose Best Western Premier Beijing Hotel Limited, a 100% owned subsidiary of the Company. The subsidiary was sold on 31 May 2010 for cash consideration of RMB200,000,000 (net of RMB5,111,000 cash disposed of); its results are presented in this condensed consolidated interim financial information as a discontinued operation.

Financial information relating to Best Western Premier Beijing Hotel Limited for the period to the date of disposal is set out below. The income statement and cash flow statement distinguish discontinued operations from continuing operations. Comparative figures have been restated.

(a) Income statement information

	Unaudited Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Revenue	**17,113**	20,103
Expenses	**(22,491)**	(21,122)
Loss before tax	**(5,378)**	(1,019)
Income tax expense	**–**	–
Loss after tax	**(5,378)**	(1,019)
Attributable to:		
– Equity holders of the Company	**(5,378)**	(1,019)
	(5,378)	(1,019)

(b) Cashflows

	Unaudited Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
– Operating cashflows	**(270)**	925
– Investing cashflows	**–**	–
– Financing cashflows	**–**	–
Total cash (outflows)/inflows	**(270)**	925

23 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 2010 and 2009:

(a) Sales of properties and services

	Unaudited Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Provision of services:		
– China Ocean Shipping (Group) Company Limited ("COSCO Group")	**2,718**	4,284
– A jointly controlled entity of COSCO Group	**1,216**	–
– A jointly controlled entity	**156**	–
	4,090	4,284

(b) Key management compensation

	Unaudited Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Salaries and other short-term employee benefits	**8,686**	4,890
Post-employment benefits	**669**	579
Other long term welfare	**416**	196
Share-based payment	**14,578**	5,695
	24,349	11,360

(c) Interest income and expenses

	Unaudited Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Interest received:		
– A jointly controlled entity	**–**	8,080
– An associate	**8,411**	9,007
	8,411	17,087

23 Related party transactions *(Continued)*

(d) Loan to related parties

	As at 30 June 2010 RMB'000 (Unaudited)	As at 31 December 2009 RMB'000 (Audited)
– A jointly controlled entity	**532,000**	532,000
– An associate	**323,280**	307,770
	855,280	839,770

24 Event after balance sheet date

(a) On 7 July 2010, the Group announced its acquisition plan for purchase of a 69.02% equity interest in Kee Shing (Holdings) Limited (Stock code:174), whose shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited at a consideration of HKD474,000,000. The acquisition is in progress as at the date of this report.

(b) On 27 July 2010, the Group successfully issued and listed certain perpetual subordinated convertible securities ("securities"), with an aggregate principal amount of USD900,000,000, on the Singapore Exchange Securities Trading Limited. Such securities bear distribution at 8%, and would become callable in 2015, at the option of the issuer. Any payments of distribution can be deferred, at the sole discretion of the issuer. Holders of the securities have the option to convert such securities into shares of the Company at a conversion price of HKD6.85 per share from the date of 27 July 2011.

(c) On 4 August 2010, the Group successfully bid for two pieces of land located within the Baoshan District of Shanghai, PRC., with a consideration of RMB1,377,300,000 and RMB522,500,000 respectively. These lands occupy a total area of 107,825 sq.m. and 43,326 sq.m. respectively, and are planned for residential use.

(d) On 9 August 2010, the Group entered into an agreement to acquire 90% ownership in Tianjin Yuhua through capital injection, for a total consideration of RMB90,000,000.

(e) On 11 August 2010, the Group entered into an agreement to acquire 55% ownership in Wuhan HongFu Land Development Company, Limited for a total consideration of RMB285,000,000, which are going to be settled in cash. Such acquisition is in progress as at the date of this report.

(f) Detail of the interim dividend proposed are given in Note 17.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF SINO-OCEAN LAND HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed consolidated interim financial information set out on pages 33 to 63, 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 2010 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 condensed consolidated 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 condensed consolidated interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated 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, 18 August 2010

www.sinooceanland.com