

Interim Report 2013



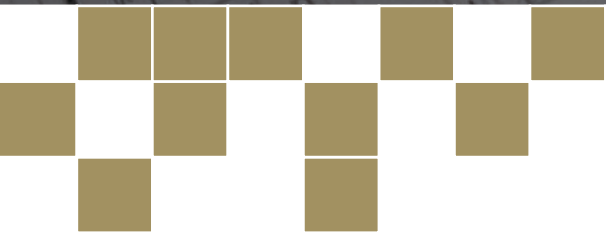
遠洋地產控股有限公司  
Sino-Ocean Land Holdings Limited

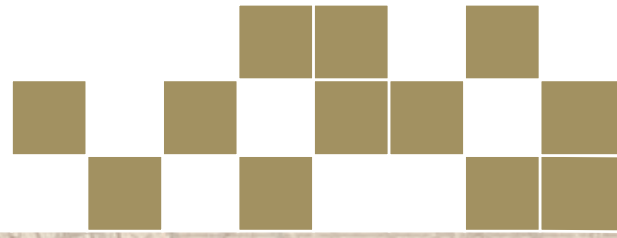
(Incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance)  
(Stock Code:03377)





GOOD  
IS NOT  
OUR GOAL,





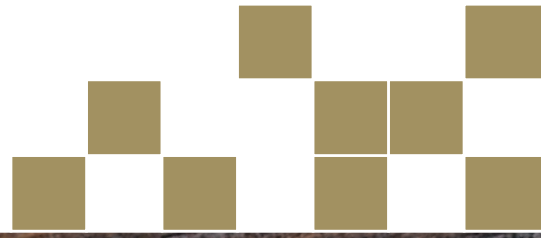
# THE BEST DOES





IDEAL  
IS NOT  
OUR END,



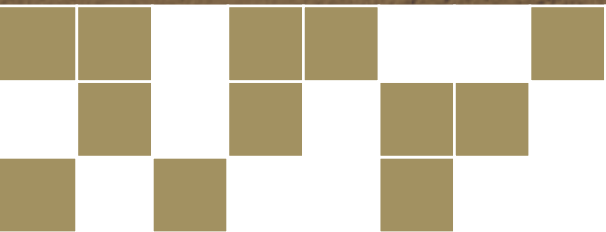


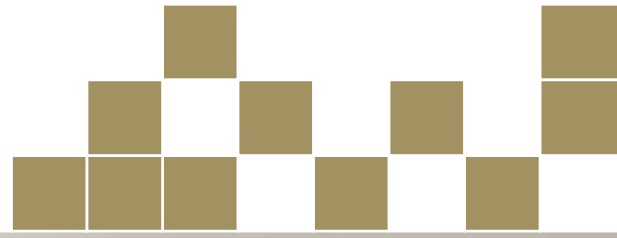
# PERFECT DOES



A photograph of a brown, textured surface, possibly a chalkboard or a piece of paper. A silver ruler is placed horizontally across the middle of the image, showing markings from 1 to 14. Several white chalk-like marks are scattered on the brown surface, some of which appear to be the number '10'.

GROWING  
AND KEEP  
LEARNING,



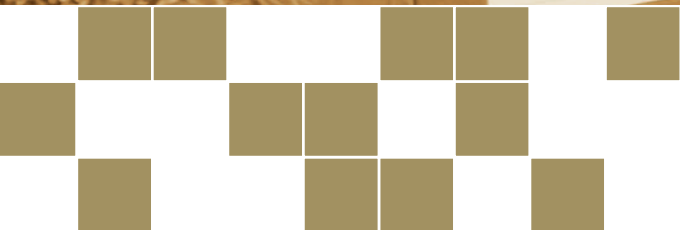


# SINO-OCEAN LAND

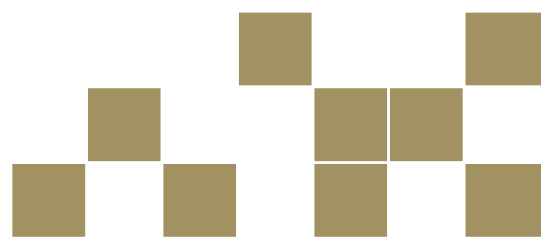


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## ABOUT US

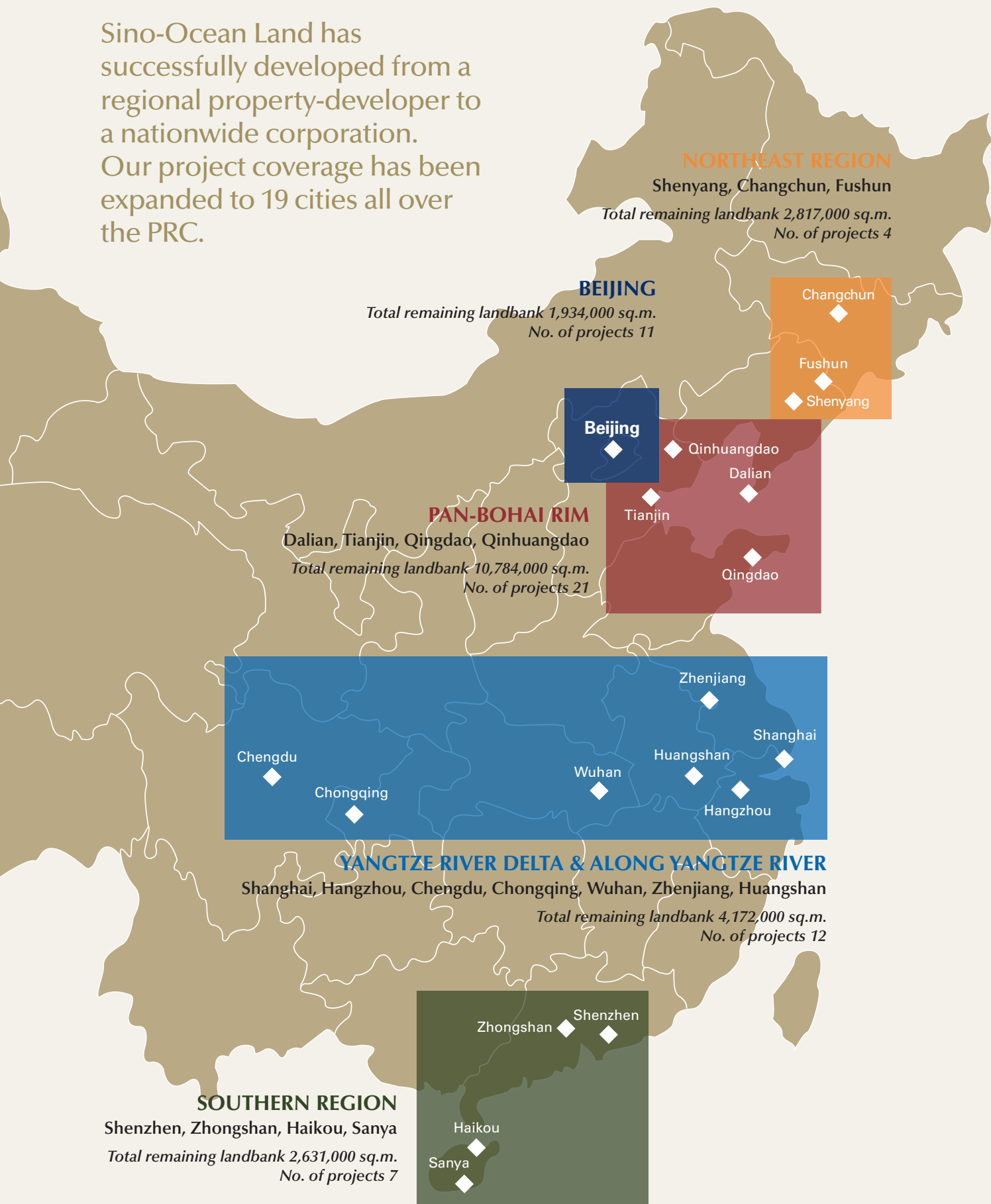
Sino-Ocean Land is one of the leading property developers in Beijing and the Pan-Bohai Rim and actively accomplishing our national strategic plan with a coastal and riparian focus. We focus on developing mid-to-high end residential properties, high-end office premises and retail properties. We have over 50 development projects in various stages of development in 19 high growth cities across the country, including Beijing; Dalian, Tianjin, Qingdao and Qinhuangdao in the Pan-Bohai Rim; Shenyang, Changchun and Fushun in the Northeast Region; Shanghai, Hangzhou, Chengdu, Chongqing, Wuhan, Zhenjiang and Huangshan along Yangtze River; Shenzhen, Zhongshan, Haikou and Sanya in the Southern Region.

On the back of our dedication to provide high-quality products and professional services, Sino-Ocean Land has built up a strong brand in Beijing, the Pan-Bohai Rim and the Southern Region. As at 30 June 2013, we had approximately 22,338,000 sq.m. of landbank, in which projects located in Beijing and the Pan-Bohai Rim accounted for about 57% of our total landbank.

Up to now, our Group has been selected as a constituent of the Hang Seng Composite Index ("HSCI"), the Hang Seng Composite Industry Index — Properties and Construction, Hang Seng Mainland 100, Hang Seng Composite Mid Cap Index and Hang Seng Global Composite Index.



Sino-Ocean Land has successfully developed from a regional property-developer to a nationwide corporation. Our project coverage has been expanded to 19 cities all over the PRC.



# FINANCIAL & OPERATION HIGHLIGHTS

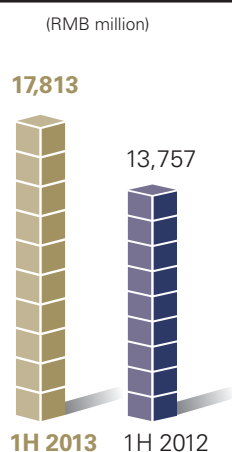
## Six months ended 30 June (unaudited)

(RMB million)	2013	2012	% changes
Contracted sales	<b>17,813</b>	13,757	29%
Revenue	<b>9,098</b>	6,759	35%
Gross profit	<b>2,187</b>	2,058	6%
Profit before income tax	<b>2,427</b>	1,960	24%
Profit for the period	<b>1,567</b>	1,247	26%
Profit attributable to owners of the Company	<b>1,417</b>	1,206	17%
Earnings per share (RMB)			
— Basic	<b>0.183</b>	0.152	20%
— Diluted	<b>0.182</b>	0.151	21%
Dividend per share (HKD)	<b>0.07</b>	0.06	17%
Dividend payout ratio	<b>23%</b>	24%	-1% pt
Gross profit margin	<b>24%</b>	30%	-6% pts
Net profit margin	<b>16%</b>	18%	-2% pts
Saleable GFA sold (sq.m.)	<b>1,242,000</b>	1,214,000	2%
Saleable GFA delivered (sq.m.)	<b>644,000</b>	423,000	52%

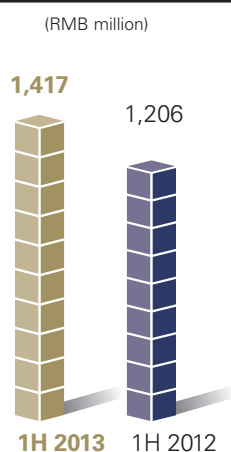
(RMB million)	As at 30 June 2013 (unaudited)	As at 31 December 2012 (audited)	% changes
Total assets	<b>132,358</b>	128,305	3%
Equity attributable to owners of the Company	<b>36,382</b>	38,260	-5%
Cash resources*	<b>13,115</b>	16,147	-19%
Net Gearing ratio*	<b>54%</b>	42%	12% pts
Landbank (sq.m.)	<b>22,338,000</b>	22,969,000	-3%

\* Including the restricted bank deposits

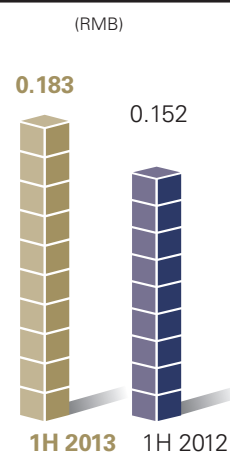
### Contracted sales



### Profit attributable to equity holders of the Company



### Earnings per share



“ Dear Shareholders,  
It is my pleasure to present the interim results of Sino-Ocean Land Holdings Limited (the “Company”) and its subsidiaries (together referred to as “our Group” or “we”) for the six months ended 30 June 2013. ”



## CHAIRMAN'S STATEMENT

On behalf of our Board of Directors (the “Board”), I have the pleasure to present the interim results of Sino-Ocean Land Holdings Limited (the “Company”) and its subsidiaries (together referred to as “our Group” or “we”) for the six months ended 30 June 2013.

### 2013 INTERIM RESULTS

For the six months ended 30 June 2013, our Group recorded revenue of RMB9,098 million and gross profit of RMB2,187 million, representing a year-on-year (“YoY”) increased of approximately 35% and 6% respectively.

Gross profit margin for the period was 24%, down 6 percentage points from the same period last year. Profit attributable to owners of the Company totaled RMB1,417 million, representing a 17% increase YoY, and earnings per share was RMB0.183. Based on the profit attributable to owners of the Company for the six months ended 2013, the Board is pleased to propose an interim dividend of HK\$0.07 per share for the six months ended 30 June 2013. The Board also recommends offering shareholders the option to receive the 2013 interim dividend wholly or partly in the form of new shares allotted and credited as fully paid up in lieu of cash, subject to granted by the Listing Committee of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) of the listing of, and permission to deal in, the new shares to be issued pursuant thereto.



## MARKET REVIEW AND OUTLOOK

In the first half of 2013, the property market continued its recovery from the second half of 2012. Both GFA sold and average selling price in commodity housing were up YoY at varying levels. As the property market strengthened, investment in residential development and new construction area regained upward momentum. From January to June, total investment in residential development increased 20.8% YoY to RMB2.52 trillion, while new construction area of residential properties increased 2.9% YoY to 706 million sq.m., indicating that confidence in the sector was gradually improving.

Sales volume of commodity housing in first and second-tier cities rebounded across the board. In third and fourth-tier cities, while overall sales volume trended up in varying

degrees, there were signs of progressive differentiation in these markets. On one hand, sales volume surged in popular and fast-growing cities; on the other hand, only a modest rise in sales volume of resident properties was recorded in some cities suffering from a higher level of inventory as a result of overhyped investments in the past few years.

With home purchase restrictions and credit tightening in place, the focus of residential property buyers was back on the fundamental need of housing. The percentage of consumption demand has been growing continuously. Products such as small to medium flats that target first-time buyers and first-time upgraders gained popularity, and high quality residential developments with superior amenities enjoyed strong competitive advantage.

## CHAIRMAN'S STATEMENT

Looking ahead to the second half of 2013, our Group forecasts a stable property market with modest growth. Development of the sector will be more rational and healthy.

Although relaxation of stringent control measures now seems more likely, the market will probably maintain stability in the near term. Mainland China faced the risk of a macro economy downturn in the second half of the year, healthy development of the property market will be instrumental in promoting growth. Moreover, the new government is more reliant on a free market to optimize the allocation of resources. To ensure healthy development, the new leadership is currently examining and perfecting the relevant top-down approach and effective long term mechanism.

Benefiting from higher income per capita, reformed urbanization and stronger demand driven by old city redevelopments, commodity housing will continue its year-long recovery. Meanwhile, lower land sales volume since the second half of 2011 and reduced new construction area will continue to impact commodity housing supply in the second half of 2013. We believe that as the sales volume of commodity housing continue to recover in the second half of the year, average selling price will have a modest increase. The undersupply situation in the first and second-tier cities and some hot third and fourth-tier cities is unlikely to change.

Sales volume of the land market may trend further up but land prices will be more reasonable. As redevelopment projects of shantytowns and old city areas commence, those areas in urban centers will be revitalized to increase land supply. Local governments often sell most of their land in the second half of the year and thus we expect the supply and sales volume of the land market to rise. In the meanwhile, the United States is tapering its quantitative easing programe and Mainland China under the new leadership will maintain a stable monetary policy to revitalize its stock of capital and make good use of incremental capital. On the whole, liquidity will be relatively

tight in the second half of the year. Property developers, in particular the small to medium sized players, will face pressure in seeking financing channels. We expected that property developers will be more rational when they acquire land, and both the land prices and high land premium phenomenon may soften in the second half of the year.

## BUSINESS REVIEW AND STRATEGY

To achieve the business goal of enhancing profitability set at the beginning of the year, our Group has been performing all our tasks along a path of sustainable development that underscores effectiveness and quality.

For the first half of 2013, our Group realized contracted sales of approximately RMB17.8 billion, representing a YoY growth of 29.5% and meeting 51% of the annual target. By boosting quality and employing a flexible pricing strategy based on the recovery of first and second-tier cities, we successfully increased the percentage of high-end residential property sales in those cities. As a result, our Group's overall average selling price per sq.m. went up to RMB13,300 from RMB11,300 in the same period last year. Aggregate contracted sales contributed by Ocean Crown in Beijing, Ocean Diamond Bay in Dalian and Ocean Express in Shenzhen in the first half of 2013 was approximately RMB5,120 million. With selling prices also rising up at varying degrees, higher sales volume and price were achieved.

Our Group continued to keep sales and marketing and administrative expenses under stringent control. We also actively reduced finance costs by paying off high-interest trusts, suppressing the cost of new loans and redeeming the Perpetual Subordinated Convertible Securities. During the first half of 2013, our Group's selling and marketing expenses; administrative expenses; and finance costs totaled RMB555 million (first half of 2012: RMB628 million). These expenses accounted for 6.1% of revenue, coming down from 9.3% for the same period last year. By controlling expenses, we have improved our Group's core net profit.

We continued to upgrade product and service qualities. We are committed to take advantage of developing different product lines. In the medium to long term, by dint of standardization, we aimed to enhance product quality and increase central procurement, take advantage of economies of scale. On the construction front, we continued to enforce process control measures and pushed forward standardized product construction and management. By raising project quality, we optimized both brand image and brand value. For better customer service, we pay attention to the needs of our customers in detail, while strengthening our customer service system and the satisfaction survey as an effective management tool. We also actively engaged a customer service mindset throughout the Company.

In the second half of the year, we will continue our efforts in ensuring sustainable growth as set out at the beginning of the year.

To meet the needs of future business growth, our Group will actively yet prudently identify investment opportunities. Firstly, we will uphold our investment principles capture market opportunities and minimize investment risks. Secondly, we will adhere to an appropriate business scale and strictly control individual project size. Thirdly, we will persevere in developing and expanding our market shares in established regions. In particular, we plan to increase our landbank in first and second-tier cities. Fourthly, we will allocate resources in the most efficient manner to nurture and encourage teams to perform. As regards land acquisition channels, while closely monitoring the open market, we will also replenish landbank via primary land developments, old city redevelopments and mergers and acquisitions.

Our Group will continue to expand on the development and management of investment properties. Ocean We-Life Plaza, a wholly-owned shopping mall in Beijing was open in the first half of 2013 and now enjoys over 90% occupancy. Our Group's current portfolio of investment properties, including offices, hotels and shopping centers, exceeds 500,000 sq.m. in total gross floor area. More than 200,000 sq.m. of investment properties will also be ready for trial run later this year. These include Ocean International Center II in Beijing, Ocean We-Life in Tianjin and Sino-Ocean Taikoo Li in Chengdu. In addition, we have established our own brand of senior living services — Senior Living L'Amore (椿萱茂). Our first senior housing project, Senior Living L'Amore | Kaijian (Yizhuang), is scheduled for opening in August.

With enormous investment capabilities and we needs, our largest shareholder China Life Insurance is very experienced in both the domestic and overseas investments. Their equity holding in our Group has long-term strategic value and great potential for synergy in developing investment properties and senior housing. We will continue to step up collaborations with our major shareholders in investment properties, to ensures solid backing for future business growth.

## APPRECIATION

On behalf of the Board, I would like to extend my deepest gratitude to all shareholders and business partners for their unfailing support, and to the entire staff for their dedicated hard work. We firmly believe that under the wise leadership of the Board and with our colleagues concerted effort, our Group will continue to develop steadily and achieve even more outstanding performance.

**LI Ming**  
*Chairman*

Hong Kong, 15 August 2013

# CORPORATE SOCIAL RESPONSIBILITY REPORT

## **Sustainable Development: A Road to the Extraordinary**

Sustainability was our management keynote for 2013. For this special year that marked the 20th anniversary of Sino-Ocean Land, our Group has set an annual theme of "Building the Extraordinary". It communicated our expectation of every staff member to arduously pursue sustainable growth of quality and effectiveness. Hand in hand, we would build and maintain a sustainable development structure to create extraordinary results with an ordinary mind. In 2013, Sino-Ocean Land continued to enlarge the scope of responsibility fulfillment in its principal businesses to ensure sustainable development for not only our business, but also our value partners (namely our shareholders, customers, employees and cooperation partners, the government, the community, the environment) and the society. Our engagement in charitable activities continued to focus on two major areas, namely education and environmental protection. By promoting charitable causes internally among our staff as well as joining forces with third parties, we have made our social responsibility fulfillment program more scientific and more sustainable.

## **Journey to Quality: Be Our Guests!**

Our Journey to Quality program during the year took the theme of "Extraordinary Performance in Ordinary Roles". Industry experts and members of the media were invited

to tour Sino-Ocean Land projects across China where they joined project reviews and professional seminars. Visiting project teams at ordinary posts, media representatives and clients had a first-hand experience of Sino-Ocean Land's professionalism and dedication. In the first half of 2013, Sino-Ocean Land organized a South China Tour. More tours will be launched in the near future, including Beijing Tour and Sichuan Charity Tour.

## **Unfailing Support for Teachers and Students in Undeveloped Regions Care and Concern for Underprivileged Groups in Urban Communities**

In the first half of 2013, education subsidies were awarded to beneficiaries in Xinjiang, Qinghai, Sichuan, Yunnan, Guizhou, Beijing and Hainan under the "Little Partner Education Sponsorship Scheme". With "Sino-Ocean Charity Fund" as a dynamic platform, our Group continued to offer assistance to teachers and students in poor remote regions by organizing support activities. The Phase 2 Survey of Beijing Migrant Schools promoted the concept of supporting education to all participating schools, while continuing to strive after fair allocation of education resources to underprivileged groups in urban areas. These efforts earned high acclaim and positive response from staff volunteers. Indeed, these ordinary yet wholehearted good deeds let every participating colleague see how we could summon great power by putting our charitable hearts together.







### Monthly Volunteer Day: Caring about Our Staff

“Sino-Ocean Green Office Day” was officially renamed as “Sino-Ocean Volunteer Day” in 2013, and an event was organized on 22 May to promote Workplace Exercise. The new name by no means implies any change in our mission to promote green office practices, energy conservation and lower emissions. On the contrary, Sino-Ocean Land has narrowed the distance between colleagues and also between colleagues and stakeholders by encouraging engagement by more staff, clients and collaboration partners. This initiative was an effective way to enhance total wellbeing of our team as well as corporate cohesion.

### Shouldering Corporate Responsibility: Playing An Active Role in Community Greening

“The Family Planting Competition” is a channel to put our green vision into practice. This program focuses on raising community awareness for environmental protection and fostering a green lifestyle. Our Green Conversion initiative during the year advocated energy saving and carbon reduction in daily operations, so as to create a harmonious working environment.

### Collaborated University Student Concern Program: Sustainability in Focus

The 5th “Sino-Ocean Seafaring Students-in-action Incentive Scheme” was rolled out as scheduled. As at June 2013, a total of 490 from 46 tertiary institutions were received, representing a year-on-year increase of 15%. Under the direction of the Ministry of Education and the Central Commission of China Communist Youth League, this incentive scheme has been held for four years. It aims to promote involvement and contribution of university students in charitable actions through sponsorships granted to outstanding youths nationwide.

### Responding to Social News: Fulfilling Social Responsibility with Professionalism

Shortly after the devastating earthquake hit Ya’an, Sichuan, on April 20, Sino-Ocean Land made a donation of RMB2 million to aid emergency relief and post-disaster reconstruction. Subsequently, we made a further donation of RMB510,000 through an organization-wide fund raising event. This is a prime example of Sino-Ocean Land responding timely and supportively to emergencies; it also mirrors a higher level of professionalism in fulfilling our corporate responsibility. Through we-media and appropriate traditional media releases, we expressed Sino-Ocean Land’s attitude to share the fate of the disaster victims. Our actions have won public acclaim and helped establishing the favourable image of a responsible land developer.

# MANAGEMENT DISCUSSION & ANALYSIS

## FINANCIAL REVIEW

### Revenue

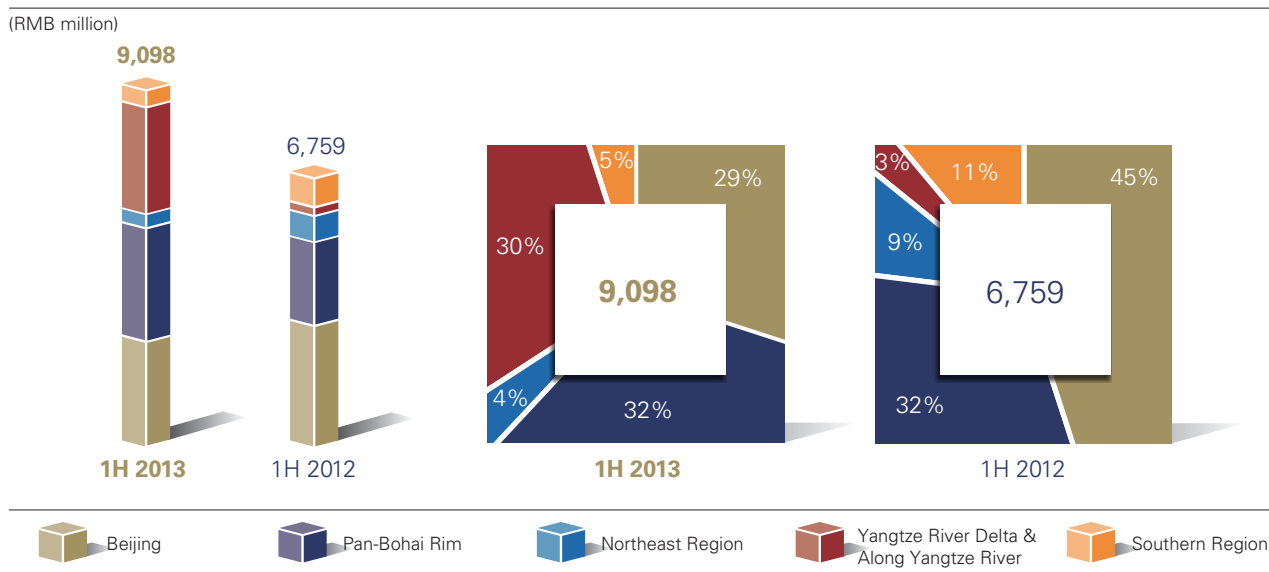
The components of the revenue are analyzed as follows:

(RMB million)	1H 2013	1H 2012	Change (%)
Property development	7,780	5,707	36%
Property investment	251	200	26%
Property management	232	219	6%
Other real estate related businesses (including upfitting and decoration business)	835	633	32%
<b>Total</b>	<b>9,098</b>	<b>6,759</b>	<b>35%</b>

Our Group's revenue in the first half of 2013 grew by 35% to RMB9,098 million, from RMB6,759 million in the first half of 2012. The property development segment remains as the largest contributor which accounted for about 86% of total revenue. Beijing as our home base accounted for about 29% of our Group's total revenue in the first half of 2013 (first half of 2012: 45%) and amounted to RMB2,665 million (first half of 2012: RMB3,057 million). The decline in proportion was mainly due to higher contribution of revenue and in GFA delivered from areas outside Beijing in the first half of 2013. There were strong contributions from five Pan-Bohai Rim and Yangtze River Delta cities including

Dalian, Tianjin, Qingdao, Shanghai and Hangzhou, with their total revenue of RMB5,075 million in the first half of 2013, accounting for about 56% of the total revenue. This is the result of our nationwide expansion strategy to diversify our revenue contributions from various cities to mitigate the risk from single market fluctuations. With our diversified landbank portfolio, we will see a more balanced mix of revenue contributions.

Revenue contributions by geographical locations are analyzed below:



### Cost of sales

The cost of property development, mainly comprising of land cost and construction cost, accounted for 84% of our Group's total cost of sales during this period (first half of 2012: 80%). Excluding car parks, average land cost per sq.m. of the property development business for the period under review was approximately RMB4,000 compared to RMB2,400 in the first half of 2012 which was due to the more properties delivered from the newly acquired projects during the period. Average construction cost per sq.m. (excluding car parks) for property development segment was approximately RMB5,100 for the period, slightly decreased compared to RMB5,500 in the first half of 2012.

### Gross profit

Gross profit for the period under review was RMB2,187 million, representing a 6% increase compared to the corresponding period in 2012. Gross profit margin decreased to 24% (first half of 2012: 30%). The decrease in gross profit margin was primarily due to the increase in the land cost of GFA delivered during the period.

### Other income and gains

Other income for the six months ended 30 June 2013 amounted to RMB173 million (first half of 2012: RMB25.15 million) which comprised of income from investment on financial assets and interest income. The increase in other income was mainly due to the increase in the overall interest income.

Our Group recorded other gains (net) of RMB57.1 million (first half of 2012: RMB60.69 million). Other gains (net) comprised the gains from exchange gain recognized during the period.



### Ocean Palace

Total GFA: **435,000 sq.m.**

Total saleable GFA: **385,000 sq.m.**

Attributable interest to our Group: **100%**

Usage: **Residential and Villa**

## MANAGEMENT DISCUSSION & ANALYSIS

### Revaluation of investment properties

Our Group recognized an increase in fair value on its investment properties (before tax and minority interests) of RMB480 million for the first half of 2013.

### Operating expenses

Selling and marketing expenses for the first half of 2013 were RMB263 million, as compared to RMB247 million in the first half of 2012. These costs accounted for only approximately 1.5% of the total contracted sales amount for the first half of 2013 (first half of 2012: 1.8%).

Administrative expenses incurred for the first half of 2013 decreased to RMB174 million (first half of 2012: RMB238 million), which represented 1.9% of total revenue for the first half of 2013 (first half of 2012: 3.5%), the decrease in account was due to our strictly cost control measures successfully kept these cost at a relatively stable and lower level.

### Finance costs

The decrease in interest expenses was due to the overall decrease in average cost of funding for the reporting period and the increase in total borrowing. Our weighted average interest rate decreased from 7.68% to 7.35% for the first half of 2013 while the total interest expenses paid or accrued was RMB1,387 million (first half of 2012: RMB1,332 million) of which RMB119 million (first half of 2012: RMB143 million) was not capitalized and charged through income statement.

### Taxation

The aggregate of enterprise income tax and deferred tax increased by 54% to RMB578 million for the first half of 2013 (first half of 2012: RMB376 million), with effective tax rate of 28% (first half of 2012: 29%). In addition, land appreciation tax for the first half of 2013 dropped to RMB283 million (first half of 2012: RMB336 million), accounting for 13% of gross profit in the first half of 2013 (first half of 2012: 16%).

### Profit attributable to owners of the company

Profit attributable to owners of the Company increased by 17% to RMB1,417 million in the first half of 2013, compared to RMB1,206 million for the corresponding period last year. Return on average equity (excluding convertible securities and capital securities) stated at approximately 5% in the first half of 2013 (first half of 2012: 4%). Our management will continue to focus on the improvement of our shareholders' return as their on-going tasks.

### Financial resources and liquidity

During the first half of 2013, we recorded a mild increase in total borrowings from RMB32,393 million as at 31 December 2012 to RMB32,745 million as at 30 June 2013.

As at 30 June 2013, our Group had total cash resources (including cash and cash equivalents and restricted bank deposits) of RMB13,115 million. Together with the unutilized credit facilities of about RMB27,715 million, our Group has enough financial resources to ensure a sound financial position.

In terms of net gearing ratio, based on the total borrowings less cash resources divided by total equity minus minority interest, our Group's net gearing ratio was about 54% as at 30 June 2013. We are comfortable with this gearing level given that we had RMB13,115 million cash resources on hand.

The maturities of our Group's total borrowing are set out as below:

(RMB million)	As at 30 June 2013	As at 31 December 2012	Change (%)
Within 1 year	9,980	11,520	-13%
1 to 2 years	11,826	7,460	59%
2 to 5 years	9,165	11,263	-19%
Over 5 years	1,774	2,150	-17%
<b>Total</b>	<b>32,745</b>	<b>32,393</b>	<b>1%</b>

### Financial guarantees and charge on assets

As at 30 June 2013, the value of the guarantees provided by our Group to banks for mortgages extended to property buyers before completion of their mortgage registration was RMB6,637 million (31 December 2012: RMB3,837 million).

During the first half of 2013, our Group has pledged some of its land use rights, properties under development, completed properties held for sale, investment properties, etc. to secure short-term bank loans (including the current portion of long-term borrowings) of RMB3,899 million (31 December 2012: RMB7,185 million) and long-term bank loans of RMB13,630 million (31 December 2012: RMB11,869 million). As at 30 June 2013, total pledged assets accounted for approximately 28% of the total assets of our Group (31 December 2012: 35%).

### Capital commitments

Our Group entered into certain agreements in respect of land acquisition and property development. As at 30 June 2013, our Group had a total capital commitment of RMB22,237 million (31 December 2012: RMB30,305 million).

### Contingent liabilities

In line with the prevailing commercial practice in the PRC, our Group provides guarantees for mortgages extended to property buyers before completion of their mortgage registration. As at 30 June 2013, the total amount of the aforesaid guarantees provided by our Group was RMB6,637 million (31 December 2012: RMB3,837 million). In the past, our Group had not incurred any material loss from providing such guarantees, as the guarantees were given as a transitional arrangement that would be terminated upon completion of the mortgage registration and were secured by the buyers' properties.

## BUSINESS REVIEW

### Property Development

#### 1) Recognized sales

Revenue from property development business grew by 36% for the first half of 2013 to RMB7,780 million, compared to RMB5,707 million for the corresponding period in 2012. Saleable GFA delivered increased by 52% from approximately 423,000 sq.m. in

the first half of 2012 to approximately 644,000 sq.m. in the first half of 2013. Excluding car park sales, the average selling price recognized in the first half of 2013 was about RMB13,700 per sq.m. (first half of 2012: RMB14,100 per sq.m.).

Revenue and saleable GFA delivered from each project during the first half of 2013 are set out below:

Cities	Projects	Revenue (RMB million)	Saleable GFA delivered (sq.m.)	Average selling price recognized (RMB/sq.m.)	Interest attributable to our Group (%)
Beijing	Ocean Great Harmony	19	413	46,000	100%
	Ocean LA VIE	192	2,703	71,000	85.72%
	Ocean Landscape Eastern Area	24	974	24,600	100%
	Ocean Manor	49	2,327	21,100	100%
	Ocean Oriental Mansion	163	9,633	16,900	100%
	POETRY OF RIVER	117	5,507	21,200	100%
	The Place	830	41,719	19,900	100%
Changchun	Ocean Cannes Town	54	7,741	7,000	51%
Chongqing	Sino-Ocean International GOLF Resort	308	36,132	8,500	87.25%
Dalian	Ocean Holiday Manor	65	7,977	8,100	100%
	Ocean Plaza	61	5,426	11,200	100%
	Ocean Seasons	42	2,085	20,100	100%
	Ocean TIMES	560	81,923	6,800	100%
	Ocean Worldview	104	9,040	11,500	100%
Haikou	Ocean Zen House	66	4,701	14,000	70%
Hangzhou	Ocean Mansion	1,019	30,766	33,100	51%
Huangshan	An Island Paradise	24	2,561	9,400	100%
Qingdao	Ocean Prospect	970	51,482	18,800	100%
Sanya	Ocean Mansion	46	2,135	21,500	70%
Shanghai	BOND CASTLE	113	1,963	57,600	100%
	Ocean Mansion No.7	981	61,826	15,900	100%
Shenyang	Ocean Paradise	268	26,868	10,000	100%
Tianjin	Ocean City	500	62,235	8,000	100%
	Ocean Great Harmony	315	27,739	11,400	100%
	Ocean International Center	135	9,133	14,800	96.99%
	Ocean Prospect	62	5,283	11,700	100%

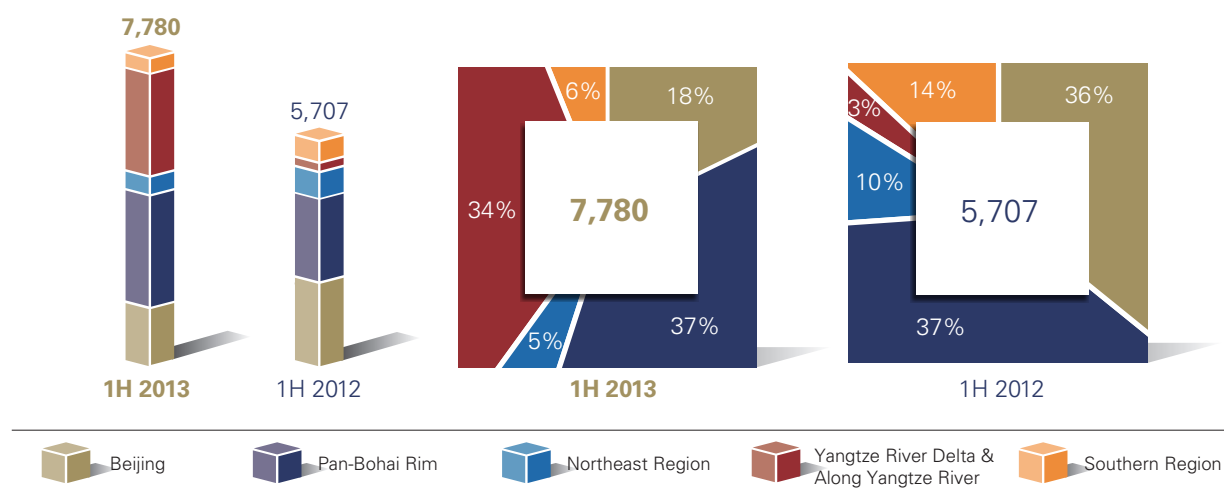
Cities	Projects	Revenue (RMB million)	Saleable GFA delivered (sq.m.)	Average selling price recognized (RMB/sq.m.)	Interest attributable to our Group (%)
Wuhan	Ocean Manor	135	13,576	9,900	55%
	Ocean World	7	1,142	6,100	55%
Zhongshan	Ocean City	280	32,039	8,700	100%
Subtotal		7,509	547,049	13,700	
Car parks (various projects)		271	96,755	2,800	
<b>Total</b>		<b>7,780</b>	<b>643,804</b>	<b>12,100</b>	

During the first half of 2013, Beijing remained the largest contributor which accounted for 18% of total revenue from property development (first half of 2012: 36%). Meanwhile, contributions from cities

including Dalian, Tianjin, Qingdao, Shanghai and Hangzhou, accounting for 65% of revenue from property development during period under review.

Revenue from property development by geographical locations are analyzed below:

(RMB million)



## MANAGEMENT DISCUSSION & ANALYSIS

### 2) Contracted sales

Our contracted sales during the six months ended 30 June 2013 amounted to RMB17,813 million, representing an approximately 29% increase compared to RMB13,757 million for the corresponding period in 2012. The increase was due to the increase in the average selling price, and also from the higher GFA sold for the first half of 2013 which increased by 10% to 1,336,000 sq.m. (first half of 2012: 1,214,000 sq.m.). As there were more contributions from first and second-tier cities, the average selling price increased by 17% to RMB13,600 per sq.m. (first half of 2012: RMB11,600 per sq.m.) excluding car parks and by 18% to RMB13,300 per sq.m. (first half of 2012: RMB11,300 per sq.m.) including car parks.

In terms of geographical distribution, there were altogether 40 projects available for sale during the first half of 2013 (first half of 2012: 39 projects), of which 13 were located in Pan-Bohai Rim, accounting for about 30% of the total contracted sales amount. We began to see the effect of our nationwide coverage in that contracted sales from Beijing only accounted for 27% (first half of 2012: 28%) and contributions from Yangtze River Delta increased from 11% in the first half of 2012 to 22% in the first half of 2013. As at 30 June 2013, our Group's unbooked contracted sales to be recognized amounted to RMB44,908 million, providing a strong and solid foundation for our Group's future revenue growth.

The contracted sales amounts and saleable GFA sold by projects during the first half of 2013 are set out below:

Cities	Projects	Contracted sales amount (RMB million)	Saleable GFA sold (sq.m.)	Average selling price (RMB/sq.m.)	Interest attributable to our Group (%)
Beijing	Ocean Crown	2,617	47,839	54,700	100%
	Ocean Great Harmony	15	290	51,700	100%
	Ocean LA VIE	760	8,874	85,600	85.72%
	Ocean Landscape Eastern Area	412	14,600	28,200	100%
	Ocean Manor	80	3,599	22,200	100%
	Ocean Palace	653	22,270	29,300	100%
	POETRY OF RIVER	28	1,096	25,500	100%
	The Place	259	13,070	19,800	100%
Changchun	Ocean Cannes Town	299	37,405	8,000	51%
Chongqing	Sino-Ocean International GOLF Resort	457	66,406	6,900	87.25%
Dalian	Ocean Diamond Bay	1,386	89,548	15,500	90%
	Ocean Holiday Manor	75	8,264	9,100	100%
	Ocean Plaza	68	3,972	17,100	100%
	Ocean Seasons	61	3,104	19,700	100%
	Ocean TIMES	421	60,279	7,000	100%
	Ocean Worldview	736	67,380	10,900	100%
Fushun	Ocean City	239	50,998	4,700	65%

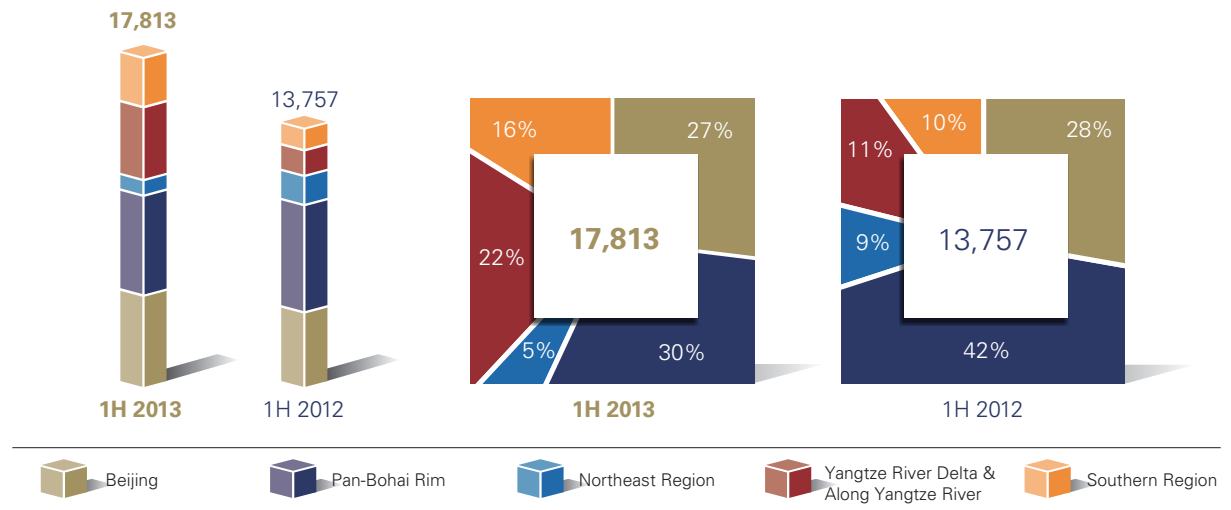


Cities	Projects	Contracted sales amount (RMB million)	Saleable GFA sold (sq.m.)	Average selling price (RMB/sq.m.)	Interest attributable to our Group (%)
Haikou	Ocean Zen House	12	861	13,900	70%
Hangzhou	Ocean Mansion	433	10,974	39,500	51%
	Grand Canal Milestone	463	15,377	30,100	70%
	Ocean In Your Heart	619	34,451	18,000	100%
Huangshan	An Island Paradise	63	7,240	8,700	100%
Qingdao	Ocean Prospect	370	18,087	20,500	100%
	Ocean Seasons	519	34,326	15,100	100%
Qinhuangdao	Ocean Century	475	53,630	8,900	100%
Sanya	Ocean Mansion	3	137	21,900	70%
Shanghai	Ocean Chanson Mansion	666	31,313	21,300	100%
	Ocean Mansion No.7	86	4,902	17,500	100%
Shenyang	Ocean Paradise	96	12,996	7,400	100%
	Ocean Residence	182	21,883	8,300	100%
Shenzhen	Ocean Express	1,116	70,053	15,900	84.7%
Tianjin	Ocean City	544	66,204	8,200	100%
	Ocean Great Harmony	292	23,046	12,700	100%
	Ocean International Center	23	1,600	14,400	96.99%
	Ocean Prospect	400	34,190	11,700	100%
Wuhan	Ocean Manor	164	14,929	11,000	55%
	Ocean World	6	1,141	5,300	55%
Zhenjiang	Ocean Beach	844	148,306	5,700	55%
Zhongshan	Ocean City	1,237	108,181	11,400	100%
	Ocean New Era	466	79,890	5,800	80%
Subtotal		17,645	1,292,711	13,600	
Carparks (various projects)		168	43,289	3,900	
<b>Total</b>		<b>17,813</b>	<b>1,336,000</b>	<b>13,300</b>	

## MANAGEMENT DISCUSSION & ANALYSIS

Our Group's contracted sales amounts by geographical locations are analyzed below:

(RMB million)



### 3) Construction progress and projects in development

Total GFA completed and total saleable GFA completed in the first half of 2013 were approximately 870,000 sq.m. and 712,000 sq.m.,

increased by 59% and 41% respectively compared to the corresponding period in 2012. We will maintain our construction scale in order to have enough GFA available for sale and for delivery to achieve our target in 2013 and support our growth in 2014.

The details of construction progress and development progress are set out below:

Cities	Projects	Target GFA	
		GFA completed in the first half of 2013 (sq.m.)	to be completed in the second half of 2013 (sq.m.)
Beijing	Ocean Crown	–	21,000
	Ocean LA VIE	–	100,000
	Ocean Landscape Eastern Area	–	29,000
	Ocean Manor	–	46,000
	Ocean Palace	58,000	30,000
Changchun	Ocean Cannes Town	–	234,000
Chongqing	Sino-Ocean International GOLF Resort	112,000	116,000
Dalian	Ocean Holiday Manor	–	13,000
	Ocean TIMES	121,000	295,000
	Ocean Worldview	–	315,000
	Ocean MIDTOWN	–	91,000
Fushun	Ocean City	–	124,000
Haikou	Ocean Zen House	59,000	–
Hangzhou	Canal Business Center Project	79,000	109,000
Huangshan	An Island Paradise	21,000	12,000
Qingdao	Ocean Prospect	147,000	–
Qinghuangdao	Ocean Century	–	398,000
Shanghai	Ocean Mansion No.7	65,000	–
Shenyang	Ocean Paradise	34,000	101,000
	Ocean Residence	–	181,000

## MANAGEMENT DISCUSSION & ANALYSIS

Cities	Projects	GFA completed in the first half of 2013 (sq.m.)	Target GFA to be completed in the second half of 2013 (sq.m.)
Tianjin	Ocean City	78,000	122,000
	Ocean Great Harmony	96,000	–
Zhenjiang	Ocean Beach	–	97,000
Zhongshan	Ocean City	–	318,000
	Ocean New Era	–	187,000
<b>Total</b>		<b>870,000</b>	<b>2,939,000</b>

#### 4) Landbank

As at 30 June 2013, our landbank decreased by 3% to 22,338,000 sq.m. (31 December 2012: 22,969,000 sq.m.); while landbank with attributable interest decreased to 19,046,000 sq.m. (31 December 2012: 19,375,000 sq.m.). During the first half of 2013, we acquired 1 plot of land with total GFA of 110,000

sq.m. and attributable interest of approximately 110,000 sq.m. with average acquisition cost per sq.m. of about RMB1,700. The average land cost per sq.m. for our landbank as at 30 June 2013 was approximately RMB3,200 (31 December 2012: RMB3,200).

Details of the newly acquired land plot during the first half of 2013 are as follows:

Cities	Projects	Total GFA acquired (sq.m.)	GFA attributable to our Group (sq.m.)	Interest attributable to our Group (%)
Tianjin	Wuqing Project	110,000	110,000	100%

The landbank by stages of development as at 30 June 2013 are set out below:

	Approximate total GFA (sq.m.)	Approximate total saleable GFA (sq.m.)	Remaining landbank (sq.m.)
Completed properties held for sales	7,365,000	6,356,000	1,608,000
Properties under development	8,839,000	7,258,000	8,839,000
Properties held for future development	11,892,000	9,155,000	11,891,000
<b>Total</b>	<b>28,096,000</b>	<b>22,769,000</b>	<b>22,338,000</b>

Our Group's landbank details as at 30 June 2013 are set out below:

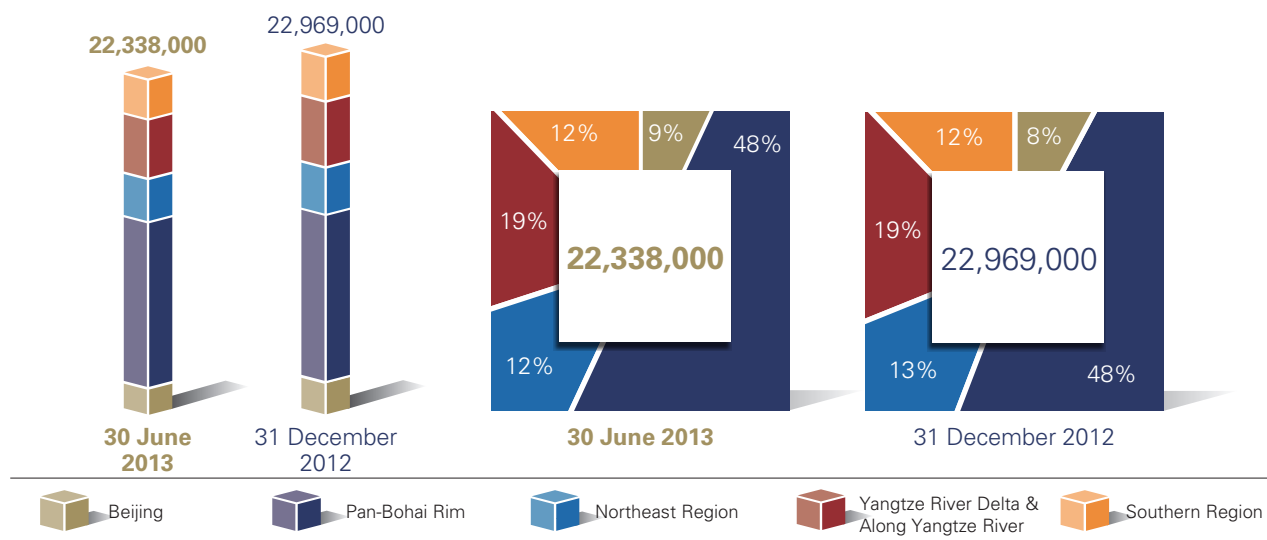
Region	Cities	Projects	Approximate total GFA (sq.m.)	Approximate total saleable GFA (sq.m.)	Remaining Landbank (sq.m.)	Interest attributable to our Group (%)
Beijing	Beijing	CBD Plot Z6	245,000	190,000	245,000	80%
		CBD Plot Z13	120,000	108,000	120,000	10%
		Ocean International Center, Phase II	88,000	78,000	88,000	35%
		Ocean Crown	211,000	181,000	211,000	100%
		Ocean LA VIE	318,000	301,000	289,000	85.72%
		Ocean Landscape Eastern Area E02/03 Project	101,000	94,000	101,000	100%
		Ocean Manor	250,000	219,000	208,000	100%
		Ocean Oriental Mansion	175,000	151,000	24,000	100%
		Ocean Palace	435,000	385,000	435,000	100%
		POETRY OF RIVER	793,000	705,000	194,000	100%
		The Place	102,000	86,000	19,000	100%
		<b>2,838,000</b>	<b>2,498,000</b>	<b>1,934,000</b>		
Pan-Bohai Rim	Dalian	Ocean Diamond Bay	2,510,000	1,629,000	2,510,000	90%
		Ocean Holiday Manor	372,000	315,000	279,000	100%
		Ocean MIDTOWN	91,000	73,000	91,000	100%
		Ocean Plaza	293,000	253,000	3,000	100%
		Ocean Seasons	138,000	104,000	8,000	100%
		Ocean TIMES	563,000	473,000	328,000	100%
		Ocean Worldview	2,020,000	1,473,000	1,270,000	100%
		Sino-Ocean Technopole	922,000	540,000	922,000	100%
		Wyndham Grand Plaza	111,000	52,000	111,000	100%
		Royale Sino-Ocean				
		Xiaoyao Bay Project	219,000	175,000	219,000	100%
		Zhonghua Road Land Plot #3	839,000	697,000	839,000	100%
		Qingdao	Ocean Honored Chateau	133,000	78,000	133,000
	Ocean Prospect		147,000	109,000	78,000	100%
	Ocean Seasons		146,000	114,000	146,000	100%
	Qinhuangdao	Ocean Century	1,458,000	1,383,000	1,458,000	100%
	Tianjin	Ocean City	2,180,000	2,015,000	1,455,000	100%
		Ocean Express	337,000	288,000	52,000	97.05%
		Ocean Great Harmony	361,000	342,000	268,000	100%
Ocean International Center		322,000	308,000	297,000	96.99%	
Ocean Prospect		320,000	265,000	207,000	100%	
Wuqing Project		110,000	103,000	110,000	100%	
		<b>13,592,000</b>	<b>10,789,000</b>	<b>10,784,000</b>		

## MANAGEMENT DISCUSSION & ANALYSIS

Region	Cities	Projects	Approximate total GFA (sq.m.)	Approximate total saleable GFA (sq.m.)	Remaining Landbank (sq.m.)	Interest attributable to our Group (%)
Northeast Region	Changchun	Ocean Cannes Town	1,165,000	1,049,000	1,063,000	51%
	Fushun	Ocean City	1,390,000	1,355,000	1,390,000	65%
	Shenyang	Ocean Paradise	712,000	587,000	183,000	100%
		Ocean Residence	181,000	139,000	181,000	100%
			<b>3,448,000</b>	<b>3,130,000</b>	<b>2,817,000</b>	
Yangtze River Delta & Along Yangtze River	Chengdu	Pinnacle One	384,000	320,000	384,000	50%
	Chongqing	Sino-Ocean International GOLF Resort	560,000	470,000	511,000	87.25%
	Hangzhou	Canal Business Center Project	923,000	458,000	882,000	51%
		Grand Canal Milestone	208,000	140,000	208,000	70%
		Ocean In Your Heart	169,000	109,000	169,000	100%
	Huangshan	An Island Paradise	94,000	93,000	66,000	100%
	Shanghai	BOND CASTLE	194,000	88,000	188,000	100%
		Ocean Chanson Manson	368,000	314,000	368,000	100%
		Ocean Mansion No.7	118,000	97,000	43,000	100%
	Wuhan	Ocean Manor	77,000	71,000	20,000	55%
Ocean World		490,000	396,000	434,000	55%	
Zhenjiang	Ocean Beach	899,000	693,000	899,000	55%	
			<b>4,484,000</b>	<b>3,249,000</b>	<b>4,172,000</b>	
Southern Region	Haikou	Ocean Zen House	109,000	106,000	101,000	70%
	Sanya	Ocean Mansion	55,000	48,000	4,000	70%
		Tang Di Project	14,000	12,000	14,000	52.5%
	Shenzhen	Ocean Express	557,000	438,000	557,000	84.7%
		Shengping Project	414,000	300,000	414,000	55%
	Zhongshan	Ocean City	2,089,000	1,725,000	1,045,000	100%
Ocean New Era		496,000	474,000	496,000	80%	
			<b>3,734,000</b>	<b>3,103,000</b>	<b>2,631,000</b>	
<b>Total</b>			<b>28,096,000</b>	<b>22,769,000</b>	<b>22,338,000</b>	

The landbank by geographical locations as at 30 June 2013 and 31 December 2012 are analyzed below:

(sq.m.)



## Property Investment

Investment properties provide a steady and reliable income and cash flow to our Group in addition to the possible capital gains from appreciation in value. They also help us to diversify our risk from market turbulence in the property development business. During the first half of 2013, revenue from property investment increased by 26% to

RMB251 million (first half of 2012: RMB200 million). As at 30 June 2013, our Group held 5 investment properties and several car parks for rental excluding those held by our subsidiary, Gemini Investments (Holdings) Limited. Our investment properties are mainly A-grade office premises with a total leasable area of approximately 520,000 sq.m..

List of our investment properties as at 30 June 2013:

	Approximate leasable area (sq.m.)	Office premises (sq.m.)	Retail space (sq.m.)	Others (sq.m.)	Occupancy rate as at 30 June 2013 (%)	Interest attributable to our Group (%)
Ocean Plaza (Beijing)	28,000	26,000	–	2,000	100%	72%
Ocean International Center Block A (Beijing)	101,000	75,000	9,000	17,000	Over 94%	100%
Ocean Office Park (Beijing)	118,000	81,000	22,000	15,000	Over 94%	100%
Ocean We-life Plaza (Beijing)	31,000	–	31,000	–	99%	100%
INDIGO (Beijing)	227,000	63,000	92,000	72,000	Over 91%	50%
Ocean Express (Beijing) Car parks	15,000	–	–	15,000	77%	100%
<b>Total</b>	<b>520,000</b>	<b>245,000</b>	<b>154,000</b>	<b>121,000</b>		

### COMMERCIAL PROPERTIES IN PROGRESS

Since its inception in 2010 nearly three years ago, Sino-Ocean Land's commercial business division has built a sound foundation for office complex operation and management. We have cultivated strengths in commercial project positioning; planning and design; development and construction; attracting investment; and project operation. To date, we have more than 20 commercial property projects in progress across China, including grade A offices, high-class shopping centres, five-star hotels and high quality serviced apartments.

The Group currently has five investment properties. Our cooperation project with Swire Properties Limited at Chengdu Daici Temple is scheduled for soft opening in 2013, and we have also planned commercial investment properties in well-developed cities, such as the Beijing CBD project and Tianjin Ocean International Center.

We now have approximately 500,000 sq.m. of commercial real estate resources in operation, with office developments and commercial/hotel complexes accounting for about 50% each. In addition, we have more than 2,000,000 sq.m. of commercial property resources pending for development and operation by stages between 2014 and 2020. These include CBD offices in Beijing and star-graded hotels in popular tourist cities. Going forward, the Sino-Ocean Land commercial property brand will boast a strong portfolio of cross-regional and diversified products. They will provide a sound foundation for favourable investment yield and profitability level in the future.

#### Property management

For the six months ended 30 June 2013, our Group's revenue from the provision of property management services amounted to RMB232 million, representing a 6% increase compared to RMB219 million for the corresponding period in 2012. A total GFA of 9,430,000 sq.m. (first half of 2012: 8,071,000 sq.m.) was covered by our Group's property management services which has significantly increased by 1,359,000 sq.m..

### OTHER INFORMATION

#### Risk of Exposure to Exchange Rate Fluctuations and Related Hedging

During the first half of 2013, 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 hedge at appropriate times to avoid the corresponding risks.

#### Employees and Human Resources

As at 30 June 2013, our Group had 6,331 employees (31 December 2012: 6,414). Continuing our efforts in 2012 to maintain a streamlined organization structure, the size of our workforce was largely unchanged. Both manpower effectiveness and our Group's control capability have been strengthened.

For the first half of 2013, taking into account the amortization of share options, the level of our overall staff cost was maintained at about RMB407 million (first half of 2012: RMB465 million). We believe the share option scheme implemented in previous years will provide long-term incentive and rewards to our staff.

We will regularly review our remuneration schemes for competitiveness to retain talented staff and provide long-term incentives. We are confident that an outstanding workforce can create more favourable return for our shareholders and investors.



## INVESTOR RELATIONS

Our Group has always adhered to the best practice in information disclosure in terms of accuracy, transparency and consistency. We are committed to maintaining the most effective communication with the financial community and other stakeholders in a sincere and honest manner. Already being recognized as one of the best among the financial community, we set it as our goals promoting the Group's internal management proficiency and raising governance standard. We endeavor to be the strategic platform for the Group to stay close to the capital market and for efficient management.

### Effective communication

The PRC government's property market control policies in the first half of 2013 triggered anxiety among investors. We continued to communicate with our investors proactively on management's interpretation of the policies, the market's reaction, the Group's planning and marketing strategies. The timely and detailed information helped us regain investors' confidence.

In the first half of the year we had in-depth discussions with 112 funds, 13 securities firms and over 100 retail shareholders. We also entertained some 150 interested individuals at over 50 site visits. Our efforts enhanced understanding of our products and the market by retail and institutional investors, analysts and stakeholders.

### Efficient information disclosure

We maintained our high standards in information disclosure to ensure the timely dissemination of relevant corporate information via the monthly newsletter, our official website and other channels.

In March 2013, our 2012 annual results presentation attracted some 150 people from the financial community to attend. In the subsequent roadshows the Group's management and investor relations team met 86 funds and stakeholders in Hong Kong, Singapore, the US and Europe. These meetings promoted investors' understanding of the Group's strategies and at the same time encouraged our management to be more aware of the capital market's expectation of our Group. These activities would be useful for improving our management, profitability and corporate governance.

### Maintaining wide coverage

In the first half of 2013 the number of securities firms covering Sino-Ocean Land remained at 29, of which 86% rated the Company 'buy' or 'hold'. Those recommended 'buy' included Citi, China International Capital Corporation, Credit Suisse, Macquarie, HSBC and Nomura. We continued to work on getting more coverage and recommendations to promote effective and smooth disclosure of corporate information.

More than 100 shareholders and other stakeholders attended the Company's AGM in May 2013. As in previous years management representatives spoke with retail shareholders after the meeting and encouraged better mutual understanding.

Since the AGM in 2008 management has always set aside time for talking to retail shareholders directly and answer their queries to their satisfaction. Both retail and institutional investors have the opportunity to discuss the Company's business and market conditions with management representatives in person.

We are grateful to all stakeholders for their support. If you have any questions or comments about our work, please contact us at [ir@sinooceanland.com](mailto:ir@sinooceanland.com). We promise to provide answers to the extent permitted by applicable laws, regulations and the Listing Rules. We will post our answers on our website if we think that other shareholders or investors may also be interested in the questions you have raised. We take all comments and suggestions seriously and will act upon them where feasible to improve our performance.

# DISCLOSURE OF INTERESTS

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2013, the interests and short positions of each of the directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and any of 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:

### Long position in the shares and the underlying shares of equity derivatives of the Company

Name of Directors	Nature of interest	No. of ordinary shares held	Restricted shares (Note iii)	Share options (Note iv)	Percentage in the Company's issued share capital
LI Ming	Founder of discretionary trust	125,878,375 (Note i)	–	–	2.144%
	Beneficiary of trust	1,725,305 (Note ii)	–	–	0.029%
	Beneficial owner	–	3,072,895	–	0.052%
	Beneficial owner	–	–	13,560,000	0.231%
CHEN Runfu	Beneficial owner	414,700	–	–	0.007%
	Beneficial owner	–	554,400	–	0.009%
	Beneficial owner	–	–	4,320,000	0.074%
WEN Haicheng	Beneficial owner	83,130	–	–	0.001%
	Beneficial owner	–	981,585	–	0.017%
	Beneficial owner	–	–	1,730,000	0.029%
LIU Hui	Beneficial owner	46,500	–	–	0.001%
	Beneficial owner	–	73,500	–	0.001%
	Beneficial owner	–	–	400,000	0.007%
YANG Zheng	Beneficial owner	–	60,000	–	0.001%
	Beneficial owner	–	–	400,000	0.007%
CHEUNG Vincent Sai Sing	Beneficial owner	–	60,000	–	0.001%
	Beneficial owner	–	–	400,000	0.007%
TSANG Hing Lun	Beneficial owner	146,500	–	–	0.002%
	Beneficial owner	–	73,500	–	0.001%
	Beneficial owner	–	–	800,000	0.014%
GU Yunchang	Beneficial owner	46,500	–	–	0.001%
	Beneficial owner	–	73,500	–	0.001%
	Beneficial owner	–	–	900,000	0.015%
HAN Xiaojing	Beneficial owner	46,500	–	–	0.001%
	Beneficial owner	–	73,500	–	0.001%
	Beneficial owner	–	–	900,000	0.015%
ZHAO Kang	Beneficial owner	46,500	–	–	0.001%
	Beneficial owner	–	73,500	–	0.001%
	Beneficial owner	–	–	900,000	0.015%

Notes:

- i. The 125,878,375 shares are held by a discretionary trust of which Mr. LI Ming is the founder.
- ii. The 1,725,305 shares are held by a discretionary trust of which Mr. LI Ming, his spouse and his son are the beneficiaries.
- iii. The restricted shares were granted pursuant to the restricted share award scheme of the Company, the details of which are set out below in the paragraph headed "Restricted Share Award Scheme".
- iv. 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".

### Long positions in the shares of associated corporation(s)

Name of Director	Name of associated corporation	Nature of Interest	Total number of ordinary shares of associated corporation held	Approximate percentage of total issued share capital of associated corporation
WEN Haicheng	Gemini Investments (Holdings) Limited	Beneficial owner	70,000	0.016%

Save as disclosed above, none of the directors nor the chief executives of the Company or their respective 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.

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.

### DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Except for the share options granted pursuant to the share option scheme of the Company and the restricted shares awarded pursuant to the restricted share award scheme of the Company, the details of which are set out below in the paragraphs headed "Share Option Scheme" and "Restricted Share Award Scheme" respectively, at no time during the six months ended 30 June 2013 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

### 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 2013, 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 the chief executives of the Company:

Name of Shareholders	Capacity	Long/short position	No. of ordinary shares held	No. of ordinary shares convertible under the Convertible Securities	Percentage in the Company's issued share capital
China Life Insurance (Group) Company (Note i)	Interest of controlled corporation	Long	1,453,658,959	–	24.76%
CHEN Din Hwa ("Mr. Chen") (deceased) (Note ii)	Interest of controlled corporation	Long	824,200,580	–	14.04%
	Interest of controlled corporation	Long	–	526,313,172	8.96%
HSBC Trustee (Guernsey) Limited (Note iii)	Interest of controlled corporation	Long	411,284,187	–	7.00%

## DISCLOSURE OF INTERESTS

### Notes:

- (i) The 1,453,658,959 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. China Life Insurance (Group) Company was deemed to be interested in these shares by virtue of the SFO.
- (ii) Mr. Chen held a long position in 824,200,580 shares of the Company and 526,313,172 shares convertible under the Convertible Securities (as defined in the section headed "Corporate Governance and Other Information") comprising:
  - (a) 695,692,130 shares and 128,508,450 shares were beneficially owned by Spring Glory Investment Limited and Gavast Estates Limited respectively. Both Spring Glory Investment Limited and Gavast Estates Limited were wholly-owned by Keymark Associates Limited. Keymark Associates Limited was wholly-owned by Golden Anchor Holdings Limited. Golden Anchor Holdings Limited was wholly-owned by Nan Fung Group Holdings Limited. Nan Fung Group Holdings Limited was wholly-owned by Nan Fung International Holdings Limited. Nan Fung International Holdings Limited was wholly-owned by Chen's Group International Limited, which in turn was wholly-owned by Mr. Chen; and
  - (b) 510,543,065 shares and 15,770,107 shares convertible under the Convertible Securities were beneficially owned by Kind Talent Limited and Absolute Gain Trading Limited respectively. Kind Talent Limited was wholly-owned by Absolute Gain Trading Limited. Absolute Gain Trading Limited was wholly-owned by Golden Anchor Holdings Limited. Golden Anchor Holdings Limited was wholly-owned by Nan Fung Group Holdings Limited. Nan Fung Group Holdings Limited was wholly-owned by Nan Fung International Holdings Limited. Nan Fung International Holdings Limited was wholly-owned by Chen's Group International Limited, which in turn was wholly-owned by Mr. Chen. Details of the Convertible Securities can be referred to the Company's announcement dated 13 July 2010.
- (iii) The 362,411,187 shares and 48,873,000 shares were registered in the name of, and beneficially owned by Crystal Will Holdings Limited and Grand Wave Enterprises Limited respectively. Crystal Will Holdings Limited was wholly-owned by Wharf China Development Limited. Wharf China Development Limited was wholly-owned by Wharf China Holdings Limited. Wharf China Holdings Limited was wholly-owned by The Wharf (Holdings) Limited. Grand Wave Enterprises Limited was wholly-owned by Smart Bridge Investments Limited. Smart Bridge Investments Limited was wholly-owned by Wharf Hong Kong Limited. Wharf Hong Kong Limited was wholly-owned by The Wharf (Holdings) Limited. WF Investment Partners Limited was interested in 42.98% of The Wharf (Holdings) Limited. WF Investment Partners Limited was wholly-owned by Wheelock Investments Limited. Wheelock Investments Limited was wholly-owned by Wheelock and Company Limited. HSBC Trustee (Guernsey) Limited was interested in 48.98% of Wheelock and Company Limited. HSBC Trustee (Guernsey) Limited was deemed to be interested in these shares by virtue of the SFO.

Save as disclosed above, as at 30 June 2013, 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.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## SHARE OPTION SCHEME

The share option scheme of the Company (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. The share options granted under the Share Option Scheme 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. All of the share options granted and outstanding as at 30 June 2013 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 2013, movements of share options granted to the directors, chief executives and employees of our 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 2013	No. of options granted during the period	No. of options exercised during the period (Note i)	No. of options lapsed during the period	No. of options outstanding as at 30 June 2013
<b>Directors</b>							
LI Ming	19 Sept 2008	2.55	3,000,000	–	–	–	3,000,000
	30 July 2009	8.59	4,280,000	–	–	–	4,280,000
	12 Jan 2012	3.57	6,280,000	–	–	–	6,280,000
WANG Xiaoguang	19 Sept 2008	2.55	500,000	–	–	–	500,000
	30 July 2009	8.59	800,000	–	–	–	800,000
	5 Oct 2009	7.11	910,000	–	–	–	910,000
	12 Jan 2012	3.57	2,855,000	–	–	–	2,855,000
CHEN Runfu	30 July 2009	8.59	1,710,000	–	–	–	1,710,000
	12 Jan 2012	3.57	2,610,000	–	–	–	2,610,000
WEN Haicheng	30 July 2009	8.59	500,000	–	–	–	500,000
	2 Sept 2009	7.01	500,000	–	–	–	500,000
	12 Jan 2012	3.57	1,200,000	–	(470,000)	–	730,000
LIU Hui	12 Jan 2012	3.57	400,000	–	–	–	400,000
YANG Zheng	12 Jan 2012	3.57	400,000	–	–	–	400,000
CHEUNG Vincent Sai Sing	12 Jan 2012	3.57	400,000	–	–	–	400,000
TSANG Hing Lun	24 Jan 2008	7.70	140,000	–	–	(140,000)	–
	30 July 2009	8.59	200,000	–	–	–	200,000
	12 Jan 2012	3.57	600,000	–	–	–	600,000
GU Yunchang	24 Jan 2008	7.70	200,000	–	–	(200,000)	–
	19 Sept 2008	2.55	100,000	–	–	–	100,000
	30 July 2009	8.59	200,000	–	–	–	200,000
	12 Jan 2012	3.57	600,000	–	–	–	600,000
HAN Xiaojing	24 Jan 2008	7.70	200,000	–	–	(200,000)	–
	19 Sept 2008	2.55	100,000	–	–	–	100,000
	30 July 2009	8.59	200,000	–	–	–	200,000
	12 Jan 2012	3.57	600,000	–	–	–	600,000
ZHAO Kang	24 Jan 2008	7.70	200,000	–	–	(200,000)	–
	19 Sept 2008	2.55	100,000	–	–	–	100,000
	30 July 2009	8.59	200,000	–	–	–	200,000
	12 Jan 2012	3.57	600,000	–	–	–	600,000
Subtotal			30,585,000	–	(470,000)	(740,000)	29,375,000

## CORPORATE GOVERNANCE AND OTHER INFORMATION

	Date of option granted	Exercise price per share (HKD)	No. of options outstanding as at 1 January 2013	No. of options granted during the period	No. of options exercised during the period (Note i)	No. of options lapsed during the period	No. of options outstanding as at 30 June 2013
<b>Employees</b>	24 Jan 2008	7.70	5,890,000	–	–	(5,890,000)	–
	19 Sept 2008	2.55	8,817,500	–	(3,624,500)	(50,000)	5,143,000
	30 July 2009	8.59	14,200,000	–	–	(300,000)	13,900,000
	2 Sept 2009	7.01	15,810,000	–	–	(1,190,000)	14,620,000
	5 Oct 2009	7.11	22,740,000	–	–	(500,000)	22,240,000
	12 Jan 2012	3.57	131,280,000	–	(15,091,000)	(6,606,000)	109,583,000
Subtotal			198,737,500	–	(18,715,500)	(14,536,000)	165,486,000
<b>Total</b>			<b>229,322,500</b>	<b>–</b>	<b>(19,185,500)</b>	<b>(15,276,000)</b>	<b>194,861,000</b>

Note:

- (i) During the six months ended 30 June 2013, 19,185,500 share options were exercised and the weighted average closing price of shares of the Company immediately before the dates of exercise was HKD5.66 per share.

### RESTRICTED SHARE AWARD SCHEME

The restricted share award scheme (the “**Award Scheme**”) was adopted by the Board on 22 March 2010 (the “**Adoption Date**”) as an incentive to retain and encourage the employees for the continual operation and development of our Group. Unless early terminated by the Board, 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, the maximum number of shares to be awarded under the Award Scheme is 169,104,822 shares, representing 3% of the issued share capital of the Company as at the Adoption Date. The restricted shares will be purchased by the trustee from the market out of cash contributed by our Group and be held in trust for the relevant selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the Award Scheme. The

shares awarded to the directors and employees of the Group at no consideration will be vested in three years in which 40% of awarded shares will be vested after one year from the date of award and 7.5% of awarded shares will be vested quarterly thereafter.

During the period under review, the trustee of the Award Scheme, pursuant to the terms of the rules and trust deed of the Award Scheme, had acquired 1,021,000 shares of the Company by way of market acquisition at an aggregate consideration of approximately RMB3,672,000 (including transaction costs) and received 774,937 scrip shares of the Company in lieu of cash dividend in an amount of approximately HKD3,967,000. Up to 30 June 2013, 36,830,586 shares of the Company had been acquired from the market or under scrip dividend scheme by the trustee, representing 0.65% of the issued share capital of the Company as at the Adoption Date.

Details of the number of shares awarded under Award Scheme and the shares vested during the period under review, are set out as below:

Date of award	Awarded Shares				
	Balance as at 1 January 2013	Share awarded during the period	No. of shares vested during the period	No. of shares being lapsed during the period (Note i)	Balance as at 30 June 2013
18 March 2011	6,247,296	–	(2,455,749)	(172,592)	3,618,955
18 March 2013	–	21,861,000	–	–	21,861,000
Total	6,247,296	21,861,000	(2,455,749)	(172,592)	25,479,955

Note:

- (i) Pursuant to the Award Scheme, 172,592 awarded shares were lapsed upon the resignation of awardees.

## CONVERTIBLE SECURITIES

As announced by the Company on 27 July 2010, the perpetual subordinated convertible securities (the “**Convertible Securities**”) were issued by a wholly-owned subsidiary of the Company, in an aggregate principal amount of USD900 million. The net proceeds from the issue of the Convertible Securities were applied in financing new and existing projects (including construction costs and land costs) and for general corporate purpose.

During the period under review, the Company repurchased the Convertible Securities in the principal amount of USD326 million.

Details of the Convertible Securities are set out in note 13 to the unaudited condensed consolidated interim financial information.

## CAPITAL SECURITIES

On 13 May 2011, the perpetual subordinated capital securities callable 2016 (the “**Capital Securities**”) were issued by a wholly-owned subsidiary of the Company, in an

aggregate principal amount of USD400 million. The net proceeds from the issue of the Capital Securities were approximately USD388 million and were applied to finance new and existing projects (including construction costs, land costs and investment properties) and for general corporate purposes.

Details of the Capital Securities can be referred to the Company’s announcement dated 6 May 2011 and note 14 to the unaudited condensed consolidated interim financial information of this report.

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

During the period under review, the Company repurchased 1,900,000 shares on the Stock Exchange at an aggregate consideration of approximately HKD8.55 million. The repurchases were effected by the directors of the Company with a view to benefit shareholders as a whole in enhancing the net assets and earnings per share of the Company. Details of the repurchases are as follows:

Month of the repurchases	Total number of shares repurchased	Highest price paid by share (HKD)	Lowest price paid by share (HKD)	Aggregate Consideration (HKD Million)
June 2013	1,900,000	4.50	4.49	8.55

## CORPORATE GOVERNANCE AND OTHER INFORMATION

All 1,900,000 shares being repurchased were cancelled upon delivery of the share certificates during the period under review. Apart from the share repurchased as disclosed above and those set out above in the paragraphs headed “Restricted Share Award Scheme” and “Convertible Securities”, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the period under review.

### REVIEW OF INTERIM FINANCIAL INFORMATION

The unaudited interim financial information for the six months ended 30 June 2013 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 41.

### AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive directors and a non-executive director of the Company, namely Mr. TSANG Hing Lun, Mr. GU Yunchang, Mr. HAN Xiaojing and Mr. YANG Zheng. Mr. TSANG Hing Lun, who has professional qualifications in accountancy, is the chairman of the Audit Committee. The Audit Committee has reviewed and no disagreement with the accounting principles and practices adopted by the Group. The Audit Committee has reviewed the interim report for the six months ended 30 June 2013.

### CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2013, except as described below.

Mr. LI Ming is the chairman (the “Chairman”) and the chief executive officer of the Company (the “Chief Executive Officer”). The roles of the Chairman and the Chief Executive Officer have not been segregated as required under code A.2.1 of the CG Code. However, the Company considers that the combination of the roles of

the Chairman and the Chief Executive Officer involve a realignment of power and authority under the existing corporate structure and facilitate the ordinary business activities of the Company. Although the responsibilities of the Chairman and the Chief Executive Officer are vested in one person, all major decisions are made in consultation with the Board 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 facilitates the ordinary business activities of the Company. The Board will review the current structure from time to time and will make any necessary arrangement as appropriate.

Mr. YANG Zheng (non-executive director of the Company), and Mr. HAN Xiaojing, Mr. GU Yunchang and Mr. ZHAO Kang (independent non-executive directors of the Company), were unable to attend the annual general meeting of the Company held on 10 May 2013 (as provided for in code A.6.7 of the CG Code) due to other business engagement.

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

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. The Company has made specific enquiries with all the directors of the Company and each of them has confirmed that he or she had complied with all required standards set out in the Code of Conduct.

### CHANGES IN DIRECTORS’ INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of Directors of the Company required to be disclosed are set out below:

Mr. LI Ming was appointed as a non-executive director, the honorary chairman of the board and the chairman of nomination committee of Gemini Investments (Holdings) Limited, a subsidiary of the Company and a company listed on the Stock Exchange, with effect from 9 August 2013.

Mr. TSANG Hing Lun retired as independent non-executive director of Beijing Youth Media Corporation, a company listed on Stock Exchange, with effect from 15 May 2013.



## DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

Up to date of this report, the Company entered into facility agreements (the “**Facility Agreements**”) as below:

Date	Description	Principal Amount (Approximately)
15 June 2012	a 3-year term loan facilities in different currencies	USD600 million
12 July 2013	a 5-year term loan facilities in different currencies	USD410 million

Under the Facility Agreements, it would constitute an event of default if (i) China Life Insurance Company Limited and Nan Fung International Holdings Limited are together no longer the largest shareholder of the Company or no longer maintain (directly or indirectly) beneficially not less than 30% of the issued share capital of the Company; or (ii) neither China Life Insurance Company Limited nor Nan Fung International Holdings Limited is the single largest shareholder of the Company. On and at any time after the occurrence of an event of default, the lenders may (i) cancel the facility available under the Facility Agreements with immediate effect; (ii) declare that all or part of the loan outstanding together with accrued interest and all other amounts accrued or outstanding be immediately due and payable; (iii) declare that all or part of the loans be payable on demand; and/or (iv) instruct the security agent to enforce all or any of the security documents and/or to preserve the security constituted by any security document and/or to exercise any right, power and remedy available to the security agent under any security document.

### INTERIM DIVIDEND AND BOOK CLOSURE

The Board has declared an interim dividend of HKD0.07 per share (2012: HKD0.06 per share) to shareholders whose names appear on the Company’s register of members on 2 September 2013. The interim dividend will be paid in cash, with an option to receive new and fully paid shares in lieu of cash under the scrip dividend scheme

(the “**Scrip Dividend Scheme**”). The new shares will, on issue, not be entitled to the said interim dividend, but will rank pari passu in all other respects with the existing shares in issue. A circular containing details of the Scrip Dividend Scheme and an election form will be sent to shareholders in due course.

The Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the new shares to be issued under the Scrip Dividend Scheme.

It is expected that the cheques for cash entitlement in relation to the interim dividend and/or share certificates issued under the Scrip Dividend Scheme will be despatched at the risk of those entitled thereto to their respective registered addresses on or about Tuesday, 15 October 2013.

The register of members of the Company will be closed from Monday, 2 September 2013 to Wednesday, 4 September 2013, both days inclusive, during which period no transfer of shares will be effected. To qualify for the interim dividend, all transfer documents together with relevant share certificates must be lodged with the share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 30 August 2013.

# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. LI Ming (*Chairman*)  
Mr. CHEN Runfu  
Mr. WEN Haicheng

### Non-executive Directors

Ms. LIU Hui  
Mr. YANG Zheng  
Mr. CHEUNG Vincent Sai Sing

### Independent non-executive Directors

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

## AUDIT COMMITTEE

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

## NOMINATION COMMITTEE

Mr. LI Ming  
Ms. LIU Hui  
Mr. GU Yunchang  
Mr. HAN Xiaojing  
Mr. ZHAO Kang

## REMUNERATION COMMITTEE

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

## INVESTMENT COMMITTEE

Mr. LI Ming  
Mr. CHEUNG Vincent Sai Sing  
Mr. TSANG Hing Lun  
Mr. GU Yunchang

## 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, Tower A  
Ocean International Center  
56 Dongsihuanzhonglu  
Chaoyang District Beijing  
PRC

## PRINCIPAL BANKERS *(in alphabetical order)*

Agricultural Bank of China Limited  
Bank of Beijing Co., Ltd.  
Bank of China (Hong Kong) Limited  
Bank of Communications Co., Ltd.  
China CITIC Bank Corporation Limited  
China Construction Bank Corporation  
China Everbright Bank Company Limited  
China Guangfa Bank Co., Ltd.  
China Merchants Bank Co., Ltd.  
China Minsheng Banking Corp., Ltd.  
DBS Bank (Hong Kong) Limited  
Hang Seng Bank Limited  
Industrial and Commercial Bank of China (Asia) Limited  
Industrial and Commercial Bank of China Limited  
Industrial Bank Co., Ltd.  
Ping An Bank Co., Ltd.  
Postal Savings Bank of China Co., Ltd.  
Shanghai Pudong Development Bank Co., Ltd.  
The Bank of East Asia, Limited  
The Hongkong and Shanghai Banking Corporation Limited  
Wing Lung Bank Limited

## AUDITOR

PricewaterhouseCoopers

## LEGAL ADVISOR

Paul Hastings

## 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](http://www.sinooceanland.com)

## INVESTOR RELATIONS CONTACT

[ir@sinooceanland.com](mailto:ir@sinooceanland.com)

# REPORT ON REVIEW OF 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 interim financial information set out on pages 42 to 74, which comprises the condensed consolidated interim balance sheet of Sino-Ocean Land Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2013 and the related condensed consolidated interim income statement, statements of 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 Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this 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 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, 15 August 2013

# CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	204,005	212,817
Land use rights	7	9,112	9,231
Investment properties	8	8,675,475	7,202,254
Goodwill		448,607	457,286
Interests in jointly controlled entities		1,419,821	1,477,657
Interests in associates		651,290	665,011
Available-for-sale financial assets	9	839,997	838,163
Trade and other receivables	10	72,492	475,129
Deferred income tax assets		2,129,277	2,393,892
<b>Total non-current assets</b>		<b>14,450,076</b>	<b>13,731,440</b>
<b>Current assets</b>			
Deposits for land use rights		8,793,135	5,083,619
Properties under development		72,420,862	71,974,209
Inventories, at cost		210,853	78,787
Amounts due from customers for contract work	11	1,036,319	832,163
Land development cost recoverable		1,729,499	1,638,503
Completed properties held for sale		10,398,676	9,091,870
Available-for-sale financial assets	9	155,400	155,400
Other investment		–	63,091
Financial assets at fair value through profit or loss		238,899	189,076
Trade and other receivables	10	9,810,006	9,319,742
Restricted bank deposits		5,644,931	5,399,197
Cash and cash equivalents		7,469,765	10,747,479
<b>Total current assets</b>		<b>117,908,345</b>	<b>114,573,136</b>
<b>Total assets</b>		<b>132,358,421</b>	<b>128,304,576</b>

	Note	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital and premium	12	20,824,918	20,735,481
Shares held for Restricted Share Award Scheme	12	(87,146)	(92,435)
Reserves		185,040	335,260
Retained earnings			
— proposed dividends	21	327,056	806,942
— others		8,792,509	7,973,044
		<b>30,042,377</b>	29,758,292
Convertible securities	13	3,807,073	5,969,279
Capital securities	14	2,532,866	2,532,866
		<b>36,382,316</b>	38,260,437
<b>Non-controlling interests</b>		<b>3,911,780</b>	3,785,801
<b>Total equity</b>		<b>40,294,096</b>	42,046,238
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	15	22,764,642	20,873,439
Deferred income tax liabilities		1,761,096	1,698,080
<b>Total non-current liabilities</b>		<b>24,525,738</b>	22,571,519
<b>Current liabilities</b>			
Borrowings	15	9,980,439	11,519,608
Trade and other payables	16	14,684,756	16,190,564
Advances from customers		38,940,980	30,681,259
Current income tax liabilities		3,922,333	5,276,267
Derivative financial instrument		10,079	19,121
<b>Total current liabilities</b>		<b>67,538,587</b>	63,686,819
<b>Total liabilities</b>		<b>92,064,325</b>	86,258,338
<b>Total equity and liabilities</b>		<b>132,358,421</b>	128,304,576
<b>Net current assets</b>		<b>50,369,758</b>	50,886,317
<b>Total assets less current liabilities</b>		<b>64,819,834</b>	64,617,757

The notes on pages 49 to 74 form an integral part of these condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	<b>Note</b>	<b>2013</b>	<b>2012</b>
		<b>RMB'000</b>	<b>RMB'000</b>
Revenue	6	<b>9,097,781</b>	6,758,766
Cost of sales		<b>(6,910,297)</b>	(4,700,844)
<b>Gross profit</b>		<b>2,187,484</b>	2,057,922
Interest and other income		<b>172,637</b>	25,153
Other gains — net	17	<b>57,099</b>	60,691
Fair value gains on investment properties	8	<b>479,504</b>	—
Selling and marketing expenses		<b>(262,571)</b>	(247,424)
Administrative expenses		<b>(174,035)</b>	(237,994)
<b>Operating profit</b>		<b>2,460,118</b>	1,658,348
Finance costs	18	<b>(118,642)</b>	(142,604)
Share of gains of jointly controlled entities		<b>92,967</b>	446,407
Share of losses of associates		<b>(7,164)</b>	(1,986)
<b>Profit before income tax</b>		<b>2,427,279</b>	1,960,165
Income tax expense	19	<b>(860,766)</b>	(712,708)
<b>Profit for the period</b>		<b>1,566,513</b>	1,247,457
<b>Attributable to:</b>			
Owners of the Company		<b>1,417,056</b>	1,206,489
Non-controlling interests		<b>149,457</b>	40,968
		<b>1,566,513</b>	1,247,457
Basic earnings per share for profit attributable to owners of the Company (expressed in RMB)	20	<b>0.183</b>	0.152
Diluted earnings per share for profit attributable to owners of the Company (expressed in RMB)	20	<b>0.182</b>	0.151

The notes on pages 49 to 74 form an integral part of these condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Profit for the period</b>	<b>1,566,513</b>	1,247,457
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Fair value gains on available-for-sale financial assets	<b>782</b>	6,216
Currency translation differences	<b>(18,861)</b>	(19,763)
<b>Other comprehensive losses for the period</b>	<b>(18,079)</b>	(13,547)
<b>Total comprehensive income for the period</b>	<b>1,548,434</b>	1,233,910
<b>Total comprehensive income attributable to:</b>		
— Owners of the Company	<b>1,398,977</b>	1,192,942
— Non-controlling interests	<b>149,457</b>	40,968
	<b>1,548,434</b>	1,233,910

The notes on pages 49 to 74 form an integral part of these condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Unaudited										
	Attributable to owners of the Company										
	Share capital	Share premium	Share Award Scheme	Other reserves	Retained earnings	Subtotal	Convertible securities	Capital securities	Total	Non-controlling interests	Total equity
<b>Balance at 1 January 2013</b>	<b>4,428,676</b>	<b>16,306,805</b>	<b>(92,435)</b>	<b>335,260</b>	<b>8,779,986</b>	<b>29,758,292</b>	<b>5,969,279</b>	<b>2,532,866</b>	<b>38,260,437</b>	<b>3,785,801</b>	<b>42,046,238</b>
Profit for the period	-	-	-	-	1,417,056	1,417,056	-	-	1,417,056	149,457	1,566,513
Other comprehensive income:											
Fair value gains on available-for-sale financial assets	-	-	-	782	-	782	-	-	782	-	782
Currency translation differences	-	-	-	(18,861)	-	(18,861)	-	-	(18,861)	-	(18,861)
<b>Total comprehensive income for the period ended 30 June 2013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,079)</b>	<b>1,417,056</b>	<b>1,398,977</b>	<b>-</b>	<b>-</b>	<b>1,398,977</b>	<b>149,457</b>	<b>1,548,434</b>
<b>Transactions with owners in their capacity as owners</b>											
Dividends relating to 2012 paid in June 2013 (Note 21)	2,897	15,640	-	-	(794,200)	(775,663)	-	-	(775,663)	-	(775,663)
Expenses on share based payments	-	-	-	65,650	-	65,650	-	-	65,650	-	65,650
Vesting of shares under Restricted Share Award Scheme (Note 12)	-	129	8,961	(9,090)	-	-	-	-	-	-	-
Issue of shares pursuant to exercise of employee share options (Note 12)	12,402	59,579	-	(19,619)	-	52,362	-	-	52,362	-	52,362
Purchase of shares for Restricted Share Award Scheme (Note 12)	-	-	(3,672)	-	-	(3,672)	-	-	(3,672)	-	(3,672)
Share buyback (Note 12)	(1,210)	-	-	1,210	(6,834)	(6,834)	-	-	(6,834)	-	(6,834)
Distribution relating to convertible securities	-	-	-	-	(224,381)	(224,381)	-	-	(224,381)	-	(224,381)
Distribution relating to capital securities	-	-	-	-	(128,121)	(128,121)	-	-	(128,121)	-	(128,121)
Redemption of convertible securities	-	-	-	-	76,059	76,059	(2,162,206)	-	(2,086,147)	-	(2,086,147)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	2,230	2,230
<b>Total contributions by and distributions to owners</b>	<b>14,089</b>	<b>75,348</b>	<b>5,289</b>	<b>38,151</b>	<b>(1,077,477)</b>	<b>(944,600)</b>	<b>(2,162,206)</b>	<b>-</b>	<b>(3,106,806)</b>	<b>2,230</b>	<b>(3,104,576)</b>
Decrease in non-controlling interests as a result of acquisition of additional interests in subsidiaries from non-controlling interests (Note 24)	-	-	-	(170,292)	-	(170,292)	-	-	(170,292)	(25,708)	(196,000)
<b>Total transactions with owners</b>	<b>14,089</b>	<b>75,348</b>	<b>5,289</b>	<b>(132,141)</b>	<b>(1,077,477)</b>	<b>(1,114,892)</b>	<b>(2,162,206)</b>	<b>-</b>	<b>(3,277,098)</b>	<b>(23,478)</b>	<b>(3,300,576)</b>
<b>Balance at 30 June 2013</b>	<b>4,442,765</b>	<b>16,382,153</b>	<b>(87,146)</b>	<b>185,040</b>	<b>9,119,565</b>	<b>30,042,377</b>	<b>3,807,073</b>	<b>2,532,866</b>	<b>36,382,316</b>	<b>3,911,780</b>	<b>40,294,096</b>



	Unaudited										
	Attributable to owners of the Company										
	Share capital	Share premium	Share held for Restricted Share Award Scheme	Other reserves	Retained earnings	Subtotal	Convertible securities	Capital securities	Total	Non-controlling interests	Total equity
<b>Balance at 1 January 2012</b>	4,304,667	15,926,417	(131,959)	169,548	6,497,606	26,766,279	5,969,279	2,532,866	35,268,424	3,488,740	38,757,164
Profit for the period	-	-	-	-	1,206,489	1,206,489	-	-	1,206,489	40,968	1,247,457
Other comprehensive income:											
Fair value gains on available-for-sale financial assets	-	-	-	6,216	-	6,216	-	-	6,216	-	6,216
Currency translation differences	-	-	-	(19,763)	-	(19,763)	-	-	(19,763)	-	(19,763)
<b>Total comprehensive income for the period ended 30 June 2012</b>	-	-	-	(13,547)	1,206,489	1,192,942	-	-	1,192,942	40,968	1,233,910
<b>Transactions with owners in their capacity as owners</b>											
Dividends relating to 2011 paid in June 2012 (Note 21)	70,998	202,078	-	-	(461,745)	(188,669)	-	-	(188,669)	(28,500)	(217,169)
Expenses on share based payments	-	-	-	63,797	-	63,797	-	-	63,797	-	63,797
Vesting of shares under Restricted Share Award Scheme (Note 12)	-	(916)	30,509	(29,593)	-	-	-	-	-	-	-
Issue of shares pursuant to exercise of employee share options (Note 12)	1,792	6,074	-	(2,153)	-	5,713	-	-	5,713	-	5,713
Distribution relating to convertible securities	-	-	-	-	(224,523)	(224,523)	-	-	(224,523)	-	(224,523)
Distribution relating to capital securities	-	-	-	-	(128,474)	(128,474)	-	-	(128,474)	-	(128,474)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	353,131	353,131
<b>Total contributions by and distributions to owners</b>	72,790	207,236	30,509	32,051	(814,742)	(472,156)	-	-	(472,156)	324,631	(147,525)
Increase in non-controlling interests as a result of deemed disposal interests without change of control	-	-	-	107,018	-	107,018	-	-	107,018	145,432	252,450
Increase in non-controlling interests as a result of disposal of interests in subsidiaries without change of control	-	-	-	1,174	-	1,174	-	-	1,174	1,826	3,000
Decrease in non-controlling interests as a result of disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(106,247)	(106,247)
<b>Total transactions with owners</b>	72,790	207,236	30,509	140,243	(814,742)	(363,964)	-	-	(363,964)	365,642	1,678
<b>Balance at 30 June 2012</b>	4,377,457	16,133,653	(101,450)	296,244	6,889,353	27,595,257	5,969,279	2,532,866	36,097,402	3,895,350	39,992,752

# CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
Net cash generated from operating activities	<b>1,785,599</b>	2,038,737
Net cash used in investing activities	<b>(138,498)</b>	(189,525)
Net cash (used in)/generated from financing activities	<b>(4,905,906)</b>	1,574,905
Net (decrease)/increase in cash and cash equivalents	<b>(3,258,805)</b>	3,424,117
Cash and cash equivalents at beginning of the period	<b>10,747,479</b>	8,647,794
Exchange losses on cash and cash equivalents	<b>(18,909)</b>	(7,288)
Cash and cash equivalents at end of the period	<b>7,469,765</b>	12,064,623

The notes on pages 49 to 74 form an integral part of these condensed consolidated interim financial information.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 General information

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

The Company is a limited liability company incorporated on 12 March 2007 in Hong Kong. The address of its registered office is Suite 601, One Pacific Place, 88 Queensway, Hong Kong.

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

The condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated. The condensed consolidated interim financial information was approved for issue on 15 August 2013 by the Board of directors.

The condensed consolidated interim financial information has not been audited.

## 2 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

### Key events

During the period, the Group had acquired certain additional interests in subsidiaries from non-controlling interests and disposed of the entire interest of a subsidiary, further details of which are set out in Note 24 and Note 25.

## 3 Accounting policies

The following new and amended standards are mandatory for the first time for financial year beginning 1 January 2013 and have been adopted by the Group for the financial period ended 30 June 2013. The adoption of these new accounting policies has no material impact on the financial statements of the Group in the current period and prior years.

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 16 (Amendment)	Property, Plant and Equipment
HKAS 19 (Amendment)	Employee Benefits
HKAS 27 (Revised)	Separate Financial Statements
HKAS 28 (Revised)	Associates and joint ventures
HKAS 32 (Amendment)	Financial Instruments: Presentation
HKAS 34 (Amendment)	Interim Financial Reporting
HKFRS 1 (Amendment)	Government Loans
HKFRS 1 (Amendment)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 7 (Amendment)	Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement

Except as described above, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

### 3 Accounting policies *(Continued)*

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted:

HKFRS 9 “Financial instruments” addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. The Group is yet to assess HKFRS 9’s impact and intends to adopt HKFRS 9 upon its effective date.

There are no other HKFRSs or HK (IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

### 4 Estimates

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

## 5 Financial risk management and financial instruments

### 5.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2012.

There have been no changes in the risk management department since year end or in any risk management policies since the year end.

### 5.2 Liquidity risk

Compared to year end, there is no material change in the contractual undiscounted cash out flows for financial liabilities.

### 5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

## 5 Financial risk management and financial instruments *(Continued)*

### 5.3 Fair value estimation *(Continued)*

The following tables present the Group's assets and liabilities that are measured at fair value as at 30 June 2013 and 31 December 2012.

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Group				
As at 30 June 2013				
Financial assets at fair value through profit or loss	238,899	–	–	238,899
Available-for-sale financial assets: equity securities (Note 9)	636,553	–	358,844	995,397
	<u>875,452</u>	<u>–</u>	<u>358,844</u>	<u>1,234,296</u>
<b>Liabilities</b>				
Group				
As at 30 June 2013				
Derivative financial instruments	–	10,079	–	10,079
	<u>–</u>	<u>10,079</u>	<u>–</u>	<u>10,079</u>
<b>Assets</b>				
Group				
As at 31 December 2012				
Financial assets at fair value through profit or loss	189,076	–	–	189,076
Available-for-sale financial assets: equity securities (Note 9)	647,184	–	346,379	993,563
	<u>836,260</u>	<u>–</u>	<u>346,379</u>	<u>1,182,639</u>
<b>Liabilities</b>				
Group				
As at 31 December 2012				
Derivative financial instruments	–	19,121	–	19,121
	<u>–</u>	<u>19,121</u>	<u>–</u>	<u>19,121</u>

There were no transfers among Level 1, Level 2 and Level 3 during the period.

During the period there were no significant changes in the business or economic circumstances that may affect the fair value of the Group's financial assets and financial liabilities, at the same time there were no reclassifications between financial assets.

## 5 Financial risk management and financial instruments *(Continued)*

### 5.4 Valuation techniques used to derive Level 2 fair values

Level 2 derivatives financial instrument comprises a call option, which has been fair valued using Binomial Option Pricing Model. The significant inputs required to fair value the derivative financial instruments represented the quoted market price and implied volatility of the related ordinary shares which are observable in an active market.

### 5.5 Fair value measurements using significant unobservable inputs (Level 3)

	<b>Available- for-sale financial assets: unlisted equity securities</b> RMB'000
Opening balance at 1 January 2013	346,379
Addition	158,915
Disposals	(146,450)
<b>Closing balance at 30 June 2013</b>	<b>358,844</b>

Level 3 investments in unlisted equity securities are estimated based on the net assets values of respective securities, which approximate their fair values. The higher the net assets values of respective securities, the higher the fair values.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no changes in valuation techniques during the period.

### 5.6 Group's valuation processes

The Group's finance department includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including Level 3 fair values. This team reports directly to the chief financial officer (CFO) and external valuers will be engaged, if necessary.

The main Level 3 input used by the Group pertains to the investments in unlisted equity securities. It is estimated based on the net assets values of respective securities.

As part of the valuation process, any changes in Level 2 and Level 3 fair values and the reasons for the fair value movements are analyzed between the CFO and the team.

## 5 Financial risk management and financial instruments *(Continued)*

### 5.7 Fair value of financial assets and liabilities measured at amortized cost

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Cash and cash equivalents
- Borrowings
- Trade and other payables

## 6 Segment information

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

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

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

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

Total assets exclude corporate cash and cash equivalents, investments in jointly controlled entities and associates, available-for-sale financial assets, other investments, financial assets at fair value through profit or loss and deferred income tax assets, all of which are managed on a central basis. Total liabilities exclude borrowings, deferred income tax liabilities, distribution payable and derivative financial instrument, all of which are managed on a central basis as well. These are part of the reconciliation to total balance sheet assets and liabilities.

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

Revenue 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 RMB7,779,706,000 and RMB251,199,000 for the six months ended 30 June 2013 and RMB5,707,115,000 and RMB199,545,000 for the six months ended 30 June 2012 respectively.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**6 Segment information** (Continued)

	Unaudited								
	Property development				Investment property	All other segments	Inter-company		Group total
	Beijing	Tianjin	North-east	Others			Total	elimination	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Six months ended 30 June 2013</b>									
Total segment revenue	1,426,427	1,051,145	1,233,994	4,068,140	253,668	1,925,329	9,958,703	-	9,958,703
Inter-segment revenue	-	-	-	-	(2,469)	(858,453)	(860,922)	-	(860,922)
<b>Revenue (from external customers)</b>	<b>1,426,427</b>	<b>1,051,145</b>	<b>1,233,994</b>	<b>4,068,140</b>	<b>251,199</b>	<b>1,066,876</b>	<b>9,097,781</b>	<b>-</b>	<b>9,097,781</b>
<b>Segment operating profit</b>	<b>629,901</b>	<b>296,391</b>	<b>306,491</b>	<b>562,081</b>	<b>1,264,912</b>	<b>180,878</b>	<b>3,240,654</b>	<b>(703,129)</b>	<b>2,537,525</b>
Depreciation and amortization (Note 7)	(3,102)	(781)	(1,814)	(7,530)	(1,806)	(12,936)	(27,969)	-	(27,969)
Goodwill disposed for sales of properties, charged to cost of sales	-	(5,075)	-	(3,604)	-	-	(8,679)	-	(8,679)
Income tax expense (Note 19)	(234,062)	(43,121)	(135,253)	(270,028)	(141,571)	(36,731)	(860,766)	-	(860,766)
Finance income	10,330	17,634	34,360	24,991	22,940	50,372	160,627	(115,538)	45,089
<b>Six months ended 30 June 2012</b>									
Total segment revenue	2,107,626	1,517,465	1,177,026	934,552	201,607	1,934,615	7,872,891	-	7,872,891
Inter-segment revenue	(29,554)	-	-	-	(2,062)	(1,082,509)	(1,114,125)	-	(1,114,125)
<b>Revenue (from external customers)</b>	<b>2,078,072</b>	<b>1,517,465</b>	<b>1,177,026</b>	<b>934,552</b>	<b>199,545</b>	<b>852,106</b>	<b>6,758,766</b>	<b>-</b>	<b>6,758,766</b>
<b>Segment operating profit</b>	<b>1,022,593</b>	<b>159,823</b>	<b>534,562</b>	<b>240,914</b>	<b>188,759</b>	<b>254,321</b>	<b>2,400,972</b>	<b>(564,370)</b>	<b>1,836,602</b>
Depreciation and amortization (Note 7)	(478)	(826)	(2,899)	(4,020)	(807)	(14,344)	(23,374)	-	(23,374)
Goodwill disposed for sales of properties, charged to cost of sales	-	(5,163)	-	(14,766)	-	-	(19,929)	-	(19,929)
Income tax expense (Note 19)	(392,623)	(28,137)	(160,562)	(107,097)	(6,401)	(17,888)	(712,708)	-	(712,708)
Finance income	62,302	30,408	178,430	60,575	26,717	7,816	366,248	(374,841)	(8,593)
<b>As at 30 June 2013 (Unaudited)</b>									
<b>Total segment assets</b>	<b>43,082,463</b>	<b>11,565,271</b>	<b>44,375,270</b>	<b>50,887,535</b>	<b>9,973,131</b>	<b>36,469,799</b>	<b>196,353,469</b>	<b>(73,948,378)</b>	<b>122,405,091</b>
Additions to non-current assets (other than financial instruments and deferred tax assets)	3,487	83	1,425	3,713	268	11,999	20,975	-	20,975
<b>Total segment liabilities</b>	<b>28,476,565</b>	<b>5,395,803</b>	<b>23,544,064</b>	<b>33,250,952</b>	<b>2,494,139</b>	<b>39,237,314</b>	<b>132,398,837</b>	<b>(74,968,987)</b>	<b>57,429,850</b>
<b>As at 31 December 2012 (Audited)</b>									
<b>Total segment assets</b>	<b>40,321,137</b>	<b>10,669,910</b>	<b>37,786,905</b>	<b>48,997,695</b>	<b>6,512,683</b>	<b>51,598,382</b>	<b>195,886,712</b>	<b>(78,636,050)</b>	<b>117,250,662</b>
Additions to non-current assets (other than financial instruments and deferred tax assets)	4,065	131	2,897	6,173	297	236,779	250,342	-	250,342
<b>Total segment liabilities</b>	<b>28,030,098</b>	<b>5,265,874</b>	<b>19,170,221</b>	<b>32,218,350</b>	<b>1,016,849</b>	<b>43,561,931</b>	<b>129,263,323</b>	<b>(77,304,942)</b>	<b>51,958,381</b>



## 6 Segment information *(Continued)*

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

	<b>Unaudited</b> <b>Six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
Segment operating profit	<b>2,537,525</b>	1,836,602
Corporate finance income	<b>82,652</b>	17,367
Corporate overheads	<b>(160,059)</b>	(195,621)
Finance costs (Note 18)	<b>(118,642)</b>	(142,604)
Share of gains of jointly controlled entities	<b>92,967</b>	446,407
Share of losses of associates	<b>(7,164)</b>	(1,986)
	<b>2,427,279</b>	1,960,165
Profit before income tax	<b>2,427,279</b>	1,960,165

	<b>As at</b> <b>30 June</b> <b>2013</b>	As at
	<b>RMB'000</b>	31 December
	<b>(Unaudited)</b>	2012
		RMB'000
		(Audited)
Reportable and other businesses' assets are reconciled to total assets as follows:		
Total segment assets	<b>122,405,091</b>	117,250,662
Corporate cash and cash equivalents	<b>4,518,646</b>	5,271,624
Investment in jointly controlled entities	<b>1,419,821</b>	1,477,657
Investment in associates	<b>651,290</b>	665,011
Available-for-sale financial assets (Note 9)	<b>995,397</b>	993,563
Other investment	<b>–</b>	63,091
Financial assets at fair value through profit or loss	<b>238,899</b>	189,076
Deferred income tax assets	<b>2,129,277</b>	2,393,892
<b>Total assets per consolidated balance sheet</b>	<b>132,358,421</b>	128,304,576
Reportable and other businesses' liabilities are reconciled to total liabilities as follows:		
Total segment liabilities	<b>57,429,850</b>	51,958,381
Deferred income tax liabilities	<b>1,761,096</b>	1,698,080
Current borrowings (Note 15)	<b>9,980,439</b>	11,519,608
Non-current borrowings (Note 15)	<b>22,764,642</b>	20,873,439
Distribution payable (Note 16)	<b>118,219</b>	189,709
Derivative financial instrument	<b>10,079</b>	19,121
<b>Total liabilities per consolidated balance sheet</b>	<b>92,064,325</b>	86,258,338

## 6 Segment information *(Continued)*

The Company is incorporated in Hong Kong, with most of its main subsidiaries domiciled in the PRC. All revenues from external customers of the Group are derived in the PRC for the six months ended 30 June 2013 and 2012.

As at 30 June 2013, the total of non-current assets other than financial instruments and deferred income tax assets located in the PRC is RMB11,204,439,000 (31 December 2012: RMB9,701,332,000), and the total of these non-current assets located in Hong Kong is RMB203,871,000 (31 December 2012: RMB322,924,000).

For the six months ended 30 June 2013 and 2012, the Group does not have any single customer with transaction value over 10% of the external sales.

## 7 Property, plant and equipment and land use rights

	Unaudited	
	Property, plant and equipment RMB'000	Land use rights RMB'000
<b>Opening net book amount as at 1 January 2013</b>	<b>212,817</b>	<b>9,231</b>
Additions	20,975	–
Disposals	(1,932)	–
Depreciation and amortization	(27,850)	(119)
Disposal of a subsidiary (Note 25)	(5)	–
<b>Closing net book amount as at 30 June 2013</b>	<b>204,005</b>	<b>9,112</b>
<b>Opening net book amount as at 1 January 2012</b>	225,472	9,477
Additions	14,127	–
Disposals	(240)	–
Acquisition of subsidiaries	14,068	–
Depreciation and amortization	(23,250)	(124)
Disposal of subsidiaries	(325)	–
<b>Closing net book amount as at 30 June 2012</b>	<b>229,852</b>	<b>9,353</b>

Buildings with carrying value of RMB70,395,000 and RMB70,685,000 and land use rights with carrying value of RMB5,971,000 and RMB6,042,000 were pledged as collateral for the Group's borrowings (Note 15) as at 30 June 2013 and 31 December 2012 respectively.

## 8 Investment properties

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Opening net book amount at beginning of the period	7,202,254	5,462,375
Addition	–	148,167
Disposal of a subsidiary (Note 25)	(116,000)	–
Transfer from completed properties held for sale	1,109,717	–
Fair value gains	479,504	–
Closing net book amount at end of the period	<b>8,675,475</b>	5,610,542

- (a) Investment properties for the carrying values of RMB4,652,912,000 and RMB4,705,590,000 were pledged as collateral for the Group's borrowings (Note 15) as at 30 June 2013 and 31 December 2012 respectively.

## 9 Available-for-sale financial assets

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Investment in listed securities held in the SOL Fund (a)	636,553	647,184
Investment in other unlisted equity securities (b)	358,844	346,379
Less: non-current portion	995,397 (839,997)	993,563 (838,163)
Current portion	<b>155,400</b>	155,400

- (a) On 31 March 2008, SOL Investment Fund Limited ("SOL"), a special purpose entity, was incorporated in and under the laws of the Cayman Islands, with the purpose of carrying out investment activities. The sole underlying investment in SOL Fund, represents a portfolio of investments in listed shares and its fair value as at 30 June 2013 and 31 December 2012 was based on the respective quoted closing prices of the underlying listed shares.
- (b) Available-for-sale financial assets of the Group include equity securities certain unlisted entities, mainly denominated in RMB. The fair value of unlisted securities approximates the net asset values of the respective entities.

## 10 Trade and other receivables

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Trade receivables	1,144,722	1,062,557
Less: provision for impairment	(75,201)	(80,269)
Trade receivables — net (a)	<b>1,069,521</b>	982,288
Tax prepayments for advances from customers	<b>4,130,074</b>	3,284,151
Entrusted loans to third parties (b)	<b>175,000</b>	175,000
Entrusted loan to a jointly controlled entity (c)	<b>163,500</b>	—
Entrusted loan to an associate (d)	<b>410,189</b>	398,306
Receivables from government (e)	<b>859,489</b>	2,146,969
Amounts due from jointly controlled entities (f)	<b>1,128,912</b>	1,031,333
Amounts due from associates (f)	<b>290,562</b>	219,285
Amounts due from non-controlling interests (f)	<b>51,720</b>	45,720
Cooperation deposits (g)	<b>542,477</b>	215,006
Other prepayments	<b>494,377</b>	773,354
Other receivables	<b>566,677</b>	523,459
	<b>9,882,498</b>	9,794,871
Less: non-current portion	(72,492)	(475,129)
Current portion	<b>9,810,006</b>	9,319,742

- (a) Proceeds from services and sales rendered are to be received in accordance with the term of respective agreement. Ageing analysis of trade receivables at the respective balance sheet dates is as follows:

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Less than 6 months	447,697	466,271
6 months to 1 year	288,530	406,095
1 year to 2 years	376,125	183,518
2 years to 3 years	29,989	2,865
Over 3 years	2,381	3,808
	<b>1,144,722</b>	1,062,557

## 10 Trade and other receivables *(Continued)*

- (b) As at 30 June 2013, entrusted loans amounting to RMB175,000,000 (31 December 2012: RMB175,000,000) represent amounts lent to certain third parties. These balances are secured by respective share capital of the third parties, interest bearing from 5.56% to 6.65% (31 December 2012: from 5.56% to 6.65%), and are repayable on demand.
- (c) Entrusted loan to a jointly controlled entity is unsecured, interest bearing at rate 6% (31 December 2012: nil) and are repayable in 2014.
- (d) Entrusted loan to an associate is unsecured, interest bearing at rate 5.31% (31 December 2012: 5.31%) and are repayable in 2014.
- (e) This mainly represents payments made for land development cost which will be subsequently reimbursed by the government.
- (f) Amounts due from jointly controlled entities, associates and non-controlling interests are interest free, and repayable on demand.
- (g) Balances represent amounts paid to certain third parties, with the intention of future cooperation in real estate project development. As at 30 June 2013, such cooperation is still in negotiation stage, and it is expected to close in 2014.
- (h) On 8 January 2008, the Group subscribed notes receivable with an aggregate principal amount of USD30,000,000 (the "Notes") from an independent third party. The Group reassessed the impairment risk of such receivable and an impairment provision amounting to RMB149,453,000 was made as at 31 December 2011.

During the period, the Group recorded reversal of impairment of such receivable amounting to RMB90,000,000 (six months ended 30 June 2012: nil) as a result of receipt of partial repayments of the issuer during the period. Such reversal of the Notes from provision has been included in consolidated income statement.

## 11 Amounts due from customers for contract work

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Contract cost incurred plus recognized profit Less: Progress payment billed	<b>6,031,877</b> <b>(4,995,558)</b>	5,056,919 (4,224,756)
Contract work-in-progress	<b>1,036,319</b>	832,163
Representing: Amounts due from customers for contract work	<b>1,036,319</b>	832,163

**Unaudited  
Six months ended 30 June**

	2013 RMB'000	2012 RMB'000
Contract revenue recognized as revenue in the period	<b>763,853</b>	606,298

## 12 Share capital and premium

	Number of ordinary shares of HKD0.8 each	Nominal value of ordinary shares HK\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Shares held for Restricted Share Award Scheme RMB'000	Total RMB'000
<b>Opening balance</b>						
1 January 2013	5,850,141,263	4,680,113	4,428,676	16,306,805	–	20,735,481
<b>Issue of shares pursuant to exercise of employee share options (a)</b>	19,185,500	15,348	12,402	59,579	–	71,981
<b>Issue of scrip dividends</b>	4,548,493	3,639	2,897	15,640	–	18,537
<b>Share buyback</b>	(1,900,000)	(1,520)	(1,210)	–	–	(1,210)
<b>Vesting of shares under Restricted Share Award Scheme</b>	–	–	–	129	–	129
	<b>5,871,975,256</b>	<b>4,697,580</b>	<b>4,442,765</b>	<b>16,382,153</b>	<b>–</b>	<b>20,824,918</b>
<b>Restricted Share Award Scheme (b)</b>						
<b>Opening balance</b>						
1 January 2013	(24,541,185)	–	–	–	(92,435)	(92,435)
<b>Purchase of shares for Restricted Share Award Scheme</b>	(1,021,000)	–	–	–	(3,672)	(3,672)
<b>Issue of scrip dividends</b>	(774,937)	–	–	–	–	–
<b>Vesting of shares under Restricted Share Award Scheme</b>	2,455,749	–	–	–	8,961	8,961
	<b>(23,881,373)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(87,146)</b>	<b>(87,146)</b>
<b>At 30 June 2013</b>	<b>5,848,093,883</b>	<b>4,697,580</b>	<b>4,442,765</b>	<b>16,382,153</b>	<b>(87,146)</b>	<b>20,737,772</b>
<b>Opening balance</b>						
1 January 2012	5,660,257,632	4,528,206	4,304,667	15,926,417	–	20,231,084
<b>Issue of shares pursuant to exercise of employee share options (a)</b>	2,759,000	2,207	1,792	6,074	–	7,866
<b>Issue of scrip dividends</b>	108,826,892	87,062	70,998	202,078	–	273,076
<b>Vesting of shares under Restricted Share Award Scheme</b>	–	–	–	(916)	–	(916)
	<b>5,771,843,524</b>	<b>4,617,475</b>	<b>4,377,457</b>	<b>16,133,653</b>	<b>–</b>	<b>20,511,110</b>
<b>Restricted Share Award Scheme (b)</b>						
<b>Opening balance</b>						
1 January 2012	(33,702,318)	–	–	–	(131,959)	(131,959)
<b>Issue of scrip dividends</b>	(876,087)	–	–	–	–	–
<b>Vesting of shares under Restricted Share Award Scheme</b>	7,994,568	–	–	–	30,509	30,509
	<b>(26,583,837)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(101,450)</b>	<b>(101,450)</b>
<b>At 30 June 2012</b>	<b>5,745,259,687</b>	<b>4,617,475</b>	<b>4,377,457</b>	<b>16,133,653</b>	<b>(101,450)</b>	<b>20,409,660</b>

## 12 Share capital and premium *(Continued)*

- (a) Employee share option scheme: options exercised during the period ended 30 June 2013 resulted in 19,185,500 shares being issued (30 June 2012: 2,759,000 shares), with total proceeds of HKD64,795,000 (30 June 2012: HKD6,208,000). The related weighted average price at the time of exercise was HKD3.38 (30 June 2012: HKD2.55) per share.
- (b) On 22 March 2010, the Board of the Company resolved to adopt a Restricted Share Award Scheme, pursuant to which existing shares are purchased from the market and be held in trust for the relevant selected employees, until such shares are vested in accordance with the provision of the scheme. 21,861,000 shares (for the six months ended 30 June 2012: nil) were granted to the selected employees of the Group for the six months ended 30 June 2013. As at 30 June 2013, 25,479,955 shares (30 June 2012: 8,746,192 shares) were granted but not yet vested under the scheme.

## 13 Convertible securities

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

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

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

As the holders of the convertible securities have no contractual obligation to demand for repayment of the principal nor any distributions, the convertible securities do not meet the definition for classification of a financial liabilities under HKAS 32. As a result, the entire instrument is classified as equity, and respective distributions if and when declared are treated as dividends.

Up to 28 June 2013, Capital Finance repurchased a portion of the convertible securities with an aggregate principal amount of USD326,000,000 from several holders at a price of 102.5% of the principal amount. Meanwhile, the related accrued and unpaid interest has been settled accordingly.

The Group had not elected to defer the distribution payments for the remaining outstanding convertible securities totaling USD574,000,000 for the semi-annual period ended 27 July 2013, and such distribution had been fully settled as at the date of the approval of these financial statements.

## 14 Capital securities

On 13 May 2011, Sino-Ocean Land (Perpetual Finance) Limited, a wholly owned subsidiary, issued a perpetual subordinated capital securities (the "capital securities") callable in 2016, with an initial aggregate principal amount of USD400,000,000.

Such capital securities are guaranteed by the Company, at the same time bear distribution at a rate of 10.25% per annum, payable semi-annually. The issuer of the capital securities may elect to defer distribution, and is not subject to any limits as to the number of times distribution can be deferred.

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

The Group had not elected to defer the distribution payments for the capital securities for the semi-annual period ended 13 May 2013, and such distribution had been fully settled as at 30 June 2013.



## 15 Borrowings

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Non-current	22,764,642	20,873,439
Current	9,980,439	11,519,608
	<b>32,745,081</b>	<b>32,393,047</b>

Movements in borrowings are analyzed as follows:

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
At beginning of the period	32,393,047	33,587,466
New bank loans raised	8,613,319	8,528,919
Other loans raised (b)	2,134,084	1,759,724
Repayment of bank loans	(5,456,713)	(5,955,495)
Repayment of other loans	(4,973,505)	(500,000)
Changes of carrying value of corporate bonds	34,849	(214,994)
At end of the period	<b>32,745,081</b>	<b>37,205,620</b>

- (a) As at 30 June 2013 and 31 December 2012, long-term and short-term borrowings amounting to RMB17,529,248,000 and RMB19,054,681,000 were secured by property, plant and equipment (Note 7), land use rights (Note 7), investment properties (Note 8), properties under development, and completed properties held for sale of the Group.
- (b) As at 30 June 2013, newly raised other loans amounting to RMB284,084,000 and RMB1,850,000,000 are raised from certain third parties and financial institutions respectively. Such loans bear interests rates from 6.75% to 13.5% per annum, and are repayable before 27 April 2015.

As at 30 June 2012, newly raised other loans amounting to RMB1,269,724,000 and RMB490,000,000 are raised from certain third parties and financial institutions respectively. Such loans bear interests at the rate bore interests at the rate from 0.0% to 13.0% per annum, and are repayable before 16 May 2015.

- (c) Interest expense on borrowings for the six months ended 30 June 2013 is RMB1,386,776,000 (six months ended 30 June 2012: RMB1,331,997,000).

## 16 Trade and other payables

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Trade payables (a)	9,121,675	9,960,027
Accrued expenses	2,133,972	2,814,236
Distribution payable (b)	118,219	189,709
Amounts due to a shareholder	700,000	–
Amounts due to a jointly controlled entity	83,770	1,886
Amounts due to an associate	338	194,338
Amounts due to non-controlling interests (c)	336,762	319,762
Amounts due to government	186,579	185,000
Other tax payable	264,923	544,226
Provision for financial guarantee liabilities	136,750	82,255
Other payables	1,601,768	1,899,125
	<b>14,684,756</b>	<b>16,190,564</b>

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

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

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Less than 6 months	5,501,271	7,082,600
6 months to 12 months	2,908,252	2,000,383
1 year to 2 years	569,081	543,099
2 years to 3 years	82,620	292,824
Over 3 years	60,451	41,121
	<b>9,121,675</b>	<b>9,960,027</b>

(b) The Group has not elected to defer distribution payments for its outstanding convertible securities (Note 13) for the semi-annual period ended 27 July 2013, and such distribution has been fully settled as at the date of the approval of these financial statements.

(c) Amounts due to non-controlling interests are unsecured, interest free, and repayable on demand.

## 17 Other gains — net

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Gains on disposal of a subsidiary (Note 25)	27,489	70,685
Gains on disposal of partial interests in an associate	—	20,333
Gains on disposal of a jointly controlled entity	1,666	—
(Losses)/gains on disposal of financial assets at fair value through profit or loss	(7,006)	2,712
Fair value losses of financial assets at fair value through profit or loss	(12,868)	(4,553)
Fair value losses of other investment	—	(442)
Fair value gains of derivative financial instrument	9,042	—
Losses on disposal of other investment	(4,013)	—
Gains/(losses) on disposal of property, plant and equipment	1,268	(760)
Exchange gains/(losses)	74,441	(1,284)
Other losses	(32,920)	(26,000)
	<b>57,099</b>	<b>60,691</b>

## 18 Finance costs

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Interest expense:		
— Bank borrowings	1,196,930	831,719
— Other borrowings	189,846	500,278
Less: interest capitalized at a capitalization rate of 7.35% (2012: 7.68%) per annum	(1,268,134)	(1,189,393)
	<b>118,642</b>	<b>142,604</b>

## 19 Income tax expense

Majority of the group entities are subjected to PRC enterprise income tax, which has been provided for based on the statutory income tax rate of 25% of the assessable income of each of these group entities for the six months ended 30 June 2013 and 2012. Other companies are mainly subjected to Hong Kong income tax.

The amount of income tax expense charged to the condensed consolidated interim income statements represents:

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Current income tax:		
— PRC enterprise income tax	245,123	531,513
— PRC land appreciation tax	282,708	336,325
Deferred income tax	332,935	(155,130)
	<b>860,766</b>	712,708

## 20 Earnings per share

### (a) Basic

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

	Unaudited Six months ended 30 June	
	2013	2012
Profit attributable to owners of the Company (RMB'000)	1,417,056	1,206,489
Distribution relating to convertible securities (Note 13) and capital securities (Note 14) (RMB'000)	(352,502)	(352,997)
Profit used to determine basic earnings per share (RMB'000)	1,064,554	853,492
Weighted average number of ordinary shares in issue (thousands)	5,832,755	5,627,825
Basic earnings per share for profit attributable to the owners of the Company (RMB per share)	<b>0.183</b>	0.152

## 20 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 three categories of dilutive potential ordinary shares: share options, shares awarded under the Restricted Share Award Scheme, and convertible securities. For the share option and shares awarded under the Restricted Share Award Scheme, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the year) based on the monetary value of the subscription rights attached to outstanding share options and the unvested awarded shares. 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 and the payout of the awarded shares. Shares awarded under the Restricted Share Award Scheme of 26,583,837 shares for the six months ended 30 June 2012, when calculated on a weighted average basis, were not included in the calculation of dilutive earnings per share because of their anti-diluted effect. Convertible securities of 651,226,000 shares (six months ended 30 June 2012: 1,021,086,000 shares) (Note 13), when calculated on a weighted average basis, were not included in the calculation of dilutive earnings per share for the six months ended 30 June 2013 because of their anti-diluted effect.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
Profit from continuing operations attributable to owners of the Company (RMB'000)	<b>1,417,056</b>	1,206,489
Distribution relating to convertible securities (Note 13) and capital securities (Note 14) (RMB'000)	<b>(352,502)</b>	(352,997)
Profit used to determine basic earnings per share (RMB'000)	<b>1,064,554</b>	853,492
Weighted average number of ordinary shares in issue (thousands)	<b>5,832,755</b>	5,627,825
Adjustment for:		
— share options (thousands)	<b>2,365</b>	9,582
— shares awarded under the Restricted Share Award Scheme (thousands)	<b>1,710</b>	—
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<b>5,836,830</b>	5,637,407
Diluted earnings per share for profit from continuing attributable to the owners of the Company (RMB per share)	<b>0.182</b>	0.151

## 21 Dividends

On 15 August 2013, the Board has resolved to declare an interim dividend of RMB327,056,000 for the six months ended 30 June 2013 (six months ended 30 June 2012: RMB283,533,000).

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Final dividends paid	794,200	461,745
Proposed interim dividend of RMB0.06 (six months ended 30 June 2012: RMB0.05) per ordinary share	<u>327,056</u>	<u>283,533</u>

## 22 Financial guarantees

The Group had the following financial guarantees as at the end of 30 June 2013 and 31 December 2012:

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Guarantees in respect of mortgage facilities for certain purchasers	<u>6,637,460</u>	<u>3,837,194</u>

As at 30 June 2013 and 31 December 2012, 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.

## 23 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 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Land use rights	5,479,768	7,710,225
Property under development	<u>16,757,419</u>	<u>22,594,870</u>
Contracted but not provided for	<u>22,237,187</u>	<u>30,305,095</u>

## 23 Commitments *(Continued)*

### (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 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Within 1 year	468,479	425,433
Between 1 to 5 years	899,468	839,995
After 5 years	510,824	105,019
	<u>1,878,771</u>	<u>1,370,447</u>

## 24 Transactions with non-controlling interests

### (a) Acquisition of additional interest in subsidiaries

- (i) In May 2013, the Group acquired an additional 50% equity interest of Zhongshan Yuanjian Real Estate Development Company Limited ("Zhongshan Yuanjian") at consideration of RMB142,000,000. The effect of changes in the ownership interest of Zhongshan Yuanjian on the equity attributable to owners of the Company during the period is summarized as follows:

	As at 30 June 2013 RMB'000 (Unaudited)
Carrying amount of non-controlling interests acquired	7,404
Consideration paid to non-controlling interests	<u>(142,000)</u>
Excess of consideration paid recognized within equity	<u>(134,596)</u>

## 24 Transactions with non-controlling interests *(Continued)*

### (a) Acquisition of additional interest in subsidiaries *(Continued)*

- (ii) In May 2013, the Group acquired an additional 15% equity interest of Sino-Ocean Land Real Estate (Liaoning) Development Company Limited ("Sino-Ocean Land (Liaoning)") at consideration of RMB9,000,000. The effect of changes in the ownership interest of Sino-Ocean Land (Liaoning) on the equity attributable to owners of the Company during the period is summarized as follows:

	As at 30 June 2013 RMB'000 (Unaudited)
Carrying amount of non-controlling interests acquired	(579)
Consideration paid to non-controlling interests	<u>(9,000)</u>
Excess of consideration paid recognized within equity	<u>(9,579)</u>

- (iii) In May 2013, the Group acquired an additional 30% equity interest of Mizhiyun Calling Center Limited ("Mizhiyun") at consideration of RMB45,000,000. The effect of changes in the ownership interest of Mizhiyun on the equity attributable to owners of the Company during the period is summarized as follows:

	As at 30 June 2013 RMB'000 (Unaudited)
Carrying amount of non-controlling interests acquired	18,883
Consideration paid to non-controlling interests	<u>(45,000)</u>
Excess of consideration paid recognized within equity	<u>(26,117)</u>

- (b) Effects of transactions with non-controlling interests on the equity attributable to equity holders for the six months ended 30 June 2013:

	Six months ended 30 June 2013 RMB'000 (Unaudited)
Total comprehensive income for the period attributable to the owners of the Company	1,398,977
Changes in equity attributable to owners of the Company arising from the acquisition of additional interests in subsidiaries	<u>(170,292)</u>
	<u>1,228,685</u>



## 25 Disposal of a subsidiary

In February 2013, a subsidiary of the Group entered into an agreement with Pacific Sunrise Holdings Limited, an independent third party, to dispose Trendex Investment Limited, a subsidiary of the Group. The subsidiary was sold in May 2013 for cash consideration of RMB138,311,000.

	Six months ended 30 June 2013 RMB'000 (Unaudited)
Proceeds on disposal of the subsidiary	138,311
Carrying value of the subsidiary's net assets disposed — shown as below	(110,822)
	<hr/>
Gains on disposal of the subsidiary	27,489
	<hr/>

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

	Carrying value RMB'000 (Unaudited)
Property, plant and equipment	5
Investment properties	116,000
Trade and other receivables	3,351
Other payables	(3,230)
Deferred income tax liabilities	(5,304)
	<hr/>
Net assets disposed	110,822
	<hr/>
<b>Inflow of cash to dispose a subsidiary, net of cash disposed</b>	
Proceeds received in cash	138,311
Cash and cash equivalents in a subsidiary disposed of	—
	<hr/>
Net cash inflow on disposal	138,311
	<hr/>

## 26 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 2013 and 2012:

### (a) Upfitting and construction services

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Provision of services:		
— A shareholder	25,257	12,630
— Jointly controlled entities	11,143	34,453
— Associates	84,777	41,016
	<u>121,177</u>	<u>88,099</u>

### (b) Key management compensation

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Salaries and other short-term employee benefits	12,260	13,040
Post-employment benefits	—	1,041
Other long term welfare	656	692
Share-based payment	31,394	26,791
	<u>44,310</u>	<u>41,564</u>

### (c) Interest income and expenses

	Unaudited Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Interest received:		
— Jointly controlled entities	677	118
— An associate	5,684	5,312
	<u>6,361</u>	<u>5,430</u>

## 26 Related party transactions *(Continued)*

### (d) Amounts due from related parties

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
— Jointly controlled entities (Note 10)	1,292,412	1,031,333
— Associates (Note 10)	700,751	617,591
	<b>1,993,163</b>	1,648,924

### (e) Amounts due to related parties

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
— A Shareholder (Note 16)	700,000	—
— Jointly controlled entities (Note 16)	83,770	407,034
— an Associate (Note 16)	338	194,338
	<b>784,108</b>	601,372

## 27 Events after the balance sheet date

- (a) On 12 July 2013, the Company entered into a facility agreement (the “Facility Agreement”) with a syndicate of banks. Pursuant to the Facility Agreement, the banks agreed to grant certain 5-year term loan facilities in different currencies with the principal of approximately USD410,000,000 to the Company to finance the general working capital requirements of the Group.

## 27 Events after the balance sheet date *(Continued)*

- (b) On 6 January 2012, Neo Origin Limited (“Neo Origin”), a wholly-owned subsidiary of the Company, entered into a subscription agreement (“Subscription Agreement”) with Swire Properties (Chengdu) Limited (“Swire Chengdu”) and Great City China Holdings Limited, a jointly controlled entity owned as to 50% by Neo Origin and as to 50% by Swire Chengdu (the “Joint Venture”). Pursuant to the Subscription Agreement, Swire Chengdu agreed to provide funding in the total sum of USD230,000,000 (the “Funding”) to the Joint Venture. In order to maintain the respective shareholding of the Neo Origin and Swire Chengdu in the Joint Venture in the same proportion as the funding of the Joint Venture, the Joint Venture has to allot additional shares to Swire Chengdu as a result of the Subscription Agreement. At the same time, a call option (the “Call Option”) was granted to Neo Origin under the Subscription Agreement to allow Neo Origin to buy back from Swire Chengdu part of its shares in the Joint Venture (the “Option Shares”) as well as 50% of the Funding (the “Original Loan”) in order to recover Neo Origin’s 50% equity interest in the Joint Venture. At the same time, a put option was granted to Swire Chengdu to require Neo Origin to purchase from it the Option Shares and the Original Loan advanced to the Joint Venture.

On 28 December 2012, Neo Origin served a duly completed irrevocable notice to Swire Chengdu to exercise in part the Call Option to buy back 50% of the Option Shares and the 50% of the Original Loan that were advanced to the Joint Venture by Swire Chengdu at a price of USD69,000,000.

On 19 July 2013, Neo Origin served a duly completed irrevocable notice to Swire Chengdu to exercise the residual Call Option so as to buy back the residual Option Shares and residual Original Loan advanced to the Joint Venture by Swire Chengdu at a price of approximately USD60,730,000. The transaction was completed on 30 July 2013.

- (c) In July 2013, Capital Finance repurchased another portion of the convertible securities with an aggregate principal amount of USD486,900,000 from the securities holders at the price ranging from 101.5% to 102.5% of the principal amount. After the repurchase, the remaining outstanding principal balance of the convertible securities amounts to USD87,100,000.

# LIST OF PROJECT NAMES

	Region	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
1	Beijing	Beijing	遠洋山水(北京)	Ocean Landscape (Beijing)		
2			遠洋•沁山水(北京)	Ocean Landscape Eastern Area (Beijing)		
3			遠洋•沁山水 E02/03 項目(北京)	Ocean Landscape Eastern Area E02/03 Project (Beijing)		
4			遠洋天地(北京)	Ocean Paradise (Beijing)		
5			遠洋•萬和城(北京)	Ocean Great Harmony (Beijing)		
6			遠洋•萬和城 C 區項目(北京)	Ocean Great Harmony Plot C Project (Beijing)		
7			遠洋國際中心(北京)	Ocean International Center (Beijing)		
8			遠洋都市網景(北京)	Ocean Cityscape (Beijing)		
9			遠洋風景(北京)	Ocean Prospect (Beijing)		
10			遠洋•光華國際(北京)	Ocean Office Park (Beijing)		
11			遠洋新幹線(北京)	Ocean Express (Beijing)		
12			遠洋公館(北京)	Ocean Honored Chateau (Beijing)		
13			遠洋•LA VIE(北京)	Ocean LA VIE (Beijing)		
14			遠洋一方(北京)	POETRY OF RIVER (Beijing)		
15			遠洋•新悅(北京)	The Place (Beijing)	遠洋一方東區	Poetry of River Eastern Area
16			遠洋•徽北(北京)	Ocean Manor (Beijing)	北七家	Beiqijia Project
17			願堤港(北京)	INDIGO (Beijing)	將台商務中心	Jiangtai Business Center
18			遠洋•東方公館(北京)	Ocean Oriental Mansion (Beijing)	通州玉橋項目	Tongzhou Yuqiao Project
19			遠洋國際中心二期	Ocean International Center, Phase II (Beijing)	京棉項目	Jingmian Project
20	Pan-Bohai Rim	Dalian	遠洋•天著(北京)	Ocean Palace (Beijing)	亦庄三羊項目	Yizhuang Sanyang Project
21			遠洋•萬和公館(北京)	Ocean Crown (Beijing)	大望京項目	Dawangjing Project
22			遠洋大廈(北京)	Ocean Plaza (Beijing)		
23			CBD Z6 地塊(北京)	CBD Plot Z6 (Beijing)		
24			CBD Z13 地塊(北京)	CBD Plot Z13 (Beijing)		
25			遠洋未來廣場	Ocean We-life Plaza		
26			遠洋風景(大連)	Ocean Prospect (Dalian)		
27			遠洋自然(大連)	Ocean Seasons (Dalian)		
28			紅星海世界觀(大連)	Ocean Worldview (Dalian)		
29			香頰花城(大連)	Chanson Garden (Dalian)		
30			遠洋壹中心(大連)	Ocean MIDTOWN (Dalian)	西山項目	Xishan Project
31			遠洋時代城(大連)	Ocean TIMES (Dalian)	大學城項目	University Zone
32			遠洋假日養生莊園(大連)	Ocean Holiday Manor (Dalian)	遠洋•拉斐莊園	Ocean Valley Lafite
33			遠洋創智高地(大連)	Sino-Ocean Technopole (Dalian)	IT 產業園 — 工業部分	IT Zone — Industrial
34			遠洋廣場(大連)	Ocean Plaza (Dalian)		
35	遠洋溫德姆至尊豪庭大酒店(大連)	Wyndham Grand Plaza Royale Sino-Ocean (Dalian)				
36	Qingdao	Qinhuangdao	遠洋•鑽石灣(大連)	Ocean Diamond Bay (Dalian)		
37			小窑灣項目(大連)	Xiaoyao Bay Project (Dalian)		
38			中華路三號地(大連)	Zhonghua Road Land Plot #3		
39			遠洋公館(青島)	Ocean Honored Chateau (Qingdao)		
40			遠洋風景(青島)	Ocean Prospect (Qingdao)		
41			遠洋自然(青島)	Ocean Seasons (Qingdao)		
42			遠洋•海世紀(秦皇島)	Ocean Century (Qinhuangdao)		

## LIST OF PROJECT NAMES

Region	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
		灣海 1 號(秦皇島)	Wan Hai Yi Hao (Qinhuangdao)	灣海一號	Wan Hai Yi Hao
	Tianjin	遠洋城(天津)	Ocean City (Tianjin)		
		遠洋天地(天津)	Ocean Paradise (Tianjin)	海河新天地	Ocean Paradise
		遠洋國際中心(天津)	Ocean International Center (Tianjin)		
		遠洋新幹線(天津)	Ocean Express (Tianjin)		
		遠洋•萬和城(天津)	Ocean Great Harmony (Tianjin)	倪黃莊項目	Nihuangzhuang Project
		遠洋風景(天津)	Ocean Prospect (Tianjin)		
		武清項目(天津)	Wuqing Project (Tianjin)		
Northeast Region	Changchun	遠洋•戛納小鎮(長春)	Ocean Cannes Town (Changchun)	長春淨月項目	Jingyue Project
	Fushun	遠洋城(撫順)	Ocean City (Fushun)	將軍溝項目	Jiangjougou Project
	Shenyang	遠洋天地(瀋陽)	Ocean Paradise (Shenyang)		
		遠洋公館(瀋陽)	Ocean Residence (Shenyang)		
Yangtze River Delta & Along Yangtze River	Chengdu	睿東中心(成都)	Pinnacle One (Chengdu)	大慈寺項目	Dacisi Project
	Chongqing	遠洋高爾夫國際社區(重慶)	Sino-Ocean International GOLF Resort (Chongqing)	國際高爾夫項目	Golf Club Project
	Hangzhou	遠洋•大河宸章(杭州)	Grand Canal Milestone (Hangzhou)	大河宸章	Hang Yimian
		遠洋公館(杭州)	Ocean Mansion (Hangzhou)	遠洋公館	Canal Commercial District
		大運河商務區項目(杭州)	Canal Business Center Project (Hangzhou)		
		遠洋心裡(杭州)	Ocean In Your Heart (Hangzhou)	普福項目	Pufu Project
	Huangshan	遠洋桃花島(黃山)	An Island Paradise (Huangshan)	桃花島項目	Taohuadao Project
	Shanghai	遠洋•博堡(上海)	BOND CASTLE (Shanghai)		
		遠洋 7 號(上海)	Ocean Mansion No.7 (Shanghai)		
		遠洋•香奈印象(上海)	Ocean Chanson Mansion (Shanghai)	楊行鎮項目	Yanghangzhen Project
	Wuhan	遠洋莊園(武漢)	Ocean Manor (Wuhan)	有座莊園	Tangchen Project
		遠洋•世界(武漢)	Ocean World (Wuhan)		
	Zhenjiang	遠洋•香奈河畔(鎮江)	Ocean Beach (Zhenjiang)		
Southern Region	Haikou	遠洋華墅(海口)	Ocean Zen House (Haikou)	遠洋浮木陣	Ocean Driftwood Array
	Sanya	遠洋公館(三亞)	Ocean Mansion (Sanya)	遠洋奧林匹克公館	Ocean Olympics
		棠棣項目一期(三亞)	Tang Di Project (Sanya)		
	Shenzhen	遠洋新幹線(深圳)	Ocean Express (Shenzhen)	南聯項目	Nanlian Project
		盛平項目(深圳)	Shengping Project (Shenzhen)		
	Zhongshan	遠洋城(中山)	Ocean City (Zhongshan)		
		遠洋啟宸(中山)	Ocean New Era (Zhongshan)	橫欄項目	Henglan Project