远洋地产

SINO-OCEAN

遠洋地產控股有限公司

Sino-Ocean Land Holdings Limited

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

(Stock Code: 03377)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

The Board of Directors (the "Board") of Sino-Ocean Land Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008.

REVIEW OF THE INTERIM RESULTS

After a continuous five-year boom, the real estate industry in the PRC has faced market correction in 2008. Although it has posed challenges for the Group, it has also provided the Group with promising opportunities. As a result of the global economic slowdown since late 2007 and the macroeconomic control measures introduced by the Central Government of the PRC, the property market in the PRC cooled down during the first half of 2008.

Despite various adverse market conditions, the Group is pleased to record satisfactory growth in terms of both revenue and gross profit during the six months ended 30 June 2008 compared to the corresponding period in 2007. The Group's revenue for the period under review amounted to RMB3,247 million, which represents 78% growth compared to RMB1,828 million in the corresponding period of 2007. Gross profit for the period under review amounted to RMB1,412 million, which represents 179% growth compared to RMB507 million in the corresponding period of 2007. Though profit attributable to equity holders of the Company for the six months ended 30 June 2008 decreased by 48% to RMB542 million compared to RMB1,038 million in the same period of 2007, the overall operating capacities and efficiency of the Group remain healthy and continue to improve. The decrease in profit attributable to equity holders of the Company was mainly due to the one-off gain from the disposal of a jointly controlled entity in the first half of 2007, which contributed to the pre-tax profit for the first half of 2007 by RMB910 million and after-tax profit by RMB610 million. It is expected that the Group's property development business will continue its steady growth in the second half of 2008 and will contribute more to the Group's net profit.

Interim Dividend and Dividend Policy

The Group intends to maintain a stable dividend policy with an annual pay-out ratio of no less than 20% of the profits available for distribution during a financial period. However, the resolution to pay dividends will be made at the discretion of the Board and will be based upon the Group's earnings, cash flow, capital requirements and any other conditions that our Board deems relevant.

With reference to the profit of the Group for the period under review, the Board is pleased to declare an interim dividend for the six months ended 30 June 2008 of HK$0.03 per share.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Outlook and Forward Looking

The performance of the real estate market in the PRC is highly correlated to the PRC's GDP growth. During the period under review, although we felt the adverse economic impact resulting from the snowstorm that happened in the central part of the PRC in January 2008 and the May 2008 SiChuan earthquake, we are pleased to observe a momentum for strong economic growth. Although the growth rate of the PRC economy slowed by 1.5% compared to the same period in 2007, the PRC economy maintained a double-digit growth rate of 10.4% for the first half of 2008.

However, the subprime crisis that originated in the US last year has caused turmoil in the global financial sector and produced a material adverse effects on the global economy, including the PRC market. We do not find the theory of de-coupling to be persuasive and expect the PRC economy to be affected as a result of the slowdown in its export growth. While the PRC was able to maintain its economic growth during the first half of 2008, the increasing inflation rate and slowdown in exports have drawn the attention of the Central Government. In line with the PRC government's target to "maintain economic growth while controlling inflation", it is expected that the PRC government will closely monitor the situation and take more cautious steps and measures to avoid an economic downturn caused by external environment and to curb inflation.

We expect that the existing macroeconomic control measures adopted by the PRC government will continue in force during the second half of 2008, although it is expected that the Central Government may allow certain flexibilities. Even though in the first half of 2008 the reserve ratio requirement was increased to a historical high of 17.5% by the People's Bank of China, the possibility that interest rates in the PRC may again be adjusted upward in the second half of 2008 cannot be ignored, as it is after all an effective tool to tackle the inflation problem.

For the real estate sector in the PRC, we have seen a general decline in turnover since the end of 2007. According to the National Bureau of Statistics of China, the total GFA sold nationwide decreased by 7.2% from 279 million sq.m. during the first six months of 2007 to 259 million sq.m. in the same period of 2008 and the average price nationwide also recorded a downward adjustment compared to its peak at the end of 2007. The real estate market in the PRC is now considered to be relatively healthy as the correction in average property prices will make housing more affordable to the general public. We take the view that the objective of the PRC government is to dampen the harmful effects of speculation and to regulate property prices at a stable level. We expect that these policies will lead to a more favorable operating environment for financially healthy real estate developers such as ourselves.

Being one of the leading real estate developers in Beijing, we share the joy and honor of hosting the Olympic Games in our city. During the Olympic Games period, Beijing applied certain construction control measures. Even though the Group had already anticipated and prepared for such arrangement, the extent for the implementation of transportation control and other measures gradually applied before and during the Olympic Games period were out of our original expectation and thus caused delay to our construction schedules for projects in Beijing. Furthermore, we awared that many potential buyers delayed their purchase plan for real estate properties and took the wait and see approach before and during the Olympic Games period. This contradicted our original expectation that the Olympic Games would stimulate customers demand for better housing and could further improve the Group's sale performance. Nevertheless, we believe that the Olympic Games will have a long-lasting positive impact to Beijing's living environment due to the improvement to the transportation system, infrastructure and air quality. Therefore, we believe that the demand for housing from potential buyer will be restored after the Olympic Games. This will offset the short term adverse impact on Beijing's property market during the Olympic Games. We are therefore optimistic about the increase in demand for housing in Beijing in the second half of 2008 and especially in the fourth quarter.

The Group will focus on developing mid-to-high-end products over the coming years, and this will require us to provide more value added services we can offer. Moreover, in order to sustain our competitive edge, we will continue to take full advantage of our professional design team's expertise to improve both the interior and exterior design as well as providing better after-sale services, and continuously improving quality of our products. The Group also believes that the prevailing macro-economic control environment may potentially offer us increased opportunities to acquire land plots at discounted price from those small-scale developers in the future.

The Group will adopt a balanced growth strategy under the current stringent economic environment. We will provide better quality products, aimed at strengthening our customers' loyalty and our brand recognition, and continue to improve the efficiency at our business operations, especially in regards to assets turnover and cash flow management, and adhere to our prudent financial management policy. The improvement in assets turnover is one of our top priorities for the second half of 2008. We believe that by doing so, we can maintain a healthy financial position despite the tightening credit policy under current market situation.

Financial Review

The Group's revenue is derived from property development, property investment and other real estate related businesses, including property management. Revenue of the Group during the period under review increased significantly by 78% to RMB3,247 million, compared to only RMB1,828 million in the corresponding period in 2007. The significant increase in revenue was mainly attributable to the growth in revenue from property development, jumping from RMB1,701 million in the first half of 2007 to RMB3,021 million in the first half of 2008.

Revenue from property investment rose by 70% from RMB33 million in the first half of 2007 to RMB56 million in the first half of 2008. This was mainly due to the fact that Ocean International Center Block A (Beijing) only began to contribute to the Group's revenue from July 2007 onwards.

Revenue from other real estate-related businesses amounted to RMB170 million in the first half of 2008, compared to only RMB94 million in the first half of 2007, a remarkable 81% period-to-period growth. The increase in revenue from other real estate-related businesses mainly resulted from the RMB79 million contributed by the Group's upfitting services during the period ended 30 June 2008 (30 June 2007: Nil).

Cost of sales mainly comprised of land costs, construction costs and capitalized interest expenses. During the period under review, land costs and construction cost accounted for 79% (30 June 2007: 87%) of the total cost of sales. Capitalized interest amounted to RMB54 million, up from RMB14 million in the first half of 2007, and accounted for 3% of the cost of sales (30 June 2007: 1%).

Gross profit for the period ended 30 June 2008 was RMB1,412 million (30 June 2007: RMB507 million) and the gross margin reached 43% (30 June 2007: 28%), a substantial increase of 15% points. Even though the land cost per sq.m. (including land use right, dismantlement and relocation cost, etc.) increased by 15% to about RMB1,960 per sq.m. for the period ended 30 June 2008 (30 June 2007: about RMB1,700 per sq.m.) and the construction cost per sq.m. increased by 23% to about RMB3,710 per sq.m. for the period ended 30 June 2008 (30 June 2007: about

RMB3,020 per sq.m.), the average selling price per sq.m. (excluding sales of car parks) increased by 79% to RMB12,518 per sq.m. (30 June 2007: RMB6,987 per sq.m.), which meant that the Group was able to overcome the increases in costs by raising our sales price and to yield a higher gross profit margin. Benefiting from the increase in gross profit margin, the Group recorded a 179% growth in our gross profit. The Group believes that continuously improving the quality of our products will allow the Group to put a premium on prices for our products and therefore sustain a high gross profit margin.

No fair value gain on our investment properties has been recorded for the period ended 30 June 2008 (30 June 2007: RMB343 million) as the Group has not revalued our investment properties. One-off gain on the disposal of a jointly controlled entity of RMB910 million in the first half of 2007 come from the disposal of all of our equity interest in Shing Wing International Investment Limited, a wholly owned subsidiary of the Group, which indirectly owns 50% equity interest in Chemsunny World Trade Center (Beijing). There was no such disposal gain in the first half of 2008.

Other income and gains (net) for the period ended 30 June 2008 reached RMB212 million, which represents 371% growth compared to RMB45 million in the first half of 2007. Such other income and gain for the first half of 2008 mainly comprised of interest income of RMB97 million, gain from the early redemption of convertible bonds (RMB78 million) and other gains derived from our acquisition of additional interests in our subsidiaries of RMB35 million for the period ended 30 June 2008.

During the period under review, interest expenses reached RMB481 million, up from RMB271 million in the first half of 2007, as a result of the increase in total borrowing from RMB8.8 billion in the first half of 2007 to RMB13.5 billion in the first half of 2008 and the increase in the average cost of funding for the period under review to 7.58% (30 June 2007: 6.26%). Finance costs charged through consolidated income statements decreased by 25% to RMB60 million for the period ended 30 June 2008 (30 June 2007: RMB80 million) due to the Group have strengthen the management in utilization of capital, most the borrowings were invested to the development projects immediately after drawndown. Therefore, large portion of the interest expenses were being capitalized.

Although the aggregate of enterprise income tax and deferred tax decreased by 7.3% to RMB443 million (30 June 2007: RMB478 million), effective tax rate (the aggregate of enterprise income tax and deferred tax divided by profit before income tax) increased from 30% in the first half of 2007 to 33% in the first half of 2008. This is because the deferred tax rate for the fair value gain recorded in the first half of 2007 was only 25% and most of the revenue recognized from property development business in the first half of 2008 were related to the pre-sale in 2007, which were not yet able to enjoy the benefit from the cut in income tax rate from 33% to 25%. Nevertheless, we will see the benefit from the income tax rate change gradually reflected on our future results.

Given that land appreciation tax is levied on the basis of sales price minus by relevant cost, the higher the sales price over the cost, the higher the land appreciation tax. As compared to the corresponding period in 2007, projects sold by the Group during the first half of 2008 had a higher profit margin, therefore land appreciation tax increased to RMB308 million for the period ended 30 June 2008 (30 June 2007: RMB30 million).

Profit attributable to equity holders of the Company decreased by 48% to RMB542 million for the period ended 30 June 2008 (30 June 2007: RMB1,038 million). This decrease was mainly attributable to the inclusion of a significant one-off gain from the disposal of a jointly controlled entity of a pre-tax amount RMB910 million and an after-tax profit RMB610 million in the first half of 2007.

Liquidity and Financial Resources

The Group's financial resources were mainly come from income generated from operations and external bank financing. As at 30 June 2008, cash resources (the aggregate of cash and cash equivalents and restricted bank deposits) of the Group amounted to RMB7.9 billion with a current ratio at 2.7 times. Total assets and shareholders' equity as at 30 June 2008 amounted to RMB39.2 billion and RMB15.9 billion respectively.

The Group's total borrowings (including the RMB686 million outstanding convertible bonds) increased to RMB13.5 billion as at 30 June 2008 from RMB11.3 billion as at 31 December 2007. Net debt to shareholders' equity ratio remained at a relatively low level of 35% as at 30 June 2008 (31 December 2007: 12%). Of the RMB13.5 billion borrowings 36% is to be repaid within 1 year; 49% within 1 to 2 years borrowing; 6% within 2-5 years and 9% over 5 years. Those borrowings that fall due within 1 year are expected to roll-over or refinanced by other banking facilities currently being arranged.

As at 30 June 2008, available but unutilized banking facilities amounted to RMB3.9 billion. It is expected that part of these unutilized banking facilities will be used in the second half of 2008 to finance some of our development projects.

Financial Guarantees and Pledge of Assets

As at 30 June 2008, the value of the guarantees provided by the Group to banks for mortgages extended to some property buyers before completion of their mortgage registration were RMB1,451 million (31 December 2007:RMB1,732 million). As at 30 June 2008, the Group had pledged part of its land use rights, properties under development, completed properties held for sale, etc. to secure short-term bank loans (including current portion of long-term borrowings) of RMB1,345 million and long-term bank loans of RMB3,905 million.

Capital Commitments

The Group has entered into certain agreements in respect of land acquisition and property development. As at 30 June 2008, the Group had total capital commitments of RMB10.8 billion (31 Decmeber 2007: RMB10.2 billion).

Contingent Liabilities

In line with the prevailing commercial practice in the PRC, the Group has provided guarantees for mortgages extended to some property buyers before completion of their mortgage registration. As at 30 June 2008, the total amount of the aforesaid guarantees provided by the Group was RMB1,451 million (31 December 2007: RMB1,732 million). In the past, the Group has not incurred any material losses from providing such guarantees. This is because the guarantees were given as a transitional arrangement that would be terminated upon the completion of the mortgage registration and were secured by the properties of the buyers.

Business Review

Property Development

Recognized Sales

Continuing with the Group's momentum for growth in 2007, revenue from property development in the first half of 2008 reached RMB3,021 million, which represents a significant increase of 78% over RMB1,701 million during the same period in 2007. This growth is arising from the increase in average selling price (excluding sales of car parks), from about RMB6,987 per sq.m. in the first half of 2007 to about RMB12,518 per sq.m. in the first half of 2008, which represented 79% growth, and the growth in total GFA sold and delivered, from approximately 243,000 sq.m. in the first half of 2007 to approximately 257,000 sq.m. in the first half of 2008, which represents 5.8% growth.

The increase in average selling price in recognized sales was partly attributable to the sharp increase in selling price of some of our projects as compared to the first half of 2007, including Ocean Landscape (Beijing), Ocean Seasons (Beijing) and Ocean Paradise (Tianjin), which increased by 102%, 53% and 86% respectively; and partly attributable to the first time delivery of Ocean Office Park (Beijing), which is located in the Central Business District of Beijing, with average selling price per sq.m. of RMB20,322.

During the first half of 2008, projects in Beijing remained to be the Group's major source of revenue. Recognized sales in Beijing accounted for 89% of the Group's revenue from property development segment, and our projects in Tianjin remained as the second key source of revenue, accounting for about 7% of the Group's revenue from property development segment. The remainder was derived from projects in Zhongshan.

The following table presents the figures of GFA sold and delivered (excluding sales of car parks) and the relevant information for each project for the first half of 2008:

Project	**Revenue** *(RMB million)*	**GFA sold and delivered** *(sq.m.)*	**Average selling price** *(RMB/sq.m.)*	**Interest attributable to the Group** *(%)*
Beijing				
Ocean Express	16.1	894	18,009	100%
Ocean Landscape	1,576.7	137,862	11,437	100%
Ocean Office Park	777.0	38,234	20,322	80%
Ocean Paradise	0.6	77	7,792	100%
Ocean Seasons	240.1	22,384	10,726	70%
Tianjin				
Ocean Paradise	206.4	15,704	13,143	96.99%
Zhongshan				
Ocean City	137.2	20,827	6,588	100%
Total	2,954.1	235,982	12,518	

Contracted Pre-sale

Contracted pre-sale amount decreased by 23% from RMB3,034 million in the first half of 2007 to RMB2,328 million in the first half of 2008. Although the average selling price (excluding sales of car parks) increased by 18% from RMB12,068 per sq.m. in the first half of 2007 to RMB14,209 per sq.m. in the first half of 2008, the total GFA sold decreased by 27% from 251,400 sq.m. in the first half of 2007 to 183,000 sq.m. in the first half of 2008.

Three new projects were newly launched for pre-sale during the first half of 2008 and one additional project will be launched in the fourth quarter of 2008. Since two out of the three newly launched projects, namely Ocean Great Harmony (Beijing) and Ocean Paradise (Shenyang), were only available for pre-sale in mid-May 2008 and late-June 2008 respectively, the results from the pre-sale of these two projects have not yet been fully realised during the period under review. We expect that these two projects will contribute more to the Group's pre-sale in the second half of 2008. Furthermore, in view of the below expectation pre-sale figure of another key project, i.e. Poetry of River (Beijing) in the first half of 2008, we will modify our sales strategy and repackage this low density residential project in the eastern side of Beijing by upgrading its overall external environment. We therefore expect the results from the pre-sale of Poetry of River (Beijing) will improve in the second half of 2008. We expect to launch the pre-sale of another key project in 2008, Ocean Landscape Eastern Area (Beijing), in October 2008. We believe that by leveraging the public's compliments and goodwill that the Group enjoys from Ocean Landscape (Beijing) would help boost sales performance of Ocean Landscape Eastern Area (Beijing).

The Group is always exploring different sales channels and strategies to maximise the turnover of our projects. Whole-block sale is one of the options we are willing to consider provided that the selling price is satisfactory. On 28 June 2008, the Group entered into an agreement with CB Richard Ellis for the sale of Ocean Honored Chateau (Beijing) Block A of 17,000 sq.m., bare shell, at a consideration of RMB427 million, which represents about RMB25,400 per sq.m.. The completion of this transaction is expected to take place no later than the first half of 2009.

During the first half of 2008, the Group's contracted pre-sale derived from 11 projects, located in five cities, six from Beijing, two from Tianjin, one from Dalian, one from Shenyang and one from Zhongshan. The Pan Bohai Rim remained to be the core area of the Group's business, generating about 99% of the contracted pre-sale of which 73% came from Beijing. The following table provides a breakdown of the contracted pre-sale (excluding sales of car parks) for the first half of 2008:

Project	**Contracted pre-sale amount** *(RMB million)*	**GFA sold** *(sq.m.)*	**Average selling price** *(RMB/sq.m.)*	**Interest attributable to the Group** *(%)*
Beijing				
Ocean Express	36.5	1,983	18,406	100%
Ocean Great Harmony	239.4	10,860	22,044	100%
Ocean Honored Chateau	570.6	21,764	26,218	100%
Ocean Landscape	549.8	36,615	15,016	100%
Ocean Seasons	68.6	6,474	10,596	70%
Poetry of River	169.4	14,118	11,999	100%
Tianjin				
Ocean Express	155.7	18,054	8,624	97.05%
Ocean Paradise	150.9	10,857	13,899	96.99%
Dalian				
Ocean Prospect	145.2	11,888	12,214	100%
Shenyang				
Ocean Paradise	134.0	21,693	6,177	100%
Zhongshan				
Ocean City	27.9	3,900	7,154	100%
Total	2,248.0	158,206	14,209	

Construction Progress and Planning

During the first half of 2008, we completed a total GFA of approximately 431,000 sq.m., an increase of approximately 155% compared to 169,000 sq.m. in the first half of 2007. With careful planning, a lot of fundamental work was done during the first half of 2008. Although the construction work for our projects in Beijing had to be stopped temporarily during the Olympic Games period and caused some delay to the Group's development schedule, it has no material effect to our sales resources. Furthermore, in view of the lower than expected sales progress, we have reduced the speed of construction in order to minimize cash outflow.

With Ocean Office Park (Beijing) nearly completed, together with some of the projects that have been developed ahead of schedule, including Ocean Prospect (Dalian) and Poetry of River (Beijing), we are confident that a total GFA of approximately 571,000 sq.m. will be completed in the second half of 2008. In 2008, we are targeting to complete construction of a total GFA of approximately 1,002,000 sq.m., which represents 2% increase compared to 985,000 sq.m. in 2007, with a total GFA of about 268,000 sq.m. to be contributed from areas outside Beijing in the second half of 2008.

As at 30 June 2008, the Group had a total of ten projects under development compared to only six projects during the corresponding period in 2007. The total GFA for projects under development increased by 85% from 2,849,000 sq.m. as at 30 June 2007 to 5,264,000 sq.m. as at 30 June 2008. These ten projects are located in five cities in the PRC, including Beijing, Tianjin, Dalian, Shenyang and Zhongshan. The Group believes that we can leverage our project management experience in the Pan Bohai Rim region and our understanding of the local market to continue our success in areas outside of this region.

Land Bank

Land bank is a key factor to the Group's future development. The Group's land bank increased by 4% from 10,178,000 sq.m. as at 31 December 2007 to 10,595,000 sq.m. as at 30 June 2008, with the GFA attributable to the Group amounting to 9,254,000 sq.m.. As the Group continued to adopt a prudent replenishment strategy in the first half of 2008, i.e. by acquiring land plots only at strategic locations at reasonable prices, the Group's land bank only modestly increased by 417,000 sq.m. during this period. Although this may slow down the expansion of our land bank, we believe that there will be a lot of good opportunities in the future given the current real estate market adjustment. The Group's land banks covers six cities in the PRC, including Beijing, Tianjin, Dalian, Shenyang, Hangzhou and Zhongshan, of which 74% were located in the Pan Bohai Rim region, including 25% from Beijing. Outside the Pan Bohai Rim, the Yangtze River Delta and the Pearl River Delta regions accounted for 7% and 19% of our land banks respectively.

In light of the real estate market adjustment in the PRC that began in the second half of 2007, and in accordance with our prudent approach to land acquisition, the Group only acquired three plots of land of a total GFA of approximately 536,000 sq.m. at a total consideration of RMB2,112 million during the first half of 2008. Two land plots are located in Beijing, and the third one is located in Zhongshan. Although the average acquisition price for these three land plots was approximately RMB3,940 per sq.m., which is higher than that of our existing land bank, these projects are either located in prime areas, or adjacent to the Group's existing projects and so able to create synergy with our existing projects. These land acquisitions are in line with the Group's land replenishment strategy, and we believe that these projects will, in the long term, benefit our shareholders.

Property Investment

The Group's investment properties continued to be a stable source of cash flow. As at 30 June 2008, investment properties held by the Group covered a total leasable area of 112,000 sq.m., increased by 261% compared to the first half of 2007, but unchanged from 31 December 2007. The prime location of Ocean Plaza (Beijing) enabled it to continue to enjoy a high average occupancy rate, which was over 95% for the first half of 2008. The rental business for Ocean International Center Block A (Beijing) has continued to improve since July 2007, the first month it started generating rental income. During the first half of 2008, Ocean International Center Block A (Beijing) had an average occupancy rate of 60%. Entering into the second year of leasing, we believe that the rental business of Ocean International Center Block A (Beijing) will continue to flourish based on its prestigious and close proximity to the Central Business District of Beijing. It is expected that the occupancy rate of Ocean International Center Block A (Beijing) will reach 75% by the end of 2008.

Other information

Risk of Exposure to Exchange Rate Fluctuations and Related Hedging

As of the first half of 2008, the group had no investments in hedging of speculative derivatives. Considering potential Renminbi exchange rate fluctuations, the Group will consider whether or not to arrange for monetary and interest rate swaps at appropriate times so as to avoid the corresponding risks.

Employees and Remuneration Policy

As at 30 June 2008, the Group had 3,157 employees (30 June 2007: 2,377). The increase in headcount was mainly a result of our establishment of an office in Hangzhou for the purpose of planning our Hangzhou — based projects and increased need for employees providing property management service upon the completion of our development projects. The Group maintained a competitive remuneration package, including continuously provided our staff with essential training. The Group is therefore able to maintain a low turnover rate of less than 5%.

The unaudited consolidated results of the Group for the six months ended 30 June 2008 are as follows:

Condensed Consolidated Balance Sheet

	Note	As at 30 June 2008 *RMB'000* *(Unaudited)*	As at 31 December 2007 *RMB'000* *(Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment		312,275	292,579
Land use rights		36,530	36,947
Investment properties		1,984,000	1,984,000
Goodwill		749,134	756,796
Interest in a jointly controlled entity		—	54
Interests in associates		312,393	327,056
Available-for-sale financial assets		434,705	67,487
Derivative financial instrument		27,231	—
Trade and other receivables		233,771	602,920
Deferred income tax assets		93,629	101,942
		4,183,668	4,169,781
Current assets			
Properties under development		15,728,081	13,002,533
Land under development		1,802,350	2,994,646
Inventories, at cost		127,951	1,506
Deposits for land use rights		5,389,094	5,579,771
Trade and other receivables		1,214,643	934,529
Completed properties held for sale		2,871,653	1,734,680
Restricted bank deposits		1,209,259	879,632
Cash and cash equivalents		6,722,583	8,468,815
		35,065,614	33,596,112
Total assets		39,249,282	37,765,893

	Note	As at 30 June 2008 RMB'000 (Unaudited)	As at 31 December 2007 RMB'000 (Audited)
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital and premium		14,181,131	14,191,020
Other reserves		(368,162)	(399,126)
Retained earnings			
-Proposed final dividend		—	502,907
-Others		2,069,511	1,529,408
		15,882,480	15,824,209
Minority interests		902,410	1,054,110
Total equity		16,784,890	16,878,319
LIABILITIES			
Non-current liabilities			
Preference shares of a subsidiary		—	144,796
Long term borrowings		8,626,369	8,002,777
Derivative financial instrument		4,485	157,877
Deferred income tax liabilities		780,580	773,306
		9,411,434	9,078,756
Current liabilities			
Short term borrowings		1,086,000	1,095,850
Current portion of long term borrowings		3,801,156	2,185,484
Trade and other payables		4,857,396	4,583,643
Advances from customers		2,305,565	3,011,555
Current income tax liabilities		997,241	931,926
Dividend payable		5,600	360
		13,052,958	11,808,818
Total liabilities		22,464,392	20,887,574
Total equity and liabilities		39,249,282	37,765,893
Net current assets		22,012,656	21,787,294
Total assets less current liabilities		26,196,324	25,957,075

Condensed Consolidated Income Statement — Unaudited

	Note	Six months ended 30 June 2008 RMB'000	2007 RMB'000
Revenue	4	3,246,973	1,827,563
Cost of sales	5	(1,834,866)	(1,320,969)
Gross profit		1,412,107	506,594
Other income		115,477	20,566
Other gains — net	6	96,297	24,231
Gain on disposal of a jointly controlled entity		—	909,690
Fair value gain on investment properties		—	343,000
Selling and marketing costs	5	(103,917)	(39,989)
Administrative expenses	5	(198,087)	(88,291)
Operating profit		1,321,877	1,675,801
Fair value gain on convertible bonds		72,586	—
Finance costs	7	(60,248)	(79,814)
Share of loss of a jointly controlled entity		(54)	—
Share of (loss)/profits of associates		(832)	476
Profit before income tax		1,333,329	1,596,463
Income tax expense	8	(750,420)	(507,061)
Profit for the period		582,909	1,089,402
Attributable to:			
Equity holders of the Company		541,769	1,037,811
Minority interests		41,140	51,591
		582,909	1,089,402
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in RMB) - basic and diluted	9	0.12	0.35
Interim dividends	10	117,984	—

Notes to the Condensed Consolidated Financial Statements

1 **General information**

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

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

This condensed consolidated interim financial information was approved by the board of directors for issue on 9 September 2008.

2 **Basis of preparation**

This condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. This condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with HKFRSs.

3 **Significant accounting policies**

Excepted as described below, the accounting policies adopted are consistent with those used in the annual financial statements for the year ended 31 December 2007, as described in those annual financial statements.

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

(a) The following new standards, amendments to standards or interpretations are mandatory for the first time for financial year beginning 1 January 2008.

HK(IFRIC) - Int 11, HKFRS 2 - 'Group and treasury share transactions', was early adopted in 2007. HK(IFRIC) - Int 11 provides guidance on whether share-based transactions involving treasury shares or involving Group entities should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and Group entities.

HK(IFRIC) - Int 14, 'HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'. As none of the Group entities has any defined benefit scheme, HK(IFRIC) — Int14 provides guidance on whether refunds or reductions in future contributions should be regarded as available. HK(IFRIC) — Int14 do not have any significant impact on the Group's condensed consolidated interim financial information.

(b) The following new amendment to the standard has been issued, is not effective for financial year beginning 1 January 2008, but was early adopted by the Group.

HKAS 23 (Revised), 'Borrowing costs', (effective for periods on or after 1 January 2009). The current HKAS 23 provides management with a policy choice of either capitalizing borrowing costs relating to qualifying assets or expensing the borrowing costs. HKAS 23 (Revised) removes this option and requires management to capitalize borrowing costs attributable to qualifying assets. Since the Group has chosen to capitalize borrowing costs relating to qualifying assets. HKAS 23 (Revised) is not expected to have any significant impact on the Group's condensed consolidated interim financial information.

(c) The following new standards, amendments to standards or interpretations have been issued but are not effective for financial year beginning 1 January 2008 and have not been early adopted.

HKFRS 8, 'Operating segments', effective for periods on or after 1 January 2009. HKFRS 8 replaces HKAS 14, "Segment reporting", and requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in detail by the management, it is not expected to have material impact.

HKAS 1 (revised 2007), 'Presentation of Financial Statements', effective for periods on or after 1 January 2009. The Group will apply HKAS 1 from 1st January 2009.

HKFRS 2 (amendment) 'Share-based payment', effective for annual periods beginning on or after 1 January 2009. The expected impact is still being assessed in detail by the management, it is not expected to have material impact.

HKFRS 3 (amendment), 'Business combinations' and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates' and HKAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation, jointly controlled entities and associates of the Group.

4 **Revenue and segment information**

At 30 June 2008, the Group has categorised its businesses into the following segments:

(i) property development;

(ii) property investment;

(iii) other operations of the Group mainly comprised of property management, hotel and upfitting service. None of these constitutes a separately reportable segment.

The segment results and other segment items included in the income statement, capital expenditure, the segment assets and liabilities as at 30 June 2008 are as follows:

		Unaudited		
	Property development	**Property investment**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total segment revenue	3,022,146	56,714	249,084	3,327,944
Inter-segment revenue	(1,322)	(206)	(79,443)	(80,971)
Revenue	3,020,824	56,508	169,641	3,246,973
Segment result	1,366,015	44,225	(12,808)	1,397,432
Unallocated				(75,555)
Operating profit				1,321,877
Fair value gain on convertible bonds				72,586
Finance costs (Note 7)				(60,248)
Share of loss of a jointly controlled entity				(54)
Share of loss of an associate				(832)
Profit before income tax				1,333,329
Income tax expense (Note 8)				(750,420)
Profit for the period				582,909

	Property development RMB'000	Unaudited Property investment RMB'000	Others RMB'000	Total RMB'000
Segment assets	36,253,838	2,038,105	551,317	38,843,260
An associate	312,393	—	—	312,393
Deferred income tax assets				93,629
Total assets				39,249,282
Segment liabilities	8,468,263	50,688	292,422	8,811,373
Deferred income tax liabilities				780,580
Unallocated				12,872,439
Total liabilities				22,464,392
Other segment items				
Depreciation	4,412	201	3,154	7,767
Amortization of land use rights	1,722	—	355	2,077
Capital expenditure	15,055	—	9,094	24,149

The segment results and other segment items included in the income statement and capital expenditure for the six months ended 30 June 2007 and the segment assets and liabilities as at 31 December 2007 are as follows:

	Property development RMB'000	Unaudited Property investment RMB'000	Others RMB'000	Total RMB'000
Total segment revenue	1,700,802	33,041	114,021	1,847,864
Inter-segment revenue	—	—	(20,301)	(20,301)
Revenue	1,700,802	33,041	93,720	1,827,563
Segment result	431,657	30,774	17,480	479,911
Gain on disposal of a jointly controlled entity	909,690	—	—	909,690
Fair value gain on investment properties	—	343,000	—	343,000
Unallocated				(56,800)
Operating profit				1,675,801
Finance costs (Note 7)				(79,814)
Share of profits of associates				476
Profit before income tax				1,596,463
Income tax expense (Note 8)				(507,061)
Profit for the period				1,089,402

	Property development RMB'000	Property investment RMB'000	Others RMB'000	Total RMB'000
Segment assets	35,153,586	2,034,728	148,527	37,336,841
A jointly controlled entity	54	—	—	54
Associates	313,226	—	13,830	327,056
Deferred income tax assets				101,942
Total assets				37,765,893
Segment liabilities	9,930,229	37,464	107,364	10,075,057
Deferred income tax liabilities				773,306
Unallocated				10,039,211
Total liabilities				20,887,574
Other segment items				
Depreciation	2,160	244	3,248	5,652
Amortization of land use rights	1,505	—	235	1,740
Provision for impairment of trade and other receivables	—	—	607	607
Capital expenditure	7,111	24	17,259	24,394

5 **Expenses by nature**

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

	Six months ended 30 June	
	2008	**2007**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Cost of properties and land use rights sold:		
- Land use rights	109,933	92,801
- Capitalized interest	54,308	14,022
- Construction related cost	1,346,645	1,053,637
Cost of upfitting services rendered	69,028	—
Direct investment property expenses	8,016	2,935
Employee benefit expense	134,914	57,523
Consultancy fee	23,244	15,263
Depreciation	7,767	5,652
Amortization of land use rights	2,077	1,740
Advertising and marketing	90,270	37,086
Business taxes and other levies	177,095	97,018
Impairment for trade and other receivables	—	607
Office expenditure	35,465	24,583
Properties maintenance expenses	9,586	4,611
Energy expenses	11,599	4,818
Others	56,923	36,953
	2,136,870	1,449,249

6 **Other gains — net**

	Six months ended 30 June	
	2008	**2007**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Gain on deemed disposal of a subsidiary	—	15,606
Gain on acquisition of additional interests in subsidiaries from minority shareholders	35,384	—
Gain on early redemption of convertible bonds	77,816	—
Negative goodwill from acquisition of a subsidiary	2,999	—
(Loss)/Gain on disposal of property, plant and equipment	(77)	147
Exchange (losses)/gains	(19,825)	8,478
	96,297	24,231

7 **Finance Costs**

	Six months ended 30 June 2008	2007
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Interest expense on borrowings		
- wholly repayable within five years	439,456	270,962
Interest expense on convertible bonds	37,382	—
Interest expense on preference shares	3,882	—
Less: interest capitalized at a capitalization rate of 7.74% (2007:6.98%) per annum	(420,472)	(191,148)
	60,248	79,814

8 **Income tax expense**

Vast majority of the group entities are subjected to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 33% of the assessable income of each of these group entities for the year ended 31 December 2007 as determined in accordance with the relevant PRC income tax rules and regulations. Other companies are mainly subjected to Hong Kong income tax.

On 16 March 2007, the National People's Congress of the PRC approved Corporate Income Tax Law of the PRC, which changed the income tax rate applicable to all PRC enterprise to 25% effective as of 1 January 2008. Therefore, PRC enterprise income tax was provided base on the statuary income tax rate of the assessable income of each of these group entities for the six months ended 30 June 2008.

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

	Six months ended 30 June 2008	2007
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Current income tax:		
- PRC enterprise income tax	427,114	422,057
- PRC land appreciation tax	307,719	29,552
Deferred tax	15,587	55,452
	750,420	507,061

9 **Earnings per share**

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

The company has two categories of dilutive potential ordinary shares: share options and convertible bonds. The dilutive effect of these dilutive potential ordering ordinary shares are not considered, as the average market price of the Company's shares in the current period is lower than the exercise and conversion price.

	Six months ended 30 June	
	2008	**2007**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Profit attributable to equity holders of the Company	541,769	1,037,811
Weighted average number of ordinary shares in issue (thousands)	4,475,510	2,970,000
Basic earnings per share (RMB per share)	0.12	0.35

10 **Dividends**

On 9 September 2008, the Board has resolved to declare an interim dividend of RMB117,984,000 for the six months ended 30 June 2008 (six months ended 30 June 2007: nil).

	Six months ended 30 June	
	2008	**2007**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
2007 Final dividend paid	502,907	—
2008 Interim dividend proposed	117,984	—

11 **Subsequent event**

On 25 August 2008, the Company entered into a facility agreement, pursuant to which a syndicate of banks agreed to grant a 2-year term loan facility of up to USD215,000,000 to the Company to finance the general working capital requirements of the Group, including the real estate development projects of any member of the Group in the People's Republic of China.

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

In June 2008, the Company repurchased a total of 2,369,000 ordinary shares of HK$0.80 each of the Company at a price ranging from HK$4.36 to HK$5.11 per share on the Stock Exchange. The repurchase involved a total cash outlay of HK$11,248,319. All of these repurchased ordinary shares were subsequently cancelled in July 2008 following the end of the period under review, and the issued share capital of the Company was reduced by the par value thereof being HK$1,895,200. The above repurchases were effected by the Directors pursuant to the mandate granted by shareholders in the Company's 2007 Annual General Meeting, with a view to benefiting shareholders as a whole by enhancing the net assets and earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2008.

Redemption of Pulida Convertible Bond

Prior to the Company's listing on the Stock Exchange on 28 September 2007, the Company issued the HK$1.575 billion 3% convertible bond (the "Pulida Convertible Bond") to Upper Able Holdings Limited (the "Subscriber"), the principal terms of which are set out in the paragraph headed "Business — Principal Terms and Conditions of the Pulida Convertible Bond" of the prospectus of the Company dated 14 September 2007.

As announced by the Company on 5 May 2008, the Company and Subscriber entered into a conditions and the supplemental deed (the "Supplemental Deed") to amend certain terms and conditions of the Pulida Convertible Bond, pursuant to which on 5 May 2008 the Company served a notice of redemption to partially redeem the Pulida Convertible Bond in the principal amount of HK$780 million at a redemption price of HK$756.6 million. HK$390 million of the redemption price was paid on the date of the Supplemental Deed and the balance of HK$366.6 million of the redemption price will be paid on any day on or before 31 December 2008 at such amount and payment installments to be determined by the Company at its sole discretion. Details of this redemption were set out in the announcement of the Company dated 5 May 2008.

As a result of the redemption, the outstanding principal amount of the Pulida Convertible Bond as at 30 June 2008 was HK$795 million.

Review of Interim Results

The unaudited interim results for the six months ended 30 June 2008 have been reviewed by the auditors of the Company, PricewaterhouseCoopers, in accordance with the 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.

Audit Committee

The Audit Committee consists of three independent non-executive directors of the Company, namely Mr. TSANG Hing Lun (the chairman of the committee), Mr. GU Yunchang and Mr. HAN Xiaojing. The Audit Committee met on 22 February 2008 and 5 September 2008 and reviewed the systems of internal control, compliance and interim report of the Group for the six months ended 30 June 2008 with senior management and external auditors.

Code on Corporate Governance Practices

In the opinion of the Board, the Company has complied with the provisions of the Code on Corporate Governance Practices (the "CG code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2008, except for the deviation from the CG Code provision A.4.1 with the explanation as below:

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

Model Code for Securities Transactions by Directors of Listed Companies

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

INTERIM DIVIDEND AND BOOK CLOSURE

The Board has declared an interim dividend of HK$0.03 per share (2007: Nil) for the six months ended 30 June 2008 to shareholders whose names appear on the Company's register of members on Friday, 26 September 2008. The register of members of the Company will be closed from Wednesday, 24 September 2008 to Friday, 26 September 2008, both days inclusive, during which period no transfer of shares will be registered. To qualify for the interim dividend, all transfer documents together with relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, for registration no later than Tuesday, 23 September 2008 on 4:30 p.m.. The interim dividend to shareholder will be paid on Friday, 10 October 2008.

Publication of the Interim Results Announcement and the Interim Report on the Websites of the Stock Exchange and the Company

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (http://www.sinooceanland.com). The interim report for the six months ended 30 June 2008 will be despatched to shareholders on or before 22 September 2008 and will be available on the Company's and the Stock Exchange's websites in due course.

APPRECIATION

On behalf of the Board, I would like to thank our management, shareholders, staff, business partners and the local governments for their loyalty and support. With their support, I am confident that the Group will continue to accomplish our corporate goals.

By Order of the Board
Sino-Ocean Land Holdings Limited
Li Jianhong
Chairman

Hong Kong, China, 9 September 2008

As at the date of this announcement, the Board comprises Mr. Li Ming (Chief Executive Officer) and Mr. Chen Runfu as executive directors; Mr. Li Jianhong (Chairman), Mr. Luo Dongjiang (Vice-Chairman), Mr. Liang Yanfeng and Mr. Yin Yingneng Richard as non-executive directors; and Mr. Tsang Hing Lun, Mr. Gu Yunchang, Mr. Han Xiaojing and Mr. Zhao Kang as independent non-executive directors.