远洋地产

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 2009

HIGHLIGHTS

- Revenue up 7% to RMB3,488 million in the first half of 2009.
- Profit attributable to equity holders of the Company increased by 24% to RMB670 million
- Total contracted sales amount up 201% to RMB7,002 million, with saleable GFA sold increased by 342% to about 698,000 sq.m.
- Total assets up 17% to RMB50,422 million while shareholders' equity up 5% to RMB17,530 million
- At at 30 June 2009, cash resources amounted to RMB12,492 million, with net gearing ratio maintained at a relatively low level of 34%
- Earnings per share was about RMB0.14
- Declared interim dividend of HKD0.04 per share

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" or "We") for the six months ended 30 June 2009.

REVIEW OF THE INTERIM RESULTS

We were able to capture the rebound opportunities and our on-time sales and marketing campaigns led to a satisfactory result for the six months ended 30 June 2009. Our contracted sales figure grew significantly by 201% to RMB7,002 million during the six months ended 30 June 2009, up from RMB2,328 million for the corresponding period in 2008. The Group's revenue increased by 7% to RMB3,488 million in the first six months of 2009, while profit attributable to equity holders of the Company amounted to RMB670 million, representing a 24% increase from RMB542 million during the same period in 2008. Earnings per share were about RMB0.14, representing a 17% increase from RMB0.12 for the same period in 2008.

Interim Dividend

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

MARKET OVERVIEW

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

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

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

As the Group's core business, property development cost continued to be the most significant cost of sales, accounting for approximately 92% of the Group's total cost of sales for the period under review. Excluding car parks, average land cost per sq.m. for the property development business for the period under review was approximately RMB1,682 per sq.m., representing a 14% decrease from RMB1,960 per sq.m. for the corresponding period in 2008. Average construction cost per sq.m. (excluding car parks) for property development for the period under review was approximately RMB4,161 per sq.m., representing a slight increase of 12% from RMB3,710 per sq.m. for the corresponding period in 2008.

Gross profit for the period under review amounted to RMB1,000 million, representing a 29% drop compared to the gross profit for the corresponding period in 2008. This was due to a decrease in gross profit margin by 14 percentage points from 43% in the first half of 2008 to 29% in the first half of 2009.

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

Administrative expenses decreased by 51% to RMB98 million in the first half of 2009 (30 June 2008: RMB198 million). Overall administrative expenses only represented 2.8% of revenue in the period under review, representing a 3.3 percentage points decrease from 6.1% for the first half of 2008.

The reduction in average interest rate from 7.6% for the first half of 2008 to only 6.1% for the first half of 2009, effected a 17% decrease of total interest expenses paid or accrued, to RMB401 million (30 June 2008: RMB481 million). We were able to capitalize most of the interest expenses with only RMB85 million being charged through consolidated statement of comprehensive income during the first half of 2009 (30 June 2008: RMB60 million).

The aggregate of enterprise income tax and deferred tax decreased by 41% to RMB260 million during the first half of 2009 (30 June 2008: RMB443 million), with effective tax rate reduced to 23% (30 June 2008: 33%). Land appreciation tax for the period under review dropped by 53% to RMB144 million (30 June 2008: RMB308 million).

Due to positive effect in cost control measures and the revaluation gain from the newly classified investment property – Ocean Office Park (Beijing) Block C during the first half of 2009, profit attributable to equity holders of the Company recorded a significant growth of 24% to RMB670 million, as compared to only RMB542 million for the first half of 2008.

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

The Group's total borrowings increased by 25% to RMB18,479 million as at 30 June 2009 (31 December 2008: RMB14,744 million). However, we managed to maintain the gearing ratio at a relatively low level at 34%. Borrowings with repayment terms over 2 years accounted for 32% of the total borrowings as at 30 June 2009, as compared to only 20% as at 31 December 2008.

Business Review

Property Development

Recognized Sales

Notwithstanding the decrease in average selling price (excluding car parks) from approximately RMB12,518 per sq.m. for the first half of 2008 to approximately RMB9,369 per sq.m. for the first half of 2009, the Group still managed to record a mild growth of 7% in revenue from property development in the first half of 2009 to RMB3,240 million (30 June 2008: RMB3,021 million). This rise was mainly attributable to the increase in total saleable GFA delivered (excluding car parks) from approximately 236,000 sq.m. for the first half of 2008 to approximately 338,000 sq.m. for the first half of 2009.

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

Contracted Sales

Our contracted sales amount during the six months ended 30 June 2009 reached a record high of RMB7,002 million, representing approximately 88% of our original full-year forecast made in early 2009. Sales in Beijing in the first half of 2009 rose a lot, but Dalian, Shenyang, Tianjin and Zhongshan were even more buoyant resulting in a remarkably high saleable GFA sold (excluding car parks), representing an increase of 342% to approximately 698,000 sq.m. (30 June 2008: 158,000 sq.m.). The overall average selling price (excluding car parks) decreased by 31% to RMB9,829 per sq.m. (30 June 2008: RMB14,209 per sq.m.). As at 30 June 2009, the Group's outstanding contracted sales to be recognized amounted to RMB9,258 million.

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

Construction Progress

During the first half of 2009, the total GFA and the total saleable GFA completed were approximately 394,000 sq.m. and 332,000 sq.m., respectively. Although the total GFA completed in the first half of 2009 was approximately 9% or 37,000sq.m. fewer than that completed in the first half of 2008, according to our construction plan, we expect a larger GFA to be completed in the second half of 2009 for the delivery of our projects, including Ocean Landscape Eastern Area (Beijing) and Ocean Great Harmony (Beijing). We target to complete the construction of over 1 million sq.m. in 2009.

Land Bank

The Group's landbank has approximately 11,954,000sq.m. with an attributable GFA of approximately 11,385,000sq.m. The average land cost per sq.m. for the Group's landbank was approximately RMB2,152 compared to RMB2,118 as at 31 December 2008.

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

Location	Project	Approximate total GFA *(sq.m.)*	Approximate total saleable GFA *(sq.m.)*	Remaining GFA *(sq.m.)*	Interest attributable to the Group *(%)*
Completed properties held for sale					
Beijing	Ocean Express (遠洋新幹線)	191,000	173,000	17,000	100%
Beijing	Ocean Landscape (遠洋山水)	1,401,000	1,193,000	62,000	100%
Beijing	Ocean Office Park (遠洋・光華國際) *	155,000	144,000	115,000	80%
Beijing	Ocean Seasons (遠洋自然)	381,000	237,000	65,000	70%
Tianjin	Ocean Paradise Phase I (遠洋天地一期)	320,000	275,000	39,000	96.99%
Subtotal		**2,448,000**	**2,022,000**	**298,000**	
Properties under development					
Beijing	Jiangtai Business Center (將台商務中心)	306,000	264,000	306,000	50%
Beijing	Ocean Great Harmony (遠洋萬和城)	438,000	333,000	438,000	100%
Beijing	Ocean Honored Chateau (遠洋公館)	52,000	38,000	28,000	100%
Beijing	Ocean Landscape Eastern Area (遠洋沁山水)**	594,000	489,000	594,000	100%
Beijing	Poetry of River Phase I (遠洋一方一期)	297,000	261,000	153,000	100%
Tianjin	Ocean City (遠洋城)	2,234,000	1,773,000	2,234,000	100%
Tianjin	Ocean Express (遠洋新幹線)	449,000	353,000	404,000	97.05%
Dalian	Ocean Prospect (遠洋風景)	177,000	143,000	87,000	100%
Dalian	Ocean Worldview (遠洋紅星海世界觀)	1,958,000	1,513,000	1,958,000	100%
Dalian	Xiangsong Project (香頌花城)	181,000	173,000	160,000	100%
Shenyang	Ocean Paradise (遠洋天地)	800,000	651,000	765,000	100%
Zhongshan	Ocean City (遠洋城)	1,971,000	1,723,000	1,801,000	100%
Subtotal		**9,457,000**	**7,714,000**	**8,928,000**	
Properties held for future development					
Beijing	Beiqijia Project (北七家項目)	228,000	118,000	228,000	100%
Beijing	Ocean La Vie (遠洋・La Vie)	208,000	130,000	208,000	85.72%
Beijing	Ocean Wangfujing Project (王府井項目)	50,000	45,000	50,000	100%
Beijing	Poetry of River Phase II (遠洋一方二期)	497,000	442,000	497,000	100%
Beijing	Tongzhou Yuqiao (通州橋項目)	179,000	159,000	179,000	100%
Tianjin	Ocean Paradise Phase II (遠洋天地二期)	231,000	195,000	231,000	96.99%
Dalian	Nanguan Ling Project (南關嶺項目)	160,000	103,000	160,000	100%
Dalian	Xishan Project (西山項目)	97,000	80,000	97,000	100%
Hangzhou	Canal Commercial District (運河商務區)	886,000	613,000	886,000	70%
Hangzhou	Hang Yimian (杭一棉)	192,000	140,000	192,000	70%
Subtotal		**2,728,000**	**2,025,000**	**2,728,000**	
Total		**14,633,000**	**11,761,000**	**11,954,000**	

* Excluding block C which has been classified as investment property

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

Property Investment

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

Employees and Remuneration Policy

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

The unaudited consolidated results of the Group for the six months ended 30 June 2009 are as follows:

Condensed Consolidated Interim Balance Sheet

	As at 30 June 2009 *RMB'000* *(Unaudited)*	**As at 31 December 2008** *RMB'000* *(Audited)*
ASSETS		
Non-current assets		
Property, plant and equipment	326,134	304,989
Land use rights	36,543	36,958
Investment properties	3,349,000	1,984,000
Goodwill	700,549	734,569
Interest in a jointly controlled entity	150,166	—
Interests in associates	311,875	310,796
Available-for-sale financial assets	430,808	426,715
Derivative financial instrument	8,335	8,338
Trade and other receivables	244,189	250,731
Deferred income tax assets	131,023	111,777
	5,688,622	4,168,873
Current assets		
Properties under development	20,571,658	18,443,878
Land under development	1,390,426	1,839,557
Inventories, others at cost	65,736	80,217
Deposits for land use rights	4,495,457	4,066,559
Trade and other receivables	2,565,825	1,589,327
Completed properties held for sale	3,152,240	4,242,538
Restricted bank deposits	1,151,260	810,006
Cash and cash equivalents	11,340,679	8,026,677
	44,733,281	39,098,759
Total assets	50,421,903	43,267,632

	As at 30 June 2009 *RMB'000* *(Unaudited)*	As at 31 December 2008 *RMB'000* *(Audited)*
EQUITY		
Equity attributable to equity holders of the Company		
Share capital and premium	14,992,806	14,186,122
Reserves	(537,925)	(226,789)
Retained earnings		
– proposed dividends	165,734	288,373
– others	2,909,186	2,405,221
	17,529,801	16,652,927
Minority interests	597,942	1,130,182
Total equity	18,127,743	17,783,109
LIABILITIES		
Non-current liabilities		
Borrowings	13,447,918	8,778,770
Deferred income tax liabilities	914,585	790,038
	14,362,503	9,568,808
Current liabilities		
Borrowings	5,030,938	5,964,807
Derivative financial instrument	1,458	1,458
Trade and other payables	4,681,089	5,010,158
Advances from customers	7,335,718	3,749,274
Current income tax liabilities	882,454	1,190,018
	17,931,657	15,915,715
Total liabilities	32,294,160	25,484,523
Total equity and liabilities	50,421,903	43,267,632
Net current assets	26,801,624	23,183,044
Total assets less current liabilities	32,490,246	27,351,917

Condensed Consolidated Interim Income Statement

		Unaudited Six months ended 30 June	
		2009	**2008**
	Note	*RMB'000*	*RMB'000*
Revenue	4	3,488,275	3,246,973
Cost of sales	5	(2,487,852)	(1,834,866)
Gross profit		1,000,423	1,412,107
Other income		70,875	115,477
Other gains - net		9,037	96,297
Fair value gain on investment properties		398,180	—
Selling and marketing costs	5	(136,857)	(103,917)
Administrative expenses	5	(97,961)	(198,087)
Operating profit		1,243,697	1,321,877
Fair value gain on convertible bonds		—	72,586
Finance costs	6	(84,560)	(60,248)
Share of loss of a jointly controlled entity		(24,834)	(54)
Share of losses of associates		(1,303)	(832)
Profit before income tax		1,133,000	1,333,329
Income tax expense	7	(403,533)	(750,420)
Profit for the period		729,467	582,909
Attributable to:			
Equity holders of the Company		669,634	541,769
Minority interests		59,833	41,140
		729,467	582,909
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB)			
– basic	8	0.14	0.12
– diluted	8	0.14	0.12
Interim dividends	9	165,734	117,984

Condensed Consolidated Interim Statement of Comprehensive Income

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

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

1. General information

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

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

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

2 Basis of preparation

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

3 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.

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

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

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

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

HKAS 1 (revised), "Presentation of financial statements".

HKAS 23 (Amendment) and "Borrowing costs", HKAS 23 (Revised), "Borrowing costs".

HKFRS 2 (Amendment), "Share-based payment".

Amendment to HKFRS 7, "Financial instruments: disclosures".

HKFRS 8, "Operating segments".

HK(IFRIC) - Int 15, "Agreements for construction of real estates" (superseded HK Int-3, "Revenue - Pre-completion contracts for the sale of development properties".) HK(IFRIC) - Int 15 clarifies whether HKAS 18, "Revenue" or IAS 11, "Construction contracts" .

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

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

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

HK(IFRIC) 13, "Customer loyalty programmes"

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

4 Segment information

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

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

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

6 Finance Costs

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

7 Income tax expense

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

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

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

8 Earnings per share

(a) Basic

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

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

(b) Diluted

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

9 Dividends

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

10 Event after balance sheet date

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

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

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

Review of Interim Results

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

Audit Committee

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

Code on Corporate Governance Practices

In the opinion of the Board, the Company has complied with the provisions of the Code on Corporate Governance Practices (the "CG code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2009, except for the deviation from the CG Code Provision A.4.1 with the explanation as below:

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

Model Code for Securities Transactions by Directors of Listed Companies

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

INTERIM DIVIDEND AND BOOK CLOSURE

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

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 2009 will be despatched to shareholders on or before 18 September 2009 and will be available on the Company's and the Stock Exchange's websites in due course.

APPRECIATION

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

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

Hong Kong, 1 September 2009

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