瑞安房地產
SHUI ON LAND

Shui On Land Limited
瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 272)

Announcement of 2010 Interim Results

HIGHLIGHTS

- Turnover increased by 134% to RMB3,121 million.
- Property sales rose by 175% to RMB2,778 million.
- Rental and related income from investment properties increased by 7% to RMB326 million. Leasable GFA rose to 355,000 sq.m..
- Gross profit margin up by 12 percentage points to 41%.
- With the acceleration of construction and increase in fair market value of investment properties, the Group has recorded a fair value gain from revaluation of investment properties of RMB1,461 million.
- Profit attributable to shareholders increased by 117% to RMB1,557 million.
- Basic earnings per share grew by 94% to RMB0.31.
- Declared interim dividend of HK$0.06 per share.
- Total equity increased to RMB23.8 billion.
- Net gearing ratio of the Group remained at a healthy level of 32% as of 30 June 2010.
- The Group's properties available for sale in the second half of 2010 will be 334,600 sq.m..

The Board of Directors (the "Board") of Shui On Land Limited (the "Company" or "Shui On Land") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2010 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	**Six months ended 30 June 2010 (Unaudited)**		Six months ended 30 June 2009 (Unaudited)	
		HK$'million *(Note 2)*	**RMB'million**	HK$'million *(Note 2)*	RMB'million
Turnover	*4*	**3,558**	**3,121**	1,509	1,335
Cost of sales		**(2,108)**	**(1,849)**	(1,068)	(945)
Gross profit		**1,450**	**1,272**	441	390
Other income		**99**	**87**	121	107
Selling and marketing expenses		**(68)**	**(60)**	(44)	(39)
General and administrative expenses		**(314)**	**(275)**	(295)	(261)
Operating profit	*5*	**1,167**	**1,024**	223	197
Increase in fair value of investment properties		**1,666**	**1,461**	225	199
Gain on disposal of investment properties		**26**	**23**	-	-
Share of results of associates		**78**	**68**	449	398
Finance costs, net of exchange gain	*6*	**(41)**	**(36)**	(68)	(60)
Profit before taxation		**2,896**	**2,540**	829	734
Taxation	*7*	**(949)**	**(832)**	(88)	(78)
Profit for the period		**1,947**	**1,708**	741	656
Attributable to:					
Shareholders of the Company		**1,775**	**1,557**	811	718
Non-controlling interests		**172**	**151**	(70)	(62)
		1,947	**1,708**	741	656
Earnings per share	*9*				
Basic		**HK$0.35**	**RMB0.31**	HK$0.18	RMB0.16
Diluted		**HK$0.35**	**RMB0.31**	HK$0.17	RMB0.15

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2010 (Unaudited)		Six months ended 30 June 2009 (Unaudited)	
	HK$'million *(Note 2)*	**RMB'million**	HK$'million *(Note 2)*	RMB'million
Profit for the period	**1,947**	**1,708**	741	656
Other comprehensive income (expense)				
Exchange difference arising on translation of foreign operations	**1**	**1**	(11)	(10)
Fair value adjustments on interest rate swaps designated in cash flow hedges	**(45)**	**(39)**	68	60
Other comprehensive (expense) income for the period	**(44)**	**(38)**	57	50
Total comprehensive income for the period	**1,903**	**1,670**	798	706
Total comprehensive income (expense) attributable to:				
Shareholders of the Company	**1,731**	**1,519**	868	768
Non-controlling interests	**172**	**151**	(70)	(62)
	1,903	**1,670**	798	706

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2010 RMB'million (Unaudited)**	31 December 2009 RMB'million (Audited)
Non-current assets			
Investment properties		**23,676**	21,206
Property, plant and equipment		**335**	356
Prepaid lease payments		**42**	43
Interests in associates		**930**	862
Loans to associates		**1,281**	1,273
Accounts receivable	*10*	**33**	59
Pledged bank deposits		**1,164**	1,222
Deferred tax assets		**187**	139
		27,648	25,160
Current assets			
Properties under development for sale		**11,815**	11,532
Properties held for sale		**769**	627
Accounts receivable, deposits and prepayments	*10*	**1,586**	933
Loans receivable		**485**	378
Amounts due from associates		**299**	147
Amounts due from related parties		**199**	73
Amounts due from non-controlling shareholders of subsidiaries		**38**	17
Pledged bank deposits		**850**	797
Bank balances and cash		**2,915**	2,928
		18,956	17,432
Current liabilities			
Accounts payable, deposits received and accrued charges	*11*	**3,181**	4,305
Amounts due to related parties		**118**	69
Amounts due to associates		**37**	45
Amounts due to non-controlling shareholders of subsidiaries		**214**	475
Loan from a non-controlling shareholder of a subsidiary		**300**	442
Dividend payable		**530**	-
Tax liabilities		**1,347**	1,404
Bank borrowings – due within one year		**1,474**	2,098
		7,201	8,838
Net current assets		**11,755**	8,594
Total assets less current liabilities		**39,403**	33,754

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	**30 June 2010 RMB'million (Unaudited)**	31 December 2009 RMB'million (Audited)
Capital and reserves			
Share capital	*12*	**99**	99
Reserves		**22,507**	21,480
Equity attributable to shareholders of the Company		**22,606**	21,579
Non-controlling interests		**1,158**	995
Total equity		**23,764**	22,574
Non-current liabilities			
Bank borrowings – due after one year		**10,999**	8,105
Derivative financial instruments designated as hedging instruments		**250**	211
Loans from non-controlling shareholders of subsidiaries		**1,669**	670
Deferred tax liabilities		**2,719**	2,192
Defined benefit liabilities		**2**	2
		15,639	11,180
Total equity and non-current liabilities		**39,403**	33,754

Notes to the condensed consolidated financial statements:

1. General

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board (the "IASB").

2. Presentation

The Hong Kong dollar figures presented in the condensed consolidated income statement and condensed consolidated statement of comprehensive income are shown for reference only and have been arrived at based on the exchange rate of RMB1.00 to HK$1.14 for six months ended 30 June 2010 and RMB1.00 to HK$1.13 for six months ended 30 June 2009, being the average exchange rates that prevailed during the respective periods.

3. Application of new and revised International Financial Reporting Standards

In the current interim period, the Group has applied, for the first time, the following International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS") and Interpretations ("IFRIC") (hereinafter collectively referred to as "new and revised IFRSs") issued by the IASB, which are effective for the Group's financial year beginning 1 January 2010.

IFRSs (Amendments)	Amendment to IFRS 5 as part of Improvements to IFRSs issued in 2008
IFRSs (Amendments)	Improvements to IFRSs issued in 2009
IAS 27 (Revised)	Consolidated and Separate Financial Statements
IAS 39 (Amendment)	Eligible Hedged Items
IFRS 1(Amendment)	Additional Exemptions for First-time Adopters
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
IFRS 3 (Revised)	Business Combinations
IFRIC 17	Distributions of Non-cash Assets to Owners

The Group applies IFRS 3 (Revised) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in IAS 27 (Revised) "Consolidated and Separate Financial Statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which IFRS 3 (Revised) and IAS 27 (Revised) are applicable, the application of IFRS 3 (Revised) and IAS 27 (Revised) has had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which IFRS 3 (Revised), IAS 27 (Revised) and the consequential amendments to the other IFRSs are applicable.

The application of the other new and revised IFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

3. Application of new and revised International Financial Reporting Standards (Continued)

The Group has not early applied the following new and revised IFRSs, IASs and IFRICs that have been issued by the IASB but are not yet effective:

IFRSs (Amendments)	Improvement to IFRSs 2010[1]
IAS 24 (Revised)	Related Party Disclosures[4]
IAS 32 (Amendment)	Classification of Rights Issues[2]
IFRS 1 (Amendment)	Limited Exemption from Comparative IFRS 7 Disclosure for First-time Adopters[3]
IFRS 9	Financial Instruments[5]
IFRIC 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments[3]

[1] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
[2] Effective for annual periods beginning on or after 1 February 2010
[3] Effective for annual periods beginning on or after 1 July 2010
[4] Effective for annual periods beginning on or after 1 January 2011
[5] Effective for annual periods beginning on or after 1 January 2013

IFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of IFRS 9 might affect the classification and measurement of the Group's financial assets.

The Directors of the Company anticipate that the application of the other new and revised IFRSs, IASs and IFRICs will have no material impact on the results and the financial position of the Group.

4. Turnover and segmental information

An analysis of the Group’s turnover for the period is as follows:

	Six months ended 30 June	
	2010	2009
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Property development:		
Property sales	**2,778**	1,010
Property investment:		
Rental income from investment properties	**269**	260
Income from serviced apartments	**12**	9
Property management fees	**16**	13
Rental related income	**29**	23
	326	305
Others	**17**	20
	3,121	1,335

4. Turnover and segmental information (Continued)

For management purposes, the Group's business activities are broadly categorised into the following two major reportable segments - property development and property investment.

Principal activities of the two major reportable segments are as follows:

Property development	-	development and sale of properties
Property investment	-	property letting, property management and operations of serviced apartments

	Six months ended 30 June 2010 (Unaudited)			
	Property development RMB'million	**Property investment RMB'million**	**Others RMB'million**	**Consolidated RMB'million**
TURNOVER				
Segment revenue	**2,778**	**326**	**17**	**3,121**
RESULTS				
Segment results	**898**	**1,698**	**10**	**2,606**
Interest income				**69**
Share of results of associates				**68**
Finance costs, net of exchange gain				**(36)**
Net unallocated expenses				**(167)**
Profit before taxation				**2,540**
Taxation				**(832)**
Profit for the period				**1,708**

	Six months ended 30 June 2009 (Unaudited)			
	Property development RMB'million	Property investment RMB'million	Others RMB'million	Consolidated RMB'million
TURNOVER				
Segment revenue	1,010	305	20	1,335
RESULTS				
Segment results	18	439	11	468
Interest income				107
Share of results of associates				398
Finance costs, net of exchange gain				(60)
Net unallocated expenses				(179)
Profit before taxation				734
Taxation				(78)
Profit for the period				656

5. Operating profit

	Six months ended 30 June	
	2010	2009
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Operating profit has been arrived at after charging (crediting):		
Allowance for bad and doubtful debts	**4**	-
Depreciation of property, plant and equipment	**29**	25
Less: Amount capitalised to properties under development	**-**	(1)
	29	24
Release of prepaid lease payments	**1**	1
Employee benefits expenses		
Directors' emoluments		
Fees	**1**	1
Salaries, bonuses and allowances	**19**	8
Share-based payment expenses	**1**	2
	21	11
Other staff costs		
Salaries, bonuses and allowances	**174**	138
Retirement benefits costs	**12**	13
Share-based payment expenses	**16**	28
	202	179
Total employee benefits expenses	**223**	190
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	**(51)**	(43)
	172	147
Cost of properties sold recognised as an expense	**1,761**	886
Rental charges under operating leases	**19**	23
Interest income	**(69)**	(107)

6. Finance costs, net of exchange gain

	Six months ended 30 June	
	2010	2009
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Interest on bank loans and overdrafts wholly repayable within five years	**248**	198
Interest on amounts due to non-controlling shareholders of subsidiaries wholly repayable within five years	**4**	25
Interest on loans from non-controlling shareholders of subsidiaries wholly repayable within five years	**64**	30
Imputed interest on loan from a non-controlling shareholder of a subsidiary wholly repayable within five years	**-**	1
Interest on loan from a director wholly repayable within five years	**-**	23
Add: Net interest expense from interest rate swaps designated as cash flow hedge	**66**	53
Total interest costs	**382**	330
Less: Amount capitalised to investment properties under construction or development and properties under development for sale	**(356)**	(311)
	26	19
Net exchange gain on bank borrowings and other financing activities	**(48)**	(12)
Other finance costs	**58**	53
	36	60

Borrowing costs capitalised during the six months ended 30 June 2010 arose on the general borrowing pool of the Group and were calculated by applying a capitalisation rate of approximately 6.6% (six months ended 30 June 2009: approximately 5.5%) per annum to expenditure on the qualifying assets.

7. Taxation

	Six months ended 30 June	
	2010	2009
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
People’s Republic of China ("PRC") Enterprise Income Tax	**152**	73
Deferred taxation	**480**	(23)
PRC Land Appreciation Tax	**200**	28
	832	78

No provision for Hong Kong Profits Tax has been made as the income of the Group neither arises in, nor is derived from, Hong Kong.

PRC Enterprise Income Tax has been provided at the applicable income tax rate of 25% (six months ended 30 June 2009: 25%) on the assessable profits of the companies in the Group during the period.

The provision of Land Appreciation Tax is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. Land Appreciation Tax has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions including land costs, borrowing costs and the relevant property development expenditures.

8. Dividends

	Six months ended 30 June	
	2010	2009
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
2009 Final dividend approved (2009: 2008 final dividend paid)	**530**	37
Interim dividend declared in respect of 2010 of HK$0.06 per share (2009: HK$0.01 per share)	**270**	44

The Board has declared the payment of HK$0.06 (equivalent to RMB0.053) (2009: HK$0.01 (equivalent to RMB0.0088)) per share as the interim dividend in respect of 2010. Subject to the approval of The Stock Exchange of Hong Kong Limited, the 2010 interim dividend will be payable in the form of cash and/or shares of the Company as shareholders will be given the option to elect to receive their interim dividend in new, fully paid shares in lieu of all or part of cash.

In May 2010, a final dividend in respect of 2009 of HK$0.12 (equivalent to RMB0.11) per share was approved by the shareholders of the Company at the annual general meeting. The 2009 final dividend was paid in July 2010 in the form of cash and/or shares of the Company as shareholders were given the option to elect to receive their final dividend in new, fully paid shares in lieu of all or part of cash.

In June 2009, a final dividend in respect of 2008 of HK$0.01 (equivalent to RMB0.0088) per share was paid to the shareholders of the Company. In addition, a bonus issue of shares, which represented a total of 418,559,717 ordinary shares, was issued to the shareholders of the Company on the basis of one bonus share for every ten ordinary shares then held. The bonus shares ranked pari passu with the existing ordinary shares in all respects.

9. Earnings per share

The calculation of the basic and diluted earnings per share attributable to shareholders of the Company is based on the following data:

	Six months ended 30 June	
	2010	2009
	RMB'million	RMB'million
Earnings	**(Unaudited)**	(Unaudited)
Earnings for the purposes of basic earnings per share and diluted earnings per share, being profit for the period attributable to shareholders of the Company	**1,557**	718

	Six months ended 30 June	
	2010	2009
	'million	'million
Number of shares	**(Unaudited)**	(Unaudited)
Weighted average number of ordinary shares for the purposes of basic earnings per share	**5,023**	4,620
Effect of dilutive potential shares: Share options issued by the Company *(note a)*	**-**	44
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**5,023**	4,664

9. Earnings per share (Continued)

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
Basic earnings per share *(note b)*	**RMB0.31**	RMB0.16
	HK$0.35	HK$0.18
Diluted earnings per share *(note b)*	**RMB0.31**	RMB0.15
	HK$0.35	HK$0.17

Notes:

(a) There were no dilution effects for share options granted as the exercise prices of these share options granted were higher than the average market price for the period (six months ended 30 June 2009: Other than the share options granted on 3 November 2008, there were no dilution effects for other share options granted as the exercise prices of these share options granted were higher than the average market price for the period).

(b) The Hong Kong dollar figures presented above are shown for reference only and have been arrived at based on the exchange rate of RMB1.00 to HK$1.14 for six months ended 30 June 2010 and RMB1.00 to HK$1.13 for six months ended 30 June 2009, being the average exchange rates that prevailed during the respective periods.

10. Accounts receivable, deposits and prepayments

	30 June 2010 RMB'million (Unaudited)	31 December 2009 RMB'million (Audited)
Non-current accounts receivable comprise of:		
Deferred rental receivables	**33**	59

Current accounts receivable comprise:

Trade receivables (net of allowance for bad and doubtful debts) with aging analysis:

	30 June 2010 RMB'million (Unaudited)	31 December 2009 RMB'million (Audited)
Not yet due	**48**	172
Within 30 days	**10**	5
31 - 60 days	**3**	3
61 - 90 days	**2**	2
Over 90 days	**8**	4
	71	186
Prepayments of relocation costs (Note)	**934**	483
Deposit for land acquisition	**331**	-
Other deposits, prepayments and receivables	**250**	264
	1,586	933

Trade receivables comprise:

(i) receivables arising from sales of properties which are due for settlement in accordance with the terms of the relevant sale and purchase agreements; and

(ii) rental receivables which are due for settlement upon issuance of monthly debit notes to the tenants.

Note: The balance represents the amounts that will be capitalised to properties under development for sale in accordance with the Group's normal operating cycle, and not expected to be realised within twelve months from the end of the reporting period.

11. Accounts payable, deposits received and accrued charges

	30 June 2010 RMB'million (Unaudited)	31 December 2009 RMB'million (Audited)
Trade payables with aging analysis:		
Not yet due	**1,245**	1,138
Within 30 days	**24**	5
31 - 60 days	**2**	6
61 - 90 days	**1**	2
Over 90 days	**4**	-
	1,276	1,151
Retention payables (note)	**155**	128
Deed tax, business tax and other tax payables	**402**	442
Deposits received and receipt in advance from property sales	**974**	2,235
Deposits received and receipt in advance in respect of rental of investment properties	**212**	174
Accrued charges	**162**	175
	3,181	4,305

Note: Retention payables are expected to be paid upon the expiry of the retention periods according to the respective contracts.

12. Share Capital

	Authorised		Issued and fully paid	
Ordinary shares of US$0.0025 each	Number of shares	US$'000	Number of shares	US$'000
At 1 January 2009	12,000,000,000	30,000	4,185,597,171	10,464
Issue of bonus shares (note 8)	-	-	418,559,717	1,046
Issue of new shares	-	-	418,500,000	1,046
At 30 June 2009, 1 January 2010 and 30 June 2010	**12,000,000,000**	**30,000**	**5,022,656,888**	**12,556**

	30 June 2010 RMB'million	31 December 2009 RMB'million
Shown in the condensed consolidated statement of financial position as	**99**	99

In June 2009, 418,500,000 new ordinary shares were issued to independent third parties at the price of HK$4.87 per share. The gross proceeds from the new issue were approximately HK$2,038 million (equivalent to RMB1,797 million). The new ordinary shares rank pari passu with the existing ordinary shares in all respects.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 June 2010, the Group's turnover increased by 134% to RMB3,121 million, (2009: RMB1,335 million). Property sales accounted for approximately 89% of turnover, and the remaining 11% was attributed to rental and other related income.

The Group's property sales were RMB2,778 million for the six months ended 30 June 2010 (2009: RMB1,010 million), with a total gross floor area ("GFA") of 135,800 sq.m. delivered. Recognised average selling price ("ASP") increased by 108% to RMB21,200 per sq.m. for the first half of 2010 (2009: RMB10,200 per sq.m.) due to the change in the type of products being delivered and higher ASPs achieved in all projects compared to the corresponding period last year.

Rental and other related income from the investment property portfolio also grew by 7% to RMB326 million for the six months ended 30 June 2010 (2009: RMB305 million) mainly generated from the investment properties completed prior to 2010 of 302,000 sq.m.. In addition, with the completion of a total of 53,000 sq.m. of commercial properties in the first half of 2010, it is expected that more rental income will be contributed to the Group going forward.

Gross profit margin increased by 12 percentage points to 41% for the six months ended 30 June 2010 (2009: 29%)

With the acceleration of construction and increase in fair market value of investment properties, the Group recorded a gain from revaluation of investment properties of RMB1,461 million for the six months ended 30 June 2010. In addition, the Group sold 7,800 sq.m. of investment properties for a net consideration of RMB185 million which brought a gain on disposal of investment properties of RMB23 million for the six months ended 30 June 2010.

Profit attributable to shareholders of the Company for the six months ended 30 June 2010 increased by 117% to RMB1,557 million (2009: RMB718 million).

Property Sales

Recognised sales – Increased by 175% to RMB2,778 million

Revenue from property sales for the six months ended 30 June 2010 increased by 175% to RMB2,778 million (2009: RMB1,010 million).

The table below summarises the recognised sales by projects for the six months ended 30 June 2010 and 2009:

Project	Six months ended 30 June 2010			Six months ended 30 June 2009			ASP growth rate
	Sales revenue	GFA sold	ASP	Sales revenue	GFA sold	ASP	
	RMB'million	sq.m.	RMB per sq.m.	RMB'million	sq.m.	RMB per sq.m.	
Shanghai Taipingqiao	**324**	**3,900**	**87,400**	-	-	-	-
Shanghai Rui Hong Xin Cheng	**821**	**31,200**	**27,700**	-	-	-	-
Shanghai Knowledge Innovation Community ("KIC")	**717**	**30,700**	**24,600**	261	14,000	19,600	26%
Wuhan Tiandi	**759**	**55,700**	**14,300**	447	32,800	14,300	-
Chongqing Tiandi	**112**	**14,300**	**10,300**[1]	279	55,300	6,600[1]	56%
Subtotal	**2,733**	**135,800**	**21,200**	987	102,100	10,200	108%
Car parks and others	**45**	**-**		23	-		
Total	**2,778**	**135,800**		1,010	102,100		

[1] *ASP of Chongqing is based on net floor area, a common market practice in the region.*

Contracted Sales – ASP continues riding on a growing trend

Sales remained promising in the cities where our development projects are located. With more amenities in place and the scarce supply of high-end residential properties in the vicinity of the Group's city core developments, ASP continued to ride on a growing trend. However, as most of the properties on hand were sold during a strong rebound in the property market in 2009, the Group had fewer units available for sale in the first half of 2010. Accordingly, contracted sales for the six months ended 2010 declined by 27% to RMB1,472 million (2009: RMB2,021 million) for a total GFA of 102,100 sq.m. (2009: 122,400 sq.m.). The Group has carried forward RMB1,136 million of contracted sales to be booked in the second half of 2010 and beyond.

The table below summarises the analysis of the contracted sales by projects for the six months ended 30 June 2010 and 2009:

	Six months ended 30 June 2010			Six months ended 30 June 2009			
Project	**Contracted sales**	**GFA sold**	**ASP**	**Contracted sales**	**GFA sold**	**ASP**	**ASP Growth Rate**
	RMB'million	sq.m.	RMB per sq.m.	RMB'million	sq.m.	RMB per sq.m.	
Shanghai Taipingqiao	**204**	**1,900**	**113,000**	1,119	17,800	66,200	71%
Shanghai Rui Hong Xin Cheng	**9**	**300**	**31,600**	-	-	-	-
Shanghai KIC	**193**	**8,200**	**24,800**	131	6,700	20,600	20%
Wuhan Tiandi	**485**	**27,200**	**18,800**	437	36,800	12,500	50%
Chongqing Tiandi	**546**	**64,500**	**11,100**[1]	310	61,100	6,600[1]	68%
Subtotal	**1,437**	**102,100**	**14,800**	1,997	122,400	17,200	
Car parks and others	**35**	**-**		24	-		
Total	**1,472**	**102,100**		2,021	122,400		
Properties held for sale	**1,287**	**94,300**		2,021	122,400		
Investment properties	**185**	**7,800**		-	-		
Total	**1,472**	**102,100**		2,021	122,400		

[1] *ASP of Chongqing is based on net floor area, a common market practice in the region.*

ASPs increased across the Group's projects as shown in the above table. This growth was driven by the scare supply of luxurious residential properties in city core areas and mixed-use developments. For the Wuhan and Chongqing projects, the increases are also attributed to the increasing maturity and advanced development of the Group's mixed used projects located in these cities. With more facilities and infrastructure in place and faster growth in the economy in these cities, we are expecting gradual increase on gross profit margin as those sites were virtually cleared with land costs fixed in public auctions years ago.

The following sections provide sales performance and price analysis for each project in the first half of 2010.

Shanghai Taipingqiao
A total GFA of 1,900 sq.m. at Casa Lakeville (Phase 3 of luxury residences at Shanghai Taipingqiao) was sold during the first half of 2010, with ASP recorded at RMB113,000 per sq.m.. Larger apartments (from 250 to 450 sq.m.) with Xintiandi and lake views in the higher zone reached RMB155,000 per sq.m..

Shanghai KIC
In the first half of 2010, KIC sold 5,800 sq.m. of office space at RMB20,000 per sq.m and 2,000 sq.m. of retail space in the range of RMB35,000 per sq.m. to RMB45,000 per sq.m.. The net consideration was RMB185 million, which brought a gain on disposal of RMB23 million for the six months ended 30 June 2010. Together with the gain from revaluation that has been recognised in the previous years, the total realised gain was RMB85 million.

Wuhan Tiandi
The launch of the residential apartments of Phase 2 (Lot A6) of The Riverview in January was well received. The ASP rose by 50% to RMB18,800 per sq.m.. Selling price of some high-rise apartments with river views reached RMB30,000 per sq.m.. The selling price of residential apartments in Wuhan Tiandi continues to be one of the highest in the city. Contracted sales of Wuhan Tiandi increased to RMB485 million for the six months ended 30 June 2010, which was 11% higher than the RMB437 million recorded in the first half of 2009.

Chongqing Tiandi
A total GFA of 64,500 sq.m. was sold in the first half of 2010 for RMB546 million, increased by 76% from RMB310 million in the corresponding period in 2009.

The launches of the main road and garden view apartments in Phase 2 were successful. The first batch of Phase 2 (Towers 1 to 5) was launched in late 2009 and early 2010, with ASP rebounding to RMB10,100 per sq.m., a 53% increase compared to the corresponding period in 2009. Riding on strong demand, the second batch of Phase 2 (Towers 6 and 11) was launched in May 2010, with ASP further edging up by 18% to RMB11,900 per sq.m. Subsequent to the end of the reporting period, Phase 2 (Tower 12) was launched for sale on 25 July, with ASP further rising by another 6% to RMB12,600 per sq.m.. 66% of the launched units was subscribed for sale on the first day of launch.

The remaining panoramic river view apartments in Phase 1 of The Riviera were sold at a record ASP of RMB16,100 per sq.m. in the first half of 2010.

The strong ASPs achieved in the above launches were attributed to the soft-opening of restaurants, entertainment facilities and man-made lakes; opening of a main road reconnecting the project to the business area in Jie Fang Bei of Yuzhong District; the commencement of construction works on two prestigious educational facilities; and a series of branding and promotional activities being organised in Chongqing Tiandi.

<u>Properties available for sale and pre-sale in the second half of 2010</u>

The table below summaries the Group's properties available for sale and pre-sale in the second half of 2010:

Project	Available for sale and pre-sale in the second half of 2010	**Group's interest**
	GFA in sq.m.	
Shanghai Taipingqiao	8,800	99.0%
Shanghai Rui Hong Xin Cheng	30,500	74.3%
Wuhan Tiandi	11,400	75.0%
Chongqing Tiandi	121,900	79.4%
Foshan Lingnan Tiandi	55,000	100.0%
Dalian Tiandi	107,000	48.0%
Total	334,600	

Shanghai Taipingqiao
"The Manor", Towers 3-8 of Casa Lakeville (Lot 113), comprises of 18 apartments, including duplex and penthouse with garden. The four-storey towers, which are based on a "villa in an apartment" concept, have unit size ranging from 360 to 700 sq.m. and are scheduled to be launched for sale in the second half of the year. Show flats will be available in September. Customers will be given the option to customise and upgrade internal finishing.

Shanghai Rui Hong Xin Cheng
Phase 3 (Lot 4) will be developed into high-rise residential apartments with a GFA of 62,000 sq.m. together with 12,000 sq.m. of retail area. It is currently under construction. There will be a total of 636 units with size from 85 to 140 sq.m.. The first batch is planned to be launched for pre-sale in the fourth quarter of 2010.

Wuhan Tiandi
Phase 3 of The Riverview (Lots A11 and A12) is being marketed as ultra-luxurious residences along the water front of the Yangtze River. There will be a total GFA of 50,000 sq.m. or 152 units of high-rise apartments and 29 units of low-rise apartments with unit size from 160 to 540 sq.m.. The first batch is scheduled to be launched in late 2010.

Chongqing Tiandi
Towers 7, 8, 10 and 12 of The Riviera Phase 2 (Lot B2-1/01) are scheduled for launch in the second half of the year. There will be a total GFA of 66,400 sq.m. or 566 units of high-rise apartments with unit size from 63 to 147 sq.m.. Towers 4 and 5 of The Riviera Phase 3 (Lot B19) are also scheduled to be launched in late 2010. There will be a total of 33,000 sq.m. or 338 units of high-rise apartments with unit size from 66 to 221 sq.m..

Foshan Lingnan Tiandi
Phase 1 of the Regency (Lot 4) and the Legendary (Lot 14) is scheduled for launch in the second half of 2010. 246 units of low-rise residential apartments in Lot 4 with unit size from 110 to 230 sq.m. will be launched in the third quarter of 2010 and the 38 townhouse units in Lot 14 with unit size from 300 to 700 sq.m. will ensue subsequently. The show-flats were opened in August.

Dalian Tiandi
Phase 1 of the Greenville (Lot E06) is scheduled for launch in the third quarter of 2010. It comprises of 600 units of residential apartments and 192 units of various types of villas including detached houses, semi-detached houses and terraced houses. Total GFA available for sale will be 107,000 sq.m.. The sales centre was opened in June.

Investment Properties

Property investment remains an important strategy to create value for the Group, providing recurring and growing rental income streams while capturing long term asset appreciation.

Rental and other related income from the investment property portfolio grew by 7% to RMB326 million for the six months ended 30 June 2010 (2009: RMB305 million). As of 30 June 2010, the fair market value of the Group's completed investment properties was RMB9,749 million, 94% of which was from the Shanghai region.

With the acceleration of construction and increase in fair market value of investment properties, the Group has recorded a fair value gain of RMB1,461 million for the six months ended 30 June 2010. Together with the development costs incurred, the carrying value of the entire investment property portfolio increased by 12% to RMB23,676 million as of 30 June 2010.

During the six months ended 30 June 2010, 50,000 sq.m. of office space and 3,000 sq.m. of retail space were completed and added into the investment property portfolio.

As of 30 June 2010, our investment property portfolio increased to 355,000 sq.m. of GFA, of which approximately 49% was for office use, 49% retail and 2% serviced apartment. Geographically, 73% was located in Shanghai with the rest in Hangzhou, Wuhan, Chongqing and Dalian.

The table below summarises the portfolio of completed investment properties together with their respective occupancy rate:

	Leasable GFA (sq.m.)				Occupancy rate			
Project	**Office**	**Retail**	**Serviced apartment**	**Total**	**30 June 2010**	**31 December 2009**	**31 December 2008**	**Group's interest**
Completed before Year 2010								
Shanghai Taipingqiao								
Shanghai Xintiandi	5,000	47,000	5,000	57,000	96%	100%	99%	97.0%
Shanghai Corporate Avenue	76,000	7,000	-	83,000	99%	96%	99%	99.0%
Shanghai Rui Hong Xin Cheng								
Phase 1 Commercial Complex	-	5,000	-	5,000	100%	100%	55%	75.0%
Phase 2 Commercial Complex	-	28,000	-	28,000	99%	100%	99%	74.3%
Shanghai KIC								
Village R1 and R2	15,000	10,000	-	25,000	38%	37%	59%	86.8%[1]
KIC Plaza Phase 1	29,000	21,000	-	50,000	86%	83%	82%	86.8%[1]
Hangzhou Xihu Tiandi								
Phase 1	-	6,000	-	6,000	100%	100%	100%	100.0%
Wuhan Tiandi, Commercial								
Lot A4-1	-	16,000	-	16,000	94%	92%	89%	75.0%
Lots A4-2 and A4-3	-	30,000	-	30,000	75%	60%	N/A	75.0%
Chongqing Tiandi, The Riviera								
Phase 1 (Lot B1-1/01)	-	2,000	-	2,000	100%	16%	N/A	79.4%
	125,000	**172,000**	**5,000**	**302,000**				
Completed in the first half of 2010								
Shanghai Rui Hong Xin Cheng								
Phase 3 Lot 8 Commercial	-	2,000	-	2,000				74.3%
Shanghai KIC								
KIC Village R2 (Lot 7-7)	8,000	1,000	-	9,000				86.8%[1]
Dalian Tiandi								
Phase 1 of Software Offices (Lot D22)	42,000	-	-	42,000				48.0%
	50,000	**3,000**	**-**	**53,000**				
Total leasable GFA								
As of 30 June 2010	**175,000**	**175,000**	**5,000**	**355,000**				
As of 31 December 2009	131,000	174,000	5,000	310,000				

1 *An agreement was concluded to increase the Group's equity interest from 70.0% to 86.8%, subject to completion of capital injection.*

Leasing performance

As of 30 June 2010, Shanghai Taipingqiao, Shanghai Rui Hong Xin Cheng and Hangzhou Xihu Tiandi continue to enjoy virtually full occupancy. Occupancy rate of Shanghai KIC, however, was diluted due to the completion of KIC Village R2. Occupancy rates of Phase 1 of Wuhan Tiandi reached 94% while Phase 2 and Phase 3 improved to 75%. Various key tenants of the software offices (Lot D22) in Dalian Tiandi signed tenancy agreements in July 2010 while IBM has already moved in.

A total GFA of 133,000 sq.m. of investment properties is scheduled to be delivered in the second half of 2010. The Group's investment property portfolio is expected to reach 488,000 sq.m. by 31 December 2010. The delivery plan is as follows:

	Leasable GFA (sq.m.)			
Project	**Office**	**Retail**	**Serviced apartment**	**Total**
Leasable GFA as of 30 June 2010	**175,000**	**175,000**	**5,000**	**355,000**
Delivery plan in the second half of 2010				
Shanghai Taipingqiao				
Xintiandi Style (Lot 113)	-	29,000	-	29,000
Shanghai KIC				
KIC Plaza Phase 2	43,000	7,000	-	50,000
Chongqing Tiandi				
Chongqing Tiandi (Lot B3/01) Commercial	-	52,000	-	52,000
The Riviera Phase 2 (Lot B2-1/01) Street front shops	-	2,000	-	2,000
Total	43,000	90,000	-	133,000
Expected total leasable GFA as of 31 December 2010	**218,000**	**265,000**	**5,000**	**488,000**

The following shows the pre-leasing status of the investment properties to be completed in the second half of 2010:

The new shopping mall (Lot 113), Xintiandi Style, is an extension of Shanghai Xintiandi and is connected to Metro Lines No.10 and 13. It has offered or signed up tenants for over 70% of the leasable area, including renowned international brands, as well as young and local designer brands.

Pre-leasing for the KIC Plaza Phase 2 has commenced in the first half of 2010.

A soft opening event was held for Phase 1 of the commercial portion of Chongqing Tiandi (Lot B3-01) on 31 January 2010. The Higher Village and Lower Village were substantially pre-leased, while Cliff Building was 70% pre-leased as of 30 June 2010. Pre-leasing for the Main Building commenced in June.

Strategy to expedite asset turnover of commercial property

The Group plans to expedite asset turnover of commercial property by increasing saleable area. During the first half of 2010, the Group completed the following two initiatives:

KIC Village and Plaza Phase 1
An office block at KIC Village with small unit sizes per each floor plate was sold at RMB20,000 per sq.m. and a small portion of the retail area in KIC Village and KIC Plaza Phase 1 was sold at ASPs ranging from RMB35,000 to RMB45,000 per sq.m. for a net consideration of RMB185 million.

Wuhan Tiandi Lot A6 Retail Shops
Street front shops in Phase 2 (Lot A6) of The Riverview at Wuhan Tiandi were pre-sold at prices ranging from RMB47,000 to RMB69,000 per sq.m. in May 2010.

Strategic Partnership

Strategic partnership continues to be one of the pillars of the Group's long-term business strategies in creating synergies for project developments. The Group will continue to look for appropriate strategic partners to co-develop projects at project level and/or for a particular parcel of land. This strategy allows the Group to accelerate returns from its projects, diversify its risks and enhance its cash flow. It brings synergies to the Group by tapping the expertise and know-how of prospective partners.

Property Development - Accelerating Development

To accomplish the three-year plan ("Three-Year Plan") initiated in 2009, the Group is expediting construction works for all projects. The following table shows the properties delivered or handed over in the first half of 2010 together with the plan for the properties that will be ready for delivery or handover in the second half of 2010, and the forthcoming 2011 and 2012:

Project	Residential	Office	Retail	Hotel/ serviced apartment	Subtotal	Carpark and others	Total	Group's interest
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	
Properties delivered/handed over in first half of 2010								
Shanghai Taipingqiao	7,000	-	-	-	7,000	2,000	9,000	99.0%
Shanghai Rui Hong Xin Cheng	32,000	-	2,000	-	34,000	11,000	45,000	74.3%
Shanghai KIC	22,000	8,000	1,000	-	31,000	22,000	53,000	86.8%[1]
Wuhan Tiandi	55,000	-	-	-	55,000	31,000	86,000	75.0%
Dalian Tiandi	-	42,000	-	-	42,000	14,000	56,000	48.0%
Total	**116,000**	**50,000**	**3,000**	**-**	**169,000**	**80,000**	**249,000**	
Ready for delivery/handover in the second half of 2010								
Shanghai Taipingqiao	-	-	29,000	-	29,000	34,000	63,000	99.0%
Shanghai KIC	-	43,000	7,000	-	50,000	31,000	81,000	86.8%[1]
Wuhan Tiandi	30,000	-	2,000	-	32,000	16,000	48,000	75.0%
Chongqing Tiandi	47,000	-	54,000	-	101,000	47,000	148,000	79.4%
Total	**77,000**	**43,000**	**92,000**	**-**	**212,000**	**128,000**	**340,000**	
Ready for delivery/handover in 2011								
Shanghai Rui Hong Xin Cheng	15,000	-	-	-	15,000	-	15,000	74.3%
Shanghai KIC	-	41,000	12,000	-	53,000	28,000	81,000	86.8%[1]
Chongqing Tiandi	164,000	-	5,000	-	169,000	45,000	214,000	79.4%
Foshan Lingnan Tiandi	54,000	-	38,000	37,000	129,000	56,000	185,000	100.0%
Dalian Tiandi	40,000	163,000	37,000	-	240,000	52,000	292,000	48.0%
Total	**273,000**	**204,000**	**92,000**	**37,000**	**606,000**	**181,000**	**787,000**	
Ready for delivery/handover in 2012								
Shanghai Rui Hong Xin Cheng	47,000	-	12,000	-	59,000	33,000	92,000	74.3%
Wuhan Tiandi	176,000	57,000	61,000	-	294,000	22,000	316,000	75.0%
Chongqing Tiandi	198,000	200,000	44,000	-	442,000	141,000	583,000	79.4%[2]
Foshan Lingnan Tiandi	82,000	-	110,000	9,000	201,000	68,000	269,000	100.0%
Dalian Tiandi	107,000	-	-	40,000	147,000	52,000	199,000	48.0%
Total	**610,000**	**257,000**	**227,000**	**49,000**	**1,143,000**	**316,000**	**1,459,000**	

[1] *An agreement was concluded to increase the Group's equity interest from 70.0% to 86.8%, subject to completion of capital injection.*

[2] *The Group has a 79.4% interests in Chongqing Tiandi, except for Lot B11-1/02 in which the Group has a 59.5% effective interest. Lot B11-1/02 will be developed into super high rise office towers.*

Shanghai Taipingqiao

Towers 3 to 8 of Casa Lakeville were completed in June 2010 and are scheduled to be launched in the third quarter of this year.

Xintiandi Style is expected to be handed over to tenants in the second half of 2010.

Relocation of Corporate Avenue Phase 2 (Lots 126 and 127) is progressing well with approximately 98% and 90% of households being relocated respectively as of 30 June 2010. Corporate Avenue Phase 2 is located adjacent to Corporate Avenue Phase 1 on Hubin Road facing the lake of Taipingqiao, and will be developed into twin-tower grade A office buildings with retail podium targeting upmarket retailers. There will be 105,000 sq.m. of office space, 52,000 sq.m. of retail space, 81,000 sq.m. of underground car parks and other facilities. The commercial complex will have connections to Corporate Avenue Phase 1, Xintiandi and the two five-star hotels nearby. Construction works of Lot 126 are expected to commence in late 2010 after the World Expo.

Phase 4 (Lot 116) of residential development of Taipingqiao will apply the new relocation scheme introduced by the Shanghai Municipal Government in late 2009 ("New Relocation Scheme"). The first round of consultation regarding the relocation of the site is to commence in the fourth quarter of 2010 after the World Expo. The GFA for this residential site is 90,000 sq.m.. The Company has a 50% interest in the site.

Shanghai Rui Hong Xin Cheng
Most of the residential units at Rui Hong Xin Cheng Phase 3 (Lot 8) pre-sold in 2009 were delivered in the first half of 2010.

Phase 3 (Lot 4) will be developed into two residential towers with a total GFA of 62,000 sq.m. together with 12,000 sq.m of retail area underlying it. It is planned to be delivered to customers in 2011 and 2012.

Phase 3 (Lot 6) is under the old relocation scheme and is now entering the final stages of relocation and demolition works. 97% of the households in Lot 6 have signed the relocation agreements as of 30 June 2010. The planned GFA for residential use is 126,000 sq.m. and construction works are planned to begin in the third quarter of 2010.

Lot 3, the first site adopting the New Relocation Scheme in Shanghai Rui Hong Xin Cheng, successfully completed the second round of consultation on 15 April 2010, with over 77% of households signing the relocation agreements. Demolition works will commence after the World Expo.

With the successful experience in relocating Lot 3, the local government will continue to apply the New Relocation Scheme on the remaining lots.

Shanghai KIC
Construction works of KIC Village R2 (Lot 7-7) were completed and delivered to customers in the first half of 2010.

Construction works of KIC Plaza Phase 2 are still underway, scheduled for completion in the second half of the year. The Group has commenced construction of office towers with a retail podium on Lot C2 in 2009. The development has a planned GFA of 53,000 sq.m. and is scheduled to be completed in 2011.

Hangzhou Xihu Tiandi
Phase 2 of Xihu Tiandi's relocation is in progress with 89% of households relocated as of 30 June 2010.

Wuhan Tiandi
Apartments in Phase 2 of The Riverview (Lots A8 and A10) pre-sold in 2009 were delivered to customers in the first half of 30 June 2010. Phase 2 (Lot A6) of The Riverview was launched for pre-sale in January 2010 and is scheduled for delivery in the second half of 2010.

Construction works at Lots A5, A11 and A12 are in progress. Lot A5 has a total GFA of 59,000 sq.m. to be developed into a grade A office tower with a retail shopping complex. Construction works are estimated to be completed in 2012. Lots A11 and A12 with a total GFA of 50,000 sq.m. will be developed into luxury residential apartments and are expected to be completed in 2012.

The shopping mall (retail podium of Lots A1, A2 and A3 with a total GFA of 109,000 sq.m.) is expected to commence construction in the fourth quarter of 2010. Construction works at A2 and A3 are planned for completion in late 2012.

Site clearance and formation of Site B are expected to be completed in the third quarter of 2010. Construction works of two residential lots (Lots B9 and B11), Phase 4 of The Riverview, together with the park and the Central Club House (Lots B20 and B21) are expected to start soon. The two residential lots have a total GFA of 126,000 sq.m., and are scheduled for delivery by the end of 2012.

Chongqing Tiandi
Already underway at The Riviera Phase 2, construction works commenced at The Riviera Phase 3 during the first quarter of 2010.

Construction works of Chongqing Tiandi's commercial portion have largely been completed. A soft opening was held in January with the grand opening to be held in the second half of the year. Public facilities, such as the Grand Theatre and man-made lakes were opened to public in May and June respectively, providing a new recreational area to residents in Chongqing.

Construction works for Phase 1 of grade A office with GFA of 115,000 sq.m. commenced in late 2009 and are planned to be completed in 2012.

Foshan Lingnan Tiandi
Construction works of Foshan Lingnan Tiandi's commercial portion (Lot 1) began in 2008. A portion of it is scheduled for soft opening before the 2010 Asia Games.

A mixed-use complex with hotel, serviced apartments and retail podium (Lot D) is under construction and scheduled to be completed in 2011. The Group has appointed Marco Polo Hotels to be the operator of the hotel and serviced apartments.

Construction works of low-rise apartments and townhouses in Lot 4 and Lot 14 are underway and scheduled for delivery in 2011.

Dalian Tiandi
A total GFA of 42,000 sq.m., Phase 1 of software offices (Lot D22) was completed in the first half of 2010.

Construction works of Phase 1 of the Greenville (Lot E06) are underway. The development will be available for pre-sale in the second half of 2010 and is scheduled for delivery in 2012.

Other parts of the project, including IT Tiandi, Phase 2 of software offices, engineer apartments together with training centres are under construction and are expected for delivery progressively in the coming three years.

Landbank

As of 30 June 2010, the Group's landbank was 12.9 million sq.m. (of which 9.5 million sq.m. are attributable to shareholders of the Company) spread across eight projects located in core areas of six cities – namely Shanghai, Hangzhou, Chongqing, Wuhan, Foshan and Dalian.

Of the total 12.9 million sq.m. GFA of landbank, 40% is for residential use, 16% for retail, 28% for office, and 4% for hotel, serviced apartment and club house, and 12% for car park and other facilities. In terms of geographic location of the landbank, 23% is in Shanghai, 10% in Wuhan, 27% in Chongqing, 13% in Foshan, 26% in Dalian and 1% in Hangzhou.

As of 30 June 2010, the Group held a total of 625,000 sq.m. of completed properties, which included investment properties, properties held for sales, properties pre-sold but have not been delivered, club houses, car parks and other facilities. The Group had a total GFA of 3.9 million sq.m. of properties under development.

In March 2010, the Group successfully bid for a parcel of land adjacent to Shanghai KIC with a total GFA of 159,000 sq.m. for a consideration of RMB1,264 million. This parcel of land has been included as part of the master plan for the entire development of Shanghai KIC.

In June 2010, the Group has completed the acquisition of a special purpose company that holds the development rights to two lots of land (Lots 167A and 167B) with an aggregate GFA of 176,000 sq.m. for a total consideration of RMB109 million. The two sites are located adjacent to the existing Shanghai Rui Hong Xin Cheng and are subject to relocation.

The Group's total landbank as of 30 June 2010, including that of its associates, is summarised below:

Project	Approximate/Estimated leasable and saleable GFA Office (sq.m.)	Retail (sq.m.)	Resident-ial (sq.m.)	Hotel/ serviced apartment/ clubhouse (sq.m.)	Carpark and other facilities (sq.m.)	Total GFA (sq.m.)	Group's interest	Attributable GFA (sq.m.)
Completed properties:								
Shanghai Taipingqiao	81,000	54,000	10,000	18,000	54,000	217,000	99.0%[1]	214,000
Shanghai Rui Hong Xin Cheng	-	35,000	-	9,000	36,000	80,000	74.3%[2]	60,000
Shanghai KIC	54,000	32,000	1,000	4,000	67,000	158,000	86.8%[3]	137,000
Hangzhou Xihu Tiandi	-	6,000	-	-	-	6,000	100.0%	6,000
Wuhan Tiandi	-	46,000	1,000	-	25,000	72,000	75.0%	54,000
Chongqing Tiandi	-	2,000	14,000	3,000	17,000	36,000	79.4%	29,000
Dalian Tiandi	42,000	-	-	-	14,000	56,000	48.0%	27,000
Subtotal	177,000	175,000	26,000	34,000	213,000	625,000		527,000
Properties under development:								
Shanghai Taipingqiao	105,000	81,000	-	-	115,000	301,000	99.0%	298,000
Shanghai Rui Hong Xin Cheng	-	12,000	188,000	6,000	32,000	238,000	74.3%	177,000
Shanghai KIC	84,000	19,000	-	-	59,000	162,000	86.8%[3]	141,000
Hangzhou Xihu Tiandi	-	42,000	-	-	27,000	69,000	100.0%	69,000
Wuhan Tiandi	310,000	104,000	206,000	63,000	39,000	722,000	75.0%	542,000
Chongqing Tiandi	400,000	193,000	409,000	105,000	339,000	1,446,000	79.4%[4]	1,011,000
Foshan Lingnan Tiandi	-	148,000	136,000	50,000	120,000	454,000	100.0%	454,000
Dalian Tiandi	163,000	37,000	147,000	49,000	95,000	491,000	48.0%	236,000
Subtotal	1,062,000	636,000	1,086,000	273,000	826,000	3,883,000		2,928,000
Properties held for future development:								
Shanghai Taipingqiao	174,000	118,000	256,000	38,000	44,000	630,000	99.0%[1]	580,000
Shanghai Rui Hong Xin Cheng	158,000	116,000	709,000	-	13,000	996,000	74.3%[2]	740,000
Shanghai KIC	93,000	-	48,000	18,000	-	159,000	99.0%	157,000
Wuhan Tiandi	35,000	92,000	426,000	-	36,000	589,000	75.0%	442,000
Chongqing Tiandi	329,000	234,000	959,000	78,000	378,000	1,978,000	79.4%[4]	1,571,000
Foshan Lingnan Tiandi	450,000	137,000	545,000	80,000	38,000	1,250,000	100.0%	1,250,000
Dalian Tiandi[5]	1,127,000	568,000	1,036,000	42,000	-	2,773,000	48.0%	1,331,000
Subtotal	2,366,000	1,265,000	3,979,000	256,000	509,000	8,375,000		6,071,000
Total landbank GFA	**3,605,000**	**2,076,000**	**5,091,000**	**563,000**	**1,548,000**	**12,883,000**		**9,526,000**

1 *The Group has a 99.0% interest in all the remaining lots, except for Shanghai Xintiandi and Lot 116, in which the Group has 97.0% and 50.0% effective interest respectively.*

2 *The Group has a 74.3% interests in Shanghai Rui Hong Xin Cheng, except for Phase I, Lots 167A and 167B in which the Group has 75.0% interest.*

3 *An agreement was concluded to increase the Group's equity interest from 70.0% to 86.8%, subject to completion of capital injection.*

4 *The Group has a 79.4% interests in Chongqing Tiandi, except for Lot B11-1/02 in which the Group has a 59.5% effective interest. Lot B11-1/02 will be developed into high-rise office towers.*

5 *Dalian Tiandi has a landbank of 3.3 million sq.m. in GFA. As of 30 June 2010, approximately 3.0 million sq.m. had been acquired. The remaining GFA of approximately 0.3 million sq.m. will be acquired through public bidding in due course..*

Market Outlook

2010 is unfolding to be a challenging year for residential sales as the government proceeds to implement policies to curtail investment demand, raising the threshold towards purchases of second and third homes by imposing more restrictive mortgage financing schemes and higher down payment requirements. Since the implementation of a series of tightening policy measures, the national housing price index fell 0.1% in June from the previous month, reversing an uptrend marked by 15 consecutive months of rising prices. On the macroeconomic front, the pace of GDP growth decelerated from the first quarter’s 11.9% to 10.3% in the second quarter as the central bank began to limit the growth of new credit in the economy. The moderation of economic growth momentum helped to keep consumer price inflation at around 3%, which has significantly reduced the risk of economic overheating.

The tightening measures have also resulted in a cooling of land prices in the second quarter, which helped to reverse the previous market psychology of ever increasing house prices. It is difficult at this stage to predict sales levels for the second half of 2010, but discount pricing is expected to become more prevalent with a projected rising supply of residential properties coming into the market in the second half of 2010. Against this backdrop, the much-discussed trial run of property holding tax may be postponed. It is unclear whether the government will introduce additional tightening measures as the residential market enters a phase of adjustment towards price levels that are consistent with healthy, sustainable growth.

Although government policies have dampened buyers’ enthusiasm, a number of high quality projects have continued to enjoy rapid sales by offering price discounts. While price cuts are expected to become more common in the second half, we believe that high quality projects in well-designed, master-planned communities will still outperform the market and command a premium. As the market undergoes a correction, developers with portfolios diversified across city tiers, regions and property types will be better placed. With demographic and urbanisation trends remaining intact, it is believed that economic growth and rising income should underpin end-user demand. This should help the market to stabilise and pave the way for an up-cycle in 2011.

After running a pegged exchange rate system for nearly two years, China has returned to a limited-floating flexible RMB-US dollar exchange rate mechanism on 19 June. In order to limit the scale of hot money entering China, the central bank intends to allow the RMB to fluctuate in both directions. This move however, is likely to influence only short-term speculators. Longer-term investors should still see the promise of RMB appreciation, and China’s premium grade real estate properties will continue to be seen as an attractive asset class. We believe that China’s economy will continue to be strong going forward, and remain optimistic about the prospects for China’s property market.

In the first half of 2010, all of the cities in which we have invested achieved strong GDP growth rates above the national average: Shanghai achieved 12.7%, Chongqing 17%, Dalian 16.6%, Foshan 13.8% and Wuhan 15.5%. The tempo of Shanghai’s economic growth has remained strong, buoyed in part by the city’s hosting of World Expo 2010. The Central Government has recently given approval to a new Yangtze River Delta strategic development plan and announced a renewed emphasis to support the “Go West” policy, which should further strengthen Shanghai’s and Chongqing’s roles as regional economic hubs.

In Wuhan, the Central Government has named the East Lake Development Zone as China’s second National Innovation Model Zone after Beijing’s Zhongguancun Science and Technology Park. This will greatly improve Wuhan’s capability to attract and retain talent, enhancing the prospects to upgrade its scientific and technological sectors. Foshan’s economic growth has accelerated, due in part to the city’s further economic integration with Guangzhou, as well as a metropolitan industrial strategy focusing on higher value technology sectors. The city is also embarking on a program to enhance its living environment, which should benefit the real estate sector. Dalian continues to be a lead performer in China’s software and information service industries. The city’s export growth in the information technology outsourcing sector reached 33.4% in 2009, further rising to 33.7% during the first four months of this year.

We will continue to leverage on our excellent land bank and our expertise in building master-planned communities on the Chinese Mainland. Our portfolio of properties will continue to grow in value as they advance through the stages of development and maturity. We plan to further expand our business model from comprehensive city-core integrated projects to include knowledge communities in other Chinese Mainland cities identified to have high potential for innovation and technological growth, and will continue to expedite the development process to strengthen our market presence.

Financial Review

Turnover increased by 134% to RMB3,121 million (2009: RMB1,335 million), primarily due to the increase in property sales recognised in 2010.

Property sales rose by 175% to RMB2,778 million (2009: RMB1,010 million). Details of property sales during the six months ended 30 June 2010 are contained in the paragraph titled "Property Sales" in the Business Review Section above.

Rental and other related income increased by 7% to RMB326 million (2009: RMB305 million), mainly generated from the investment properties completed prior to 2010 of 302,000 sq.m..

Gross profit for 2010 rose to RMB1,272 million (2009: RMB390 million) with a gross profit margin of 41% (2009: 29%).

Other income for the six months ended 30 June 2010 of RMB87 million (2009: RMB107 million) mainly represented interest income from banks, associates and third parties of RMB69 million (2009: RMB107 million).

Selling and marketing expenses increased by 54% to RMB60 million (2009: RMB39 million), mainly due to the increase in property sales.

General and administrative expenses slightly increased by 5% to RMB275 million (2009: RMB261 million).

Operating profit increased by 420% to RMB1,024 million (2009: RMB197 million), a composite effect of the various factors mentioned above.

Increase in fair value of investment properties was RMB1,461 million (2009: RMB199 million), of which RMB384 million (2009: RMB23 million) arose from revaluation of completed investment properties and RMB1,077 million (2009: RMB176 million) from the revaluation of investment properties under development or construction.

Gain on disposal of investment properties of RMB23 million for the six months ended 30 June 2010 represented the disposal of office and retail spaces at a consideration of RMB185 million (2009: nil).

Share of results of associates was RMB68 million (2009: RMB398 million), which included a revaluation gain of the investment properties under development or construction (net of related taxes) amounted to RMB71 million (2009: RMB408 million).

Finance costs, net of exchange gain reduced to RMB36 million (2009: RMB60 million), mainly due to the exchange gain on bank borrowings for the period of RMB48 million (2009: RMB12 million). With new bank loans of RMB2,849 million drawn down in the first half of 2010, interest expenses increased to RMB382 million (2009: RMB330 million). Borrowing costs capitalised increased correspondingly to RMB356 million (2009: RMB311 million).

Profit before taxation increased to RMB2,540 million (2009: RMB734 million) as a result of various factors described above.

Taxation for the six months ended 30 June 2010 was RMB832 million (2009: RMB78 million). Excluding the Land Appreciation Tax of RMB200 million (which was assessed based on the appreciation value of properties disposed), together with its enterprise income tax effect of RMB50 million, the effective tax rate for the six months ended 30 June 2010 was 26.9%, approximating 25% of the PRC enterprise income tax rate.

Profit attributable to shareholders of the Company for the six months ended 30 June 2010 increased by 117% to RMB1,557 million (2009: RMB718 million).

The effects on profit attributable to shareholders due to the change in fair value of the Group's investment properties, net of related tax effect, are as follows:

	Six months ended 30 June		
	2010	2009	%
	RMB'million	RMB'million	Change
	(Unaudited)	(Unaudited)	
Profit attributable to shareholders of the Company	**1,557**	718	+117%
Revaluation increase on investment properties of the Group (net of deferred tax effect and share of non-controlling interests)	**(1,030)**	(215)	
Share of revaluation increase on investment properties of the associates (net of tax effect)	**(71)**	(408)	
Profit attributable to shareholders of the Company <u>before</u> (i) revaluation of investment properties; and (ii) fair value adjustment on derivative financial instruments	**456**	95	+380%

Earnings per share were RMB0.31 calculated based on a weighted average of approximately 5,023 million shares in issue during the six months ended 30 June 2010 (2009: RMB0.16 calculated based on a weighted average of approximately 4,620 million shares in issue).

Capital Structure, Gearing Ratio and Funding

As of 30 June 2010, the Group's utilised bank borrowings amounted to RMB12,473 million (31 December 2009: RMB10,203 million). The structure of the Group's bank borrowings as of 30 June 2010 is summarised below:

Currency denomination	**Total (in RMB equivalent)**	**Due within one year**	**Due in more than one year but not exceeding two years**	**Due in more than two years but not exceeding five years**	**Due in more than five years**
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
RMB	4,273	534	1,560	1,539	640
HK$	7,962	702	1,704	5,556	-
US$	238	238	-	-	-
Total	12,473	1,474	3,264	7,095	640

Total cash and bank deposits amounted to RMB4.9 billion as of 30 June 2010 (31 December 2009: RMB4.9 billion), which included RMB2.0 billion (31 December 2009: RMB2.0 billion) of deposits pledged for banking facilities.

As of 30 June 2010, the Group's net debt balance was RMB7.5 billion (31 December 2009: RMB5.3 billion) and its total equity was RMB23.8 billion (31 December 2009: RMB22.6 billion). The Group's net gearing ratio was 32% as of 30 June 2010 (31 December 2009: 23%), calculated on the basis of the excess of the sum of bank loans net of bank balances and cash over the total equity.

Total undrawn banking facilities available to the Group were approximately RMB4.1 billion as of 30 June 2010 (31 December 2009: RMB0.9 billion).

Pledged Assets

As of 30 June 2010, the Group had pledged certain completed properties, properties under development, accounts receivable and bank deposits totalling RMB21.5 billion (31 December 2009: RMB20.9 billion) to secure our borrowings of RMB9.6 million (31 December 2009: RMB9.2 billion).

Capital and Other Development Related Commitments

As of 30 June 2010, the Group had contracted commitments for development costs and capital expenditure in the amount of RMB14,485 million (31 December 2009: RMB14,418 million). The amount of commitment included the estimated costs of relocation for the development of certain educational facilities to be located in the Taipingqiao area of Luwan District in Shanghai as compensation for the removal of those educational facilities originally located in that area, together with the remaining outstanding cost of acquisition of land use rights in Foshan.

The Group has agreed to provide further funding to the associates for the development of Dalian Tiandi project, whereby the Group will ultimately hold a 48% effective interest. As of 30 June 2010, the Group has issued guarantees amounting to RMB528 million (31 December 2009: RMB528 million) to banks in respect of banking facilities granted to the associates, from which the associates have drawn down bank loans amounting to RMB480 million (31 December 2009: RMB480 million). In addition, the Group has a commitment to provide further funding to the associates amounting to approximately RMB121 million (31 December 2009: RMB121 million).

Future Plans for Material Investments and Sources of Funding

In March 2010, the Group successfully bid for a parcel of land in the Shanghai KIC project with developable GFA of 159,000 sq.m. for a consideration of RMB1,264 million. In June 2010, the Group has completed the transaction to acquire a special purpose company that holds the development rights of two lots of land adjacent to the existing Shanghai Rui Hong Xin Cheng project with GFA of 176,000 sq.m. for a consideration of RMB109 million. The total development costs of these two investments will be funded by bank financing and internal resources.

We shall continue to focus on the development of our existing landbank in prime locations. While our primary focus is on city-core development projects and integrated residential development projects, we shall, at appropriate times, consider other opportunities to participate in projects of various scales where we can leverage our competitive strengths. We may also pursue other plans, including other ways of acquiring land development rights for the purpose of undertaking property projects or other ways to increase the scale of our operations by leveraging on our master planning expertise.

Cash flow Management and Liquidity Risk

The management of cash flow in the Group is the responsibility of the Group's treasury function at the corporate level.

Our objective is to maintain a balance between continuity of funding and flexibility through a combination of internal resources, bank borrowings and other borrowings, where appropriate. We are comfortable with our present financial and liquidity position, and will continue to maintain a reasonable liquidity buffer to ensure sufficient funds are available to meet liquidity requirements at all times.

Exchange Rate and Interest Rate Risks

The revenue of the Group is denominated in Renminbi. A portion of the revenue, however, is converted into other currencies to meet our foreign currency denominated debt obligations, such as bank borrowings denominated in Hong Kong dollars and US dollars. As a result, the Group is exposed to fluctuations in foreign exchange rates.

Considering that a relatively stable currency regime with regard to the Renminbi is maintained by the Central Government, which only allows the exchange rate to fluctuate within a narrow range going forward, the Group expects that the fluctuation of the exchange rates between Renminbi and Hong Kong dollars and US dollars may not be significant in the short to medium term.

The Group's exposure to interest rate risk results from fluctuation in interest rates. Most of the bank borrowings of the Group consist of variable rate debt obligations with original maturities ranging from two to four years for project construction loans; and two to ten years for mortgage loans. Increase in interest rates would increase interest expenses relating to the outstanding variable rate borrowings and cost of new debt. Fluctuations in interest rates may also lead to significant fluctuations in the fair value of the debt obligations.

At 30 June 2010, the Group had three outstanding interest rate swaps in which the Group would receive interest at variable rates at the Hong Kong Inter-bank Offered Rate and pay interest at fixed rates ranging from 1.32% to 3.58%, based on the notional amounts of HK$5,081 million in aggregate.

Save as disclosed above, the Group did not hold any other derivative financial instruments as of 30 June 2010. The Group continues to closely monitor its exposure to interest rate and exchange rate risks, and may employ derivative financial instruments to hedge against the risks exposed when necessary.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK$0.06 per share (2009: HK$0.01 per share) for the six months ended 30 June 2010, which is payable on 8 November 2010 to shareholders whose names appear on the register of members of the Company on 30 September 2010.

The interim dividend will be payable in cash and shareholders will be given the option of electing to receive the interim dividend in the form of new shares in lieu of cash in respect of part or all of such dividend (the “Scrip Dividend Scheme”). The Scrip Dividend Scheme is subject to The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

A circular containing details of the Scrip Dividend Scheme will be dispatched to shareholders together with the form of election for scrip dividend on or about 8 October 2010. It is expected that the interim dividend warrants and share certificates will be dispatched to shareholders on or about 8 November 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 29 September 2010 to 30 September 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 28 September 2010.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s shares during the six months ended 30 June 2010.

CORPORATE GOVERNANCE

The Company is committed to enhancing its corporate governance practices appropriate to the conduct and growth of its business and to reviewing its corporate governance practices from time to time to ensure they comply with the Code on Corporate Governance Practices (the "CG Code" contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) and align with the latest developments.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as the code regarding securities transactions by the Directors and relevant employees.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2010.

To comply with the code provision A.5.4 of the CG Code, the Company has established and adopted a Code for Securities Transactions by Relevant Employees, on no less exacting terms than the Model Code, to regulate dealings in the shares of the Company by certain employees of the Company or any of its subsidiaries who are considered to be likely in possession of unpublished price sensitive information in relation to the Company or its shares.

No incident of non-compliance with these written guidelines by the relevant employees was noted by the Company.

Board Composition

During the six months ended 30 June 2010, the majority of the members of the Board of Directors of the Company were Independent Non-executive Directors ("INEDs"). The Board is currently made up of eleven members in total, with four Executive Directors, one Non-executive Director and six INEDs.

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision-making.

Audit Committee

During the six months ended 30 June 2010, the Audit Committee consists of three members, namely Professor Gary C. BIDDLE ("Professor BIDDLE"), Dr. Edgar W. K. CHENG and Dr. Roger L. McCARTHY. All of them are INEDs. The chairman of the Audit Committee is Professor BIDDLE.

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2010, including the accounting principles and practices adopted by the Company, in conjunction with the Company's external auditors.

Remuneration Committee

During the six months ended 30 June 2010, the Remuneration Committee consists of three members, namely Dr. William K. L. FUNG ("Dr. FUNG"), Mr. Vincent H. S. LO ("Mr. LO") and Professor BIDDLE. Dr. FUNG and Professor BIDDLE are INEDs. The chairman of the Remuneration Committee is Dr. FUNG.

The primary functions of the Remuneration Committee are to evaluate the performance and make recommendations on the remuneration package of the Directors and senior management, and to evaluate and make recommendations on employee benefit arrangements.

Nomination Committee

The Nomination Committee currently comprises three members, Mr. LO, Sir John R. H. BOND and Professor BIDDLE. Sir John R. H. BOND and Professor BIDDLE are INEDs. The chairman of the Nomination Committee is Mr. LO.

The primary functions of the Nomination Committee are to review the structure, size and composition of the Board, identify individuals suitably qualified to become members of the Board, and assess the independence of INEDs.

Finance Committee

During the six months ended 30 June 2010, the Finance Committee consists of six members, namely Mr. LO, Sir John R.H. BOND, Dr. FUNG, Professor BIDDLE, Mr. Louis H. W. WONG, and Mr. Daniel Y. K. WAN. Sir John R. H. BOND, Dr. FUNG and Professor BIDDLE are INEDs. The chairman of the Finance Committee is Mr. LO.

The primary functions of the Finance Committee are to stipulate and monitor the financial strategies, policies and guidelines of the Group.

Compliance with Code on Corporate Governance Practices

During the six months ended 30 June 2010, the Company has complied with the code provisions of the CG Code except for the following deviation:

Code provision A.2.1: The roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual.

Mr. LO is the Chairman, CEO and the founder of the Company. The Board considers that vesting the roles of the Chairman and CEO in the same person is necessary because of the unique role and market importance of Mr. LO in the business development efforts of the Company. This vesting provides strong and consistent market leadership and is critical for efficient business planning and decisions of the Company in its current stage of development. Furthermore, all major decisions are made in consultation with members of the Board and appropriate board committees. There are six INEDs on the Board offering strong, independent and differing perspectives. The Board is therefore of the view that there are adequate balance-of-power and safeguards in place.

Awards on Corporate Governance

The Company was awarded as one of the "2010 Top 10 Growth Ability of Listed Real Estate Developers in China" and "2010 Top 50 Listed Real Estate Developers in China" organised by the China Real Estate Appraisal, and also as one of the winners of the "Outstanding Mainland Property Stock Awards 2010" organised by the Hong Kong Economic Digest.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2010, the number of employees in the Group was 1,305 (31 December 2009: 1,402); in addition, the headcount of the property management business was 1,230 (31 December 2009: 1,114). The Group provides comprehensive benefit package for all employees as well as career development opportunities. This includes retirement schemes, share option scheme, medical insurance, other insurances, in-house training, on-the-job training, external seminars, and programmes organised by professional bodies and educational institutes.

The Group strongly believes in the principle of equality of opportunity. The remuneration policy of the Group for rewarding its employees is based on their performance, qualifications and competency displayed in achieving the corporate goals.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's condensed statement of financial position as of 30 June 2010, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income and the related notes thereto for the period then ended as set out in the preliminary announcement have been extracted from the Group's unaudited condensed consolidated financial statements for the period, which has been reviewed by the Group's auditor Messrs. Deloitte Touche Tohmatsu 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.

APPRECIATION

I'd like to congratulate Mr Freddy C. K. Lee on his appointment as an Executive Director of the Board and a Managing Director of Shui On Land. Freddy's management experience and thorough understanding of our business are great assets to the Group; and I have every confidence he will continue to excel in his responsibilities to implement and execute our current Three-Year Plan.

Finally, I would like to thank our Directors and staff for their hard work and enthusiastic contributions to our business. I also must express our gratitude to our shareholders and business partners for their continued confidence and commitment to the Group. Despite the challenging operating environment, we will continue to grow and develop our business – to build and deliver more value to our shareholders and stakeholders.

By Order of the Board
Shui On Land Limited
Vincent H. S. LO
Chairman

Hong Kong, 19 August 2010

At the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman and Chief Executive Officer), Mr. Louis H. W. WONG, Mr. Daniel Y. K. WAN and Mr. Freddy C.K. Lee; the non-executive director of the Company is The Honourable LEUNG Chun Ying; and the independent non-executive directors of the Company are Sir John R. H. BOND, Dr. Edgar W. K. CHENG, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY and Mr. David J. SHAW.

** For identification purposes only*