众安房产
ZHONG AN REAL ESTATE

(Stock code: 00672.HK)

2H0NG AN 10

2010 Interim Report

眾安房產有限公司
ZHONG AN REAL ESTATE LIMITED

incorporated in the Cayman Islands with limited liability

CONTENTS

CORPORATE INFORMATION

Board of Directors

Executive Directors
Mr. Shi Kancheng (alias Shi Zhongan)
(Chairman and Chief Executive Officer)
Mr. Lou Yifei
Ms. Shen Tiaojuan
Mr. Zhang Jiangang

Independent non-executive Directors
Professor Pei Ker Wei
Professor Wang Shu Guang
Dr. Loke Yu (alias Loke Hoi Lam)

Company Secretary

Mr. Lam Yau Yiu

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office in the PRC

No. 996, Xiaoshao Road
Xiaoshan District
Hangzhou
Zhejiang Province
The PRC

Principal Place of Business in Hong Kong

Room 4006, 40/F
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

Company's Website

www.zafc.com

Principal Share Registrar and Transfer Office

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
Grand Cayman KY1-1107
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Principal Bankers

Agricultural Bank of China
Bank of Communications
China Construction Bank Corporation,
Hong Kong Branch
Hang Seng Bank Limited

Legal Advisers as to Hong Kong Laws

Chiu & Partners

Auditors

Ernst & Young

FINANCIAL HIGHLIGHTS

	Unaudited For the six-month period ended 30 June 2010	2009	Percentage of increase/ (decrease)
Revenue (RMB'000)	**207,898**	330,640	(37%)
Profit attributable to owners of the parent (RMB'000)	**82,870**	194,157	(57%)
Basic and diluted earnings per share (RMB)	**3.55 cents**	8.33 cents	(57%)

The board (the "Board") of directors (the "Directors") of Zhong An Real Estate Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six-month period ended 30 June 2010 together with the comparative amounts for the corresponding period. The unaudited condensed consolidated interim information for the six-month period ended 30 June 2010 and the interim report have been reviewed and confirmed by the audit committee of the Company and the Company's auditors.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The unaudited consolidated revenue of the Group was RMB207,898,000 for the six-month period ended 30 June 2010, representing a decrease of 37.1% from the corresponding period in 2009. The unaudited profit attributable to the owners of the parent was RMB82,870,000 for the six-month period ended 30 June 2010, representing a decrease of 57.3% from the corresponding period in 2009. The unaudited earnings per share for the six-month period ended 30 June 2010 was RMB3.55 cents (corresponding period in 2009 (restated): RMB8.33 cents (as adjusted to reflect the bonus issue)), representing a decrease of 57.3%.

The property market had been affected by the continuous implementation of regulatory measures set by the central government. The sales volume of the Hangzhou residential properties sold in the first half of 2010 as recorded was about 1,321,000 sq. m., representing a decrease of about 63.2% as compared to that of the corresponding period in 2009. Whereas the average sales price of the Hangzhou residential properties sold in the first half of 2010 was RMB20,456 per sq. m., representing an increase of about 60.0% as compared to that of the corresponding period in 2009.

The sales volume of residential property in the Anhui Province as recorded was about 18,067,000 sq. m., representing an increase of 24.5% as compared to that of the corresponding period in 2009. The average sales price was about RMB4,043 per sq. m., representing an increase of 22.6% as compared to that of the corresponding period in 2009. The regulatory measures did not impose significant impact to the property market in the Anhui Province, the PRC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In view of the step-by-step implementation of macro-economic controls by the central government that are expected to cool down the property market, the Group has maintained a stable operation strategy. In this respect, the Group launched the pre-sale of the projects early this year in anticipation of the promulgation of more and more stringent regulatory measures in the foreseeable future.

The presale of the projects, with construction being commenced in 2009, will be launched in the second half of this year. The achievable sale will be attained at a satisfactory level even though the GFA available for sale decreased in the first half of this year.

The presale projects in Hangzhou and the Anhui Province will be completed and the respective revenue will be recorded in the second half of this year.

Sales and earnings

The area of property sold and delivered by the Group for the six-month period ended 30 June 2010 was 16,804 sq. m. (corresponding period in 2009: 46,366 sq. m.), representing a decrease of 63.8%. The reduction was mainly due to the adverse effect of the regulatory measures implemented during the period under review. The gross profit for the six-month period ended 30 June 2010 was RMB89,026,000 (corresponding period in 2009 (restated): RMB145,070,000), representing a decrease of 38.6%. The decrease was due to the net effect of the reduction in the area of properties sold and delivered and the increase in the proportion of sales of townhouse which were sold at higher selling price.

White Horse Noble Mansion, Hangzhou, Zhejiang Province

MANAGEMENT'S DISCUSSION AND ANALYSIS

The average sales price per sq. m. achieved by the Group for the six-month period ended 30 June 2010 was RMB9,720 (corresponding period in 2009: RMB6,527), representing an increase of 48.9%. The average cost per sq. m. for the six-month period ended 30 June 2010 was RMB6,117 (corresponding period in 2009: RMB4,367), representing an increase of 40.1%. The primary reason was that the majority of sales during the period came from the sales of apartments in Hangzhou and townhouses in Hefei which were sold with a higher margin and higher cost of sales.

The unaudited profit attributable to the owners of the parent was RMB82,870,000 for the six-month period ended 30 June 2010 (corresponding period in 2009 (restated): RMB194,157,000), representing an decrease of 57.3%. The decrease was mainly due to the reduction of the increase in fair value of the investment properties. The unaudited increase in fair value of investment properties for the six-month period ended 30 June 2010 was RMB186,280,000 (RMB130,816,000 net of relevant enterprise income tax and non-controlling interests), whereas the same was RMB239,442,000 for the corresponding period in 2009 (RMB161,378,000 net of relevant enterprise income tax and non-controlling interests) (restated). The decrease is due to the increase in fair value of investment property for the six-month period ended 30 June 2010, which was mainly derived from the valuation of investment properties of Landscape Garden in Hangzhou and Vancouver City in Huaibei which were previously held for sale, is less than that of corresponding period in 2009 which mainly consisted of the valuation of serviced apartments and certain portion of shopping units of Highlong Plaza in Hangzhou.

Contracted GFA

Up to 30 June 2010, the contracted GFA of the Group was approximately 127,078 sq. m.. Set out below are the details on the area for pre-sale from the projects:

City	**Project**	**Interest**	**Contracted GFA (sq.m.)**
Hangzhou	Landscape Bay	92.6%	79,369
Hangzhou	White Horse Noble Mansion	99.7%	993
Hefei	Green Harbour	84.2%	11,034
Huaibei	Vancouver City	100.0%	35,682
Total			127,078

Shanshuiyi Villa, Yuyao, Zhejiang Province

MANAGEMENT'S DISCUSSION AND ANALYSIS

Green Harbour, Hefei, Anhui Province

Booked GFA

Up to 30 June 2010, the booked GFA of the Group was approximately 16,804 sq. m.. Set out below are the details on the booked area of these projects:

City	Project	Interest	Booked GFA (sq.m.)
Hangzhou	New White Horse Apartment	90.0%	313
Hangzhou	White Horse Noble Mansion	99.7%	4,268
Hefei	Green Harbour	84.2%	12,223
Total			16,804

Land reserve

As of 30 June 2010, the total GFA of the Group's land bank in the Zhejiang Province and the Anhui Province was 3,903,649 sq. m. and 2,253,267 sq. m. respectively, which was 6,156,916 sq. m. in total. This sizable land bank is sufficient for development by the Group in the coming four to five years.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Details of land bank as of 30 June 2010:

	Type of property	Total GFA (sq.m.)	GFA available for sale/leasing (sq.m.)	Percentage of interest in the project attributable to the Group
A piece of land for Landscape Bay at Ning Wei Town, Hangzhou, Zhejiang Province	Residential/retail spaces	320,316	259,796	92.6%
A piece of land for Huifeng Plaza at Xiaoshan District, Hangzhou, Zhejiang Province	Residential	69,545	28,991	90.0%
A piece of land for Yinlong Bay# at Wenyan Town, Xiaoshan District, Hangzhou, Zhejiang Province	Residential/retail spaces/offices	246,822	217,962	94.5%
A piece of land for Phase A, International Office Centre at Hangzhou, Zhejiang Province	Residential/offices/hotels	843,400	683,300	100.0%
A piece of land for Phase B & C, International Office Centre at Hangzhou, Zhejiang Province	Residential/offices/hotels/retail spaces	1,444,000	1,018,400	100.0%
A piece of land for Shanshuiyi Garden* at Qiandaohu Town, Chunan County, Zhejiang Province	Residential/hotels	41,640	23,700	100.0%
A piece of land for Shanshuiyi County* at Xiaoheshan, Hangzhou, Zhejiang Province	Residential	201,138	149,283	90.0%
A piece of land for Shanshuiyi Villa* and Time Square* at north to Shenggui Hill, Yuyao, Zhejiang Province	Residential/offices/hotels/retail spaces	339,788	310,100	90.0%

MANAGEMENT'S DISCUSSION AND ANALYSIS

	Type of property	Total GFA (sq.m.)	GFA available for sale/leasing (sq.m.)	Percentage of interest in the project attributable to the Group
A piece of land at Xinzhou Road and Xinghe Road, Yuhang Economic Development Zone, Hangzhou, Zhejiang Province	Residential/retail spaces	397,000	334,302	51.0%
Sub-total for land bank in Zhejiang Province		**3,903,649**	**3,025,834**	
Vancouver City, Phase 3A-3D, Huaibei City, Anhui Province	Residential/retail spaces	534,036	491,300	100.0%
Vancouver City, Phase 4 – 6, Huaibei City, Anhui Province	Residential/retail spaces/ hotels	921,050	471,891	100.0%
Green Harbour, Phase 1B & C, Hefei, Anhui Province	Residential	114,681	71,349	84.2%
Green Harbour, Phase 2, Hefei, Anhui Province	Residential/retail spaces	128,200	87,300	84.2%
Green Harbour, Phase 3 – 6, Hefei, Anhui Province	Residential/retail spaces/ hotels	555,300	542,500	84.2%
Sub-total for land bank in Anhui Province		**2,253,267**	**1,664,340**	
Total land bank		**6,156,916**	**4,690,174**	

* *for identification only*
\# *formerly known as Yinlong Chateau*

MANAGEMENT'S DISCUSSION AND ANALYSIS

Human resources and remuneration policy

As of 30 June 2010, the Group employed 1,099 staff (30 June 2009: 1,004 staff). For the six-month period ended 30 June 2010, the unaudited staff cost of the Group was approximately RMB 34,057,000 (corresponding period of 2009: approximately RMB20,941,000). The increase was due to the share-based payments under the share option scheme adopted by the Company on 15 May 2009 and the granting of options on 9 July 2009, and the adoption of more competitive remuneration policy to recruit staff with higher quality.

The employees' remuneration policy was determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and performance of the employees. The Group conducts performance appraisal once every year for its employees, the results of which are applied in annual salary review and promotion assessment. The Group's employees are considered for the entitlement of annual bonus according to certain performance conditions and appraisal results. To attract talented persons and stabilize the management, eligible participants (including employees of the Group) may be granted options to subscribe for shares of the Company pursuant to the share option scheme. The Group also provides continuous learning and training programmes to its employees to enhance their skills and knowledge, so as to maintain their competitiveness.

Dividend policy

The Board shall determine the dividend policy of the Company in future according to the financial condition, operating results, capital requirements, shareholders' equity, contractual restraint and other factors considered relevant by the Board.

In addition, the Company's future dividend payments to its shareholders will also depend upon the availability of dividends received from its subsidiaries in the PRC. PRC laws require that dividends be paid out of the net profit calculated according to PRC accounting principles, which differ in many aspects from IFRS. PRC laws also require enterprises located in the PRC to set aside part of their net profit as statutory reserves before they distribute the net proceeds. These statutory reserves are not available for distribution as cash dividends. Distributions from its subsidiary companies may also be restricted if they incur losses or in accordance with any restrictive covenants of bank credit facilities or other agreements that the Group or its subsidiaries may enter into in the future.

Dividends

The Board does not recommend the payment of interim dividend for the six-month period ended 30 June 2010 (2009: RMB0.02 per ordinary share).

Capital structure

As of 30 June 2010, the Group had aggregate cash and cash equivalents (including pledged deposits) of RMB779,864,000 (31 December 2009: RMB921,135,000).

The current ratio as at 30 June 2010 was 0.9 (31 December 2009: 1.5). The decrease was mainly due to the increase in the presale proceeds received during the period under review.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at 30 June 2010, the bank loans and other borrowings of the Group repayable within one year and after one year were approximately RMB634,616,000 and RMB1,266,884,000, respectively (31 December 2009: approximately RMB173,753,000 and RMB891,036,000, respectively).

The unaudited consolidated interest expense for the six-month period ended 30 June 2010 amounted to RMB3,614,000 (corresponding period in 2009 (restated): RMB197,000). In addition, for the six-month period ended 30 June 2010, interest with an unaudited amount of RMB19,534,000 (corresponding period in 2009 (restated): RMB17,560,000) were capitalized. Interest coverage ratio (including amount of interests capitalized) was (1.0) times (corresponding period in 2009 (restated): 4.6 times).

As at 30 June 2010, the ratio of total liabilities to total assets of the Group was 50.0% (31 December 2009: 39.1%).

As at 30 June 2010, the ratio of bank loans and other borrowings to shareholder's funds of the Group was 44.0% (31 December 2009: 24.9%). The ratio of bank loans and other borrowings to total assets was 21.3% (31 December 2009: 14.7%). The increase was due to the additional bank loans obtained in the period under review.

Capital commitments

As at 30 June 2010, the capital commitments of the Group were RMB1,466,458,000 (31 December 2009: RMB1,954,409,000), which were mainly the capital commitments for land acquisition costs and construction costs. It is expected that the Group will finance such commitments from its own funds and/or bank loans.

Guarantees and contingent liabilities

As at 30 June 2010, the contingent liabilities of the Group was approximately RMB1,361,828,000 (31 December 2009: RMB872,285,000), which was mainly the guarantee given by the Group in favour of certain banks for the grant of mortgage loans to buyers of the Group's properties.

Pledge of assets

As at 30 June 2010, investment properties of the Group with net book value of approximately RMB1,703,700,000 (31 December 2009: approximately RMB1,596,400,000), properties under development of approximately RMB157,198,000 (31 December 2009: approximately RMB145,367,000) and properties under the category of property and equipment of approximately RMB154,467,000 (31 December 2009: RMB158,392,000) were pledged to secure the banking facilities of the Group.

As at 30 June 2010, bank deposits amounting to RMB28,144,000 (31 December 2009: approximately RMB29,348,000) were pledged to certain banks in respect of the mortgage facilities granted by the banks to the purchasers of the Group's properties.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Foreign Exchange Risk

As the sales, purchase and bank borrowings of the Group in the first half of 2010 and the corresponding period in 2009 were made mainly in Renminbi, the foreign exchange risk exposed to the Group was relatively minimal. The Group did not use foreign exchange hedging instruments to hedge foreign exchange risks in the first half of 2010 and the corresponding period in 2009.

Interest rate risks

The interest rates for the Group's loans were floating. Upward fluctuations in interest rates will increase the interest cost of new loans and existing loans. The Group currently does not use derivative instruments to hedge its interest rate risks.

Subsequent event

Except for events disclosed in note 22 to the condensed consolidated financial information below, there was no matter that caused material impact on the Group between the end of the reporting period (i.e. 30 June 2010) and the date of this report.

Prospects and outlook

The property market will be expected to be adversely affected by the regulatory measures imposed by the central government. It may gradually stabilize in the second half of 2010. In light of this, the Group will continue adopt the low cost acquisition strategy and speed up the sales whenever the opportunities come. This will enable the Group to achieve a quicker asset return and higher profit return.

The Group maintains sufficient low cost land bank on hand and primarily focuses on the Yangtze River Delta which is the most developed region in China. We will continue to consolidate the established competitive advantages, and expand high-quality and low-cost land bank in selected developed cities with a prudent and forward looking approach. We are devoted to adopt business integration policy which encompasses property development, investment, management and operation, with the ultimate goal of achieving economies of scale for and sustainable development of the business of the Group. We will continue to enhance our corporate branding in our focused area. We intend to increase investment properties, which we believe would bring a stable financial operation and capital equilibrium for the Group in the long-run.

AUDITOR'S REPORT

To the board of directors of Zhong An Real Estate Limited
(Incorporated in the Cayman Islands as an exempted company with limited liability)

INTRODUCTION

We have reviewed the accompanying interim financial information set out on pages 14 to 38 which comprises the condensed consolidated statement of financial position of Zhong An Real Estate Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") as at 30 June 2010, and the related condensed consolidated income statement, statement of comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board.

The directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants

Hong Kong
20 September 2010

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the six-month period ended 30 June 2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited) (restated)
Revenue	*6*	**207,898**	330,640
Cost of sales		**(118,872)**	(185,570)
Gross profit		**89,026**	145,070
Other income	*6*	**1,510**	16,082
Selling and distribution costs		**(34,158)**	(16,558)
Administrative expenses		**(71,832)**	(37,171)
Other expenses	*12*	**(30,792)**	(31,762)
Increase in fair value of investment properties		**186,280**	239,442
Finance costs		**(3,614)**	(197)
Profit before tax	*7*	**136,420**	314,906
Income tax expenses	*8*	**(47,125)**	(95,038)
Profit for the period		**89,295**	219,868
Attributable to:			
Owners of the parent		**82,870**	194,157
Non-controlling interests		**6,425**	25,711
		89,295	219,868
Earnings per share attributable to owners of the parent (RMB)			
Basic and diluted	*10*	**3.55 cents**	8.33 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six-month period ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(unaudited)	(unaudited)
		(restated)
Profit for the period	**89,295**	219,868
Other comprehensive income		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	**533**	77
Total comprehensive income for the period	**89,828**	219,945
Attributable to:		
Owners of the parent	**83,403**	194,234
Non-controlling interests	**6,425**	25,711
	89,828	219,945

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
NON-CURRENT ASSETS			
Property and equipment	*11*	**191,268**	190,812
Investment properties	*12*	**1,840,600**	1,608,800
Properties under development	*13*	**3,605,194**	1,275,367
Available-for-sale investments		**3,300**	3,300
Long term prepayments		**735,234**	1,692,205
Deferred tax assets		**57,787**	34,404
Total non-current assets		**6,433,383**	4,804,888
CURRENT ASSETS			
Completed properties held for sale		**246,446**	391,516
Properties under development	*13*	**945,788**	675,555
Inventories		**8,680**	7,193
Trade receivables	*14*	**14,858**	14,318
Prepayments, deposits and other receivables		**506,411**	451,621
Pledged deposits	*15*	**28,144**	29,348
Cash and cash equivalents	*15*	**751,720**	891,787
Total current assets		**2,502,047**	2,461,338
CURRENT LIABILITIES			
Trade payables	*16*	**466,935**	628,570
Other payables and accruals		**318,126**	335,950
Advances from customers		**1,189,302**	175,194
Interest-bearing bank and other borrowings	*17*	**634,616**	173,753
Tax payable		**232,506**	337,209
Total current liabilities		**2,841,485**	1,650,676
NET CURRENT (LIABILITIES)/ASSETS		**(339,438)**	810,662
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,093,945**	5,615,550

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,093,945**	5,615,550
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*17*	**1,266,884**	891,036
Deferred tax liabilities		**355,175**	300,074
Total non-current liabilities		**1,622,059**	1,191,110
Net assets		**4,471,886**	4,424,440
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**185,339**	185,339
Reserves		**4,140,299**	4,094,690
		4,325,638	4,280,029
Non-controlling interests		**146,248**	144,411
Total equity		**4,471,886**	4,424,440

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent											
	Issued capital RMB'000	**Share premium account RMB'000**	**Contributed surplus RMB'000**	**Capital reserve/ (deficit) RMB'000**	**Share option reserve RMB'000**	**Statutory surplus reserve RMB'000**	**Statutory reserve fund RMB'000**	**Exchange fluctuation reserve RMB'000**	**Retained profits RMB'000**	**Total RMB'000**	**Non-controlling interests RMB'000**	**Total equity RMB'000**
At 1 January 2010	**185,339**	**2,976,821**	**39,318**	**9,451**	**15,519**	**115,429**	**8,234**	**(78,705)**	**1,008,623**	**4,280,029**	**144,411**	**4,424,440**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**533**	**82,870**	**83,403**	**6,425**	**89,828**
Acquisition of non-controlling interests*	**–**	**–**	**–**	**(53,353)**	**–**	**–**	**–**	**–**	**–**	**(53,353)**	**(4,588)**	**(57,941)**
Equity-settled share option arrangements	**–**	**–**	**–**	**–**	**15,559**	**–**	**–**	**–**	**–**	**15,559**	**–**	**15,559**
At 30 June 2010 (unaudited)	**185,339**	**2,976,821***	**39,318***	**(43,902)***	**31,078***	**115,429***	**8,234***	**(78,172)***	**1,091,493***	**4,325,638**	**146,248**	**4,471,886**

* In February 2010, the Group acquired the remaining 5% non-controlling interests of a subsidiary of the Group in Mainland China from the non-controlling shareholder for a total consideration of RMB57,941,000. The difference between the consideration and the book value of the share of the net assets acquired of RMB53,353,000 was recognised as an equity transaction.

	Attributable to owners of the parent											
	Issued capital *RMB'000*	Share premium account *RMB'000*	Contributed surplus *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Statutory reserve fund *RMB'000*	Exchange fluctuation reserve *RMB'000*	Retained profits *RMB'000*	Proposed final dividend *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2009	185,339	2,976,821	39,318	9,451	107,936	7,841	(80,125)	646,445	38,853	3,931,879	110,573	4,042,452
Total comprehensive income for the period as restated	–	–	–	–	–	–	77	194,157	–	194,234	25,711	219,945
Final 2008 dividend declared	–	–	–	–	–	–	–		(38,853)	(38,853)	–	(38,853)
At 30 June 2009 (unaudited) (restated)	185,339	2,976,821	39,318	9,451	107,936	7,841	(80,048)	840,602	–	4,087,260	136,284	4,223,544

CONDENSED CONSOLIDATED CASH FLOWS STATEMENT

	For the six-month period ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash (outflow)/inflow from operating activities	**(964,595)**	52,932
Net cash outflow from investing activities	**(12,717)**	(11,924)
Net cash inflow from financing activities	**836,712**	35,286
Net (decrease)/increase in cash and cash equivalents	**(140,600)**	76,294
Cash and cash equivalents at beginning of period	**891,787**	1,652,098
Effect of foreign exchange rate changes, net	**533**	77
Cash and cash equivalents at end of period	**751,720**	1,728,469
Analysis of balances of cash and cash equivalents		
Cash and bank balances and time deposits	**751,720**	1,728,469

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated as an exempted company in the Cayman Islands on 13 March 2007 under the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Group is principally engaged in property development, leasing and hotel operation. The Group's property development projects during the period under review are all located in the Zhejiang and Anhui Provinces, the People's Republic of China (the "PRC"). There were no significant changes in the nature of the Group's principal activities during the period under review.

In the opinion of the Directors, the holding company and the ultimate holding company of the Company is Whole Good Management Limited, a company incorporated in the British Virgin Islands on 3 May 2007. Whole Good Management Limited is wholly owned by Mr. Shi Kancheng (alias Shi Zhongan) ("Mr. Shi"), Chairman and Chief Executive Officer of the Company.

2. NET CURRENT LIABILITIES

As at 30 June 2010, the current liabilities of the Group exceeded its current assets by approximately RMB339 million. The Directors have prepared the interim condensed consolidated financial statements on a going concern basis notwithstanding the net current liabilities position, because the Group is expecting to generate sufficient cash inflows from the sales/pre-sales of its on-going property development projects and financing to meet its financial obligations when they fall due. In addition, management has obtained an additional bank facility of RMB2 billion subsequent to the reporting date as disclosed in note 22.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3. PRIOR PERIOD ADJUSTMENT

During the period, the Group's management recorded certain review adjustments to the comparative financial information for the period ended 30 June 2009. The financial impact of these adjustments is summarised below.

	As previously reported RMB'000	As restated RMB'000	Increase/ (decrease) profit effect on the six-month period ended 30 June 2009 RMB'000
Cost of sales	(212,230)	(185,570)	26,660
Finance costs	(10,784)	(197)	10,587
Change in fair value of investment properties	63,232	239,442	176,210
Other expenses	(13,762)	(31,762)	(18,000)
Income tax expense	(35,585)	(95,038)	(59,453)
Non-controlling interests	(11,217)	(25,711)	(14,494)
Increase in profit			121,510
Increase in equity			121,510

The basic and diluted earnings per share for the six-month period ended 30 June 2009 were increased from RMB4 cents to RMB8 cents per share. The above change did not have any impact to the Group's cash flows for the period ended 30 June 2009. There is no effect on the consolidated financial position of the Group as at 31 December 2009 and its consolidated results of operations for the year then ended.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

4.1 Basis of preparation

The interim condensed consolidated financial statements for the six-month period ended 30 June 2010 have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB"). These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2009.

4.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except for the adoption of new standards and interpretations as of 1 January 2010, noted below:

Impact of new and revised IFRSs

The International Accounting Standards Board (the "IASB") has issued a number of new and revised IFRSs which are generally effective for accounting periods beginning on or after 1 July 2009 and 1 January 2010. The adoption of these new and revised standards, interpretations and amendments has had no material impact on these interim condensed consolidated financial statements.

IFRS 1 (Revised)	*First-time Adoption of IFRSs*
IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of IFRSs – Additional Exemptions for First-time Adopters*
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
IFRS 3 (Revised)	*Business Combinations*
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*
IAS 39 Amendment	Amendment to IAS 39 *Financial Instruments: Recognition and Measurement-Eligible Hedged Items*
IFRIC 17	*Distributions of Non-cash Assets to Owners*
Amendments to IFRS 5 included in *Improvements to IFRSs* issued in October 2008	Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (CONTINUED)

4.2 Significant accounting policies (continued)

Apart from the above, the IASB has issued *Improvements to IFRSs 2009* in April 2009 which sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

Impact of issue but not yet effective IFRSs

The Group has not applied the following new and revised IFRSs, which have been issued but are not yet effective, in these interim condensed consolidated financial statements. These new and revised IFRSs are effective for annual periods beginning on or after 1 February 2010.

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

In May 2010, the IASB has also issued *Improvements to IFRSs 2010* which sets out amendments to a number of IFRSs which result from proposals that were included in the Exposure Draft of Improvements to IFRS issued in August 2009. The amendments to IFRS 1, IFRS 7, IAS 1, IAS 34 and IFRIC 13 are effective for annual periods beginning on or after 1 January 2011 while the amendments to IFRS 3 and IAS 27 are effective for annual periods beginning on or after 1 July 2010 although there are separate transitional provisions for each standard or interpretation.

1 Effective for annual periods beginning on or after 1 February 2010
2 Effective for annual periods beginning on or after 1 July 2010
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs may result in changes in accounting policies and are unlikely to have a significant impact on the Group's results of operations and financial position.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on income derived from business and has four reportable operating segments as follows:

(a) the property development segment which develops and sells properties in Mainland China;

(b) the property rental segment which leases investment properties in Mainland China;

(c) the hotel operations segment which owns and operates a hotel; and

(d) the others segment comprises, principally, the Group's property management services business, which provides management and security services to residential and commercial properties.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, dividend income as well as head office and corporate expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5. OPERATING SEGMENT INFORMATION (CONTINUED)

The following tables present revenue and profit information regarding the Group's operating segments for the six-month period ended 30 June 2010 and 2009 respectively.

Six-month period ended 30 June 2010 (unaudited)	**Property development RMB'000**	**Property rental RMB'000**	**Hotel operations RMB'000**	**Others RMB'000**	**Total RMB'000**
Segment revenue:					
Sales to external customers	158,510	17,493	28,115	3,780	207,898
Intersegment sales	6,620	–	–	–	6,620
	165,130	17,493	28,115	3,780	214,518
Reconciliation:					
Elimination of intersegment sales					(6,620)
Revenue					207,898
Segment results	(25,546)	189,872	3,608	(13,270)	154,664
Reconciliation:					
Interest income					929
Share option expenses					(15,559)
Finance costs					(3,614)
Profit before tax					136,420

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5. OPERATING SEGMENT INFORMATION (CONTINUED)

Six-month period ended 30 June 2009 (unaudited) (restated)	Property development RMB'000	Property rental RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue:					
Sales to external customers	288,649	17,883	22,245	1,863	330,640
Intersegment sales	–	–	–	1,150	1,150
	288,649	17,883	22,245	3,013	331,790
Reconciliation:					
Elimination of intersegment sales					(1,150)
Revenue					330,640
Segment results	53,910	252,932	3,542	(9,260)	301,124
Reconciliation:					
Interest income					13,979
Finance costs					(197)
Profit before tax					314,906

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5. OPERATING SEGMENT INFORMATION (CONTINUED)

The following table presents segment assets of the Group's operating segments as at 30 June 2010 and 31 December 2009:

As at 30 June 2010 (unaudited)	Property development RMB'000	Property rental RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Segment assets	**6,313,853**	**1,899,370**	**138,978**	**1,157,798**	**9,509,999**
Reconciliation:					
Elimination of intersegment receivables					**(1,477,763)**
Corporate and other unallocated assets					**903,194**
Total assets					**8,935,430**

As at 31 December 2009 (audited)	Property development RMB'000	Property rental RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Segment assets	4,636,889	1,668,086	392,864	826,186	7,524,025
Reconciliation:					
Elimination of intersegment receivables					(1,218,972)
Corporate and other unallocated assets					961,173
Total assets					7,266,226

Geographical Information

All the Group's revenue is derived from customers based in the PRC and all of the non-current assets of the Group are located in Mainland China.

Information about a major customer

No revenue amounted to 10 percent or more of the Group's revenue was derived from sales to a single customer or a group of customers under the common control for the six-month period ended 30 June 2010 and 2009.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents revenue from the sale of properties, property leasing income, hotel operation and management fee income during the period, net of business tax and other sales related taxes and discounts allowed.

An analysis of revenue and other income is as follows:

	For the six-month period ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue		
Sale of properties	**163,327**	302,607
Property Leasing income	**22,572**	19,265
Property Management fee income	**3,978**	3,406
Hotel operations	**29,813**	23,589
Less: Business tax and surcharges	**(11,792)**	(18,227)
	207,898	330,640
Other income		
Interest income	**929**	13,979
Others	**581**	2,103
	1,510	16,082

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Note	For the six-month period ended 30 June 2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited) (restated)
Cost of properties sold		**102,794**	175,806
Depreciation		**8,734**	5,685
Amortisation of land use rights		**2,222**	–
Goodwill impairment		**–**	9,978
Staff costs including directors' remuneration		**34,057**	20,941
Impairment of other receivables		**29,517**	18,000
Changes in fair value of investment properties	*12*	**(186,280)**	(239,442)

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period.

The provision for the PRC income tax has been provided at the applicable income tax rate of 25% (six-month period ended 30 June 2009: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

The PRC land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. Prior to the actual cash settlement of the LAT liabilities, the LAT liabilities are subject to the final review/approval by the tax authorities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

8. INCOME TAX (CONTINUED)

	For the six-month period ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(unaudited)	(unaudited) (restated)
Current tax:		
PRC corporate income tax for the period	**8,500**	22,928
PRC land appreciation tax for the period	**6,907**	15,948
Deferred tax	**31,718**	56,162
Total tax charge for the period	**47,125**	95,038

9. DIVIDENDS

	For the six-month period ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Proposed interim dividend: nil (2009:RMB0.02) per ordinary share	**–**	38,853

10. EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the parent of RMB82,870,000 (six-month period ended 30 June 2009 (restated): RMB194,157,000) and the weighted average number of ordinary shares of 2,331,206,400 (six-month period ended 30 June 2009 (as adjusted to reflect the bonus issue): 2,331,206,400) in issue during the period, as adjusted to reflect the bonus issue after the end of the reporting period before the issuance date of the interim condensed consolidated financial statements.

No diluted earnings per share has been taken into consideration, since the date of share options granted to the end of the reporting period, the average quoted market price of ordinary shares is lower than the adjusted exercise price of the share options.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

11. PROPERTY AND EQUIPMENT

During the six-month period ended 30 June 2010, the Group acquired property and equipment with a cost of RMB7,819,000 (six-month period ended 30 June 2009: RMB2,947,000) and disposed of/wrote off property and equipment with a net carrying amount of Nil (six-month period ended 30 June 2009: RMB523,000).

Certain of the Group's property and equipment with a net book value of RMB154,467,000 (31 December 2009: RMB158,392,000) were pledged to secure interest-bearing bank loans granted to the Group as disclosed in note 17 (iii).

12. INVESTMENT PROPERTIES

	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
At beginning of period/year	**1,608,800**	1,146,500
Additions	**–**	1,947
Transfer from properties under development	**–**	166,610
Transfer from completed properties held for sale	**45,520**	–
Gain from fair value adjustments	**186,280**	293,743
At end of period/year	**1,840,600**	1,608,800

The Group's investment properties as at 30 June 2010 were revalued by an independent professionally qualified valuer, CB Richard Ellis Limited, at fair value. CB Richard Ellis Limited is an industry specialist in investment property valuation. The fair value represents the amount at which the assets could be exchanged between a knowledgeable and willing buyer and a seller in an arm's length transaction at the date of valuation, in accordance with the International Valuation Standards.

Certain of the Group's investment properties with a value of RMB1,703,700,000 (31 December 2009: RMB1,596,400,000) were pledged to secure interest-bearing bank loans granted to the Group as disclosed in note 17 (i).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

13. PROPERTIES UNDER DEVELOPMENT

	Note	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
At beginning of period/year		**1,950,922**	2,360,518
Additions		**2,602,282**	781,400
Acquisition of a subsidiary		**–**	200,000
Amortisation of land use rights recognised as expenses		**(2,222)**	–
Transfer to property and equipment		**–**	(2,370)
Transfer to investment properties	*12*	**–**	(166,610)
Transfer to completed properties held for sale		**–**	(1,222,016)
At end of period/year		**4,550,982**	1,950,922
Current assets		**945,788**	675,555
Non-current assets		**3,605,194**	1,275,367
		4,550,982	1,950,922

The Group's properties under development were located in Mainland China.

Certain of the Group's properties under development with a net book value of RMB157,198,000 (31 December 2009: RMB145,367,000) were pledged to secure interest-bearing bank loans granted to the Group as disclosed in note 17 (ii).

14. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly lease receivables on credit. The credit period is generally one month, extending up to three months for major customers. All balances of the trade receivables as at the end of the reporting period are neither past due nor impaired and aged within three month based on payment due date.

Trade receivables are non-interesting-bearing and unsecured.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

15. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
Cash and bank balances	**527,720**	792,787
Time deposits	**252,144**	128,348
	779,864	921,135
Less: Pledged deposits	**(28,144)**	(29,348)
Cash and cash equivalents	**751,720**	891,787

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks.

As at 30 June 2010 and 31 December 2009, the deposits of RMB28,144,000 and RMB29,348,000 respectively, were pledged to banks as guarantees to mortgage facilities granted to purchasers of the Group's properties.

16. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the payment due date, is as follows:

	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
Within six months	**363,172**	613,647
Over six months but within one year	**91,779**	6,495
Over one year	**11,984**	8,428
	466,935	628,570

The above balances are unsecured and interest-free and are normally settled based on progress of construction.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
Current:		
Bank loans-secured	**234,616**	173,753
Other loans-secured	**400,000**	–
	634,616	173,753
Non-current:		
Bank loans-secured	**1,266,884**	891,036
Repayable:		
Within one year or on demand	**634,616**	173,753
Over one year but within two years	**183,437**	164,027
Over two years but within five years	**717,631**	432,321
Over five years	**365,816**	294,688
	1,901,500	1,064,789
Current liabilities	**634,616**	173,753
Non-current liabilities	**1,266,884**	891,036

Except for certain bank loans amounting to RMB5,000,000 as at 30 June 2009 that bear interest at fixed rates, all bank loans bear interest at floating rates.

The Group's bank loans bear interest at rates ranging from 5.21% to 6.53% per annum (31 December 2009: 4.86% to 8.32% per annum).

The Group's other loans, bear interest at a fixed rate of 8% per annum are secured by the Group's properties under development with a carrying amount of approximately RMB145,367,000 (2009: Nil) (note 13).

As at 30 June 2010, all bank loans of the Group were in Renminbi.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

17. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

The Group's bank borrowings are secured by:

(i) the Group's investment properties with a value at the end of the reporting period of approximately RMB1,703,700,000 (31 December 2009: RMB1,596,400,000) (note 12);

(ii) the Group's properties under development with a carrying amount of approximately RMB157,198,000 (31 December 2009: RMB145,367,000) (note 13); and

(iii) the Group's property and equipment with a net book value at the end of the reporting period of approximately RMB154,467,000 (31 December 2009: RMB158,392,000) (note 11).

18. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties during the period:

(a) Outstanding balances with related parties

	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
Due from other related parties	**8,292**	8,292

The balances are non-trade in nature, unsecured, interest-free and are repayable on demand.

(b) Compensation of key management personnel of the Group

	For the six–month period ended 30 June	
	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)
Total compensation	**4,037**	2,197

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

19. COMMITMENTS

The Group had the following commitments for property development expenditure at the end of reporting period:

	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
Contracted, but not provided for:		
Properties under development	**1,466,458**	1,954,409

20. OPERATING LEASE COMMITMENTS

As lessor

The Group leases out its investment properties and certain completed properties for sales under operating lease arrangements, on terms ranging from one to fifteen years and with an option for renewal after the expiry dates, at which time all terms will be renegotiated.

At the statement of financial position dates, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
Within one year	**48,892**	44,038
After one year but not more than five years	**133,122**	144,978
More than five years	**39,876**	49,237
	221,890	238,253

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

20. OPERATING LEASE COMMITMENTS (CONTINUED)

As lessee

The Group leases certain of its office premises under operating lease arrangements, negotiated for terms of five years with an option for renewal after the expiry dates, at which time all terms will be renegotiated.

At 30 June 2010 and 31 December 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
Within one year	**6,389**	6,527
After one year but not more than five years	**12,646**	15,191
More than five years	**30,487**	31,820
	49,522	53,538

21. CONTINGENT LIABILITIES

	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
Guarantees given to banks for:		
Mortgage facilities granted to purchasers of the Group's properties	**1,361,828**	872,285

The Group provided guarantees in respect of the mortgage facilities granted by certain banks to the purchasers of the Group's properties. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The Group's guarantee period commences from the date of grant of the relevant mortgage loan and ends after the execution of individual purchasers' collateral agreements.

The Group did not incur any material losses during the period under review in respect of the guarantee provided for mortgage facilities granted to purchasers of the Group's properties. The Directors consider that in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

22. EVENT AFTER THE REPORTING PERIOD

i. Pursuant to the annual general meeting held on 30 June 2010, bonus issue of shares on the basis of one share for every five ordinary shares held (the "Bonus Issue") was approved. 388,534,400 bonus shares were issued under the Bonus Issue on 19 July 2010 and the amount of HK$38,853,440 was capitalized from the Company's share premium account. The Bonus Shares were credited as fully paid and rank pari passu with the then existing shares in all respects.

   As a result of the Bonus Issues of shares mentioned above, in accordance with the terms of the share option scheme of the Company and the supplementary guidance dated 5 September 2005 issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") regarding adjustment of share options under Rule 17.03(13) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the exercise price of and the number of shares falling to be allotted and issued upon full exercise of the outstanding share options of the share option scheme of the Company have been adjusted from HK$3.10 per share to HK$2.58 per share and 40,000,000 shares to 48,062,016 shares, respectively.

ii. On 1 August 2010, the Group obtained an additional banking facility of RMB2 billion, of which the Group utilised approximately RMB1 billion and had approximately RMB1 billion remaining available to use to obtain additional financing as at 31 August 2010. The utilised bank facility of approximately RMB1 billion represents bank loans borrowed under this facility which are used predominately to finance the Group's properties under development, bearing interest at 5.31% to 6.53% per annum and are collateralised by properties under development of RMB145 million, investment properties of RMB594 million and property and equipment of RMB154 million.

23. APPROVAL OF THE FINANCIAL STATEMETNS

The financial statements were approved and authorised for issue by the board of directors on 20 September 2010.

OTHER INFORMATION

DIRECTORS'S AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 June 2010, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), were as follows:

Number of shares held and nature of interest in the Company:

Name of Director	Capacity	Number and class of securities held	Approximate percentage of interest	Long/Short Position
Mr. Shi Kancheng	Interest of controlled corporation *(Note)*	1,357,000,000 shares of HK$0.1 each in the capital of the Company	69.87%	Long

Note: These shares were held by Whole Good Management Limited, the entire issued share capital of which is solely and beneficially owned by Mr. Shi Kancheng.

Long positions in underlying Shares of the Company:

Name of Director	Capacity	Number of underlying Shares held *(Note)*	Approximate percentage of the Company's issued share capital
Shi Kancheng	Beneficial owner	2,400,000	0.12
Shen Tiaojuan	Beneficial owner	1,200,000	0.06
Zhang Jiangang	Beneficial owner	1,100,000	0.06
Lou Yifei	Beneficial owner	1,100,000	0.06
Loke Yu	Beneficial owner	300,000	0.02
Pei Ker Wei	Beneficial owner	300,000	0.02
Wang Shu Guang	Beneficial owner	300,000	0.02

Note: These represent the number of Shares which may fall to be allotted and issued to the respective Directors upon exercise of the subscription rights attached to the options granted to each of them pursuant to the share option scheme adopted by the Company on 15 May 2009.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2010, none of the Directors and the chief executives of the Company nor their respective associates had any interest and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any Director or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or were the Company, its holdings companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors, their respective spouses or children under 18 years of age to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2010, so far as is known to the Directors, the following persons, other than a Director or the chief executive of the Company, have an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity	Number of shares held	Approximate percentage of the Company's issued share capital	Long/Short Position
Whole Good Management Limited *(Note)*	Beneficial Owner	1,357,300,000	69.87%	Long
Atlantis Investment Management Limited	Investment Manager	156,000,000	8.03%	Long

Note: These shares were held by Whole Good Management Limited, the entire issued share capital of which is solely and beneficially owned by Mr. Shi Kancheng.

Save as disclosed above, as at 30 June 2010, other than the Director and the chief executive of the Company whose interests or short positions are set out in the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Securities" above, the Directors and the chief executive of the Company were not aware of any person who had an interest or a short position in the shares, or underlying shares of the Company which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

OTHER INFORMATION

SHARE OPTIONS SCHEME

The Company has on 15 May 2009 adopted a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to employees of the Group and other eligible participants who contribute to the growth of the Group.

The following table discloses details of the Company’s share options granted under the Scheme held by employees (including Directors) and other eligible participants permitted under the Scheme, and movement in such holdings during the six months ended 30 June 2010.

Outstanding at 1 January 2010	Number of options granted	Number of options exercised	Number of options cancelled	Number of options lapsed	Oustanding at 30 June 2010
40,000,000	-	-	-	-	40,000,000

As a result of the allotment and issue of the Bonus Shares on 19 July 2010, the exercise price and the number of shares in the Company which may fall to be allotted and issued upon exercise of the subscription rights attaching to the outstanding share options granted by the Company under the Scheme with effect from 19 July 2010 were adjusted to HK$2.58 and 48,062,016 respectively.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

During the period, the Company has adopted a code of conduct regarding the Director’s securities transactions on terms no less exacting than the required standard set out in the Model Code.

The Company has made specific enquiry of all Directors and all Directors have confirmed with the Company that they have complied with the required standard set out in the Model Code during the period and its code of conduct regarding Directors’ securities transactions.

AUDIT COMMITTEE AND INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has set up an Audit Committee and the terms of reference adopted complied with the requirement of the Listing Rules. The chairman of the Audit Committee is Dr. Loke Yu. The other members are Professor Pei Ker Wei and Professor Wang Shu Guang. The Audit Committee comprises all of the three independent non-executive Directors.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2010, neither the Company (corresponding period in 2009: nil), nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

OTHER INFORMATION

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the period under review, the Company had applied the principles of the Code on Corporate Governance Practices (the "Code") and complied with the code provisions and certain recommended best practices set out in the Code contained in Appendix 14 to the Listing Rules, except for the deviation from the code provision A.2.1 in which Mr Shi Kancheng acts as both the chairman and chief executive officer of the Company since the listing of the Company's shares on the Stock Exchange in November 2007.

The Board considers that this management structure will not impair the balance of power and authority of the Board but will provide the Company with consistent leadership and enables the Company to carry out the planning and implementation of business plans and decisions efficiently. This is beneficial to the management and development of the Group's businesses.

The Board would review the management structure of the Group from time to time and consider the segregation of the roles of the chairman and chief executive officer if and when desirable.