远洋地产

SINO-OCEAN

遠洋地產控股有限公司

Sino-Ocean Land Holdings Limited

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

(Stock Code: 3377)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

HIGHLIGHTS

- Revenue for the year ended 31 December 2007 amounted to RMB5,750 million, an increase of 55.0% compared to the corresponding year in 2006
- Profit attributable to equity holders of the Company amounted to RMB1,722 million, an increase of 201.8% compared to the corresponding year in 2006
- Gross margin reached 33.2% in 2007, increased from 29.4% in 2006
- As at 31 December 2007, total assets reached RMB37,766 million, an increase of 124.8% compared to the corresponding year in 2006
- The current ratio reached 2.85 in 2007, an increase from 1.78 in 2006
- Net debt to net capital ratio reduced sharply from 51.8% in 2006 to 14.3% in 2007
- Basic earnings per share amounted to RMB0.512
- Proposed a final dividend of HK$0.12 per share

The Board of Directors (the "Board") of Sino-Ocean Land Holdings Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007 as follows:

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2007 RMB'000	2006 RMB'000
Revenue	3	5,750,046	3,708,357
Cost of sales	7	(3,842,701)	(2,618,951)
Gross profit		1,907,345	1,089,406
Other income	4	359,449	40,241
Other (losses)/ gains — net	5	(28,287)	7,088
Gain on disposal of a jointly controlled entity	6	909,690	—
Fair value gain on investment properties		418,277	282,181
Selling and marketing costs	7	(129,215)	(85,435)
Administrative expenses	7	(302,462)	(173,062)
Operating profit		3,134,797	1,160,419
Fair value loss on convertible bonds		(49,410)	—
Finance costs	8	(213,940)	(131,870)
Share of loss of a jointly controlled entity		(24,768)	(1,470)
Share of profits of associates		9,895	2,143
Profit before income tax		2,856,574	1,029,222
Income tax expense	9	(1,064,762)	(432,413)
Profit for the year		1,791,812	596,809
Attributable to:			
Equity holders of the Company		1,721,502	570,380
Minority interests		70,310	26,429
		1,791,812	596,809
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB)			
- basic	10	0.512	N/A
- diluted	10	0.511	N/A
Dividends	11	502,907	248,794

CONSOLIDATED BALANCE SHEET

	Note	**As at 31 December 2007** *RMB'000*	**2006** *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		292,579	265,837
Land use rights		36,947	37,674
Investment properties		1,984,000	1,526,000
Goodwill		756,796	16,976
Interest in a jointly controlled entity		54	44,078
Interests in associates		327,056	7,058
Available-for-sale financial assets		67,487	53,563
Trade and other receivables	12	602,920	—
Deferred income tax assets		101,942	81,608
		4,169,781	2,032,794
Current assets			
Properties under development		13,002,533	6,792,663
Land under development		2,994,646	1,773,189
Inventories, at cost		1,506	1,366
Deposits for land use rights		5,579,771	1,701,194
Trade and other receivables	12	934,529	474,287
Completed properties held for sale		1,734,680	1,389,813
Restricted bank deposits		879,632	56,751
Cash and cash equivalents		8,468,815	2,580,157
		33,596,112	14,769,420
Total assets		37,765,893	16,802,214
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital and premium		14,191,020	2,400,750
Reserves		(399,126)	499,157
Retained earnings			
- proposed final dividend		502,907	248,794
- others		1,529,408	376,924
		15,824,209	3,525,625
Minority interests		1,054,110	541,280
Total equity		16,878,319	4,066,905

	Note	As at 31 December 2007 RMB'000	2006 RMB'000
LIABILITIES			
Non-current liabilities			
Preference shares of a subsidiary		144,796	129,698
Borrowings		8,002,777	4,108,520
Derivative financial instrument		157,877	–
Deferred income tax liabilities		773,306	192,983
		9,078,756	4,431,201
Current liabilities			
Borrowings		3,281,334	2,848,037
Trade and other payables		4,583,643	2,349,743
Advance from customers		3,011,555	2,945,474
Income tax payable		931,926	158,327
Dividend payable		360	2,527
		11,808,818	8,304,108
Total liabilities		20,887,574	12,735,309
Total equity and liabilities		37,765,893	16,802,214
Net current assets		21,787,294	6,465,312
Total assets less current liabilities		25,957,075	8,498,106

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 **General information**

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

In anticipation of the listing of the Company on the Main Board of the Stock Exchange of Hong Kong (the "Stock Exchange"), the Group has undertaken a group reorganization (the "Reorganization"). On 7 June 2007, pursuant to the Reorganization, the Company acquired the entire share capital of Shine Wind Development Limited through a share swap and became the holding company of the Group. Details of the Reorganization were set out in the Prospectus of the Company dated 14 September 2007.

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

2 **Basis of preparation and summary of significant accounting policies**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, derivative financial instrument, convertible bonds and employee share options, which are carried at fair value.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) *Standards, amendments and interpretations effective in 2007*

HKFRS 7, "Financial instruments: Disclosures", and the complementary amendment to HKAS 1, "Presentation of financial statements - Capital disclosures", introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group's financial instruments, or the disclosures relating to taxation and trade and other payables.

HK(IFRIC) - Int 8, "Scope of HKFRS 2", requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of HKFRS 2. This standard does not have any impact on the Group's financial statements.

HK(IFRIC) - Int 10, "Interim financial reporting and impairment", prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Group's financial statements.

(b) *Interpretations and amendments that are not effective as at the year end but were early adopted by the Group*

HK(IFRIC) - Int 11, "HKFRS 2 - Group and treasury share transactions" (effective from 1 January 2008), was early adopted in 2007. HK(IFRIC) - Int 11 provides guidance on whether share-based transactions involving treasury shares or involving Group entities should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and Group companies.

HKAS 23 (Revised), "Borrowing costs" (effective from 1 January 2009). The current HKAS23 provides management with a policy choice of either capitalising borrowing costs relating to qualifying assets or expensing the borrowing costs. HKAS 23 (Revised) removes this option and requires management to capitalise borrowing costs attributable to qualifying assets. Since the Group has chosen to capitalise borrowing costs relating to qualifying assets, HKAS 23 (Revised) is not expected to have any impact on the Group's consolidated financial statements.

(c) *Standards, amendments and interpretations effective in 2007 but not relevant for the Group's operation*

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the Group's operations:

- HKFRS 4, "Insurance contracts";
- HK(IFRIC) - Int 7, "Applying the restatement approach under HKAS 29, Financial reporting in hyper-inflationary economies"; and
- HK(IFRIC) - Int 9, "Re-assessment of embedded derivatives".

(d) *Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group*

HKFRS 8, "Operating segments" (effective from 1 January 2009).

HKAS 1 (revised 2007), "Presentation of Financial Statements" (effective from on or after 1 January 2009).

(e) *Interpretations to existing standards that are not yet effective and not relevant for the Group's operations*

HK(IFRIC) - Int 12, "Service concession arrangements" (effective from 1 January 2008).

HK(IFRIC) - Int 13, "Customer loyalty programmes" (effective from 1 July 2008).

HK(IFRIC) - Int 14, "HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction" (effective from 1 January 2008).

3 **Revenue and segment information**

In accordance with its internal financial reporting the Group has determined that business segments should be presented as the primary reporting format. The Group has categorised its businesses into the following segments:

Property development:	Development of residential, commercial properties and other properties, as well as leasing of completed properties held for sale to generate rental income.
Property investment:	Leasing of investment properties to generate rental income and to gain from the appreciation in the properties' values in the long term.
Others:	Provision of hotel operation, property management, property sales agency and others.

As less than 10% of the Group's revenue and results are attributable to the market outside the PRC and less than 10% of the Group's assets are located outside the PRC, no geographical segment information is presented.

Primary reporting format — business segments

Year ended 31 December 2007

	Property development *RMB'000*	**Property investment** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Total segment revenue	5,433,299	71,346	318,913	5,823,558
Inter-segment revenue	(2,256)	—	(71,256)	(73,512)
Revenue	5,431,043	71,346	247,657	5,750,046
Segment result	3,089,483	134,382	14,806	3,238,671
Unallocated				(103,874)
Operating profit				3,134,797
Fair value loss on convertible bonds	(49,410)	—	—	(49,410)
Finance costs (Note 8)				(213,940)
Share of loss of a jointly controlled entity	(24,768)	—	—	(24,768)
Share of profit of associates	1,195	—	8,700	9,895
Profit before income tax				2,856,574
Income tax expense (Note 9)				(1,064,762)
Profit for the year				1,791,812
Segment assets	35,153,586	2,034,728	148,527	37,336,841
A jointly controlled entity	54	—	—	54
Associates	313,226	—	13,830	327,056
Deferred income tax assets				101,942
Total assets				37,765,893
Segment liabilities	9,930,229	37,464	107,364	10,075,057
Deferred income tax liabilities				773,306
Unallocated				10,039,211
Total liabilities				20,887,574
Other segment items				
Depreciation	7,120	178	5,614	12,912
Amortisation of land use rights	9,626	–	584	10,210
Provision for impairment of trade and other receivables	—	—	421	421
Capital expenditure	779,452	36	2,441	781,929

Year ended 31 December 2006

	Property development *RMB'000*	Property investment *RMB'000*	Others *RMB'000*	Total *RMB'000*
Total segment revenue	3,520,681	55,085	194,943	3,770,709
Inter-segment revenue	—	—	(62,352)	(62,352)
Revenue	3,520,681	55,085	132,591	3,708,357
Segment result	817,072	346,291	51,134	1,214,497
Unallocated				(54,078)
Operating profit				1,160,419
Finance costs (Note 8)				(131,870)
Share of loss of a jointly controlled entity	(1,470)	—	—	(1,470)
Share of profit of an associate	—	—	2,143	2,143
Profit before income tax				1,029,222
Income tax expense (Note 9)				(432,413)
Profit for the year				596,809
Segment assets	14,833,390	1,534,060	302,020	16,669,470
A jointly controlled entity	44,078	—	—	44,078
An associate	—	—	7,058	7,058
Deferred income tax assets				81,608
Total assets				16,802,214
Segment liabilities	5,462,282	42,389	81,098	5,585,769
Deferred income tax liabilities				192,983
Unallocated				6,956,557
Total liabilities				12,735,309
Other segment items				
Depreciation	2,240	582	5,827	8,649
Amortisation of land use rights	3,117	—	703	3,820
Provision for impairment of trade and other receivables	—	—	1,320	1,320
Capital expenditure	25,092	275,224	9,049	309,365

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, properties under development, receivables and cash balances.

Segment liabilities comprise of operating liabilities. Unallocated liabilities comprise of corporate borrowings.

Capital expenditure comprises of additions to property, plant and equipment, land use rights and goodwill.

4 **Other income**

	Year ended 31 December	
	2007	**2006**
	RMB'000	*RMB'000*
Dividend income from available-for-sale financial assets	5,815	820
Interest income	321,105	35,481
Others	32,529	3,940
	359,449	40,241

5 **Other (losses)/ gains - net**

	Year ended 31 December	
	2007	**2006**
	RMB'000	*RMB'000*
Gain on deemed disposal of a subsidiary (Note a)	15,606	17,000
Gain on disposal of subsidiaries	26,334	1,867
Loss on disposal of property, plant and equipment	(47)	(106)
Exchange losses	(70,180)	(11,673)
	(28,287)	7,088

(a) Deemed disposal gain resulting from capital injection from a minority shareholder of a subsidiary resulted in dilution of the Group's share of the net assets of that subsidiary.

6 **Gain on disposal of a jointly controlled entity**

Gain on disposal of a jointly controlled entity for the year ended 31 December 2007 represented gain from the disposal of the entire equity interest in Shing Wing International Investment Limited, which indirectly held 50% equity interest in Beijing Chemsunny Property Co. Ltd. to Sinochem Hong Kong (Group) Company Limited for a consideration of RMB954.5 million.

7 **Expenses by nature**

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

	Year ended 31 December 2007 *RMB'000*	2006 *RMB'000*
Cost of properties and land use rights sold:		
- Land use rights	283,800	163,933
- Capitalized interest	50,881	60,159
- Construction related cost and cost of properties and land use rights	3,050,509	2,095,735
Direct investment property expenses	25,971	8,292
Employee benefit expenses	195,038	108,752
Consultancy fee	24,337	23,973
Auditor's remuneration	6,338	1,380
Depreciation	12,912	8,649
Amortization of land use rights	10,210	3,820
Advertising and marketing	103,961	70,653
Business taxes and other levies	316,286	201,044
Impairment for trade and other receivables	421	1,320
Office expenditure	52,117	47,496
Properties maintenance expenses	33,619	19,456
Energy expenses	24,671	7,735
Others	83,307	55,051
	4,274,378	2,877,448

8 **Finance costs**

	Year ended 31 December 2007 *RMB'000*	2006 *RMB'000*
Interest expense on borrowings		
- wholly repayable within five years	549,121	373,438
Interest expense on convertible bonds	28,142	—
Interest expense on preference shares	15,098	—
Less: interest capitalized in properties under development at a capitalization rate 7.02% (2006: 5.81%) per annum	(378,421)	(241,568)
	213,940	131,870

9 **Income tax expense**

Vast majority of the Group entities are subjected to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 33% of the assessable income of each of these group entities during the years ended 31 December 2007 and 2006 as determined in accordance with the relevant PRC income tax rules and regulations. Other companies are mainly subjected to Hong Kong income tax.

On 16 March 2007, the National People's Congress of the PRC approved Corporate Income Tax Law of the PRC, which changed the income tax rate applicable to all PRC enterprises to 25% effective from 1 January 2008.

The amount of income tax expense charged to the consolidated income statement represents:

	Year ended 31 December	
	2007	**2006**
	RMB'000	*RMB'000*
Current income tax:		
- PRC enterprise income tax	764,000	283,893
- PRC land appreciation tax	260,463	83,865
Deferred tax	40,299	64,655
	1,064,762	432,413

10 **Earnings per share**

(a) *Basic*

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

	2007
	RMB'000
Profit attributable to equity holders of the Company	1,721,502
Weighted average number of ordinary shares in issue (thousands)	3,361,853
Basic earnings per share (RMB per share)	0.512

(b) *Diluted*

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has two categories of dilutive potential ordinary shares: share options and convertible bonds. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The dilutive effect of the convertible bonds is not considered, as the average market price of the Company's shares in the current year is lower than the conversion price.

	2007
	RMB'000
Profit attributable to equity holders of the Company	1,721,502
Weighted average number of ordinary shares in issue (thousands)	3,361,853
Adjustments for:	
- Share options (thousands)	4,675
Weighted average number of ordinary shares for diluted earnings per share (thousands)	3,366,528
Diluted earnings per share (RMB per share)	0.511

No earnings per share information is provided as at 31 December 2006, as the Company was only incorporated and listed in 2007.

11 **Dividends**

	Year ended 31 December	
	2007	**2006**
	RMB'000	*RMB'000*
Final dividend paid	248,794	—
Final dividend proposed	502,907	—

On 27 March 2008, the Company proposed a final dividend of RMB502,907,000.

12 **Trade and other receivables**

	As at 31 December	
	2007	**2006**
	RMB'000	*RMB'000*
Trade receivables	53,376	9,360
Less: provision for impairment of receivables	(2,446)	(2,025)
Trade receivables — net *(Note a)*	50,930	7,335
Prepayments for acquisition *(Note b)*	315,400	—
Prepaid tax - income tax	52,035	20,280
Prepaid tax - others	149,780	151,145
Entrusted loan to a third party *(Note c)*	130,000	—
Entrusted loans to associated companies *(Note d)*	550,400	5,000
Other prepayments	97,635	166,696
Other receivables	191,269	123,831
	1,537,449	474,287
Less: non-current portion	(602,920)	—
Current portion	934,529	474,287

(a) Ageing analysis of trade receivables at the respective balance sheet dates is as follows:

	As at 31 December	
	2007	**2006**
	RMB'000	*RMB'000*
Less than 6 months	35,247	3,589
6 months to 1 year	14,012	1,620
1 year to 2 years	1,144	1,433
2 years to 3 years	527	693
	50,930	7,335

Trade receivables that are less than six months past due are not considered impaired. As at 31 December 2007, trade receivables of RMB12,786,000 (2006: RMB4,079,000) were past due. Included in these balances, RMB8,706,000 (2006: RMB nil) are not considered as impaired. Balances not impaired represent receivables from sales of properties. These relate to an independent customer for whom there is no recent history of default. All of these receivables are overdue for less than 6 months.

As at 31 December 2007, trade receivables of RMB4,080,000 (2006: RMB4,079,000) were impaired. The amount of the provision was RMB2,446,000 as at 31 December 2007 (2006:

RMB2,025,000). The individually impaired receivables mainly relate to receivables of property management fees. It was assessed that a portion of the receivables is expected to be recovered. All these receivables were aged based on invoice date more than 6 months as at 31 December 2007.

(b) Prepayments for acquisition as at 31 December 2007 represent deposit payments made to third parties for the acquisition of 100% interest in Qingdao Yizhong Real Estate Development Company Limited ("Qingdao Yizhong") as announced by the Group on 26 October 2007. Included in the prepayments is an amount of RMB104,500,000 to the vendors as part of the consideration for the acquisition. Remaining balance represents loans to Qingdao Yizhong. The acquisition ceased on 23 January 2008, and the payments were subsequently recovered in January 2008.

(c) Entrusted loan to a third party represents amounts lent to Tianjin Milan Real Estate Co., Ltd., the original shareholder of Tianjin Pulida Real Estate Construction and Development Co., Ltd. The balance is unsecured, interest bearing at 8.82% and is repayable before 30 June 2008.

(d) Entrusted loans to associated companies are unsecured, interest bearing at rates ranging from 6.73% to 7.29% (2006: 4.78% to 6.24%) and are repayable before 30 April 2009.

(e) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security. The carrying amounts of the Group's trade and other receivables are all denominated in Renminbi.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF THE YEAR

2007 was a fruitful year for the Group, and represented an important milestone in the Group's development history. The Company's shares were successfully listed on the Stock Exchange on 28 September 2007. The proceeds from the initial public offerings (the "IPO") of the Company have significantly strengthened the Group's financial resources, providing funding for the Group's future development plans thereby laying a solid foundation for sustainable growth in the Group's future earnings.

FINANCIAL REVIEW

The Group's revenue was mainly derived from property development, investment property and other real estate related business (such as property management). In 2007, the Group's revenue reached RMB5.75 billion, representing an increase of 55.0% over RMB3.71 billion in 2006. Among the Group's 2007 revenue, property development accounted for 94.5%; investment property accounted for 1.2%; and other real estate related business accounted for 4.3%.

Revenue from property development during the year was mainly derived from projects in Beijing and Tianjin of which, Ocean Landscape (Beijing), Ocean Paradise (Tianjin) and Ocean Seasons (Beijing) together generated sales amounting to about RMB4.59 billion, and individually representing 44%, 22% and 18% of the overall revenue from this sector. In 2007, the Group's revenue from property development (mainly from residential and commercial property development projects) reached RMB5.43 billion, representing an increase of 54.3% over RMB3.52 billion in 2006. Total gross floor area ("GFA") sold reached 677,301 sq.m. in 2007, 50.3% higher than the 450,587 sq.m. for the year of 2006. The average selling price per sq.m. increased by 2.7% to RMB8,009 in 2007 from RMB7,798 in 2006. The following table presents the figures of GFA sold, revenue from property development, and percentage of interest attributable to the Group from major projects in 2007 (excluding sales of car-parks):

Project	**GFA sold**	**Revenue from property development**	**Percentage of interest attributable to the Group**
	(sq.m.)	*(RMB million)*	
Beijing			
Ocean Cityscape	2,443	22	100%
Ocean Express	12,192	200	75%
Ocean Landscape	339,206	2,396	100%
Ocean Paradise	41,435	611	100%
Ocean Seasons	133,807	1,002	70%
Tianjin			
Ocean Paradise	148,218	1,194	96.99%
Total	**677,301**	**5,425**	

Rental incomes from investment properties in 2007 amounted to RMB71.3 million, representing an increase of 29.4% over 2006. The increase in the rental incomes during the year was mainly attributable to Ocean International Center Block A, located in Chaoyang District, Beijing, which started generating rental income in July 2007. In 2007, revenue contributed by other real estate related business amounted to RMB247.7 million, representing an increase of 86.8% over 2006.

In 2007, the Group's cost of sales amounted to RMB3.84 billion, representing an increase of 46.6% over RMB2.62 billion in 2006. Cost of sales mainly comprised of the land costs, construction costs and capitalised interest. Land appreciation tax, which was previously included under cost of sales has now been reclassified to taxation in the income statement. In 2007, cost of properties and land use rights sold represented 88.3% (88.5% in 2006) of the Group's cost of sales, amounted to RMB3.39 billion, an increase of 46.1% over RMB2.32 billion in 2006. As a result of stringent cost control measures, the increase in cost of sales was slower than growth in revenue (which had a growth rate of 55.0%). Looking forwards, the Group will focus on monitoring and controlling the land and construction cost in order to further improve the gross margin.

In 2007, gross profit amounted to RMB1.91 billion, representing an increase of 75.2% over 2006. The gross profit margin also increased to 33.2% in 2007 from 29.4% in 2006. This was achieved because the Group was able to control the growth in average cost per sq.m. of property development below the growth in the average selling price per sq.m..

Fair value gain mainly comprised of appreciation from the revaluation of investment properties of which, Ocean Plaza (Beijing) was valued by independent valuer, DTZ Debenham Tie Leung Limited ("DTZ Debenham") at RMB724 million as at 31 December 2007, representing an increase in fair value of RMB53 million in 2007, and Ocean International Center Block A (Beijing) was valued by DTZ Debenham at RMB1,260 million as at 31 December 2007, representing an increase in fair value of RMB365 million in 2007. Appreciation from the revaluation of these two investment properties in 2007 amounted to RMB418 million.

In 2007, the Group benefited from the contribution of other income and gain on disposal of a jointly controlled entity. The other income mainly represents interest income generated from the frozen funds during the IPO of the Company in September 2007 and other interest income, which together amounted to RMB321 million. The gain on disposal of a jointly controlled entity (RMB910 million) represents the disposal of the entire interest in Beijing Chemsunny Property Co., Ltd. to Sinochem Hong Kong.

In 2007, selling and marketing costs amounted to RMB129 million, representing an increase of 51.8% over RMB85 million in 2006. While expenses were increased in order to drive the revenue growth, the Group was able to keep it at about 2% of the revenue.

Administrative expenses in 2007 increased by 74.6% to RMB302 million from RMB173 million in 2006. The increase in administrative expenses was mainly due to the increase in headcount in 2007, following the Group's development budget after listing. As a result, the employee benefit expenses increased by 78.9% from RMB109 million in 2006 to RMB195 million in 2007. The Group believes that our team comprises of members who have a wealth of experience and talents in this industry and this is an invaluable asset for driving the future development of the Group.

As a result of the Group's rapid development in 2007 and the IPO proceeds were made available in the beginning of the fourth quarter of the year, the Group's 2007 result was partly set off by the increase in the finance costs. Finance costs in 2007 amounted to RMB214 million, representing an increase of 62.1% over RMB132 million in 2006. This was mainly attributable to the increase in the Group's total borrowings amount (from RMB6.96 billion in 2006 to RMB11.28 billion in 2007) and several upward adjustment to the PRC bank lending rate during 2007.

Income tax in 2007 was RMB804 million (including RMB40 million deferred tax and RMB764 million enterprise income tax) representing an increase of 130.4% over RMB349 million in 2006. Such increase was in line with the increase in profit become income tax amount in 2007. Land appreciation tax in 2007 was RMB260 million, representing an increase of 209.5% over RMB84 million in 2006, which was mainly attributable to the increase in profitability of the property development projects sold by the Group in 2007 as compared to the year of 2006. The effective income tax rate (deferred tax plus enterprise income tax divided by profit before income tax) was moderately reduced to 28.2% in 2007 from 33.9% in 2006. This was mainly because part of the income was not subjected to enterprise income tax, including the interest income generated during the IPO, and the tax rate on part of the gain was lower than enterprise income tax (the deferred tax rate on fair value gain on investment property was only 25%).

Liquidity and financial resources

The Group's funding was mainly derived from the income from our business operations, bank loans and cash raised from the IPO. These sources financed the Group's business operations as well as investment and development. As at 31 December 2007, the total amount of cash and cash equivalents of the Group was RMB8.47 billion, and the current ratio improved from 1.78 times in 2006 to 2.85 times in 2007. As at 31 December 2007, the total assets and shareholders' equity of the Group amounted to RMB37.77 billion and RMB15.82 billion respectively, representing an increase of 124.8% and 348.2% over 2006.

As at 31 December 2007, the Group's total borrowings amounted to RMB11.28 billion, of which 1 to 2 years borrowings represented 57% of the total borrowings, or being RMB6.40 billion (including RMB1.40 billion convertible bonds); borrowings to be repaid within 1 year amounted to RMB3.28 billion, representing

29% of total borrowings (including RMB134 million entrusted loan); and borrowings over 2 years amounted to RMB1.60 billion. Net debt (total borrowings deducted by cash and cash equivalent) to net capital (net debt plus total equity) ratio significantly improved from 51.8% in 2006 to 14.3% in 2007.

Financial guarantees and pledge of assets

As at 31 December 2007, the guarantees provided by the Group to property buyers before their completion of the mortgage registration with the banks were moderately reduced to RMB1.73 billion in 2007 from RMB1.81 billion in 2006.

As at 31 December 2007, the Group has pledged part of the land use rights, property under development, completed properties held for sale to secure short-term bank loans of RMB0.8 billion and long-term bank loans of RMB3.5 billion.

Capital commitments

Agreements were entered into in respect of land acquisition and for properties under development. As at 31 December 2007, the Group had total capital commitments of RMB10.28 billion.

Contingent liabilities

As at 31 December 2007, the Group has provided a guarantee in respect of banking facilities given to an associate (Beijing Central Business District Development and Construction Co., Limited), involving a total of RMB600 million.

According to the prevailing commercial practice in the PRC, the Group has to provide guarantees for mortgages extended to some property buyers before completion of the mortgage registration. As at 31 December 2007, the total amount of guarantees involved was RMB1.73 billion. In the past, the Group had not incurred any material losses from such guarantees because the guarantees had been given as transitional arrangements up until the completion of the mortgage registration. The guarantees were secured by the properties.

Use of proceeds from the IPO

The Group's net proceeds (after taking into account interest income from the frozen funds and netting off the listing expense) from the IPO were approximately HK$11.35 billion. As at 31 December 2007, the Company has spent approximately HK$8.21 billion on the existing development projects and loan repayments. The relevant deployment of funds was in line with the designated uses of the proceeds as disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 14 September 2007. As at 31 December 2007, the balance of approximately HK$3.14 billion was retained as bank deposits.

BUSINESS OVERVIEW

Property development and sales

Leveraging on the public recognition of the "Sino-Ocean Land" brand, the Group's operation in property development has continued to grow in the past 4 years. GFA sold and recognized grew at a compound annual growth rate (CAGR) of 50.7% from 197,814 sq.m. in 2004 to 677,301 sq.m. in 2007.

For the year ended 31 December 2007, the Group had completed the development of a GFA of 985,025 sq.m., representing an increase of 25.5% over 2006. The GFA sold and recognized by the Group in 2007 increased by 50.3% over the previous year to 677,301 sq.m.

In addition to the property sales, the contracted pre-sales amount is also a key performance index of the Group's property development business. For the year ended 31 December 2007, the amount of contracted pre-sales amounted to RMB6.2 billion, of which RMB4 billion will be recorded as revenue in next financial year (contributed from the saleable area of 337,440 sq.m). In 2007, the Group derived its outstanding contracted pre-sales from 9 projects located in 4 cities, including 5 in Beijing, 2 in Tianjin, 1 in Dalian and 1 in Zhongshan accounting for 82%, 3%, 8% and 7% respectively of the total contracted pre-sales amount.

Details of contracted pre-sales figures by projects as at 31 December 2007 are set out as follows:

Project	**Area sold through contracted pre-sales** *(sq.m.)*	**Approximate total value** *(RMB million)*	**Percentage of interest attributable to the Group**
Beijing			
Ocean Landscape (Phase I & II)	5,252	55.9	100%
Ocean Landscape (Phase III & IV)	133,823	1,504.9	100%
Ocean Office Park	38,234	776.8	80%
Ocean Paradise	77	0.6	100%
Ocean Seasons	21,134	224.4	70%
Poetry of River (formerly named Ocean Yifang)	60,621	715.0	100%
Tianjin			
Ocean Express	393	6.1	97.05%
Ocean Paradise (Phase I)	10,656	121.2	96.99%
Dalian			
Ocean Prospect	24,201	312.5	100%
Zhongshan			
Ocean City	43,049	291.7	100%
Total	**337,440**	**4,009.1**	

Properties under development

As at 31 December 2007, the Group had a total of 9 projects under development located in 5 cities, including Beijing, Tianjin, Dalian, Shenyang and Zhongshan. The Group planned to complete a total GFA of approximately 1.4 million sq.m. in 2008. The Group will fully capitalize on its understanding of the demand in the local market and customer preferences, and will leverage on its expertise in project management and cost control, so as to increase the efficiency of the project development process, and focus on providing quality properties to target customers.

Project	**Estimated completion**	**Total GFA** *(sq.m.)*	**Saleable area** *(sq.m.)*	**As at 31 December 2007 Total saleable area recognized as sales** *(sq.m.)*	**Percentage of interest attributable to the Group**
Beijing					
Ocean Honored Chateau	Dec 2008	52,091	38,269	—	75%
Ocean Landscape (Phase III & IV)	May 2008	692,629	595,375	282,926	100%
Ocean Office Park	May 2008	174,557	38,234	—	80%
Ocean Seasons	Jun 2009	243,303	219,118	159,356	70%
Poetry of River (formerly named Ocean Yifang)	Dec 2009	296,995	260,723	—	100%
Tianjin					
Ocean Express	Dec 2010	377,498	346,613	—	97.05%
Dalian					
Ocean Prospect	Dec 2008	181,210	164,288	—	100%
Shenyang					
Ocean Paradise	Dec 2011	846,009	800,080	—	100%
Zhongshan					
Ocean City	Dec 2011	1,442,494	1,377,314	—	100%
Total		**4,306,786**	**3,840,014**	**442,282**	

As at 31 December 2007, the Group only had a 75% equity interest in Ocean Honored Chateau (Beijing). The Group acquired the remaining 25% equity interest of this project in February 2008.

The above properties under development have a total GFA of 4.31 million sq.m. and a saleable area of about 3.84 million sq.m., of which 34% of the GFA is located in Beijing, 9% in Tianjin, 4% in Dalian, 20% in Shenyang and 33% in Zhongshan. The above projects are expected to be completed in stages from 2008 to 2011.

Land banks

As at 31 December 2007, the Group's land banks were located in six cities in the PRC, namely Beijing, Tianjin, Dalian, Shenyang, Hangzhou and Zhongshan, with an aggregate GFA of 10.2 million sq.m., representing an increase of 60.9% over 2006, and an attributable GFA to the Group of 8.8 million sq.m. The above land banks can satisfy the Group's development needs for the next 3 to 4 years. In addition, of the Group's existing land banks, 75% are located in the high economic growth area of Pan-Bohai Rim, including 24% in Beijing. Outside of the Pan-Bohai Rim, there is 7% located in the Yangtse River Delta, and 18% in the Pearl River Delta. It is expected that these high quality land banks will help to ensure the Group's continuous high CAGR growth in our future.

Subsequent to the listing, the Group has devoted more efforts towards the acquisition of new projects, and has successfully secured a number of high quality land development projects in the Pan-Bohai Rim, Yangtse River Delta region and Pearl River Delta region. These acquisitions further strengthened our core strategic position in the Pan-Bohai Rim, as well as our strategic presence in other high growth regions. For the year ended 31 December 2007, the Group newly secured 7 projects, through public auction, bidding or by entering into co-operation agreements. The total land cost for these 7 projects attributable to the Group amounted to RMB8.42 billion, with a total GFA of approximately 4.7 million sq.m. in aggregate and an attributable GFA to the Group of 3.6 million sq.m.. The average land cost attributable to the Group is about RMB2,368 per GFA/sq.m.. These projects include Ocean City (Tianjin), Red Star (Dalian), Hang Yimian (Hangzhou), Canal Commercial District (Hangzhou), Xiao'aoxi (Zhongshan), Beijing Tongzhou Yuqiao (Beijing) and Changbai (Shenyang). All the 7 projects have already received proper land use rights or proper documents certifying successful bidding.

Investment properties

As at 31 December 2007, the Group converted part of its completed projects held for sale into investment properties, with a GFA of 4,307 sq.m.. The total GFA of investment properties held by the Group was increased to 112,226 sq.m in 2007. In addition, the Group is benefiting from the continuous growth in the PRC economy, which leads to strong demands for high-end office premises. The Group is able to maintain high occupation rates and satisfactory rental incomes for its investment properties in 2007. Rental income from investment properties in 2007 amounted to RMB71.3 million, representing an increase of 29.4% over 2006. The increase in rental incomes during the year was mainly attributable to Ocean International Center Block A which started generating rental income in July 2007.

In addition, the Group has also planned to selectively enlarge its investment properties portfolio in the PRC. Currently, the Group is focusing on core districts in Beijing for developing premium office buildings and shopping centers where investment returns are higher.

The Group recognizes that stable rental incomes derived from investment properties help to balance the operation risks of seasonal fluctuation and are important to the continued development of the Group. In forthcoming years, the Group will gradually increase the amount and scale of investment properties, and targets to increase the income contributed from this sector.

Property management

Provision of quality property management services to the residents has always been the Group's value added services to our customers. By creating a harmonious and well-designed residential environment for our customers, the Group is committed to improving the living environment and the service quality for our customers so as to ensure their satisfaction and loyalty.

In 2007, the Group's income from the provision of property management service amounted to RMB145 million, representing an increase of 70.6% over 2006. The number of households covered by our services reached 16,234 households and there were 127,900 cases of property owners using our services. As at 31 December 2007, the total GFA of properties in respect of which the Group provided property management services was approximately 2.35 million sq.m.

PROSPECTS

The concern of the PRC Central Government about the over-heated economy, in particular the property market, has caused the introduction of various macroeconomic control policies directed towards the scale of fixed asset investments, availability of banking facilities, requirement of land utilization, and utilization of foreign capital. These will lead to a healthy consolidation in the property development industry. The Group takes the view that after appropriate market adjustments, market demand will then stabilize and offer good opportunities to those financially well managed property developers.

Given the anticipated continuous enforcement of macroeconomic control measures, it is expected that land prices will be subjected to tight scrutiny in 2008, and opportunities for land acquisitions at more reasonable price levels will be increased. The Group will implement its development plan in response to the rapidly changing environment. In 2008, the Group will focus its resources on those projects with a high return of cash inflow, so as to improve the Group's assets turnover. The Group primarily aims at healthy and efficient land resources turnover in developed cities. The Group will also keep searching for quality projects in cities with rapid development and strong housing demand. The Group takes the view that long term growth will only be sustained by achieving a good balance between the ability to generate current revenue and the ability to identify and secure high potential projects.

The Group has adopted a steady development strategy by further strengthening our leading position in the Pan-Bohai Rim, and gradually expanding our presence in other high growth regions. The Group will continue to develop a diversified product portfolio, and optimize product mix, while prudently employing various financing channels, rationalizing the proportion of investment properties held, and strengthening our brand name and added value to our products.

OTHER INFORMATION

Employees and remuneration policy

As at 31 December 2007, the Group had 3,108 full-time employees. Among them, there were 369 employees at the headquarters, with an average age of 34.8. Among them, 81% were university graduates or above. As was the case in previous years, the Company's staff turnover remained stable at 3.4%, which is believed to be lower than the average rate in the market.

In July 2007, the Company conducted an annual salary review, and having made comprehensive consideration of factors such as market remuneration level and the staff performance, an average salary increment of approximately 5.7% was made. The Company believed that such an increment would be crucial in maintaining the competitive edge of the Group in the labour market.

In addition, a share option scheme was adopted to attract and retain qualified employees to serve the Group.

In relation to staff training, the Group has provided different types of training courses to the staff every year, so as to improve their techniques and skills which are essential for the Group's long-term development.

Risk exposure to exchange rate fluctuations and related hedging

The Group has no investments in hedging or speculative derivatives. Considering the potential changes in the exchange rates of Renminbi, the Group will prudently consider whether or not to arrange for monetary and interest rate swaps at appropriate times, so as to avoid the corresponding risks.

Company's mission

The Group puts emphasis on achieving a win-win result by maximizing its staff's capabilities and creating a harmonious operating environment. Through continuous innovation and good corporate governance, the Group has taken its social responsibilities into account, strengthened its competitive advantages, and continued to increase shareholder value, so as to achieve satisfactory results for its shareholders, employees and the society as a whole.

FINAL DIVIDEND

The Directors recommend a final dividend of HK$0.12 per share for the year ended 31 December 2007. The proposed dividend, if approved by the shareholders at the annual general meeting on 9 May 2008, will be paid to shareholders whose names appear on the register of members of the Company on 5 May 2008. The proposed final dividend has not been reflected in the financial statements as at 31 December 2007.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 9 May 2008. The notice of Annual General Meeting will be published and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday 6 May 2008 to Friday 9 May 2008, both dates inclusive. During this period no share transfer will be registered. To qualify the proposed final dividend, all transfer documents together with relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited Hong Kong at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, for registration no later than 4:30pm on Monday 5 May 2008.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

From the date the Company listed on the Stock Exchange on 28 September 2007 till 31 December 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

During the year ended 31 December 2007, the Company complied with the code provisions set out in 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 ("the Listing Rules") except that the first audit committee meeting with the auditors was held on 18 January 2008, instead of on or before 31 December 2007 (as stipulated in C3.3(e)(i) of the CG Code). This was mainly due to the fact that the Company was only listed on the Stock Exchange on 28 September 2007.

Further information of the Company's corporate governance practices will be sent out in the Corporate Governance Report of the Company's 2007 Annual Report which will be sent to the shareholders on or before 16 April 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the annual results of the Company for the year. The figures contained in the preliminary announcement of the Group's results for the year have been agreed by the Company's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's financial statements for the year ended 31 December 2007. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF THE RESULTS ANNOUNCEMENTS AND THE ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the website of the Stock Exchange and the Company's website (http://www.sinooceanland.com). The annual report for the year ended 31 December 2007 will be despatched to shareholders on or before 16 April 2008 and will be available on the Company's and the Stock Exchange's websites in due course.

APPRECIATION

Last but not least, I would like to express my heartfelt gratitude to the members of the Board for their highly efficient performance, to shareholders, business partners and the local governments for their long-term support and trust, as well as to all our dedicated staff for their hard work!

By order of the Board
Li Jianhong
Chairman

Hong Kong, 27 March 2008

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