远洋地产

SINO-OCEAN

遠洋地產控股有限公司

Sino-Ocean Land Holdings Limited

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

(Stock Code: 03377)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

HIGHLIGHTS

- Revenue up 13% to RMB6,487 million in 2008, as compared to RMB5,750 million in 2007. It marked a continuous growth in our operating capacity over the past 5 years since 2004.
- Gross profit up 48% to RMB2,820 million while gross profit margin increased by 10% points to 43%
- Profit attributable to equity holders of the Company decreased by 19% to RMB1,388 million (but if excluding one-off items and revaluation items, it increased by 13%)
- Total contracted sales amount up 17% to RMB7,243 million, with GFA sold increased by 27% to about 691,000 sq.m.
- Total assets up 15% to RMB43,268 million while shareholders' equity up 5% to RMB16,653 million
- At the end of 2008, cash resources amounted to RMB8,837 million, with net gearing ratio maintained at a relatively low level of 35%
- Earnings per share was about RMB0.31
- Proposed final dividend of HKD0.07 per share with a scrip dividend option

The Board of Directors (the “Board”) of Sino-Ocean Land Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2008.

Result of 2008

2008 was a year of change in the global economy and international financial markets. It was also a year full of challenges and opportunities for the Group. In the first half of 2008, we witnessed the turning point in the PRC property market. The upward trend starting from 2005 was reversed. Although the extent of adjustments varied in different cities and product types, it was generally observed that both the transaction volume and the average selling price fell in 2008. The austerity measures implemented by the PRC Central Government (the “Central Government”) in 2007 to maintain the property prices at an affordable level and to prevent overheating of the economy produced stronger effects in early 2008. The downward trend further accelerated when consumer confidence in the property market was directly weakened by the wide-spread global financial crisis originating from sub-prime mortgage problem in the U.S. The PRC property market experienced an obvious and inevitable decline in line with the global property markets.

Despite such challenges and a difficult operating environment in 2008, the Group was able to maintain its core operating capacities and recorded double digit growth in terms of turnover and gross profit. The Group’s revenue in 2008 amounted to RMB6,487 million, which represented a 13% increase as compared to RMB5,750 million in 2007. The Group’s gross profit in 2008 amounted to RMB2,820 million in 2008, a rise of 48% from RMB1,907 million in 2007. The remarkable growth in gross profit was mainly attributable to the increase in gross profit margin from 33% in 2007 to 43% in 2008, representing a gain of 10% points. Profit attributable to equity holders of the Company for the year ended 31 December 2008 decreased by 19% from RMB1,722 million in 2007 to RMB1,388 million in 2008. This was mainly due to the one-off pre-tax gain from the disposal of Chemsunny World Trade Center (Beijing) of RMB910 million recorded in the year 2007 (2008: nil) and the material difference in the revaluation of investment properties between 2007 and 2008. Excluding the effect of one-off items and all revaluation items, profit attributable to equity holders of the Company generated from ordinary core activities in fact increased by 13% to RMB997 million in 2008, up from RMB885 million in 2007. That represented a continuous growth in our operating capacity over the past 5 years since 2004.

With reference to profit attributable to the equity holders of the Company for 2008, the Board of Directors (the “Board”) is pleased to propose a final dividend of HKD0.07 per share for the year ended 31 December 2008. Including the interim dividend of HKD0.03 per share, total dividend per share for 2008 was HKD0.10 per share (2007: HKD0.12 per share) or a dividend payout ratio of 29% (2007: 29%).

As already mentioned in the interim report, the Company intends to maintain a stable and consistent dividend policy with an annual pay-out ratio of no less than 20% of the profit available for distribution during a financial year. However, the Board will review the Group's earnings, cash flow, capital requirement and any other conditions that the Board deems relevant before proposing the resolution to pay the dividends.

Market Review and Outlook

During the first half of 2008, tightened credit policies and austerity measures adopted in 2007 continued their effect to control the property prices at affordable level. Growth of the property market was hampered and demand shrunk from the end of 2007 as people at that time generally expected that additional measures would be introduced to bring housing prices further down. Property developers in the PRC in general had to face the adverse effects of the decline in selling prices coupled with the decrease in sales volume throughout 2008. Many highly leveraged developers experienced great difficulties in getting financing resources to support their projects.

During the second half of 2008, further deterioration of subprime mortgages and the collapse of credit default swaps in the global market alerted the Central Government to the forthcoming difficulties facing the PRC manufacturing and industrial export sectors. The Central Government quickly responded by implementing expansionary fiscal and monetary policies including cutting one year base interest rate by a total of 2.16%, and coupled with several downward adjustments on the reserve ratio requirement from the peak of 17.5%. In November 2008, the Central Government announced a massive economic stimulus programme amounting to RMB4 trillion to stimulate domestic consumption and to boost economic growth. We have confidence in all these timely and decisive measures adopted by the Central Government and believe that they will provide a strong support to the GDP growth. We expect that with all these policies in place, the PRC's GDP growth rate has a much better chance of reaching 8% in 2009. Since the third quarter of 2008, local governments, including Beijing, Tianjin and Hangzhou, issued various specific practical policies to stabilize the property market. By the end of 2008, we noticed a moderate rally in transaction volume and the overall property market recorded a remarkable increase in the fourth quarter of 2008 as compared to the first half of 2008. The market sentiment although not fully recovered, was at least stabilized by the end of 2008.

In 2008, we saw a general decline in land acquisition activities and a slow down of new construction projects among large number of developers. This implies that the supply of residential housing will reduce in the coming years and the market will be able to restore to equilibrium not later than 2010. Thus we are of the view that the current excess supply will only be a short term market situation. In the meantime, developers will have to face the challenge of lower profit margin and therefore the

Group expects the gross profit margin will come down in 2009. Nevertheless, developers with higher operating efficiency and flexibility to adjust their development cycle and control supply and cashflow could easily differentiate themselves from others. Looking into the future, the affluent population, especially the growing middle class aspiring to higher quality of living and the urbanization and transformation of Chinese society are leading to long term opportunities for well managed property developers.

The housing issue and reform have long been on the Central Government's agenda. In 2008, more precise guidelines for policy housing including low-rent housing, economically affordable housing and capped price housing were introduced to boost the welfare housing system. It is the Central Government's long term mission to take care of the people and improve their living conditions. At present, there may be concerns that the supply of policy housing will suppress the demand in the commodity residential property market. The Group takes a different view and believes that policy housing are targeting customers and segments different from those that the Group's existing residential products target, mainly the middle-class. It is reasonable to expect that the introduction of policy housing will eventually accelerate the segmentation process of the residential property market in the PRC. Low-end commodity housing will gradually be reduced and be replaced by policy housing although such process may take a decade to complete. We believe the demand for commodity housing constructed with better quality and design will remain strong as the growing middle class continues to look for better living standards. In view of this, quality mid-to-high end properties will continue to be our major target. We believe that this will be the most significant segment in terms of turnover in the property market in the years to come. The Group has an excellent track record in the mid-to-high end product segment with first mover advantage and economy of scale. We are well-positioned to supply high quality products. With products that fit the customers' preferences, we are confident that the Group can generate better asset turnover in 2009.

In order to maximize our market participation and maintaining a long term relationship with the local government, the Group may consider getting involved selectively in projects that are subjected to the conditions of development of certain percentage of policy housing. The Group will study carefully the urban plans and the local government's city development requirement so that we can incorporate competitive designs in our tender. The proportion of policy housing in any single project that the Group may participate will be kept to a minor portion (i.e. less than 50%) in terms of GFA. We will evaluate the feasibility of any new project on its own returns and merits. The Group expects that policy housing will only account for a small percentage in the Group's overall product mix in the years to come as the Group focuses primarily on mid-to-high end commodity housing.

The Group is reasonably optimistic in its prospect in 2009 and aims to maintain double digit growth in sales amount although the Group has to face downward pressure in gross profit margin. The Group has carefully monitored its product development cycle which is supported by a well-balanced landbank and solid financial structure. We are highly flexible and capable of seizing any good merger and acquisition opportunities that may arise as a result of market consolidation. We believe that we have the advantage of having a good long term relationship with the government, good understanding by investors in the capital market and are well accepted by customers. All these are the Group's fundamental strengths that will enable the management to outperform in the forthcoming difficult market in 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group's revenue is derived from property development, property investment and other real estate related businesses, including property management and hotel operation. The Group's revenue during 2008 increased by 13% to RMB6,487 million, up from RMB5,750 million in 2007. The increase in revenue was attributable to the growth in both the property development business and other real estate related businesses.

Revenue from property development amounted to RMB5,834 million in 2008, an increase of 7% from RMB5,431 million in 2007. The increase in revenue from property development, at a period when market sentiment for the property market was around the trough in 2008, was attributable to the surge in average selling price recognized in 2008 by 41% as compared to 2007, from RMB8,009 per sq.m. in 2007 to RMB11,279 per sq.m. in 2008.

Revenue from property investment reached RMB122 million in 2008, a significant increase of 72% from RMB71 million in 2007. Ocean International Center Block A (Beijing), which started leasing in July 2007 and recorded first full year of rental income, was the key factor for the increase.

The property development business still accounted for the largest portion of cost of sales in 2008, accounting for about 86% of the Group's total cost of sales. Cost of sales for the property development business mainly comprised of land cost, construction costs and capitalized interest expenses. Excluding car parks, land cost per sq.m. for the property development business increased by 18% from RMB1,689 in 2007 to RMB1,987 in 2008; while construction cost per sq.m. for the property development business increased by 14% from RMB3,209 in 2007 to RMB3,673 in 2008.

Land cost and construction cost in 2008 together amounted to RMB2,811 million, accounting for 77% of the total cost of sales (2007: 87%). Capitalized interest expenses in 2008 increased by 43% from RMB51 million in 2007 to RMB73 million in 2008, representing about 2% of the total cost of sales (2007: 1%). In line with the growth in revenue, business tax increased by 14% from RMB316 million in 2007 to RMB360 million in 2008, representing 10% of the total cost of sales (2007: 8%).

Gross profit in 2008 reached RMB2,820 million as compared to RMB1,907 million in 2007. At the same time, gross profit margin also recorded a significant improvement from 33% in 2007 to 43% in 2008, an increase of 10% points. The better than expected gross profit margin was mainly attributable to the increase in average selling price recognized by 41% in 2008, which outweighed the 18% growth in land cost and 14% growth in construction cost. The main contributor to the high gross margin in 2008 was Ocean Landscape (Beijing), which accounted for 46% of total revenue from property development (including car parks sales). Benefiting from the increase in gross profit margin in 2008, the Group recorded a 48% growth in gross profit. However, the high gross profit margin to a very large extent was contributed by the sales in 2007, when the property market was at its peak, which was recognized in 2008. In view of the decline in the property market in 2008 and the diminishing contribution from Ocean Landscape (Beijing) in the Group's future revenue, as most of the saleable GFA had been delivered, therefore the gross profit margin in 2009 is likely to come down. Nevertheless, our quality products will be able to prove their investment value and continuously enable us to add a premium on the selling price, which will help sustain our future gross profit margin.

No fair value gain was recorded for our investment properties in 2008 as compared to RMB418 million in 2007. Meanwhile, the revaluation gain on the convertible bonds amounted to RMB76 million in 2008, as compared to a revaluation loss of RMB49 million in 2007.

One-off gain for disposal of a jointly controlled entity happened in 2007 represented the disposal of all our equity interest in Shing Wing International Investment Limited, which indirectly held 50% interest in Chemsunny World Trade Center (Beijing), at a consideration of RMB910 million. No such kind of profit was recorded in 2008.

Selling and marketing expenses increased by 95% from RMB129 million in 2007 to RMB251 million in 2008. Selling and marketing expenses accounted for about 4% of revenue and 3% of contracted sales amount in 2008, as compared to about 2% of revenue and 2% of contracted sales amount in 2007. In view of the poor market sentiments in 2008 and more projects were available for sale in 2008 than in 2007, the Group therefore took more but cautious steps to increase efforts in promoting the Group's products so as to stimulate demand and thus resulting in the increase in spending on selling and marketing expenses in 2008.

Administrative expenses increased by 39% from RMB302 million in 2007 to RMB420 million in 2008. The increase in administrative expenses was partly due to the increase in the number of employees in 2008 as compared to 2007 and partly due to the inclusion of amortization of share option in the remuneration for our staff, which recorded an amortization amount of approximately RMB111 million in 2008 (2007: RMB28 million). The reason for the increase in the amortization amount was because the share option scheme came into effect after the Group was listed in Hong Kong in 2007 and only about 3 months' amortization was recorded in 2007 compared to a full year impact in 2008. Nevertheless, administrative expenses only accounted for 6% of the revenue in 2008, which was about the same level as in 2007.

The Group exercised stringent capital management and invested most of the borrowings into the development projects immediately after drawdown. More efficient utilization of borrowings in 2008 led to a larger portion of interest expenses being capitalized, finance costs charged through consolidated income statements as a result decreased by 25% to RMB161 million in 2008 (2007: RMB214 million).

The aggregate of enterprise income tax and deferred tax decreased by 35% from RMB804 million in 2007 to RMB519 million in 2008. Effective tax rate (the aggregate of enterprise income tax and deferred tax divided by profit before income tax) decreased from 28% in 2007 to 22% in 2008. This was mainly attributable to the income tax rate cut in the PRC from 33% in 2007 to 25% in 2008.

In line with the increase in gross profit margin, land appreciation tax increased by 62% to RMB420 million in 2008 (2007: RMB260 million) and accounted for 6% of revenue (2007: 5%). The increase in land appreciation tax in 2008 was mainly attributable to the growth in land appreciation tax from our project, Ocean Landscape (Beijing). Given that the contribution from Ocean Landscape (Beijing) will decrease from 2009 onwards, as the delivery of this project is nearly completed, land appreciation tax in terms of percentage of revenue is expected to decrease.

Profit attributable to equity holders of the Company decreased by 19% to RMB1,388 million in 2008, as compared to RMB1,722 million in 2007. The decrease in profit attributable to equity holders of the Company was mainly due to the inclusion of a significant one-off gain in 2007 from the disposal of a jointly controlled entity of a pre-tax amount of RMB910 million. However, excluding the effect of one-off items and revaluation items, profit attributable to equity holders of the Company in fact was 13% more in 2008, rising to RMB997 million, from RMB885 million in 2007.

Liquidity and Financial Resources

As at 31 December 2008, the Group had total cash resources (the aggregate of cash and cash equivalents and restricted bank deposits) of RMB8,837 million and a current ratio of 2.5 times. As at 31 December 2008, unutilized credit facilities amounted to RMB8,970 million of which RMB3,170 million fulfilled the conditions and were available for use. The strong liquidity position would enable the Group to overcome the market downturn and sustain its business development.

The Group's total borrowings (including the RMB710 million outstanding convertible bonds) increased by 31% to RMB14,744 million as at 31 December 2008, up from RMB11,284 million as at 31 December 2007. Net gearing ratio (total borrowings minus total cash resources, together divided by the shareholders' equity of the Company) remained at a relatively low level of 35% as at 31 December 2008 (31 December 2007: 12%). Of the RMB14,744 million borrowings, 41% is to be repaid within 1 year; 39% within 1 to 2 years; 12% within 2 to 5 years and with the rest over 5 years. Borrowings that fall due within 1 year are expected to be rolled-over or be refinanced by other banking facilities. The higher portion of mid-to-long term borrowings (2 years or upward) in 2008 enabled the Group to more efficiently invest the funding into projects as planned and better match its investment horizon. The Group will work on keeping a larger portion of mid-to-long term borrowings in its debt portfolio and better capital structure from 2009 onwards.

Business Review

Property Development

Recognized Sales

Revenue recognized from property development continued to grow in 2008 and reached RMB5,834 million, representing a 7% increase as compared to RMB5,431 million in 2007. Although GFA delivered decreased by 24% from 677,000 sq.m. in 2007 to 517,000 sq.m. in 2008, the average selling price recognized increased by 41% from RMB8,009 per sq.m. in 2007 to RMB11,279 per sq.m. in 2008, making up for the impact from the lower GFA delivered in 2008.

The following table presents the GFA delivered and the corresponding information on each project in 2008:

	Revenue (RMB million)	GFA delivered (sq.m.)	Average selling price recognized (RMB/sq.m.)	Interest attributable to the Group (%)
Excluding car parks				
Beijing				
Ocean Express (遠洋新幹線)	48	2,590	18,533	100%
Ocean Landscape (遠洋山水)	2,592	218,684	11,853	100%
Ocean Office Park (遠洋・光華國際)	777	38,234	20,322	80%
Ocean Paradise (遠洋天地)	40	3,920	10,204	100%
Ocean Seasons (遠洋自然)	351	36,486	9,620	70%
Poetry of River Phase I (遠洋一方一期)	609	53,442	11,396	100%
Tianjin				
Ocean Express (遠洋新幹線)	13	780	16,667	97.05%
Ocean Paradise Phase I (遠洋天地一期)	282	21,697	12,997	96.99%
Dalian				
Ocean Prospect (遠洋風景)	635	46,578	13,633	100%
Zhongshan				
Ocean City (遠洋城)	341	51,251	6,654	100%
Subtotal	5,688	473,662	12,009	
Car parks (various projects)	146	43,592	3,349	
Total	**5,834**	**517,254**	**11,279**	

During 2008, including car parks sales, projects in Beijing remained the key contributor to the Group's revenue from property development and accounted for 78% of the Group's revenue from this segment (2007: 78%). With the delivery of our first project in Dalian in 2008, Ocean Prospect, revenue from Dalian took second place and accounted for 11% of the revenue from property development in 2008 (2007: nil). The remaining portion came from projects in Zhongshan and projects in Tianjin, which respectively accounted for 6% and 5% of the revenue from property development in 2008.

In terms of revenue by property types, residential properties remained as the top contributor to the Group's property development business, accounting for 84% of revenue from this segment in 2008 (2007: 90%) with a revenue of RMB4,884 million (2007: RMB4,874 million). Retail spaces continued to be the second largest contributor, accounting for 9% of revenue from property development in 2008 (2007: 6%) with a revenue of RMB497 million (2007: RMB353 million). In terms of GFA delivered, about 80% or 413,000 sq.m. in 2008 (2007: 636,000 sq.m.) came from residential properties, about 6% or 33,000 sq.m. in 2008 (2007: 22,000 sq.m.) came from office premises and about 5% or 28,000 sq.m. in 2008 (2007: 19,000 sq.m.) came from retail spaces, with the remaining coming from the delivery of car parks.

Contracted Sales

Contracted sales amount grew by 17% to a record high of RMB7,243 million in 2008 (2007: RMB6,167 million). Total GFA sold, including car parks sales, was about 691,000 sq.m. in 2008, representing a 27% growth as compared to only 542,000 sq.m. in 2007. Average selling price decreased by 8% from RMB11,375 per sq.m. in 2007 to RMB10,486 per sq.m. in 2008 due to more contribution from car parks sales. Excluding the effect from car parks sales, the average selling price in 2008 was about RMB11,118 per sq.m., roughly hold up the same as RMB11,375 per sq.m. in 2007. Outstanding contracted sales to be recognized in 2009 or later amounted to RMB5,433 million, promising a sounded base for the Group's future revenue growth.

The following table lists the contracted sales amounts and GFA sold by projects in 2008:

	Contracted sales amount *(RMB million)*	GFA sold *(sq.m.)*	Average selling price *(RMB/sq.m.)*	Interest attributable to the Group *(%)*
Excluding car parks				
Beijing				
Ocean Express (遠洋新幹線)	61	3,302	18,474	100%
Ocean Great Harmony (遠洋萬和城)	775	38,092	20,345	100%
Ocean Honored Chateau (遠洋公館)	630	23,865	26,398	100%
Ocean Landscape (遠洋山水)	1,545	123,916	12,468	100%
Ocean Landscape Eastern Area (遠洋沁山水)	1,162	102,749	11,309	100%
Ocean Paradise (遠洋天地)	40	3,842	10,411	100%
Ocean Seasons (遠洋自然)	238	37,116	6,412	70%
Poetry of River Phase I (遠洋一方一期)	610	56,518	10,793	100%
Tianjin				
Ocean City (遠洋城)	76	13,819	5,500	100%
Ocean Express (遠洋新幹線)	231	28,565	8,087	97.05%
Ocean Paradise Phase I (遠洋天地一期)	175	12,995	13,467	96.99%
Dalian				
Ocean Prospect (遠洋風景)	442	29,762	14,851	100%
Ocean Worldview (紅星海世界觀)	385	40,510	9,504	100% *(Note i)*
Shenyang				
Ocean Paradise (遠洋天地)	312	61,184	5,099	100%
Zhongshan				
Ocean City (遠洋城)	360	57,165	6,298	100%
Subtotal	7,042	633,400	11,118	
Car parks (various projects)	201	57,361	3,504	
Total	**7,243**	**690,761**	**10,486**	

Note i: Completion of acquisition on 2 January 2009

There were new contributors to the contracted sales in 2008, 3 from Beijing, 1 from Tianjin, 1 from Dalian and 1 from Shenyang. These projects included Ocean Landscape Eastern Area (Beijing), Ocean Honored Chateau (Beijing), Ocean Great Harmony (Beijing), Ocean City (Tianjin), Ocean Worldview (Dalian) and Ocean Paradise (Shenyang). Most of these new contributors were available for sale in mid to late 2008, thus boosting the Group's contracted sales amount in the second half of 2008. The Group launched Ocean City (Tianjin) and Ocean Worldview (Dalian) earlier than planned. Our rationale was that even though the selling price might not be at the peak during their launch in 2008, in view of the scale of these two projects, it would be beneficial for the Group to build up the reputation for these quality projects at an early stage so that they would command a higher price when the property market further recovers. In addition, the sales of these projects would enable quicker assets turnover, improving cash recoupment and yielding higher return from these projects.

The total number of projects available for sale in 2008 increased to 15, up from 11 projects in 2007. There were 8 projects available for sale in Beijing, which continued to contribute most to the contracted sales amount and accounted for 71% in 2008 (2007: 75%). Together with 3 projects in Tianjin, 2 projects in Dalian, and 1 project in Shenyang, the Pan Bohai Rim in aggregate contributed 95% of the total contracted sales amount in 2008.

In terms of property types, residential properties continued to make up the largest portion of contracted sales amount and accounted for 87% in 2008 (2007: 90%). The average selling price for residential properties leveled in 2008 at RMB11,100 per sq.m. (2007: RMB11,100 per sq.m.) while the total number of GFA sold for residential increased by 14% from 500,000 sq.m. in 2007 to 569,000 sq.m. in 2008.

Construction Progress

Total GFA and total saleable GFA completed in 2008 were approximately 832,000 sq.m. and 685,000 sq.m., which respectively represented 16% and 18% decrease as compared to 2007. The reduction in the number of GFA completed in 2008 and its falling short of our original target of about 1 million sq.m., were mainly because of the scale down of our construction progress in the second half of 2008. In view of the poor market sentiment during the property market adjustment, the management takes the view that by controlling the development schedule and the completion of our products to be more or less on the same scale as the GFA sold during the period would be an effective way to avoid the building up of inventory and to defer the incurrence of certain costs. We re-planned our sales schedule to adapt to the market sentiments and demand, allowing us to have certain flexibility in the project development schedule. Nevertheless, the Group will closely monitor the development schedule to ensure that such adjustment will not affect our delivery schedule.

Land Bank

The Group acquired a total GFA of approximately 1,362,000 sq.m. or attributable interest of the Group of approximately 1,318,000 sq.m., at a total consideration of RMB4,496 million or at an average acquisition price of about RMB3,411 per sq.m. for 6 projects in 2008. Of the 6 projects acquired in 2008, 95% in terms of GFA are located in the Pan Bohai Rim, of which 87% are in Beijing and 8% are in Dalian, with the remaining 5% in Zhongshan. In addition, most of the newly acquired land plots are close to our existing projects, enabling synergy to be created. All these acquisitions were in line with the strategy as laid down by the Board to further fortify our leading position in the Pan Bohai Rim.

Including the completion of the acquisition of Dalian Tsanghao, which previously held 49% interest in Ocean Worldview (Dalian), 100% interest in Xishan project (Dalian) and Xiangsong project (Dalian), as at 2 January 2009, the Group's landbank increased to 12,282,000 sq.m., as compared to 10,178,000 sq.m. as at 31 December 2007, and with attributable interest of the landbank of 11,637,000 sq.m. The Group's landbank located across 6 cities in the PRC, including Beijing, Tianjin, Dalian, Shenyang, Hangzhou and Zhongshan. Landbank in the Pan Bohai Rim accounted for 76% of the total landbank (2007: 75%), of which 24% are in Beijing. Outside the Pan Bohai Rim, the Yangtze River Delta and the Pearl River Delta regions accounted for 9% and 15% of our landbank respectively. Upon the acquisition of the Dalian Tsanghao, the average land cost per sq.m. for the Group was about RMB2,118.

Location	Project	Approximate total GFA *(sq.m.)*	Approximate saleable GFA *(sq.m.)*	Remaining GFA not yet delivered *(sq.m.)*	Interest attributable to the Group *(%)*
Completed properties held for sale					
Beijing	Ocean Express 遠洋新幹線	191,000	173,000	24,000	100%
Beijing	Ocean Landscape Phase I & II 遠洋山水一期及二期	706,000	598,000	24,000	100%
Beijing	Ocean Landscape Phase III & IV 遠洋山水三期及四期	695,000	595,000	106,000	100%
Beijing	Ocean Office Park 遠洋・光華國際	213,000	196,000	172,000	80%
Tianjin	Ocean Paradise Phase I 遠洋天地一期	320,000	275,000	40,000	96.99%
Subtotal		**2,125,000**	**1,837,000**	**366,000**	
Properties under development					
Beijing	Ocean Great Harmony 遠洋萬和城	427,000	325,000	427,000	100%
Beijing	Ocean Honored Chateau 遠洋公館	52,000	38,000	52,000 (Note i)	100%
Beijing	Ocean Landscape Eastern Area 遠洋沁山水	419,000	349,000	419,000	100%
Beijing	Ocean Seasons 遠洋自然	381,000	237,000	66,000	70%
Beijing	Poetry of River Phase I 遠洋一方一期 (formerly named Poetry of River)	297,000	257,000	235,000	100%
Tianjin	Ocean City遠洋城	2,234,000	1,773,000	2,234,000	100%
Tianjin	Ocean Express 遠洋新幹線	449,000	353,000	449,000	97.05%
Dalian	Ocean Prospect 遠洋風景	177,000	143,000	119,000	100%
Dalian	Ocean Worldview 紅星海世界觀	1,892,000	1,474,000	1,892,000	100% (Note ii)
Dalian	Xiangsong Project香頌花城	176,000	159,000	176,000	100% (Note ii)
Shenyang	Ocean Paradise 遠洋天地	938,000	770,000	938,000	100%
Zhongshan	Ocean City遠洋城	1,954,000	1,768,000	1,897,000	100%
Subtotal		**9,396,000**	**7,646,000**	**8,904,000**	
Properties held for future development					
Beijing	Beiqijia Project 北七家項目	221,000	115,000	221,000	80%
Beijing	Jiangtai Business Center 將台商務中心 (formerly named Business SORED)	306,000	264,000	306,000	50%
Beijing	Ocean La Vie 遠洋・La Vie (formerly named Ocean Garden)	208,000	130,000	208,000	85.72%
Beijing	Ocean Wangfujing Project 王府井項目	50,000	45,000	50,000	100%
Beijing	Poetry of River Phase II 遠洋一方二期	498,000	435,000	498,000	100%
Beijing	Tongzhou Yuqiao 通州玉橋項目	179,000	159,000	179,000	90%
Tianjin	Ocean Paradise Phase II 遠洋天地二期	270,000	191,000	270,000	96.99%
Dalian	Nanguan Ling Project 南關嶺項目	105,000	105,000	105,000	100%
Dalian	Xishan Project 西山項目	97,000	80,000	97,000	100% (Note ii)
Hangzhou	Canel Commercial District 運河商務區	886,000	613,000	886,000	70%
Hangzhou	Hang Yimian 杭一棉	192,000	140,000	192,000	70%
Subtotal		**3,012,000**	**2,277,000**	**3,012,000**	
Total		**14,533,000**	**11,760,000**	**12,282,000**	

Note i: On 28 June 2008, the Group entered into an agreement with CB Richard Ellis for the sale of Ocean Honored Chateau (Beijing) Block A of 17,000 sq.m., bare shell, for a consideration of RMB427 million, representing RMB25,400 per sq.m. The completion of this transaction is expected to take place no later than the first half of 2009.

Note ii: Completion of acquisition on 2 January 2009.

Property Investment

Revenue from property investment increased by 72% from RMB71 million in 2007 to RMB122 million in 2008. As at 31 December 2008, the Group held two investment properties in Beijing, namely Ocean Plaza (Beijing) and Ocean International Center Block A (Beijing), both of which are A-grade office premises and together have a total leasable area of 116,000 sq.m. The leasing of Ocean Plaza (Beijing) continued to be strong with an occupancy rate of over 95% as at 31 December 2008. Ocean International Center Block A (Beijing) reported an occupancy rate of 73% as at 31 December 2008 despite the slowdown of the economy of the PRC.

The Group continues to carefully plan addition of new investment properties. In 2009, the Group may consider adding in one or two prime investment properties to its current portfolio including Ocean Office Park (Beijing), a prime office and shopping complex located between East Second Ring Road and East Third Ring Road in the Central Business District of Beijing, with a total leasable area of approximately 158,000 sq.m. In view of the current economic condition in the PRC, despite short term pressure in the next year or two, the Group believes that it would be tactical for the Group to maintain its current pace in bringing in new investment properties. It goes without saying that the management will not rule out the possibility of disposing of any of the investment properties if such disposal would represent reasonable return as in the case of Chemsunny World Trade Center (Beijing) in 2007, or if it will enable the Group to have early cash recoupment for other better investment opportunities. In the meantime, the Group will continue to enjoy the well-balance of the revenue contributions from the property development business and from the leasing of investment properties.

Other information

Employees and Remuneration Policy

As at 31 December 2008, the Group had 3,893 employees (31 December 2007: 3,108). The increase in headcount was mainly a result of the establishment of our Hangzhou office for planning Hangzhou projects, inclusion of staff from our upfitting services company, and a greater need for manpower to provide property management services upon the completion of our development projects, as the GFA covered by our property management services increased by about 500,000 sq.m.

The audited consolidated results of the Group for the year ended 31 December 2008 are as follows:

Consolidated Balance Sheet

	As at 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
ASSETS		
Non-current assets		
Property, plant and equipment	304,989	292,579
Land use rights	36,958	36,947
Investment properties	1,984,000	1,984,000
Goodwill	734,569	756,796
Interest in a jointly controlled entity	—	54
Interests in associates	310,796	327,056
Available-for-sale financial assets	426,715	67,487
Derivative financial instrument	8,338	—
Trade and other receivables	250,731	602,920
Deferred income tax assets	111,777	101,942
	4,168,873	4,169,781
Current assets		
Properties under development	18,443,878	13,002,533
Land under development	1,839,557	2,994,646
Inventories, at cost	80,217	1,506
Deposits for land use rights	4,066,559	5,579,771
Trade and other receivables	1,589,327	934,529
Completed properties held for sale	4,242,538	1,734,680
Restricted bank deposits	810,006	879,632
Cash and cash equivalents	8,026,677	8,468,815
	39,098,759	33,596,112
Total assets	43,267,632	37,765,893

	As at 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital and premium	14,186,122	14,191,020
Reserves	(226,789)	(399,126)
Retained earnings		
— proposed final dividend	288,373	502,907
— others	2,405,221	1,529,408
	16,652,927	15,824,209
Minority interests	1,130,182	1,054,110
Total equity	17,783,109	16,878,319
LIABILITIES		
Non-current liabilities		
Preference shares of a subsidiary	—	144,796
Borrowings	8,778,770	8,002,777
Derivative financial instrument	—	157,877
Deferred income tax liabilities	790,038	773,306
	9,568,808	9,078,756
Current liabilities		
Borrowings	5,964,807	3,281,334
Derivative financial instrument	1,458	—
Trade and other payables	5,010,158	4,583,643
Advances from customers	3,749,274	3,011,555
Income tax payable	1,190,018	931,926
Dividend payable	—	360
	15,915,715	11,808,818
Total liabilities	25,484,523	20,887,574
Total equity and liabilities	43,267,632	37,765,893
Net current assets	23,183,044	21,787,294
Total assets less current liabilities	27,351,917	25,957,075

Consolidated Income Statement

	For the year ended 31 December 2008 *RMB'000*	2007 *RMB'000*
Revenue	6,487,380	5,750,046
Cost of sales	(3,667,392)	(3,842,701)
Gross profit	2,819,988	1,907,345
Other income	214,879	359,449
Other gains/(losses) — net	127,228	(28,287)
Gain on disposal of a jointly controlled entity	—	909,690
Fair value gain on investment properties	—	418,277
Selling and marketing costs	(250,592)	(129,215)
Administrative expenses	(420,404)	(302,462)
Operating profit	2,491,099	3,134,797
Fair value gain/(loss) on derivative financial instruments	56,457	(49,410)
Finance costs	(161,178)	(213,940)
Share of loss of a jointly controlled entity	(54)	(24,768)
Share of (loss)/profits of associates	(2,430)	9,895
Profit before income tax	2,383,894	2,856,574
Income tax expense	(939,308)	(1,064,762)
Profit for the year	1,444,586	1,791,812
Attributable to:		
Equity holders of the Company	1,387,896	1,721,502
Minority interests	56,690	70,310
	1,444,586	1,791,812
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB)		
— basic	0.310	0.512
— diluted	0.310	0.511
Dividends	406,357	502,907

Notes to the Consolidated Financial Statements

1 **General information**

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

The Company has its listing on The Stock Exchange of Hong Kong Limited since 28 September 2007.

These consolidated financial statements are presented in thousands of units of Renminbi (RMB'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 26 March 2009.

2 **Basis of preparation**

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

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

3 **Summary of significant accounting policies**

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) **Amendments and interpretations effective in 2008**

HKAS 39, "Financial instruments: Recognition and measurement", amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met . The related amendment to HKFRS 7, "Financial instruments: Disclosures", introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1 July 2008. This amendment does not have any impact on the Group's consolidated financial statements, as the Group has not reclassified any financial assets.

HK(IFRIC) — Int 11, HKFRS 2, "Group and treasury share transactions", 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. This interpretation does not have an impact on the Group's consolidated financial statements.

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

HKAS 23 (Revised), "Borrowing costs" (effective from 1 January 2009). The amendment requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. Since the Group has chosen to capitalize borrowing costs relating to qualifying assets, HKAS 23 (Revised) is not expected to have any impact on the Group's consolidated financial statements.

HKICPA's improvements to HKFRS published in October 2008:

HKAS 23 (Amendment), "Borrowing costs" (effective from 1 January 2009). The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in HKAS 39 "Financial instruments: Recognition and measurement". This eliminates the inconsistency of terms between HKAS 39 and HKAS 23. Since the Group is using the effective interest method, HKAS 23 (Amendment) is not expected to have any impact on the Group's consolidated financial statements.

(c) **Interpretations effective in 2008 but not relevant for the Group's operation**

The following interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2008 but they are not relevant to the Group's operations:

- HK(IFRIC) — Int 14, HKAS 19, "The limit on a defined benefit asset, minimum funding requirements and their interaction"; and

- HK(IFRIC) — Int 12, "Service Concession arrangements".

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

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods, but the Group has not early adopted them:

- HKFRS 8, "Operating segments" (effective from on or after 1 January 2009).

- HKAS 1 (Revised), "Presentation of financial statements" (effective from on or after 1 January 2009).

- HKAS 27 (Revised), "Consolidated and separate financial statements" (effective from 1 July 2009).

- HKFRS 3 (Revised), "Business combinations" (effective from 1 July 2009).

HKICPA's improvements to HKFRS published in October 2008:

- HKAS 28 (Amendment), "Investments in associates" (and consequential amendments to HKAS 32, "Financial Instruments: Presentation" and HKFRS 7, "Financial instruments: Disclosures") (effective from 1 January 2009).

- HKAS 36 (Amendment), "Impairment of assets" (effective from 1 January 2009).

- HKAS 39 (Amendment), "Financial instruments: Recognition and measurement" (effective from 1 January 2009).

- HKFRS 5 (Amendment), "Non-current assets held for sale and discontinued operations" (and consequential amendment to HKFRS 1, "First-time adoption") (effective from 1 July 2009).

4 **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.
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

The segment results for the year ended 31 December 2008 are as follows:

	Property development *RMB'000*	Property investment *RMB'000*	Others *RMB'000*	Total *RMB'000*
Total segment revenue	5,834,342	125,939	933,423	6,893,704
Inter-segment revenue	—	(4,003)	(402,321)	(406,324)
Revenue	5,834,342	121,936	531,102	6,487,380
Segment result	2,535,647	100,577	(5,235)	2,630,989
Unallocated				(139,890)
Operating profit				2,491,099
Fair value gain on convertible bonds	75,822	—	—	75,822
Fair value loss on notes receivables	(19,365)	—	—	(19,365)
Finance costs (Note 7)				(161,178)
Share of loss of a jointly controlled entity	(54)	—	—	(54)
Share of loss of an associate	(2,430)	—	—	(2,430)
Profit before income tax				2,383,894
Income tax expense (Note 8)				(939,308)
Profit for the year				1,444,586
Segment assets	36,951,580	2,374,767	3,518,712	42,845,059
An associate	310,796	—	—	310,796
Deferred income tax assets				111,777
Total assets				43,267,632
Segment liabilities	10,334,856	62,484	262,373	10,659,713
Deferred income tax liabilities				790,038
Unallocated				14,034,772
Total liabilities				25,484,523
Other segment items				
Depreciation	11,062	332	6,960	18,354
Amortization of land use rights	4,750	—	536	5,286
Provision for impairment of trade and other receivables	—	—	(399)	(399)
Capital expenditure	14,995	36	16,846	31,877

The segment results for the year ended 31 December 2007 are as follows:

	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	1,841,036	54,862	14,806	1,910,704
Gain on disposal of a jointly controlled entity	909,690	—	—	909,690
Fair value gain on investment properties	—	418,277	—	418,277
Unallocated				(103,874)
Operating profit				3,134,797
Fair value loss on convertible bonds	(49,410)	—	—	(49,410)
Finance costs (Note 7)				(213,940)
Share of loss of a jointly controlled entity	(24,768)	—	—	(24,768)
Share of profits of associates	1,195	—	8,700	9,895
Profit before income tax				2,856,574
Income tax expense (Note 8)				(1,064,762)
Profit for the year				1,791,812
Segment assets	33,778,543	2,034,728	1,523,570	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
Amortization 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

5 **Expenses by nature**

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

	Year ended 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
Cost of properties and land use rights sold:		
— Land use rights	325,232	283,800
— Capitalized interest	73,049	50,881
— Construction related cost	2,486,157	3,050,509
Cost of upfitting services rendered	239,456	—
Direct investment property expenses	31,991	25,971
Employee benefit expense	326,184	195,038
Consultancy fee	35,346	24,337
Auditor's remuneration	6,280	6,338
Depreciation	18,354	12,912
Amortization of land use rights	5,286	10,210
Advertising and marketing	212,204	103,961
Business taxes and other levies	359,886	316,286
Impairment for trade and other receivables	(399)	421
Office expenditure	59,491	52,117
Properties maintenance expenses	40,900	33,619
Energy expenses	31,300	24,671
Others	87,671	83,307
	4,338,388	4,274,378

6 **Other gains — net**

	Year ended 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
Gain on deemed disposal of a subsidiary *(a)*	—	15,606
Gain on disposal of available-for-sale financial assets	951	—
Gain on disposal of subsidiaries	28,827	26,334
Gain on early redemption of convertible bonds	77,816	—
Gain on acquisition of additional interests in subsidiaries from minority shareholders	35,384	—
Negative goodwill from acquisition of a subsidiary	2,999	—
Loss on disposal of property, plant and equipment	(319)	(47)
Exchange losses	(18,430)	(70,180)
	127,228	(28,287)

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

7 **Finance Costs**

	Year ended 31 December 2008	2007
	RMB'000	*RMB'000*
Interest expense on borrowings wholly repayable within five years	1,009,403	549,121
Interest expense on convertible bonds wholly repayable within five years	59,881	28,142
Interest expense on preference shares wholly repayable within five years	3,882	15,098
Less: interest capitalized at a capitalization rate of 7.69% (2007: 7.02%) per annum	(911,988)	(378,421)
	161,178	213,940

8 **Income tax expense**

On 16 March 2007, the National People's Congress of the PRC approved Corporate Income Tax Law of the PRC, which changed the income tax rate applicable to all PRC enterprise from 33% to 25% effective as of 1 January 2008.

As a result, vast majority of the group entities are subjected to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% of the assessable income of each of these group entities during the years ended 31 December 2008 as determined in accordance with the relevant PRC income tax rules and regulations. Other companies are mainly subjected to Hong Kong income tax.

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

	Year ended 31 December 2008	2007
	RMB'000	*RMB'000*
Current income tax:		
— PRC enterprise income tax	521,440	764,000
— PRC land appreciation tax	420,397	260,463
Deferred tax	(2,529)	40,299
	939,308	1,064,762

9 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.

	2008 *RMB'000*	2007 *RMB'000*
Profit attributable to equity holders of the Company	1,387,896	1,721,502
Weighted average number of ordinary shares in issue (thousands)	4,473,127	3,361,853
Basic earnings per share (RMB per share)	0.310	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 debt is not considered, as the average market price of the Company's shares in the current year is lower than the conversion price.

	2008 *RMB'000*	2007 *RMB'000*
Profit attributable to equity holders of the company	1,387,896	1,721,502
Weighted average number of ordinary shares in issue (thousands)	4,473,127	3,361,853
Adjustments for:		
— Share options (thousands)	1,512	4,675
Weighted average number of ordinary shares for diluted earnings per share (thousands)	4,474,639	3,366,528
Diluted earnings per share (RMB per share)	0.310	0.511

10 **Dividends**

	Year ended 31 December 2008	2007
	2008	**2007**
	RMB'000	*RMB'000*
Final dividend paid	502,907	248,794
Interim dividend paid	117,984	—
Final dividend proposed	288,373	502,907

11 **Subsequent event**

On 7 November 2008, the Group entered into 2 sales and purchase agreements ("SP Agreements") to acquire 100% ownership in Tsanghao Real Estate Company, as well as 49% equity interests in each of Dalian Sky Upright Property Limited ("Dalian Sky Upright") and Dalian Sunny Ocean Property Limited ("Dalian Sunny Ocean"), for a total consideration of RMB1,200,000,000 in the form of shares in the Company and RMB480,000,000 in cash. Details of these SP Agreements were set out in the circular issued by the Company on 28 November 2008. The acquisition was completed on 2 January 2009.

Before the acquisition, the Group owned 51% equity interests in each of Dalian Sky Upright and Dalian Sunny Ocean. After the acquisition, Dalian Sky Upright and Dalian Sunny Ocean became wholly owned subsidiaries of the Group.

FINAL DIVIDEND

The Directors proposed the payment of a final dividend of HKD0.07 per ordinary share for the year ended 31 December 2008. The final dividend will be paid in cash, with a scrip dividend option offered to all shareholders excluding shareholders with registered addresses outside Hong Kong. Subject to the approval of the shareholders at the forthcoming annual general meeting, and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting approval to the listing of and permission to deal in the new share, the final dividend will be paid to shareholders whose names appear on the register of members of the Company as at the close of business on 15 May 2009.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 15 May 2009. 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 ordinary shares of the Company will be closed from Tuesday, 12 May 2009 to Friday, 15 May 2009 (both dates inclusive), during which period, no transfer of ordinary shares will be registered. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 11 May 2009.

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

During the year under review, the Company repurchased a total of 6,953,000 ordinary shares of the Company at an average purchase price of approximately HKD3.19 per share on the Stock Exchange. Details of the repurchases of such ordinary shares were as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per ordinary share Highest	Price per ordinary share Lowest	Aggregate purchase price
		HKD	*HKD*	*HKD*
June 2008	2,369,000	5.11	4.36	11,219,265
July 2008	1,184,000	4.43	4.05	5,080,185
October 2008	3,400,000	1.79	1.69	5,902,000
	6,953,000			22,201,450
			Expenses on shares repurchased	57,498
				22,258,948

The total of 6,953,000 repurchased ordinary shares were cancelled during the year under review and the issued share capital of the Company was reduced by the par value thereof.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year under review.

CORPORATE GOVERNANCE

During the year ended 31 December 2008, 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 under Code Provision A.4.1, the non-executive directors should be appointed for a specific term, subject to re-election. Three non-executive directors and four independent non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company. According to Article 110 of the Articles of Association of the Company, one-third of the directors for the time being, or if their number is not three or a multiple of three, the number which is nearest to one-third and is at least one-third, shall retire from office by rotation at least once every three years. A retiring director shall be eligible for re-election. Therefore, the Board considers that non-compliance with CG Code A.4.1 is acceptable since, with at least one-third of all directors being subject to retirement at every annual general meeting, all of them should be retired by rotation at least once every three years so as to comply with Code A.4.2 of the CG Code.

Further information of the Company's corporate governance practices will be set out in the Corporate Governance Report of the Company's 2008 Annual Report which will be sent to the shareholders on or about 8 April 2009.

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 2008. 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 2008 will be despatched to shareholders on or about 8 April 2009 and will be available on the Company's and the Stock Exchange's websites in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our heartfelt gratitude to the Company's shareholders, business partners, local government authorities and customers for their valuable support to the Company. I would also like to thank our fellow directors, management team and staff. They are essential to our current success and are the contributors to the accomplishment of our corporate goals.

By order of the Board
Li Jianhong
Chairman

Hong Kong, 26 March 2009

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