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 2009

HIGHLIGHTS

- Revenue up 36% to RMB8,824 million in 2009, as compared to RMB6,487 million in 2008.
- Profit attributable to equity holders of the Company increased by 14% to RMB1,582 million.
- Total contracted sales amount up 98% to RMB14,316 million, with GFA sold increased by 108% to about 1,440,000 sq.m.
- Total assets up 44% to RMB62,148 million while shareholders' equity up 34% to RMB23,886 million
- At the end of 2009, cash resources amounted to RMB18,516 million, with net gearing ratio maintained at a relatively low level of 14%
- Earnings per share was about RMB0.337
- Proposed final dividend of HKD0.05 per share

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 2009.

Our revenue reached a record high of RMB8,824 million in 2009, representing a 36% increase as compared to RMB6,487 million in 2008. Our profit attributable to equity holders of the Company amounted to RMB1,582 million (2008: RMB1,388 million), a 14% rise as compared to 2008. Basic earnings per share was about RMB0.337 (2008: RMB0.310). Contracted sales amount was at a record high of RMB14,316 million (2008: RMB7,243 million) with total saleable GFA sold reached approximately 1,440,000 sq.m. (2008: 691,000 sq,m.), also a record high.

With reference to profit attributable to the equity holders of the Company for 2009, the Board is pleased to propose a final dividend of HKD0.05 per share for the year ended 31 December 2009.

Market Review

As property sector accounted for a significant portion of the GDP, we believe that the purpose of any regulative policies adopted by the Central Government, same as before, is to suppress the speculative activities and to support the long term and sustainable development of the property market. In view of the over-zealous property market sentiment in 2009, the Central Government issued a series of regulative policies at the end of the year to slow down the upward thrust. We truly believe that these policies will help to support the property market's long term healthy growth. We also think that these positive regulative measures will lead to more consolidation in the coming years with the market witnessing financially strong developers standing tall. Our Group's strong financial position will definitely be benefited from this market consolidation. It will also provide us with tremendous acquisition opportunity in 2010.

We believe that the credit market and liquidity will be tightened in view of the rising concern over inflation. Nevertheless, we believe the property market will continue its healthy development. The promulgation of the city inhabitation card in certain urban areas started in late 2009 will accelerate the urbanization process across the PRC. This will support the housing demand and the development of the property market. We are of the view that the property market will continue its steady growth in 2010 while the price rise will slow down by the regulative measures adopted by the Central Government but the overall supply will increase. We will pay close attention to the change in policy and adjust our strategy accordingly.

Financial Review

The Group's revenue in 2009 grew by 36% to RMB8,824 million, from RMB6,487 million in 2008. The increase in revenue was attributable to the growth in both property development business and property investment business.

The following table sets forth our revenue breakdown for 2009 and 2008.

(RMB) million	**2009**	**2008**	**YoY (%)**
Property development	8,218	5,834	41%
Property investment	156	122	28%
Hotel operations	38	56	-32%
Property management	172	146	18%
Other real estate related businesses	240	329	-27%
Total revenue	8,824	6,487	36%

Beijing as our home base remained the largest revenue contributor, accounting for about 61% of our Group's revenue in 2009 (2008: 80%) and amounted to RMB5,368 million (2008: 5,182 million). The rise in revenue but decline in proportion was mainly due to more GFA delivered from areas outside Beijing. Revenue contributed from Dalian and Shenyang together increased by 155%; from Tianjin by 127% and from Zhongshan by 215%.

Excluding car parks, average land cost for property development business in 2009 was approximately RMB2,290 per sq.m., representing a 15% rise from RMB1,987 per sq.m. in 2008. The higher land cost was mainly due to the delivery of Ocean Great Harmony (Beijing), a high end residential site. As a result of the delivery of more high end fit-out apartments, average construction cost (excluding car parks) for property development business in 2009 was approximately RMB3,690 per sq.m., a slight increase from RMB3,673 per sq.m. in 2008.

Gross profit amounted to RMB2,657 million in 2009, a slight drop of 6% compared to 2008. Gross profit margin at the same time decreased by 13 percentage points from 43% in 2008 to 30% in 2009. Such decline to a large extent was due to: (i) revenue in 2009 mainly came from the delivery of properties sold in 2008 when the sales price softened; (ii) increasing revenue contribution from property development projects outside Beijing (from 22% in 2008 to 42% in 2009 in terms of property development revenue), which normally have lower gross profit margin compared to those in Beijing; and (iii) delivery of the earlier phase of some of our projects.

Selling and marketing costs rose by 27% to RMB318 million in 2009 (2008: RMB251 million). Such increase was due to our effort in pushing up our sales and marketing force so as to promote our available for sale projects to potential buyers in 2009. These costs, however, were only approximately 2.2% of the total contracted sales amount in 2009, as compared to 3.5% in 2008.

Administrative expenses fell by 24% to RMB320 million in 2009 (2008: RMB420 million). Included in administrative expenses, the amortization cost of share options decreased by 59% to RMB45 million (2008: RMB111 million). Overall administrative expenses were only 3.6% of revenue in 2009, representing a 2.9 percentage point drop from 6.5% in 2008.

Total debt amount increased to approximately RMB21,840 million as at 31 December 2009, compared to RMB14,744 million as at 31 December 2008. Even so, the reduction in average interest rate from 7.7% in 2008 to only 5.4% in 2009 effected a 8% decline of total interest expenses paid or accrued to RMB989 million (2008: RMB1,073 million). However, due to higher non-capitalized interest portions, finance costs increase from RMB161 million in 2008 to RMB309 million in 2009.

The aggregate of enterprise income tax and deferred tax increased by 31% to RMB681 million in 2009 (2008: RMB519 million), with effective tax rate increased to 27% (2008: 22%). This was attributable to the inclusion of withholding tax for the distribution of dividend outside of the PRC in 2009. In line with the decrease in gross profit margin, land appreciation tax in 2009 dropped by 41% to RMB248 million (2008: RMB420 million), accounting for 9.3% of gross profit in 2009 (2008: 14.9%).

Profit attributable to equity holders of the Company increased by 14% to RMB1,582 million in 2009, compared to RMB1,388 million in 2008. Average return on equity was approximately 8% in 2009 (2008: 9%).

As at 31 December 2009, our Group had total cash resources (the aggregate of cash and cash equivalents and restricted bank deposits) of RMB18,516 million and a current ratio of 2.7 times. We reserve a high level of cash resources at the year end of 2009 to make ourselves ready for high growth in expansion in 2010.

Net gearing ratio (i.e. total debt less cash resources divided by total shareholders' equity) remained at a relatively low level of 14% as at 31 December 2009 (31 December 2008: 35%). Unutilized banking facilities as at 31 December 2009 were approximately RMB27,840 million of which RMB10,050 million was ready to use.

The repayment schedule of our Group's borrowings was as follows:

RMB million	**As at 31 December 2009**	**As at 31 December 2008**	**YoY (%)**
Within 1 year	4,653	5,965	-22%
1 to 2 years	7,019	5,783	21%
2 to 5 years	6,359	1,796	254%
Over 5 years	3,809	1,200	217%
Total	21,840	14,744	48%

BUSINESS REVIEW

Property Development

Recognized Sales

Revenue from property development business grew by 41% in 2009 and amounted to RMB8,218 million (2008: RMB5,834 million). Saleable GFA delivered increased by 67% from approximately 517,000 sq.m. in 2008 to approximately 865,000 sq.m. in 2009. Excluding car parks sales, the average selling price recognized in 2009 was about RMB9,962 per sq.m. (2008: RMB12,009 per sq.m.).

The following table presents the GFA delivered and relevant information on each project in 2009.

	Revenue (RMB million)	Saleable GFA delivered (sq.m.)	Average selling price recognized (RMB/ sq.m.)	Interest attributable to our Group (%)
Beijing				
Ocean Express (遠洋新幹線)	52	3,407	15,263	100%
Ocean Great Harmony (遠洋萬和城)	1,864	85,788	21,728	100%
Ocean Landscape (遠洋山水)	845	67,455	12,527	100%
Ocean Office Park (遠洋•光華國際)	109	3,860	28,238	100%
Ocean Honored Chateau (遠洋公館)	837	29,844	28,046	100%
Ocean Seasons (遠洋自然)	100	21,763	4,595	70%
Poetry of River (遠洋一方)	840	76,405	10,994	100%
Tianjin				
Ocean Express (遠洋新幹線)	622	94,247	6,600	97.05%
Ocean Paradise Phase I (遠洋天地一期)	64	5,441	11,763	96.99%
Dalian				
Ocean Prospect (遠洋風景)	629	46,342	13,573	100%
Xiangsong Project (香頌花城)	246	69,228	3,553	100%
Shenyang				
Ocean Paradise (遠洋天地)	691	118,748	5,819	100%
Zhongshan				
Ocean City (遠洋城)	1,064	176,849	6,016	100%
Subtotal	7,963	799,377	9,962	
Car parks (various projects)	255	65,857	3,872	
Total	8,218	865,234	9,498	

Contracted Sales

Contracted sales reached a record high in 2009 to RMB14,316 million, up by 98% compared to RMB7,243 million in 2008. Total GFA sold, including car parks, increased by 108% to about 1,440,000 sq.m. (2008: 691,000 sq.m.). Average selling price per sq.m. in 2009 was about RMB9,942 (2008: RMB10,486) (including car parks sale) and RMB10,366 (2008: RMB11,118) (excluding car parks sale). Outstanding contracted sales to be recognized in 2010 or later amounted to RMB11,617 million, promising a solid base for our Group's future revenue growth.

The following table lists the contracted sales amounts and GFA sold by projects in 2009:

	Contracted sales amount (RMB million)	Saleable GFA sold (sq.m.)	Average selling price (RMB/ sq.m.)	Interest attributable to our Group (%)
Beijing				
Ocean Express(遠洋新幹線)	23	1,992	11,546	100%
Ocean Great Harmony(遠洋萬和城)	2,730	101,862	26,801	100%
Ocean Honored Chateau(遠洋公館)	251	7,138	35,164	100%
Ocean Landscape(遠洋山水)	455	36,010	12,635	100%
Ocean Landscape Eastern Area(遠洋沁山水)	1,725	127,071	13,575	100%
Ocean Office Park(遠洋 •光華 國際)	109	3,860	28,238	100%
Poetry of River(遠洋一方)	1,408	102,391	13,751	100%
Tianjin				
Ocean City(遠洋城)	1,419	210,248	6,749	100%
Ocean Express(遠洋新幹線)	425	69,001	6,159	97.05%
Ocean Paradise Phase I(遠洋天地一期)	91	7,877	11,553	96.99%
Dalian				
Ocean Prospect(遠洋風景)	1,048	69,854	15,003	100%
Ocean Worldview(紅星海世界觀)	2,007	211,721	9,479	100%
Xiangsong Project(香頌花城)	356	101,192	3,518	100%
Shenyang				
Ocean Paradise(遠洋天地)	543	96,581	5,622	100%
Zhongshan				
Ocean City(遠洋城)	1,454	208,078	6,988	100%
Subtotal	14,044	1,354,876	10,366	
Car parks (various projects)	272	85,045	3,198	
Total	14,316	1,439,921	9,942	

Land Bank

Total GFA and total saleable GFA completed in 2009 were approximately 999,000 sq.m. and 862,000 sq.m., going up by 20% and 26% respectively compared to 2008.

In 2009, our Group acquired 9 new land plots at a total consideration of RMB8,779 million covering a total GFA of approximately 2,898,000 sq.m. at an average acquisition price of about RMB3,029 per sq.m. Our Group's landbank increased by 12% to 13,808,000 sq.m. as at 31 December 2009 (31 December 2008: 12,282,000 sq.m.); while landbank with attributable interest increased by 16% to 13,549,000 sq.m. (31 December 2008: 11,637,000 sq.m.). Saleable GFA in the landbank was about 11,247,000 sq.m. as at 31 December 2009. The average land cost per sq.m. of our Group's landbank as at 31 December 2009 was approximately RMB2,251 (31 December 2008: RMB2,118).

Location	Project	Approximate total GFA (sq.m.)	Approximate total saleable GFA (sq.m.)	Remaining landbank (sq.m.)	Interest attributable to our Group (%)
Completed properties held for sale					
Beijing	Ocean Express遠洋新幹線	191,000	173,000	17,000	100%
Beijing	Ocean Honored Chateau遠洋公館	52,000	39,000	12,000	100%
Beijing	Ocean Landscape遠洋山水	1,401,000	1,193,000	27,000	100%
Beijing	Ocean Seasons遠洋自然	381,000	237,000	18,000	70%
Subtotal		2,025,000	1,642,000	74,000	
Properties under development					
Beijing	Jiangtai Business Center 將台商務中心	306,000	264,000	306,000	50%
Beijing	Ocean Great Harmony遠洋萬和城	442,000	298,000	341,000	100%
Beijing	Ocean Landscape Eastern Area 遠洋沁山水*	599,000	477,000	599,000	100%
Beijing	Poetry of River遠洋一方**	793,000	703,000	646,000	100%
Tianjin	Ocean City遠洋城	2,409,000	2,089,000	2,409,000	100%
Tianjin	Ocean Express遠洋新幹線	346,000	288,000	228,000	97.05%
Tianjin	Ocean Paradise遠洋天地	567,000	406,000	135,000	96.99%
Dalian	Ocean Prospect遠洋風景	178,000	160,000	74,000	100%
Dalian	Ocean Worldview紅星海世界觀	1,928,000	1,484,000	1,928,000	100%
Dalian	Xiangsong Project香頌花城	188,000	176,000	114,000	100%
Hangzhou	Canal Commercial District 運河商務區#	866,000	665,000	866,000	100%
Shenyang	Ocean Paradise遠洋天地	795,000	680,000	656,000	100%
Zhongshan	Ocean City遠洋城	1,913,000	1,704,000	1,634,000	100%
Subtotal		11,330,000	9,394,000	9,936,000	

Location	Project	Approximate total GFA (sq.m.)	Approximate total saleable GFA (sq.m.)	Remaining landbank (sq.m.)	Interest attributable to our Group (%)
Properties held for future development					
Beijing	Beiqijia Project北七家項目	215,000	118,000	215,000	100%
Beijing	Jingmian Project京棉項目	79,000	70,000	79,000	100%
Beijing	Ocean La Vie遠洋 • La Vie	208,000	130,000	208,000	85.72%
Beijing	Ocean Wangfujing Project王府井項目	50,000	45,000	50,000	100%
Beijing	Poetry of River East 遠洋一方東區	94,000	80,000	94,000	100%
Beijing	Tongzhou Yuqiao通州玉橋項目	173,000	152,000	173,000	100%
Beijing	Yizhuang Sanyang Project 亦庄三羊項目	327,000	282,000	327,000	100%
Tianjin	Nihuangzhuang Project倪黃庄項目	351,000	336,000	351,000	100%
Dalian	IT Zone – Industrial portion IT產業園－工業部份	835,000	399,000	835,000	100%
Dalian	IT Zone – Residential portion IT產業園－住宅部份	355,000	345,000	355,000	100%
Dalian	Ocean Seasons遠洋自然 (Formerly named Nanguan Ling Project)	138,000	102,000	138,000	100%
Dalian	University Zone大學城	537,000	488,000	537,000	100%
Dalian	Xishan Project西山項目	97,000	93,000	97,000	100%
Hangzhou	Hang Yimian杭一棉	199,000	141,000	199,000	70%
Huangshan	Taohuadao Project桃花島項目	140,000	135,000	140,000	100%
Subtotal		3,798,000	2,916,000	3,798,000	
Total		17,153,000	13,952,000	13,808,000	

* Including the newly acquired Ocean Landscape South land plot in 2009.

** Including both Poetry of River (Beijing) Phase I and Phase II

\# Including the completion of acquisition of Sky Charter Development Limited, which previously held 30% interest of Canal Commercial District (Hongzhou), in February 2010

Property Investment

In 2009, revenue from property investment increased by 28% to RMB156 million (2008: RMB122 million). As at 31 December 2009, our Group held three investment properties in Beijing, namely, Ocean Plaza, Ocean International Center Block A and Ocean Office Park, all of which are A-grade office premises with a total leasable area of 202,000 sq.m..

Strategy and Prospect

Our key development strategy would be further enhancing our product quality and gradually moving towards high end products in existing regions in order to enjoy a premium over our products. We believe that there will be tremendous opportunities for potential land acquisition in the year to come which facilitate us to accelerate our expansion in landbank and property development business. Nevertheless, we will follow our prudent but transparent financial management strategy to maintain our debt and cashflow at a healthy and reasonable level during the year of expansion in 2010. We take the view that the goal of Central Government policy towards the property market is to support its long term healthy development even though property market may therefore be subjected to short term fluctuation due to policy changes. We will pay close attention to any policy change and adjust our development strategy accordingly.

We will actively participate in open land auction to acquire land plots at prices carefully calculated and considered reasonable. Apart from land auction, we will also look out closely for merger and acquisition opportunities in 2010 now that our professional team is firmly established. We will also consider bringing in good partners in project acquisitions through joint ventures, leveraging on both parties' strength to generate higher returns.

Looking into 2010, apart from the Pan-Bohai Rim, we will also search for opportunities along the Yangtze River Delta, especially Shanghai, and other fast growing areas, including Hainan and the South-Western part of the PRC such as Chengdu and Chongqing. We believe that expanding our landbank to these areas will help to diversify our portfolio risk from single market fluctuations.

The audited consolidated results of the Group for the year ended 31 December 2009 are as follows:

CONSOLIDATED BALANCE STATEMENT

	As at 31 December	
	2009	**2008**
	RMB'000	*RMB'000*
ASSETS		
Non-current assets		
Property, plant and equipment	324,867	304,989
Land use rights	38,964	36,958
Investment properties	3,984,000	1,984,000
Goodwill	662,602	734,569
Interest in a jointly controlled entity	671,685	—
Interests in associates	294,462	310,796
Available-for-sale financial assets	592,648	426,715
Derivative financial instrument	8,331	8,338
Trade and other receivables	893,590	250,731
Deferred income tax assets	305,539	111,777
	7,776,688	4,168,873
Current assets		
Properties under development	22,254,218	18,443,878
Land under development	926,828	1,839,557
Inventories, at cost	99,503	80,217
Deposits for land use rights	7,371,019	4,066,559
Trade and other receivables	1,720,294	1,589,327
Completed properties held for sale	3,483,588	4,242,538
Restricted bank deposits	896,442	810,006
Cash and cash equivalents	17,619,619	8,026,677
	54,371,511	39,098,759
Total assets	62,148,199	43,267,632
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital and premium	20,117,523	14,186,122
Reserves	(485,282)	(226,789)
Retained earnings		
– proposed final dividend	248,154	288,373
– others	3,487,484	2,405,221
	23,367,879	16,652,927
Minority interests	518,535	1,130,182
Total equity	23,886,414	17,783,109

	As at 31 December	
	2009	**2008**
	RMB'000	*RMB'000*
LIABILITIES		
Non-current liabilities		
Borrowings	17,186,844	8,778,770
Deferred income tax liabilities	999,182	790,038
	18,186,026	9,568,808
Current liabilities		
Borrowings	4,653,168	5,964,807
Derivative financial instrument	—	1,458
Trade and other payables	4,526,103	5,010,158
Advances from customers	9,494,610	3,749,274
Income tax payable	1,401,878	1,190,018
	20,075,759	15,915,715
Total liabilities	38,261,785	25,484,523
Total equity and liabilities	62,148,199	43,267,632
Net current assets	34,295,752	23,183,044
Total assets less current liabilities	42,072,440	27,351,917

Consolidated Income Statement

	Year ended 31 December	
	2009	**2008**
	RMB'000	*RMB'000*
Revenue	8,823,658	6,487,380
Cost of sales	(6,166,644)	(3,667,392)
Gross profit	2,657,014	2,819,988
Other income	210,593	214,879
Other (losses)/gains - net	(8,294)	127,228
Fair value gain on investment properties	708,625	—
Selling and marketing costs	(318,252)	(250,592)
Administrative expenses	(319,539)	(420,404)
Operating profit	2,930,147	2,491,099
Fair value gain on derivative financial instruments	—	56,457
Finance costs	(308,753)	(161,178)
Share of loss of a jointly controlled entity	(35,315)	(54)
Share of losses of associates	(18,334)	(2,430)
Profit before income tax	2,567,745	2,383,894
Income tax expense	(929,401)	(939,308)
Profit for the year	1,638,344	1,444,586
Attributable to:		
Equity holders of the Company	1,582,077	1,387,896
Minority interests	56,267	56,690
	1,638,344	1,444,586
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB)		
– basic	0.337	0.310
– diluted	0.336	0.310
Dividends	413,667	406,357

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
	2009	**2008**
	RMB'000	*RMB'000*
Profit for the year	1,638,344	1,444,586
Other comprehensive income		
Fair value losses on available-for-sale financial assets	(11,402)	(20,910)
Currency translation differences	(677)	(8,621)
Other comprehensive income for the year	(12,079)	(29,531)
Total comprehensive income for the year	1,626,265	1,415,055
Total comprehensive income attributable to:		
– equity holders of the Company	1,569,998	1,358,365
– minority interests	56,267	56,690
	1,626,265	1,415,055

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's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

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 22 March 2010.

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.

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.

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

As the change in accounting policy has had no material effect on the consolidated financial statements of the Group for the current year or comparative year, such change has been accounted for prospectively.

(a) New and amended standards adopted by the Group

The group has adopted the following new and amended HKFRSs and interpretations to existing standards as of 1 January 2009:

HKFRS 7 "Financial Instruments–Disclosures" (amendment)

HKAS 1 (revised) "Presentation of financial statements"

HKFRS 2 (amendment), "Share-based payment"

HKAS 23 (Amendment), as part of the HKICPA's improvements to HKFRS published in October 2008, and "Borrowing costs", HKAS 23 (Revised), "Borrowing costs"

HKFRS 8, "Operating segments"

HK (IFRIC)-Int 15, "Agreements for construction of real estates"

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

HKAS 27 (Revised), "Consolidated and separate financial statements"

(c) 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 2010 or later periods, but the Group has not early adopted them:

- HK(IFRIC) 17 "Distribution of non-cash assets to owners" - effective on or after 1 July 2009.
- HKFRS 3 (revised), "Business combinations" - effective from 1 July 2009.
- HKAS 38 (amendment), "Intangible Assets" - effective from 1 July 2009.
- HKFRS 5 (amendment), "Measurement of non-current assets (or disposal groups) classified as held for sale".
- HKAS 1 (amendment), "Presentation of financial statements".
- HKFRS 2 (amendments), "Group cash-settled share-based payment transactions" - effective from 1 January 2010.

4 Segment information

Management has determined the operating segments based on the reports reviewed by the executive committee (the "Committee") that are used to make strategic decisions.

The Committee considers the business from both a geographic and product perspective. From a business perspective, management assesses the performance of property development and property investment. Property development is further evaluated on a geographic basis (Beijing, Tianjin, North-east and other territories).

Other segments as carried out by the Group mainly include property management, hotel operation, property sales agency and upfitting service. These sales have not been included within the reportable operating segments, as they are not included within the reports provided to the Committee.

The Committee assesses the performance of the operating segments based on a measure of operating profit. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. Finance cost is not included in the result for each operating segment that is reviewed by the Committee, which is managed on a central basis. Other information provided to the Committee, except as noted below, is measured in a manner consistent with that in the financial statements.

Total assets exclude corporate cash and cash equivalents, investments in a jointly controlled entity and associates, deferred tax and available-for-sale financial assets, all of which are managed on a central basis. These are part of the reconciliation to total balance sheet assets.

Transactions between segments are carried out at arm's length. The revenue from external parties reported to the Committee is measured in a manner consistent with that in the consolidated statement of comprehensive income.

The segment information provided to the Committee for the reportable segments for the year ended 31 December 2009 and 2008 is as follows:

	Property development				Investment property	All other segments	Total	Inter-company elimination	Group total
	Beijing	Tianjin	North-east	Others					
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2009									
Total revenue	4,765,282	697,898	1,637,613	1,117,628	162,498	1,145,988	9,526,907	—	9,526,907
Inter-segment revenue	—	—	—	—	(6,009)	(697,240)	(703,249)	—	(703,249)
Revenue (from external customers)	4,765,282	697,898	1,637,613	1,117,628	156,489	448,748	8,823,658	—	8,823,658
Adjusted operating profit	1,719,935	123,014	339,640	95,483	107,123	161,377	2,546,572	(202,447)	2,344,125
Depreciation and amortization	(1,560)	(934)	(5,372)	(1,660)	(341)	(9,832)	(19,699)	—	(19,699)
Finance income	94,903	16,091	28,688	6,594	6,228	22,203	174,707	(118,306)	56,401
Year ended 31 December 2008									
Total revenue	4,530,165	307,190	643,017	354,844	125,939	932,549	6,893,704	—	6,893,704
Inter-segment revenue	—	—	—	—	(4,003)	(402,321)	(406,324)	—	(406,324)
Revenue (from external customers)	4,530,165	307,190	643,017	354,844	121,936	530,228	6,487,380	—	6,487,380
Adjusted operating profit	2,184,809	121,587	158,170	58,278	130,353	408,555	3,061,752	(384,612)	2,677,140
Depreciation and amortization	(5,092)	(959)	(862)	(788)	(332)	(15,607)	(23,640)	—	(23,640)
Finance income	154,352	18,368	4,319	—	40,795	116,091	333,925	(260,285)	73,640
As at 31 December 2009									
Total assets	19,549,097	4,696,369	9,038,347	10,092,367	4,180,120	8,238,678	55,794,978	(7,287,088)	48,507,890
Additions to non-current assets (other than financial instrument and deferred tax assets)	515	2,072	21,618	4,486	638	15,271	44,600	—	44,600
Total liabilities	12,033,464	2,385,794	3,968,744	2,550,981	910,747	1,503,032	23,352,762	(7,930,171)	15,422,591
As at 31 December 2008									
Total assets	19,721,230	3,940,823	6,650,889	5,470,069	2,167,494	7,561,488	45,511,993	(6,617,707)	38,894,286
Additions to non-current assets (other than financial instruments and deferred tax assets)	1,121	730	1,716	3,276	36	24,998	31,877	—	31,877
Total liabilities	12,204,765	1,035,021	912,322	1,862,931	424,848	1,688,183	18,128,070	(8,177,162)	9,950,908

A reconciliation of adjusted operating profit to total profit before income tax is provided as follows:

	Year ended 31 December	
	2009	**2008**
	RMB'000	*RMB'000*
Adjusted operating profit	2,344,125	2,677,140
Corporate finance income	111,208	106,557
Corporate overheads	(233,811)	(292,598)
Finance costs	(308,753)	(161,178)
Fair value gain on investment properties	708,625	—
Fair value gain on derivative financial instrument	—	56,457
Share of loss of a jointly controlled entity	(35,315)	(54)
Share of loss of associates	(18,334)	(2,430)
Profit before income tax	2,567,745	2,383,894

Reportable and other segments assets and liabilities are reconciled to total assets and liabilities as follows:

	As at 31 December	
	2009	**2008**
	RMB'000	*RMB'000*
Total segment assets	48,507,890	38,894,286
Corporate cash and cash equivalents	11,775,975	3,524,058
Investment in a jointly controlled entiy	671,685	—
Investment in associates	294,462	310,796
Available-for-sale financial assets	592,648	426,715
Deferred income tax assets	305,539	111,777
Total assets per balance sheet	62,148,199	43,267,632
Total segment liabilities	15,422,591	9,950,908
Deferred income tax liabilities	999,182	790,038
Current borrowings	4,653,168	5,964,807
Non-current borrowings	17,186,844	8,778,770
Total liabilities per balance sheet	38,261,785	25,484,523

The Company is domiciled in Hong Kong and most of its main subsidiaries are domiciled in the PRC. All the revenue from external customers of the Group are derived in the PRC for the years ended 2009 and 2008.

As at 31 December 2009, the total of non-current assets other than financial instruments and deferred tax assets located in the PRC is RMB5,425,058,000 (2008: RMB 2,747,552,000), and the total of these non-current assets located in Hong Kong is RMB551,552,000 (2008: RMB 623,760,000)

For the year ended 31 December 2009 and 2008, the Group do not have any single significant customer with the transaction value above 10% of the external sales.

5 Expenses by nature

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

	Year ended 31 December	
	2009	**2008**
	RMB'000	*RMB'000*
Cost of properties and land use rights sold:		
– Land use rights	813,168	325,232
– Capitalized interest	232,737	73,049
– Construction related cost	4,144,112	2,486,157
Cost of upfitting services rendered	155,686	239,456
Direct investment property expenses	70,301	31,991
Employee benefit expense	312,479	326,184
Consultancy fee	72,451	35,346
Auditor's remuneration	7,100	6,280
Depreciation	18,816	18,354
Amortization of land use rights	883	5,286
Advertising and marketing	284,722	212,204
Business taxes and other levies	490,936	359,886
Net impairment for trade and other receivables	367	(399)
Office expenditure	47,697	59,491
Properties maintenance expenses	67,554	40,900
Energy expenses	32,060	31,300
Others	53,366	87,671
	6,804,435	4,338,388

6 Other (losses) /gains - net

	Year ended 31 December	
	2009	**2008**
	RMB'000	*RMB'000*
(Losses)/gain on disposal of available-for-sale financial assets	(9,454)	951
Gain on disposal of subsidiaries	3,585	28,827
Gain on early redemption of convertible bonds	—	77,816
Gain on redemption of convertible bonds	1,458	—
Gain on acquisition of additional interests in subsidiaries from minority shareholders	—	35,384
Negative goodwill from acquisition of a subsidiary	10,867	2,999
Loss on disposal of property, plant and equipment	(88)	(319)
Exchange losses	(14,662)	(18,430)
	(8,294)	127,228

7 Finance costs

	Year ended 31 December	
	2009	**2008**
	RMB'000	*RMB'000*
Interest expense:		
– Bank borrowings	871,368	1,009,403
– Other borrowings	85,080	—
– Dividend on preference shares	—	3,882
– Convertible bonds	32,889	59,881
Less: interest capitalized at a capitalization rate of 5.35% (2008: 7.69%) per annum	(680,584)	(911,988)
	308,753	161,178

8 Income tax expense

Vast majority of the group entities are subjected to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% of the assessable income of each of these group entities for the years ended 31 December 2009 and 2008. 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	
	2009	**2008**
	RMB'000	*RMB'000*
Current income tax:		
– PRC enterprise income tax	687,105	521,440
– PRC land appreciation tax	248,084	420,397
Deferred tax	(5,788)	(2,529)
	929,401	939,308

Taxation on the Group's profit before tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the Group as follows:

	Year ended 31 December	
	2009	**2008**
	RMB'000	*RMB'000*
Profit before income tax	2,567,745	2,383,894
Add: Share of loss of a jointly controlled entity	35,315	54
Share of losses of associates	18,334	2,430
	2,621,394	2,386,378
Tax calculated at a tax rate of 25%	655,349	596,595
Effect of higher tax rate for the appreciation of land in the PRC	186,063	315,298
Income not subject to tax	(17,979)	(56,185)
Expenses not deductible for tax purposes	76,491	59,412
Tax losses not recognized	44,168	38,196
Utilization of previously unrecognized tax losses	(14,691)	(14,008)
Tax expense	929,401	939,308

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.

	2009	**2008**
Profit attributable to equity holders of the Company (RMB'000)	1,582,077	1,387,896
Weighted average number of ordinary shares in issue (thousands)	4,690,952	4,473,127
Basic earnings per share (RMB per share)	0.337	0.310

(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 is lower than the conversion price. All the convertible bond matured in 2009 and had been redeemed by the Group.

	2009	2008
Profit attributable to equity holders of the Company (RMB'000)	1,582,077	1,387,896
Weighted average number of ordinary shares in issue (thousands)	4,690,952	4,473,127
Adjustments for:		
– Share options (thousands)	15,954	1,512
Weighted average number of ordinary shares for diluted earnings per share (thousands)	4,706,906	4,474,639
Diluted earnings per share (RMB per share)	0.336	0.310

10 Dividends

	Year ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
Final dividend paid for previous financial year	288,308	502,907
Interim dividend paid	165,513	117,984
Final dividend proposed (a)	248,154	288,373

(a) On 22 March 2010, the Company proposed a final dividend of RMB248,154,000.

11 Event after balance sheet date

(a) On 25 November 2009, the Group entered into an agreement to acquire 55% ownership in Chongqing Golf Club Co. Ltd. for a total consideration of RMB152,000,000 in cash. The acquisition was completed on 5 January 2010.

(b) On 25 January 2010, the Group entered into an agreement to acquire 70% ownership in Sanya South Olympic Garden Company Limited for a total consideration of RMB500,000,000, which are going to be settled in cash. Such acquisition was completed on 2 February 2010.

(c) On 25 February 2010, the Group successfully bid for one piece of land located within the Xigang District of Dalian, PRC, with a consideration of RMB1,140,780,000. This land occupies a total site area of 88,900 sq.m.. This land is planned for residential and commercial use.

(d) On 12 March 2010, the Group successfully bid for two pieces of land located within the Shinan District and Fushan New District of Qingdao, PRC, respectively with a consideration of RMB1,560,000,000 and RMB810,000,000. These lands occupy a total site area of 42,463 sq.m and 46,883 sq.m. respectively. These lands are planned for residential and commercial use.

(e) On 15 March 2010, the Group successfully bid for one piece of land located within the Wangjing area of Beijing, PRC, with a consideration of RMB4,080,000,000. This land occupies a total site area of 83,507 sq.m.. This land is planned for residential and commercial use.

FINAL DIVIDEND

The Directors proposed the payment of a final dividend of HKD0.05 per ordinary share for the year ended 31 December 2009. The final dividend will be paid in cash. Subject to the approval of the shareholders at the forthcoming annual general meeting, 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 13 May 2010.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 13 May 2010. 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 Monday, 10 May 2010 to Thursday, 13 May 2010 (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 Friday, 7 May 2010.

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

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 2009, 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 CG 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 2009 Annual Report which will be sent to the shareholders on or about 13 April 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors (the "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 "Model 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 Model 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 2009.

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 2009 will be despatched to shareholders on or about 13 April 2010 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 my gratitude to our shareholders, investors, local government authorities, business partners and customers for their confidence in and valuable support to our Group. I would also like to thank our fellow Directors, the management team and staff for their contributions to our success.

By order of the Board
Li Jianhong
Chairman

Hong Kong, 22 March 2010

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.