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 2012 AND CHANGE OF DIRECTOR

**HIGHLIGHTS**

- Total contracted sales amount up 15% to RMB31,119 million, with GFA sold increased by 25% to about 2.6 million sq.m., both were record-high
- Revenue up 44% to RMB28,658 million
- Profit attributable to owners of the Company amounted to RMB3,796 million
- Total assets up 16% to RMB128,305 million while owners' equity (including convertible securities and capital securities) up 8% to RMB38,260 million
- Earnings per share amounted to RMB0.542, up 54%
- Proposed final dividend of HKD0.17 per share with a scrip dividend option
- Cash resources amounted to RMB16,147 million with landbank approximately 23 million sq.m.

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 ("our Group" or "We") for the year ended 31 December 2012.

As at the end of the reporting period, our Group recorded RMB28,658 million in revenue and RMB7,699 million in gross profit, representing an increase of 44% and 23% respectively compared to the previous year. Profit attributable to owners of the Company reached RMB3,796 million, and earnings per share amounted to RMB0.542.

Based on the profit attributable to owners of the Company, the Board is pleased to propose a final dividend of HKD0.17 per share for the year ended 31 December 2012. Together with the interim dividend of HKD0.06 per share, total dividend per share for 2012 was HKD0.23 (2011: HKD0.15), a dividend payout ratio of 29% (2011: 27%). The Board also recommends offering to the shareholders the right to elect as an alternative, to receive the 2012 final dividend wholly or partly by allotment of new shares credited as fully paid up in lieu of cash, subject to shareholders' approval on the payment of the 2012 final dividend at the Company's annual general meeting (the "AGM") and the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") of the listing of, and permission to deal in, the new shares to be issued pursuant thereto.

## MARKET REVIEW AND PROSPECT

Having trod a road of high speed growth for more than a decade, the property market of China is now relatively mature. It has entered a new era characterized by three key features. The first feature is subduing growth with total volume remaining high. While decelerated growth is partly a result of actual government intervening measures, China's less strong economic growth has also made an impact. However, the outlook of the property market is still positive. There is an undoubtedly huge demand for commodity housing and will still see a growth in the future. The second feature is enthusiasm divergence. Differentiation between cities, corporations and products has been intensifying and market concentration continued to heighten. Although sales volume grew invariably in all cities in China, there was considerable disparity with tier 1, 2 and 3 cities as tier 1 cities and some over-heated tier 2 cities saw the tightest restriction on purchase which create greater backlog demand. Though the property market in general bottomed in the first quarter, buyers' expectations changed quickly. Property buyers regained enthusiasm and the markets rebounded gradually during 2012. Comparing to the big cities, tier 3 and tier 4 municipalities saw milder rises in transaction volume. The third feature is that the industry generally recognizes the importance of business diversification. Many real estate companies are actively exploring the market of property investment. Property developers have been working imperatively through every link of the chain, from investment, financing, land acquisition, market positioning, planning and design, promotion, construction to operation in order to strengthen the commercial property business segment.

We think the property market in China will maintain a stable growth in 2013, with a trend of rise followed by a fall. The 'warm winter' that started at the end of 2012 will continue into the first half of 2013, yet market situation in the second half will depend on many factors including price tendency. If the property price increment exceeds government and buyer expectations, there will be a downside risk. Given the existing stringent control measures, it is expected the central government will essentially ensure stable implementation of the policy in

2013. As reflected by the market, the existing ‘diversified’ control measures are very effective. This approach is likely to continue and intensify and the rational demand from owner-occupiers will continue to drive the market.

We expect that demand in tier 1 cities will remain strong because supply is scarce and the local population bases generally exceed 10 million. Furthermore, these cities generally absorb thousands of new residents every year so the demand will remain strong and there is a definite upward pressure for price adjustment. However, the property prices as compared to personal income are already quite high, and the rigid backlog demand stocked up since 2011 has been progressively released from the second quarter of 2012, so it is highly unlikely for property prices to go up drastically. Less urbanized than tier 1 cities, tier 2 cities have relatively large and low-density population bases which offer significant late-developing advantage. They are new growth poles of the national economy as well as the property market. Given a more balanced situation of overall supply and demand, and a steady release of demand in the future, property prices in tier 2 cities will appreciate steadily. Tier 3 and tier 4 cities, on the other hand, are generally facing the risk of excessive supply, although regions within the radiation range of major cities will fare better.

Despite the above mentioned external uncertainties, our Group remains optimistic about the property market in the economically developed coastal and riverside core cities and their peripheral regions as these regions enjoy greater economic strength and are supported by new urban populations with stronger late starter momentum.

## FINANCIAL REVIEW

Our Group’s revenue in 2012 grew by 44% to RMB28,658 million, from RMB19,897 million in 2011. The increase in revenue was mainly attributable to the growth in property development business.

| **RMB million** | **2012** | 2011 | **YoY (%)** |
|---|---|---|---|
| Property development | **26,053** | 17,618 | 48% |
| Property investment | **414** | 340 | 22% |
| Property management | **453** | 377 | 20% |
| Other real estate related businesses (including upfitting and decoration business) | **1,738** | 1,562 | 11% |
| Total | **28,658** | 19,897 | 44% |

Beijing region as our home base remained the largest revenue contributor, accounting for about 44% of our Group’s revenue in 2012 (2011: 50%) and amounted to RMB12,512 million (2011: RMB9,855 million). The rise in revenue but decline in proportion was mainly due to higher contribution of revenue and in GFA delivered from areas outside Beijing in 2012.

Excluding car parks, average land cost for property development business in 2011 was approximately RMB2,600 per sq.m., dropped to RMB2,400 per sq.m. in 2012. Besides, average construction cost (excluding car parks) for property development business in 2011 was RMB4,500 per sq.m., increased to approximately RMB5,700 per sq.m. in 2012.

Gross profit has increased by 23% from RMB6,258 million in 2011 to RMB7,699 million in 2012. Gross profit margin decreased to 27% (2011: 31%). The average selling price of GFA delivered increased marginally to RMB12,700 per sq.m. (including car parks), up from RMB11,900 per sq.m. in 2011, which was offset by the increment in construction and material costs (labour cost) in 2012.

Our Group recorded other losses (net) of RMB126 million in 2012 as comparing to other gains (net) of RMB128 million in 2011. Other losses (net) mainly comprised the impairment of available-for-sale financial assets and goodwill.

Selling and marketing costs increased to RMB963 million in 2012 (2011: RMB776 million). These costs accounted for approximately 3% of the total contracted sales amount in 2012 (2011: 3%).

Administrative expenses increased to RMB853 million in 2012 (2011: RMB820 million). Our Group managed the overall administrative expenses accounted for about 3% of total revenue for the current year (2011: 4%).

We were able to capitalize most of the interest expenses and thus leaving RMB625 million to be charged through consolidated income statement during the current year, which was RMB419 million in 2011. Due to the general increment in borrowing cost in PRC, our weighted average interest rate increased to 7.72% in 2012, with slight increment as compared to 6.67% of last year.

The aggregate of enterprise income tax and deferred tax increased by 20% to RMB1,729 million in 2012 (2011: RMB1,446 million), with effective tax rate of 30% (2011: 36%). Land appreciation tax in 2012 increased to RMB1,519 million (2011: RMB1,108 million), accounting for 19.7% of gross profit in 2012 (2011: 17.7%).

Profit attributable to owners of the Company swelled by 48% to RMB3,796 million in 2012, compared to RMB2,571 million in 2011.

As at 31 December 2012, our Group has total cash resources (including the aggregate of cash and cash equivalents and restricted bank deposits) of RMB16,147 million and a current ratio of 1.8 times. Together with the unutilized credit facilities of about RMB32,973 million, our Group is ensured to be financially sound.

The maturities of our Group's total borrowings are set out as follows:

| RMB million | As at 31 December 2012 | As at 31 December 2011 | YoY (%) |
|---|---|---|---|
| Within 1 year | **11,520** | 14,482 | -20% |
| 1 to 2 years | **7,460** | 6,779 | 10% |
| 2 to 5 years | **11,263** | 10,001 | 13% |
| Over 5 years | **2,150** | 2,325 | -8% |
| Total | **32,393** | 33,587 | -4% |

## BUSINESS REVIEW

### Property development

*Recognized Sales*

Revenue from property development business grew by 48% in 2012 and amounted to RMB26,053 million (2011: RMB17,618 million). Saleable GFA delivered increased by 39% from approximately 1,481,000 sq.m. in 2011 to approximately 2,055,000 sq.m. in 2012. Excluding car parks sales, the average selling price recognized in 2012 was about RMB13,000 per sq.m. (2011: RMB12,500 per sq.m.).

The following table presents the saleable GFA delivered and relevant information of each project in 2012:

| Cities | Projects | Revenue *(RMB million)* | Saleable GFA delivered *(sq.m.)* | Average selling price recognized *(RMB/sq.m.)* | Interest attributable to our Group *(%)* |
|---|---|---|---|---|---|
| Beijing | Ocean Great Harmony | 2,914 | 82,430 | 35,400 | 100% |
| | Ocean Honored Chateau | 5 | 253 | 19,800 | 100% |
| | Ocean LA VIE | 1,730 | 26,736 | 64,700 | 85.72% |
| | Ocean Landscape | 11 | 675 | 16,300 | 100% |
| | Ocean Landscape Eastern Area | 121 | 5,409 | 22,400 | 100% |
| | Ocean Manor | 838 | 40,260 | 20,800 | 100% |
| | Ocean Oriental Mansion | 1,821 | 121,085 | 15,000 | 100% |
| | POETRY OF RIVER | 2,012 | 108,779 | 18,500 | 100% |
| | The Place | 502 | 27,576 | 18,200 | 100% |
| Changchun | Ocean Cannes Town | 559 | 89,431 | 6,300 | 51% |

| Cities | Projects | Revenue (*RMB million*) | Saleable GFA delivered (*sq.m.*) | Average selling price recognized (*RMB/sq.m.*) | Interest attributable to our Group (*%*) |
|---|---|---|---|---|---|
| Dalian | Chanson Garden | 1 | 227 | 4,400 | 100% |
| | Ocean Holiday Manor | 657 | 74,424 | 8,800 | 100% |
| | Ocean Plaza | 3,148 | 244,708 | 12,900 | 69.53% |
| | Ocean Prospect | 18 | 1,121 | 16,100 | 100% |
| | Ocean Seasons | 264 | 22,293 | 11,800 | 100% |
| | Ocean TIMES | 838 | 113,112 | 7,400 | 100% |
| | Ocean Worldview | 2,522 | 200,662 | 12,600 | 100% |
| Huangshan | An Island Paradise | 133 | 17,120 | 7,800 | 100% |
| Qinhuangdao | Wan Hai Yi Hao | 7 | 1,108 | 6,300 | 100% |
| Sanya | Ocean Mansion | 264 | 13,319 | 19,800 | 70% |
| Shenyang | Ocean Paradise | 605 | 68,262 | 8,900 | 100% |
| Tianjin | Ocean City | 2,294 | 266,132 | 8,600 | 100% |
| | Ocean Express | 279 | 30,881 | 9,000 | 97.05% |
| | Ocean Great Harmony | 630 | 50,714 | 12,400 | 100% |
| | Ocean Paradise | 5 | 194 | 25,800 | 96.99% |
| | Ocean Prospect | 912 | 89,865 | 10,100 | 100% |
| Wuhan | Ocean Manor | 275 | 29,193 | 9,400 | 55% |
| | Ocean World | 83 | 16,230 | 5,100 | 55% |
| Zhongshan | Ocean City | 2,180 | 234,174 | 9,300 | 100% |
| Subtotal | | 25,628 | 1,976,373 | 13,000 | |
| Car parks (various projects) | | 425 | 78,864 | 5,400 | |
| **Total** | | **26,053** | **2,055,237** | **12,700** | |

*Contracted Sales*

Contracted sales reached a record high in 2012 to RMB31,119 million, up by 15% compared to RMB27,005 million in 2011. Total GFA sold, including car parks, increased by 25% to about 2,611,000 sq.m. (2011: 2,096,000 sq.m.). Average selling price per sq.m. in 2012 was about RMB11,900 (2011: RMB12,900) (including car parks sale) and RMB12,100 (2011: RMB13,400) (excluding car parks sale). The gentle drop in average selling price was mainly due to higher contributions from other second-tier cities than the prime one. Outstanding contracted sales to be recognized in 2013 or later amounted to RMB34,875 million, increased by 17% compared to RMB29,809 million as at the year end of 2011, 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 2012:

| **Cities** | **Projects** | **Contracted sales amount** *(RMB Million)* | **Saleable GFA sold** *(sq.m.)* | **Average selling price** *(RMB/sq.m.)* | **Interest attributable to our Group** *(%)* |
|---|---|---|---|---|---|
| Beijing | Ocean Crown | 2,074 | 40,855 | 50,800 | 100% |
| | Ocean Great Harmony | 95 | 2,032 | 46,800 | 100% |
| | Ocean LA VIE | 2,805 | 51,554 | 54,400 | 85.72% |
| | Ocean Landscape Eastern Area | 84 | 4,121 | 20,400 | 100% |
| | Ocean Office Park | 857 | 44,894 | 19,100 | 100% |
| | Ocean Oriental Mansion | 1,215 | 84,370 | 14,400 | 100% |
| | Ocean Palace | 1,030 | 36,104 | 28,500 | 100% |
| | POETRY OF RIVER | 382 | 17,858 | 21,400 | 100% |
| Changchun | Ocean Cannes Town | 662 | 95,345 | 6,900 | 51% |
| Chongqing | Sino-Ocean International GOLF Resort | 310 | 42,207 | 7,300 | 87.25% |
| Dalian | Ocean Diamond Bay | 2,400 | 164,675 | 14,600 | 90% |
| | Ocean Holiday Manor | 333 | 36,866 | 9,000 | 100% |
| | Ocean Plaza | 805 | 69,944 | 11,500 | 69.53% |
| | Ocean Seasons | 36 | 2,000 | 18,000 | 100% |
| | Ocean TIMES | 898 | 135,231 | 6,600 | 100% |
| | Ocean Worldview | 2,250 | 229,915 | 9,800 | 100% |
| Fushun | Ocean City | 521 | 113,833 | 4,600 | 65% |
| Haikou | Ocean Zen House | 75 | 5,060 | 14,800 | 70% |

| Cities | Projects | Contracted sales amount *(RMB Million)* | Saleable GFA sold *(sq.m.)* | Average selling price *(RMB/sq.m.)* | Interest attributable to our Group *(%)* |
|---|---|---|---|---|---|
| Hangzhou | Canal Business Center Project | 744 | 23,358 | 31,900 | 51% |
| | Grand Canal Milestone | 788 | 28,551 | 27,600 | 70% |
| | Ocean In Your Heart | 532 | 32,014 | 16,600 | 100% |
| Huangshan | An Island Paradise | 124 | 13,706 | 9,000 | 100% |
| Qingdao | Ocean Prospect | 525 | 27,802 | 18,900 | 100% |
| | Ocean Seasons | 790 | 59,117 | 13,400 | 100% |
| Qinhuangdao | Ocean Century | 967 | 128,530 | 7,500 | 100% |
| Sanya | Ocean Mansion | 138 | 8,013 | 17,200 | 70% |
| Shanghai | BOND CASTLE | 44 | 1,101 | 40,000 | 100% |
| | Ocean Chanson Mansion | 722 | 42,188 | 17,100 | 100% |
| | Ocean Mansion No.7 | 805 | 50,258 | 16,000 | 100% |
| Shenyang | Ocean Paradise | 1,005 | 120,682 | 8,300 | 100% |
| | Ocean Residence | 361 | 44,230 | 8,200 | 92.5% |
| Tianjin | Ocean City | 1,350 | 166,610 | 8,100 | 100% |
| | Ocean Express | 222 | 25,964 | 8,600 | 97.05% |
| | Ocean Great Harmony | 462 | 39,512 | 11,700 | 100% |
| | Ocean International Center | 121 | 8,215 | 14,700 | 96.99% |
| | Ocean Prospect | 561 | 53,140 | 10,600 | 100% |
| Wuhan | Ocean Manor | 236 | 22,108 | 10,700 | 55% |
| | Ocean World | 63 | 12,488 | 5,000 | 55% |
| Zhenjiang | Ocean Beach | 373 | 62,744 | 5,900 | 55% |
| Zhongshan | Ocean City | 2,070 | 245,450 | 8,400 | 100% |
| | Ocean New Era | 818 | 148,057 | 5,500 | 40% |
| Subtotal | | 30,653 | 2,540,702 | 12,100 | |
| Carparks (various projects) | | 466 | 70,584 | 6,600 | |
| **Total** | | **31,119** | **2,611,286** | **11,900** | |

*Construction Progress and Developing Projects*

Total GFA and total saleable GFA completed in 2012 were approximately 2,826,000 sq.m. and 2,362,000 sq.m., going up by 51% and 46% respectively compared to that in 2011. Meanwhile, we will maintain our construction scale in order to have enough GFA available for sale and for delivery to support our growth in 2013.

*Landbank*

Our Group's landbank decreased by 4% to 22,969,000 sq.m. as at 31 December 2012 (2011: 23,989,000 sq.m.); while landbank with attributable interest decreased by 6% to 19,375,000 sq.m. (2011: 20,647,000 sq.m.). During 2012, we acquired 3 plots of land with total GFA of 1,342,000 sq.m. and attributable interest of approximately 1,027,000 sq.m with average acquisition cost per sq.m. of about RMB3,300. The average land cost per sq.m. of our Group's landbank as at 31 December 2012 was approximately RMB3,200 (2011: RMB3,000).

Our Group's landbank as at 31 December 2012 was as below:

| **Region** | **Cities** | **Projects** | **Approximate total GFA** *(sq.m)* | **Approximate total saleable GFA** *(sq.m)* | **Remaining Landbank** *(sq.m)* | **Interest attributable to our Group** *(%)* |
|---|---|---|---|---|---|---|
| Beijing | Beijing | CBD Z6 Plot | 245,000 | 190,000 | 245,000 | 80% |
| | | CBD Z13 Plot | 120,000 | 108,000 | 120,000 | 10% |
| | | Jingmian Project | 88,000 | 78,000 | 88,000 | 35% |
| | | Ocean Crown | 211,000 | 181,000 | 211,000 | 100% |
| | | Ocean Great Harmony | 353,000 | 314,000 | 12,000 | 100% |
| | | Ocean LA VIE | 304,000 | 301,000 | 277,000 | 85.72% |
| | | Ocean Landscape Eastern Area E02/03 Project | 103,000 | 71,000 | 103,000 | 100% |
| | | Ocean Manor | 245,000 | 219,000 | 204,000 | 100% |
| | | Ocean Oriental Mansion | 175,000 | 151,000 | 35,000 | 100% |
| | | Ocean Palace | 436,000 | 385,000 | 436,000 | 100% |
| | | Ocean We-life Plaza | 87,000 | 78,000 | 87,000 | 100% |
| | | POETRY OF RIVER | 793,000 | 705,000 | 211,000 | 100% |
| | | The Place | 102,000 | 86,000 | 69,000 | 100% |
| | | | **3,262,000** | **2,867,000** | **2,098,000** | |

| Region | Cities | Projects | Approximate total GFA *(sq.m)* | Approximate total saleable GFA *(sq.m)* | Remaining Landbank *(sq.m)* | Interest attributable to our Group *(%)* |
|---|---|---|---|---|---|---|
| Pan-Bohai Rim | Dalian | Ocean Diamond Bay | 2,510,000 | 1,629,000 | 2,510,000 | 90% |
| | | Ocean Holiday Manor | 396,000 | 343,000 | 396,000 | 100% |
| | | Ocean MIDTOWN | 91,000 | 73,000 | 91,000 | 100% |
| | | Ocean Plaza | 293,000 | 253,000 | 9,000 | 69.53% |
| | | Ocean Seasons | 138,000 | 104,000 | 11,000 | 100% |
| | | Ocean TIMES | 563,000 | 473,000 | 416,000 | 100% |
| | | Ocean Worldview | 1,987,000 | 1,470,000 | 1,260,000 | 100% |
| | | Sino-Ocean Technopole | 922,000 | 540,000 | 922,000 | 100% |
| | | Wyndham Grand Plaza Royale Sino-Ocean | 111,000 | 52,000 | 111,000 | 100% |
| | | Xiaoyao Bay Project | 219,000 | 175,000 | 219,000 | 100% |
| | | Zhonghua Road Land Plot #3 | 712,000 | 697,000 | 712,000 | 100% |
| | Qingdao | Ocean Honored Chateau | 133,000 | 78,000 | 133,000 | 100% |
| | | Ocean Prospect | 147,000 | 109,000 | 147,000 | 100% |
| | | Ocean Prospect Phase 2 | 146,000 | 114,000 | 146,000 | 100% |
| | Qinhuangdao | Ocean Century | 1,458,000 | 1,328,000 | 1,458,000 | 100% |
| | Tianjin | Ocean City | 2,266,000 | 1,894,000 | 1,579,000 | 100% |
| | | Ocean Express | 337,000 | 288,000 | 52,000 | 97.05% |
| | | Ocean Great Harmony | 347,000 | 259,000 | 282,000 | 100% |
| | | Ocean International Center | 285,000 | 248,000 | 285,000 | 96.99% |
| | | Ocean Prospect | 321,000 | 291,000 | 208,000 | 100% |
| | | | **13,382,000** | **10,418,000** | **10,947,000** | |
| Northeast Region | Changchun | Ocean Cannes Town | 1,169,000 | 916,000 | 1,086,000 | 51% |
| | Fushun | Ocean City | 1,393,000 | 1,369,000 | 1,393,000 | 65% |
| | Shenyang | Ocean Paradise | 712,000 | 677,000 | 223,000 | 100% |
| | | Ocean Residence | 181,000 | 168,000 | 181,000 | 92.5% |
| | | | **3,455,000** | **3,130,000** | **2,883,000** | |

| Region | Cities | Projects | Approximate total GFA *(sq.m)* | Approximate total saleable GFA *(sq.m)* | Remaining Landbank *(sq.m)* | Interest attributable to our Group *(%)* |
|---|---|---|---|---|---|---|
| Yangtze River Delta & Along Yangtze River | Chengdu | Pinnacle One | 384,000 | 214,000 | 384,000 | 50% |
| | Chongqing | Sino-Ocean International GOLF Resort | 563,000 | 471,000 | 563,000 | 87.25% |
| | Hangzhou | Canal Business Center Project | 919,000 | 480,000 | 919,000 | 51% |
| | | Grand Canal Milestone | 208,000 | 140,000 | 208,000 | 70% |
| | | Ocean In Your Heart | 169,000 | 109,000 | 169,000 | 100% |
| | Huangshan | An Island Paradise | 88,000 | 87,000 | 81,000 | 100% |
| | Shanghai | BOND CASTLE | 194,000 | 88,000 | 194,000 | 100% |
| | | Ocean Chanson Manson | 375,000 | 278,000 | 375,000 | 100% |
| | | Ocean Mansion NO.7 | 118,000 | 89,000 | 118,000 | 100% |
| | Wuhan | Ocean Manor | 77,000 | 71,000 | 35,000 | 55% |
| | | Ocean World | 456,000 | 398,000 | 401,000 | 55% |
| | Zhenjiang | Ocean Beach | 900,000 | 682,000 | 900,000 | 55% |
| | | | **4,451,000** | **3,107,000** | **4,347,000** | |
| Southern Region | Haikou | Ocean Zen House | 107,000 | 104,000 | 107,000 | 70% |
| | Sanya | Ocean Mansion | 55,000 | 48,000 | 7,000 | 70% |
| | | Tang Di Project | 14,000 | 12,000 | 14,000 | 52.5% |
| | Shenzhen | Ocean Express | 557,000 | 438,000 | 557,000 | 84.7% |
| | | Shengping Project | 420,000 | 340,000 | 420,000 | 42.5% |
| | Zhongshan | Ocean City | 2,089,000 | 1,725,000 | 1,093,000 | 100% |
| | | Ocean New Era | 496,000 | 475,000 | 496,000 | 40% |
| | | | **3,738,000** | **3,142,000** | **2,694,000** | |
| **Total** | | | **28,288,000** | **22,664,000** | **22,969,000** | |

The audited consolidated results of the Group for the year ended 31 December 2012 are as follows:

**Consolidated Balance Sheet**

| | Note | As at 31 December **2012** *RMB'000* | 2011 *RMB'000* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **212,817** | 225,472 |
| Land use rights | | **9,231** | 9,477 |
| Investment properties | | **7,202,254** | 5,462,375 |
| Goodwill | | **457,286** | 630,383 |
| Interests in jointly controlled entities | | **1,477,657** | 1,052,135 |
| Interests in associates | | **665,011** | 606,013 |
| Available-for-sale financial assets | | **838,163** | 244,727 |
| Trade and other receivables | 5 | **475,129** | 598,245 |
| Deferred income tax assets | | **2,393,892** | 1,502,833 |
| | | **13,731,440** | 10,331,660 |
| **Current assets** | | | |
| Deposits for land use rights | | **5,083,619** | 8,188,492 |
| Properties under development | | **71,974,209** | 65,470,147 |
| Inventories, at cost | | **78,787** | 68,149 |
| Amounts due from customers for contract work | | **832,163** | 419,743 |
| Land development cost recoverable | | **1,638,503** | 4,028,979 |
| Completed properties held for sale | | **9,091,870** | 3,274,201 |
| Available-for-sale financial assets | | **155,400** | 196,200 |
| Other investment | | **63,091** | 15,580 |
| Financial assets at fair value through profit or loss | | **189,076** | 412,486 |
| Trade and other receivables | 5 | **9,319,742** | 5,463,192 |
| Restricted bank deposits | | **5,399,197** | 3,768,822 |
| Cash and cash equivalents | | **10,747,479** | 8,647,794 |
| | | **114,573,136** | 99,953,785 |
| **Total assets** | | **128,304,576** | 110,285,445 |

| | Note | As at 31 December 2012 RMB'000 | 2011 RMB'000 |
|---|---|---|---|
| **EQUITY** | | | |
| **Capital and reserves attributable to owners of the company** | | | |
| Share capital and premium | | **20,735,481** | 20,231,084 |
| Shares held for Restricted Share Award Scheme | | **(92,435)** | (131,959) |
| Reserves | | **335,260** | 169,548 |
| Retained earnings | | | |
| — Proposed final dividend | 12 | **806,942** | 462,059 |
| — Others | | **7,973,044** | 6,035,547 |
| | | **29,758,292** | 26,766,279 |
| Convertible securities | | **5,969,279** | 5,969,279 |
| Capital securities | | **2,532,866** | 2,532,866 |
| | | **38,260,437** | 35,268,424 |
| **Non-controlling interests** | | **3,785,801** | 3,488,740 |
| **Total equity** | | **42,046,238** | 38,757,164 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | | **20,873,439** | 19,105,661 |
| Deferred income tax liabilities | | **1,698,080** | 1,386,739 |
| | | **22,571,519** | 20,492,400 |
| **Current liabilities** | | | |
| Borrowings | | **11,519,608** | 14,481,805 |
| Trade and other payables | 6 | **16,190,564** | 10,174,821 |
| Advances from customers | | **30,681,259** | 22,870,209 |
| Income tax payable | | **5,276,267** | 3,509,046 |
| Derivative financial instrument | | **19,121** | – |
| | | **63,686,819** | 51,035,881 |
| **Total liabilities** | | **86,258,338** | 71,528,281 |
| **Total equity and liabilities** | | **128,304,576** | 110,285,445 |
| **Net current assets** | | **50,886,317** | 48,917,904 |
| **Total assets less current liabilities** | | **64,617,757** | 59,249,564 |

## Consolidated Income Statement

| | | Year ended 31 December | |
|---|---|---|---|
| | | **2012** | 2011 |
| | *Note* | ***RMB'000*** | *RMB'000* |
| Revenue | 4 | **28,657,796** | 19,896,946 |
| Cost of sales | | **(20,958,600)** | (13,639,195) |
| **Gross profit** | | **7,699,196** | 6,257,751 |
| Interest and other income | | **208,788** | 224,992 |
| Other (losses)/gains — net | 8 | **(125,957)** | 128,258 |
| Fair value gains on investment properties | | **1,535,304** | 512,778 |
| Selling and marketing expenses | | **(962,992)** | (776,087) |
| Administrative expenses | | **(853,443)** | (820,250) |
| **Operating profit** | | **7,500,896** | 5,527,442 |
| Finance costs | 9 | **(625,363)** | (419,436) |
| Share of gains of jointly controlled entities | | **362,060** | 68,911 |
| Share of losses of associates | | **(2,677)** | (2,571) |
| **Profit before income tax** | | **7,234,916** | 5,174,346 |
| Income tax expense | 10 | **(3,247,607)** | (2,553,548) |
| **Profit for the year** | | **3,987,309** | 2,620,798 |
| **Attributable to:** | | | |
| Owners of the company | | **3,796,032** | 2,570,657 |
| Non-controlling interests | | **191,277** | 50,141 |
| | | **3,987,309** | 2,620,798 |
| **Earnings per share attributable to owners of the company during the year (expressed in RMB)** | | | |
| **Basic earnings per share** | 11 | **0.542** | 0.352 |
| **Diluted earnings per share** | 11 | **0.541** | 0.351 |

**Consolidated Statement of Comprehensive Income**

| | Year ended 31 December | |
|---|---|---|
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| **Profit for the year** | **3,987,309** | 2,620,798 |
| **Other comprehensive income** | | |
| Fair value gains/(losses) on available-for-sale financial assets | **22,610** | (38,183) |
| Reserves realised upon disposal of available-for-sale financial assets | **–** | (18,279) |
| Currency translation differences | **(13,633)** | (13,906) |
| **Other comprehensive income for the year** | **8,977** | (70,368) |
| **Total comprehensive income for the year** | **3,996,286** | 2,550,430 |
| **Total comprehensive income attributable to:** | | |
| — Owners of the company | **3,805,009** | 2,500,289 |
| — Non-controlling interests | **191,277** | 50,141 |
| | **3,996,286** | 2,550,430 |

## Notes to the Consolidated Financial Statements

### 1 GENERAL INFORMATION

Sino-Ocean Land Holdings Limited (the "Company") is a limited liability company incorporated in Hong Kong on 12 March 2007. The address of its registered office is Suite 601, One Pacific Place, 88 Queensway, Hong Kong. The Company and its subsidiaries (together, the "Group") are principally engaged in investment holding, property development and property investment in the People's Republic of China (the "PRC").

The consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements have been approved for issue by the Board of Directors on 12 March 2013.

### 2 BASIS OF PREPARATION

The 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, financial assets at fair value through profit or loss, other investment and derivative financial instruments, which are carried at fair values.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 Changes in accounting policy and disclosures

*(a) New and amended standards adopted by the Group*

The following amendment to standard is mandatory for the first time for financial year beginning 1 January 2012.

The HKICPA has amended HKAS 12, 'Income taxes', to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012.

The Group has adopted this amendment retrospectively for the financial year ended 31 December 2012. As investment properties of the Group are with a business model to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, the presumption is rebutted and related deferred tax is not remeasured. Accordingly the adoption of this new accounting policy has no impact on the financial statements of the Group in the current and prior years.

*(b)* *New and amended standards, and interpretations mandatory for the financial year beginning 1 January 2012 but not currently relevant to the Group (although they may effect the accounting for future transactions and events)*

HKFRS 1, 'First time adoption', on hyperinflation and fixed dates, effective on or after 1 July 2011. The first amendment replaces references to a fixed date of '1 January 2004' with 'the date of transition to HKFRSs', thus eliminating the need for companies adopting HKFRSs for the first time to restate derecognition transactions that occurred before the date of transition to HKFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with HKFRSs after a period when the entity was unable to comply with HKFRSs because its functional currency was subject to severe hyperinflation.

HKFRS 7, 'Financial instruments: Disclosures', on transfer of financial assets, effective on or after 1 July 2011. These amendments are as part the IASBs comprehensive review of off balance sheet activities. The amendments promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial asset.

*(c)* *New and amended standards relevant to the Group that have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted*

The Group's assessment of the impact of these new and amended standards is set out below.

- HKFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities.

- HKFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company.

- HKFRS 11, 'Joint arrangements', is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form.

- HKFRS 12, 'Disclosures of interests in other entities' , includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

- HKFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs.

- HKAS 1, 'Financial statement presentation' regarding other comprehensive income.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

## 4 SEGMENT INFORMATION

The segment information provided to the Committee for the reportable segments for the years ended 31 December 2012 and 2011 is as follows:

| | Property development | | | | | | | Inter- | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Investment | All other | | company | |
| | Beijing | Tianjin | North-east | Others | property | segments | Total | elimination | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Year ended 31 December 2012** | | | | | | | | | |
| Total revenue | **10,133,593** | **4,133,092** | **8,802,205** | **3,025,984** | **419,143** | **5,089,881** | **31,603,898** | **–** | **31,603,898** |
| Inter-segment revenue | **(42,168)** | **–** | **–** | **–** | **(5,285)** | **(2,898,649)** | **(2,946,102)** | **–** | **(2,946,102)** |
| **Revenue (from external customers)** | **10,091,425** | **4,133,092** | **8,802,205** | **3,025,984** | **413,858** | **2,191,232** | **28,657,796** | **–** | **28,657,796** |
| **Segment operating profit** | **3,664,131** | **365,512** | **2,021,020** | **565,279** | **369,921** | **775,696** | **7,761,559** | **(1,283,895)** | **6,477,664** |
| Depreciation and amortization | **(532)** | **(1,643)** | **(5,282)** | **(9,706)** | **(374)** | **(29,526)** | **(47,063)** | **–** | **(47,063)** |
| Goodwill disposed for sales of properties | **–** | **(13,877)** | **–** | **(33,693)** | **–** | **–** | **(47,570)** | **–** | **(47,570)** |
| Goodwill impairment | **–** | **–** | **–** | **–** | **–** | **(125,527)** | **(125,527)** | **–** | **(125,527)** |
| Income tax expense | **(1,434,151)** | **(103,154)** | **(825,875)** | **(271,598)** | **(418,247)** | **(194,582)** | **(3,247,607)** | **–** | **(3,247,607)** |
| Finance income | **116,750** | **48,322** | **218,107** | **86,368** | **49,934** | **446,316** | **965,797** | **(937,835)** | **27,962** |
| **Year ended 31 December 2011** | | | | | | | | | |
| Total revenue | 7,823,397 | 2,253,284 | 4,962,671 | 2,708,583 | 344,101 | 4,569,410 | 22,661,446 | – | 22,661,446 |
| Inter-segment revenue | (129,860) | – | – | – | (4,039) | (2,630,601) | (2,764,500) | – | (2,764,500) |
| **Revenue (from external customers)** | 7,693,537 | 2,253,284 | 4,962,671 | 2,708,583 | 340,062 | 1,938,809 | 19,896,946 | – | 19,896,946 |
| **Segment operating profit** | 3,189,170 | 440,591 | 1,520,132 | 947,392 | 272,670 | 350,321 | 6,720,276 | (1,382,063) | 5,338,213 |
| Depreciation and amortization | (918) | (1,683) | (7,039) | (8,224) | (814) | (30,290) | (48,968) | – | (48,968) |
| Goodwill disposed for sales of properties | – | (7,140) | – | (68,049) | – | – | (75,189) | – | (75,189) |
| Income tax expense | (1,310,489) | (189,201) | (512,114) | (304,818) | (48,558) | (188,368) | (2,553,548) | – | (2,553,548) |
| Finance income | 123,930 | 92,295 | 279,452 | 107,248 | 30,895 | 537,394 | 1,171,214 | (1,059,758) | 111,456 |
| **As at 31 December 2012** | | | | | | | | | |
| **Total segment assets** | **40,321,137** | **10,669,910** | **37,786,905** | **48,997,695** | **6,512,683** | **51,598,382** | **195,886,712** | **(78,636,050)** | **117,250,662** |
| Additions to non-current assets (other than financial instruments and deferred income tax assets) | **4,065** | **131** | **2,897** | **6,173** | **297** | **236,779** | **250,342** | **–** | **250,342** |
| **Total segment liabilities** | **28,030,098** | **5,265,874** | **19,170,221** | **32,218,350** | **1,016,849** | **43,561,931** | **129,263,323** | **(77,304,942)** | **51,958,381** |
| **As at 31 December 2011** | | | | | | | | | |
| **Total segment assets** | 36,627,577 | 11,357,343 | 35,575,631 | 34,987,901 | 6,187,329 | 28,146,919 | 152,882,700 | (51,185,920) | 101,696,780 |
| Additions to non-current assets (other than financial instruments and deferred income tax assets) | 1,422 | 2,594 | 3,903 | 11,344 | 564 | 54,251 | 74,078 | – | 74,078 |
| **Total segment liabilities** | 14,852,035 | 4,515,462 | 11,476,473 | 16,217,060 | 1,037,273 | 22,586,169 | 70,684,472 | (34,325,534) | 36,358,938 |

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

| | Year ended 31 December | |
|---|---|---|
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| Segment operating profit | **6,477,664** | 5,338,213 |
| Corporate finance income | **82,346** | 49,252 |
| Corporate overheads | **(594,418)** | (372,801) |
| Fair value gain on investment properties | **1,535,304** | 512,778 |
| Share of gains of jointly controlled entities | **362,060** | 68,911 |
| Share of losses of associates | **(2,677)** | (2,571) |
| Finance costs | **(625,363)** | (419,436) |
| **Profit before income tax** | **7,234,916** | 5,174,346 |

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

| | As at 31 December | |
|---|---|---|
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| Total segment assets | **117,250,662** | 101,696,780 |
| Corporate cash and cash equivalents | **5,271,624** | 4,558,691 |
| Investment in jointly controlled entities | **1,477,657** | 1,052,135 |
| Investment in associates | **665,011** | 606,013 |
| Available-for-sale financial assets | **993,563** | 440,927 |
| Other investment | **63,091** | 15,580 |
| Financial assets at fair value through profit or loss | **189,076** | 412,486 |
| Deferred income tax assets | **2,393,892** | 1,502,833 |
| **Total assets per consolidated balance sheet** | **128,304,576** | 110,285,445 |
| Total segment liabilities | **51,958,381** | 36,358,938 |
| Current borrowings | **11,519,608** | 14,481,805 |
| Non-current borrowings | **20,873,439** | 19,105,661 |
| Deferred income tax liabilities | **1,698,080** | 1,386,739 |
| Distribution payable | **189,709** | 195,138 |
| Derivative financial instrument | **19,121** | – |
| **Total liabilities per consolidated balance sheet** | **86,258,338** | 71,528,281 |

The Company is incorporated in Hong Kong, with most of its major subsidiaries domiciled in the PRC. All revenues from external customers of the Group are derived in the PRC for the years ended 31 December 2012 and 2011.

As at 31 December 2012, total non-current assets other than financial instruments and deferred income tax assets located in the PRC is RMB 9,701,332,000 (2011: RMB7,859,984,000), the total of these non-current assets located in Hong Kong is RMB 322,924,000 (2011: RMB241,471,000).

For the years ended 31 December 2012 and 2011, the Group does not have any single customer with the transaction value over 10% of the total external sales.

## 5 TRADE AND OTHER RECEIVABLES

| | As at 31 December | |
|---|---|---|
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| Trade receivables | **1,062,557** | 927,378 |
| Less: provision for impairment | **(80,269)** | (31,749) |
| Trade receivables — net | **982,288** | 895,629 |
| Prepayments for acquisition | **–** | 51,790 |
| Tax prepayments for advances from customers | **3,284,151** | 2,298,024 |
| Entrusted loan to third parties | **175,000** | 475,000 |
| Entrusted loan to a jointly controlled entity | **–** | 25,000 |
| Entrusted loan to an associate | **398,306** | 365,771 |
| Notes receivables | **–** | 46,147 |
| Receivable from government | **2,146,969** | 201,321 |
| Receivable from disposals of subsidiaries | **–** | 50,199 |
| Amounts due from jointly controlled entities | **1,031,333** | 624,756 |
| Amounts due from associates | **219,285** | 113,453 |
| Amounts due from non-controlling interests | **45,720** | 112,127 |
| Cooperation deposits | **215,006** | 127,350 |
| Other prepayments | **773,354** | 383,907 |
| Other receivables | **523,459** | 290,963 |
| | **9,794,871** | 6,061,437 |
| Less: non-current portion | **(475,129)** | (598,245) |
| Current portion | **9,319,742** | 5,463,192 |

The carrying amounts of trade and other receivables approximated to their respective fair values as at 31 December 2012 and 2011.

**Trade receivables**

Proceeds from services and sales rendered are to be received in accordance with the term of respective agreement. Ageing analysis of trade receivables at the respective balance sheet dates is as follows:

| | As at 31 December | |
|---|---|---|
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| Within 6 months | **466,271** | 872,704 |
| Between 6 months to 1 year | **406,095** | 35,770 |
| Between 1 year to 2 years | **183,518** | 15,080 |
| Between 2 years to 3 years | **2,865** | 1,593 |
| Over 3 years | **3,808** | 2,231 |
| | **1,062,557** | 927,378 |

(i) As at 31 December 2012, trade receivables of RMB896,527,000 (2011: RMB535,959,000) were past due but not impaired. These related to a number of independent customers from upfitting services and property management services, for whom there is no significant financial difficulty and no recent history of default. Based on past experience, the overdue amounts can be recovered.

(ii) As at 31 December 2012, trade receivables of RMB80,269,000 (2011: RMB31,749,000) were impaired. The individually impaired receivables mainly relate to receivables of upfitting and property management fees.

Movements on the provision for impairment of trade receivables are as follows:

| | As at 31 December | |
|---|---|---|
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| At 1 January | **(31,749)** | (6,051) |
| Provision for receivable impairment | **(48,520)** | (28,469) |
| Unused amounts reversed | **–** | 2,771 |
| At 31 December | **(80,269)** | (31,749) |

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The carrying amounts of the Group's trade and other receivables are mainly denominated in RMB.

## 6 TRADE AND OTHER PAYABLES

**Group**

| | As at 31 December | |
|---|---|---|
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| Trade payables | **9,960,027** | 5,687,484 |
| Accrued expenses | **2,814,236** | 1,977,633 |
| Distribution payable | **189,709** | 195,138 |
| Amounts due to jointly controlled entities | **1,886** | 3,181 |
| Amounts due to associates | **194,338** | 190 |
| Amounts due to non-controlling interests | **319,762** | 503,828 |
| Amounts due to government | **185,000** | 128,000 |
| Consideration payable | **–** | 120,000 |
| Other taxes payable | **544,226** | 442,628 |
| Provision for financial guarantee liabilities | **82,255** | 64,134 |
| Other payables | **1,899,125** | 1,052,605 |
| | **16,190,564** | 10,174,821 |

The carrying amounts of trade payables and other payables approximate their fair values.

Ageing analysis of the trade payables is as follows:

| | As at 31 December | |
|---|---:|---:|
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| Within 6 months | **7,082,600** | 4,621,569 |
| Between 6 months to 12 months | **2,000,383** | 635,849 |
| Between 1 year to 2 years | **543,099** | 383,132 |
| Between 2 years to 3 years | **292,824** | 25,339 |
| Over 3 years | **41,121** | 21,595 |
| | **9,960,027** | 5,687,484 |

## 7 EXPENSES BY NATURE

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

| | Year ended 31 December | |
|---|---:|---:|
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| Cost of properties and land use rights sold: | | |
| — Land use rights | **4,245,869** | 1,225,321 |
| — Capitalised interest | **1,100,549** | 679,579 |
| — Construction related cost | **11,830,570** | 8,580,960 |
| Cost of upfitting services rendered | **1,400,986** | 1,322,546 |
| Direct investment property expenses | **47,980** | 84,082 |
| Employee benefit expense | **733,805** | 467,753 |
| Consultancy fee | **121,484** | 154,308 |
| Auditor's remuneration | **13,802** | 15,250 |
| Depreciation | **46,817** | 48,722 |
| Amortisation of land use rights | **246** | 246 |
| Advertising and marketing | **879,977** | 706,619 |
| Business taxes and other levies | **1,654,614** | 1,170,680 |
| Impairment losses | **118,076** | 397,824 |
| Office expenditure | **102,127** | 96,532 |
| Properties maintenance expenses | **193,273** | 124,178 |
| Energy expenses | **62,583** | 57,692 |
| Others | **222,277** | 103,240 |
| | **22,775,035** | 15,235,532 |

## 8 OTHER (LOSSES)/GAINS — NET

| | Year ended 31 December 2012 *RMB'000* | 2011 *RMB'000* |
|---|---|---|
| Gains/(losses) on disposal of subsidiaries, net | **70,685** | (1,910) |
| Gains on disposal of partial interests in an associate to a subsidiary of a shareholder | **20,333** | – |
| Fair value losses of other investment | **(1,623)** | (118) |
| Gains on disposal of other investment | **1,238** | – |
| Gains on revaluation of financial assets at fair value through profit or losses | **17,365** | 6,670 |
| Gains on disposal of financial assets at fair value through profit or losses | **5,601** | – |
| Goodwill impairment | **(125,527)** | – |
| Losses on disposal of property, plant and equipment | **(692)** | (404) |
| Impairment losses of available-for-sale financial assets | **(40,800)** | – |
| Exchange gains | **5,409** | 120,706 |
| Gains on disposal of available-for-sale financial assets | **–** | 18,279 |
| Other losses on de-recognition of receivable from disposals of a subsidiary | **(8,709)** | – |
| Other losses | **(69,237)** | (14,965) |
| | **(125,957)** | 128,258 |

## 9 FINANCE COSTS

| | Year ended 31 December 2012 *RMB'000* | 2011 *RMB'000* |
|---|---|---|
| Interest expense: | | |
| — Bank borrowings | **2,019,193** | 1,269,986 |
| — Other borrowings | **926,623** | 970,161 |
| Less: interest capitalised at a capitalisation rate of 7.72% (2011: 6.67%) per annum | **(2,320,453)** | (1,820,711) |
| | **625,363** | 419,436 |

## 10 INCOME TAX EXPENSE

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 2012 and 2011. Other group entities are mainly subject to Hong Kong profits tax.

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

| | Year ended 31 December | |
|---|---|---|
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| Current income tax: | | |
| — PRC enterprise income tax | **2,308,304** | 2,099,207 |
| — PRC land appreciation tax | **1,519,021** | 1,107,563 |
| Deferred income tax | **(579,718)** | (653,222) |
| | **3,247,607** | 2,553,548 |

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 | |
|---|---|---|
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| Profit before income tax | **7,234,916** | 5,174,346 |
| Adjust for: Share of gains of jointly controlled entities | **(362,060)** | (68,911) |
| Share of losses of associates | **2,677** | 2,571 |
| | **6,875,533** | 5,108,006 |
| Tax calculated at a tax rate of 25% | **1,718,883** | 1,277,002 |
| Effect of higher tax rate for the appreciation of land in the PRC | **1,139,265** | 830,672 |
| Income not subject to tax | **(3,025)** | (21,544) |
| Expenses not deductible for tax purposes | **279,815** | 357,168 |
| Dividend withholding tax | **83,095** | 58,193 |
| Tax losses not recognized | **77,492** | 59,064 |
| Utilisation of previously unrecognized tax losses | **(47,918)** | (7,007) |
| Income tax expense | **3,247,607** | 2,553,548 |

## 11 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as Share held for Restricted Share Award Scheme.

| | Year ended 31 December | |
|---|---|---|
| | **2012** | 2011 |
| Profit attributable to owners of the company *(RMB'000)* | **3,796,032** | 2,570,657 |
| Distribution relating to convertible and capital securities *(RMB'000)* | **(707,177)** | (590,747) |
| Profit used to determine basic earnings per share *(RMB'000)* | **3,088,855** | 1,979,910 |
| Weighted average number of ordinary shares in issue *(thousands)* | **5,702,860** | 5,622,327 |
| Basic earnings per share *(RMB per share)* | **0.542** | 0.352 |

### (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 three categories of dilutive potential ordinary shares: share options, shares held for the Restricted Share Award Scheme, and convertible securities. For the share option and shares held for the Restricted Share Award Scheme, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the year) based on the monetary value of the subscription rights attached to outstanding share options and the unvested awarded shares. 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 and the payout of the awarded shares. Shares held for the Restricted Share Award Scheme of 16,991,200 shares, when calculated on a weighted average basis, were not included in the calculation of dilutive earnings per share for the year ended 31 December 2011 because of their anti-diluted effect. Convertible securities of 374,278,000 shares, when calculated on a average basis, were not included in the calculation of dilutive earnings per share for the years ended 31 December 2012 and 2011 because of their anti-diluted effect.

| | Year ended 31 December | |
|---|---|---|
| | **2012** | 2011 |
| Profit attributable to owners of the company *(RMB'000)* | **3,796,032** | 2,570,657 |
| Distribution relating to convertible and capital securities *(RMB'000)* | **(707,177)** | (590,747) |
| Profit used to determine diluted earnings per share *(RMB'000)* | **3,088,855** | 1,979,910 |
| Weighted average number of ordinary shares in issue *(thousands)* | **5,702,860** | 5,622,327 |
| Adjustment for: | | |
| — share options *(thousands)* | **2,885** | 10,550 |
| — shares held for the Restricted Share Award Scheme | **320** | – |
| Weighted average number of ordinary shares for diluted earnings per share *(thousands)* | **5,706,065** | 5,632,877 |
| Diluted earnings per share *(RMB per share)* | **0.541** | 0.351 |

## 12 DIVIDENDS

| | Year ended 31 December | |
|---|---|---|
| | **2012** | 2011 |
| | ***RMB'000*** | *RMB'000* |
| Interim dividend paid | **283,391** | 232,173 |
| Proposed final dividend of RMB0.14 (2011: RMB0.08) per ordinary share (a) | **806,942** | 462,059 |

(a) On 12 March 2013, the Company proposed a final dividend of RMB806,942,000 for the year ended 31 December 2012.

## 13 EVENTS AFTER THE BALANCE SHEET DATE

On 7 February 2013, Sino Prosperity Holdings One ("Fund Holdco One", a wholly-owned subsidiary of Sino Prosperity Real Estate Fund L.P.) served a notice to Sino-Ocean Land (Hong Kong) Limited ("SOL HK", a wholly-owned subsidiary of the Group) to exercise the Exit Right by requesting SOL HK to buy back the 49% equity interest in Great Wise Investment Ltd. ("Great Wise", a subsidiary of the Group) and the relevant portion of outstanding loan advanced to Great Wise by Fund Holdco One at a price of USD103,318,000. The transaction was completed on 8 March 2013.

# PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2012 have been agreed upon by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. 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 Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary results announcement.

# FINAL DIVIDEND

The Board proposed to recommend at the forthcoming AGM to be held on 10 May 2013 the payment of a final dividend of HKD0.17 per ordinary share for the year ended 31 December 2012. 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. The final dividend and the scrip dividend option are subject to the approval of the shareholders at the forthcoming AGM and the granting by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the new shares. The final dividend will be paid to the shareholders whose name is standing in the register of members of ordinary shares of the Company on Thursday, 16 May 2013. 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 (the "Share Registrar") at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 16 May 2013.

## ANNUAL GENERAL MEETING

The AGM of the Company will be held on 10 May 2013. The notice of AGM will be published and despatched to the shareholders of the Company in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (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, 7 May 2013 to Friday, 10 May 2013 (both dates inclusive), during which period, no transfer of ordinary shares will be registered. In order to qualify for attending the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar no later than 4:30 p.m. on Monday, 6 May 2013.

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

Save as disclosed in the paragraph headed "Restricted Share Award Scheme", 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.

## RESTRICTED SHARE AWARD SCHEME

The restricted share award scheme (the "Award Scheme") was adopted by the Board on 22 March 2010 (the "Adoption Date") as an incentive to retain and encourage the employees for the continual operation and development of our Group. Unless early terminated by the Board, the Award Scheme shall continue in full force and effect from the Adoption Date for a term of 10 years.

During the year under review, the trustee of the Award Scheme, pursuant to the terms of the rules and trust deed of the Award Scheme, had acquired 1,332,331 shares of the Company by way of receiving scrip share in lieu of cash dividend in an amount of approximately HKD4,291,000. Up to 31 December 2012, 35,034,649 shares of the Company had been acquired from the market, at an aggregate consideration of approximately RMB132 million (including transaction costs), and from receiving scrip shares in lieu of cash dividend by the trustee, representing 0.62% of the issued share capital of the Company as at the Adoption Date. Details of the number of shares awarded under Award Scheme and the shares vested during the year under review are set out as below:

| | | Awarded Shares | | | |
|---|---|---|---|---|---|
| **Date of award** | **Share awarded** | **Balance as at 1 January 2012** | **No. of shares vested during the year** | **No. of shares being lapsed during the year** *(note i)* | **Balance as at 31 December 2012** |
| 18 March 2011 | 16,991,200 | 16,991,200 | 10,493,464 | 250,440 | 6,247,296 |

*Note:*

(i) Pursuant to the Award Scheme, 250,440 awarded shares were lapsed upon the resignation of awardees.

## CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with the provisions of the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) (collectively, the "CG Code") as set out in Appendix 14 to the Listing Rules during the year under review, except as noted hereunder.

Mr. LI Ming is the chairman (the "Chairman") and the chief executive officer of the Company (the "Chief Executive Officer"). The roles of the Chairman and the Chief Executive Officer have not been segregated as required under code A.2.1 of the CG Code, however, the Company considers that the combination of the roles of the Chairman and the Chief Executive Officer involve a realignment of power and authority under the existing corporate structure and facilitate the ordinary business activities of the Company.

Mr. YANG Zheng, the non-executive director, and Mr. HAN Xiaojing, Mr. GU Yunchang and Mr. ZHAO Kang, the independent non-executive directors, were unable to attend the annual general meeting of the Company held on 11 May 2012 (as provided for in code A.6.7 of the CG Code) as they were engaged in other business.

Further information of the Company's corporate governance practices will be set out in the Corporate Governance Report of the Company's 2012 Annual Report which will be sent to the shareholders on or about 8 April 2013.

## REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2012.

## PUBLICATION OF THE RESULTS ANNOUNCEMENT 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 (www.hkexnews.hk) and that of the Company (www.sinooceanland.com). The annual report for the year ended 31 December 2012 will be despatched to the shareholders on or about 8 April 2013 and will be available on the Company's and the Stock Exchange's websites about the same time.

## APPRECIATION

On behalf of the Board, I would like to extend my deepest gratitude to all shareholders, investors, local governments, partners and clients for their unfailing support. We sincerely thank our directors, the management team and staff. Without their unstinting efforts, we would not have enjoyed such outstanding results and met our goals in the past year.

## CHANGE OF DIRECTOR

The Board further announces that Mr. WANG Xiaoguang has notified the Board that he will retire as an executive director of the Company with effect from the conclusion of the forthcoming AGM which is expected to be held on 10 May 2013, due to other business commitment which require more of his time and attention.

Mr. Wang has confirmed that he has no any disagreement with the Board and there is nothing in relation to his retirement that needs to be brought to the attention of the Stock Exchange and the shareholders of the Company.

The Board would like to take this opportunity to express its sincere gratitude to Mr. Wang for his valuable contribution to the Company during his tenure of office and shall announce a replacement of the executive director in due course.

By order of the Board
**Sino-Ocean Land Holdings Limited**
**LI Ming**
*Chairman*

Hong Kong, 12 March 2013

As at the date of this announcement, the directors of the Company comprise:

| *Executive directors:* | *Non-executive directors:* | *Independent non-executive directors:* |
|---|---|---|
| Mr. LI Ming | Ms. LIU Hui | Mr. TSANG Hing Lun |
| Mr. WANG Xiaoguang | Mr. YANG Zheng | Mr. GU Yunchang |
| Mr. CHEN Runfu | Mr. CHEUNG Vincent Sai Sing | Mr. HAN Xiaojing |
| | | Mr. ZHAO Kang |