

# Sino-Ocean Land (Perpetual Finance) Limited

*(Incorporated in British Virgin Island with limited liability)*

The Board of Directors of Sino-Ocean Land (Perpetual Finance) Limited (the “**Company**”) announces that Sino-Ocean Land Holdings Limited, the Company’s parent company, has released an announcement of 2014 Annual Results and the announcement as attached has been posted on the websites of The Stock Exchange of Hong Kong Limited and Sino-Ocean Land Holdings Limited.

By Order of the Board

**Sino-Ocean Land (Perpetual Finance) Limited**

**SUM Pui Ying**

*Director*

17 March 2015

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**远洋地产**

**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 2014**

**FINANCIAL HIGHLIGHTS**

- Total contracted sales amounted to a record high of RMB40,142 million, representing an increase of 12%.
- Revenue increased by 25% to RMB38,896 million.
- Operating profit (excluding fair value gains on investment properties) increased by 4% to RMB6,798 million.
- Profit attributable to owners of the Company amounted to RMB4,597 million, representing an increase of 13%. Core profit amounted to RMB3,566 million, representing an increase of 17%.
- Basic earnings per share was RMB0.590.
- Total cash resources amounted to RMB16,336 million. The net gearing ratio remained stable at 66%.
- Total assets amounted to approximately RMB132,212 million, and equity attributable to owners of the Company (including capital securities) amounted to RMB43,024 million.
- The Board proposed a final dividend of HKD0.165 per share, representing an increase of 3%. Together with the interim dividend of HKD0.075 per share, total dividends declared for the year were HKD0.240 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 (“our Group” or “We”) for the year ended 31 December 2014.

For the twelve months ended 31 December 2014, our Group recorded RMB38,896 million in revenue, an increase of 25% compared to the previous year. Profit attributable to owners of the Company and core profit reached RMB4,597 million and RMB3,566 million, rising 13% and 17% respectively, and earnings per share was RMB0.590.

Based on the profit attributable to owners of the Company in 2014, the Board is pleased to propose a final dividend of HKD0.165 per share for the year ended 31 December 2014. Together with the interim dividend of HKD0.075 per share, total dividend per share for 2014 was HKD0.24 (2013: HKD0.23), representing a dividend payout ratio of 31% (2013: 31%). The Board also recommends offering to the shareholders the right to elect as an alternative, to receive the 2014 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 2014 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**

2014 was a watershed for China’s real estate industry development. The industry underwent some serious adjustments. On the one hand, inventory level was high causing a significant imbalance in supply and demand. It was taking longer time to dispose of commodity housing units in most of the cities nationwide. Data from the National Bureau of Statistics of China showed that saleable areas of property market in China as at the end of 2014 amounted to a record high of about 600 million sq.m., a growth of 26.1% year-on-year. Meanwhile, as many companies lowered price to shift stock so as to attain business targets, the average selling price of commodity housing dropped in various extent.

On the other hand, the industry moved from being highly regulated by administrative measures to being more market-led. Most cities in the country abolished restrictions on property purchase. Along with the People’s Bank of China’s relaxation on loans and lowering of interest rates, some cities launched “stimulus” measures including restructuring borrowings from provident funds, giving allowance for buying properties and concessions on stamp duty. These measures hugely boosted market sentiments within a short time and as a result transactions towards the end of the year were looking up. Besides, market differentiation among cities intensified and policies became more flexible in each region.

This round of industry adjustment was caused by the structural imbalance of supply and demand. Transactions plunged at the beginning of 2014 and put considerable pressure on the price. In the second half of the year, however, policies began to change, “stimulus” measures were stepped up and companies came up with innovative sales and management strategies. Transactions in the entire year dipped at first but climbed towards the end. Nevertheless, the performance of many companies fell below target and market concentration of the industry intensified further.

Under the pressure of lower prices, sales below target and high inventory, companies hold back investment and became more cautious in land acquisition. In 2014, the country's total aggregated investment in property development was RMB9,503.6 billion, a nominal increase of 10.5% year-on-year basis but growth rate was declined by 9.3% year-on-year basis, which is the lowest in recent five years. Total aggregated area of new construction work was 1.796 billion sq.m., a fall of 10.7% year-on-year. Total area of new construction work for residential housing was 1.249 billion sq.m., dropping of 14.4% year-on-year basis.

At the beginning of 2014, the land market could still carry the heat from the very active transactions at the end of the previous year. It gradually cooled off and then some first and second-tier cities began to pick up slightly towards the year end. According to the National Bureau of Statistics of China, total aggregated land acquisition in the year was 334 million sq.m., 14% less than the year before. At the same time, total aggregated amount on land acquisition reached RMB1,002 billion, 1% higher than the year before. Smaller number of total area with higher land price indicated that more high quality plots in core districts were put on the market and developers were acquiring land again in first and second-tier cities.

Under the new economic environment in 2015, the “prime era” of China's real estate industry has come to an end — audacity, high yield and high growth will gradually give way to steady and rational growth, entering the “silver era” and “professional prime era”. Meanwhile, “vendor's market” is switching to “buyer's market” — over supply is putting pressure on the profit margin. Companies are not competing in scale, speed and resources but in product, service, cost and efficiency.

Our Group is of the opinion that the industry will still enjoy steady growth in the next 10 years. Firstly, real estate industry being the supporting pillar in national economic development, the stable development of which helps promote the steady growth of the macro economy and alleviate the downside risk. Secondly, China's medium to high economic growth and continuing urbanization provide the demand to sustain the industry's development. Furthermore, with years of development in the real estate industry, much demand for basic properties has been satisfied. Demand for higher quality housing is gradually becoming the mainstream demands. This drives the growth of a new round of investment in real estate industry. We take the view that the simpler administration of the macro measures, the more market-oriented management, the land reforms and household registration reforms are all beneficial to the healthy development of the industry.

In 2015, credit in general is easing. Liquidity indicators such as mortgages, development loans and interest rates will improve, benefitting the industry directly or indirectly. Re-balance the stock will still be the focus in the first half of 2015 and prices will bottom out but differentiation among cities will be accentuated. We think that prices in first tier cities in 2015 will remain stable or rise slightly. There will be room for price rise in some second and third tier cities where the consumption cycle is slower and there is no over supply. For some other second and third tier cities where supply exceeds demand and inventory is unreasonably high, prices will continue to be suppressed in order to stimulate sale.

There is a consensus in the industry that changes and reforms are the way forward. On one hand, as profits from conventional housing development will continue to be squeezed, developers will explore various product mix based on their own specialties to expand business base and profit channels. On other hand, as technology evolves rapidly, cooperation between the real estate industry and the Internet will accelerate, especially in the areas of promoting sales and branding.

## FINANCIAL REVIEW

Our Group's revenue in 2014 grew by 25% to RMB38,896 million, from RMB31,099 million in 2013. The increase in revenue was mainly attributable to the growth in property development business.

| (RMB million)                                                                            | 2014          | 2013          | Change (%) |
|------------------------------------------------------------------------------------------|---------------|---------------|------------|
| Property development                                                                     | 35,243        | 28,146        | 25%        |
| Property investment                                                                      | 679           | 550           | 23%        |
| Property management                                                                      | 729           | 591           | 23%        |
| Other real estate related businesses<br>(including upfitting and<br>decoration business) | 2,245         | 1,812         | 24%        |
| <b>Total</b>                                                                             | <b>38,896</b> | <b>31,099</b> | <b>25%</b> |

Beijing as our home base accounted for about 28% of our Group's total revenue in 2014 (2013: 31%) and amounted to RMB11,057 million (2013: RMB9,526 million). The decline in proportion was mainly due to higher contribution of revenue and GFA delivered from areas outside Beijing in 2014. There were strong contributions from the other major cities including Dalian, Tianjin, Shanghai, Hangzhou and Zhongshan, with total revenue of RMB19,351 million in 2014, accounting for about 50% of the total revenue.

The cost of property development, mainly comprising of land cost and construction cost, accounted for 89% of our Group's total cost of sales during 2014 (2013: 89%). Excluding car parks, average land cost per sq.m. of the property development business in 2014 increased to approximately RMB3,600 compared to RMB2,700 in 2013 which was due to more properties delivered from the newly acquired projects during the year. Average construction cost per sq.m. (excluding car parks) for property development business was approximately RMB4,900 per sq.m. for the year, decreased compared to RMB5,200 per sq.m. in 2013.

Gross profit for the year was RMB8,167 million, representing an increase of 8% compared to the 2013. Gross profit margin decreased to 21% (2013: 24%). The decrease in gross profit margin was primarily due to more delivery of those relatively low gross profit margin projects during the year, such as Ocean Century (Qinhuangdao), Ocean City (Fushun), Ocean Chanson Mansion (Shanghai), and Grand Canal Milestone (Hangzhou), etc. Our Group has stripped off these captioned projects at year end.

Other income increased by 3% to RMB386 million in 2014 compared to RMB376 million in 2013. Such increase was mainly due to the increase in the overall interest income received. Our Group recorded other gains (net) of RMB103 million (2013: RMB102 million). Other gains (net) mainly comprised the gains on disposal and revaluation gains of several financial assets during the year.

Our Group recognized an increase in fair value on its investment properties (before tax and non-controlling interests) of RMB591 million for 2014 (2013: RMB808 million).

Selling and marketing expenses for 2014 increased slightly to RMB846 million (2013: RMB785 million). These costs accounted for only approximately 2.1% of the total contracted sales amount for 2014 (2013: 2.2%).

Administrative expenses incurred for 2014 increased to RMB1,012 million (2013: RMB675 million), which represented 2.6% of total revenue for 2014 (2013: 2.2%). We will continue to adopt strict cost control measures to maintain these cost at a relatively stable and lower level.

Our weighted average interest rate decreased to 7.08% in 2014 (2013: 7.33%), while total interest expenses paid or accrued to RMB3,164 million (2013: RMB2,585 million) of which RMB469 million (2013: RMB364 million) was not capitalized and charged through consolidated income statement.

The aggregate of enterprise income tax and deferred tax increased by 12% to RMB2,119 million in 2014 (2013: RMB1,900 million), with effective tax rate of 32% (2013: 29%). In addition, land appreciation tax in 2014 decreased to RMB630 million (2013: RMB780 million), accounting for 8% of gross profit in 2014 (2013: 10%).

Profit attributable to owners of the Company increased by 13% to RMB4,597 million in 2014, compared to RMB4,075 million in 2013. Core profit, excluding one-off items and fair value gains on investment properties, amounted to RMB3,566 million, an increase of 17% compared to RMB3,036 million in 2013.

As at 31 December 2014, our Group had total cash resources (including cash and cash equivalents and restricted bank deposits) of RMB16,336 million and a current ratio of 1.9 times. Together with unutilized credit facilities of about RMB51,580 million, our Group is ensured to be financially sound.

Our Group's net gearing ratio (i.e. total borrowings less total cash resources divided by total equity) was around 66% (2013: around 44%).

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

| (RMB million) | As at<br>31 December<br>2014 | As at<br>31 December<br>2013 | Change (%) |
|---------------|------------------------------|------------------------------|------------|
| Within 1 year | 11,167                       | 12,839                       | -13%       |
| 1 to 2 years  | 9,117                        | 7,039                        | 30%        |
| 2 to 5 years  | 20,585                       | 12,031                       | 71%        |
| Over 5 years  | 4,735                        | 3,386                        | 40%        |
| <b>Total</b>  | <b>45,604</b>                | <b>35,295</b>                | <b>29%</b> |

## BUSINESS REVIEW

### Property development

#### *Recognized sales*

Revenue from property development business grew by 25% in 2014 and amounted to RMB35,243 million (2013: RMB28,146 million). Saleable GFA delivered increased by 22% from approximately 2,445,000 sq.m. in 2013 to approximately 2,978,000 sq.m. in 2014. Excluding car parks sales, the average selling price recognized in 2014 was about RMB12,400 per sq.m. (2013: RMB12,200 per sq.m.).

Revenue and saleable GFA delivered from each project during 2014 are set out below:

| Region                          | Cities      | Projects                        | Revenue<br>(RMB million) | Saleable GFA<br>delivered<br>(sq.m.) | Average<br>selling price<br>recognized<br>(RMB/sq.m.) | Interest<br>attributable<br>to our Group<br>(%) |
|---------------------------------|-------------|---------------------------------|--------------------------|--------------------------------------|-------------------------------------------------------|-------------------------------------------------|
| Beijing-Tianjin-Hebei<br>Region | Beijing     | Ocean Crown                     | 3,355                    | 65,860                               | 50,900                                                | 100%                                            |
|                                 |             | Ocean Great Harmony             | 64                       | 1,244                                | 51,400                                                | 100%                                            |
|                                 |             | Ocean LA VIE                    | 695                      | 10,826                               | 64,200                                                | 85.72%                                          |
|                                 |             | Ocean Landscape Eastern<br>Area | 865                      | 30,382                               | 28,500                                                | 100%                                            |
|                                 |             | Ocean Manor                     | 514                      | 26,722                               | 19,200                                                | 100%                                            |
|                                 |             | Ocean Oriental Mansion          | 82                       | 3,547                                | 23,100                                                | 100%                                            |
|                                 |             | Ocean Palace                    | 989                      | 32,900                               | 30,100                                                | 100%                                            |
|                                 |             | POETRY OF RIVER                 | 1,177                    | 111,390                              | 10,600                                                | 100%                                            |
|                                 |             | The Place                       | 16                       | 779                                  | 20,500                                                | 100%                                            |
|                                 | Tianjin     | Ocean City                      | 1,465                    | 181,605                              | 8,100                                                 | 100%                                            |
|                                 |             | Ocean Express                   | 131                      | 17,539                               | 7,500                                                 | 100%                                            |
|                                 |             | Ocean Great Harmony             | 400                      | 31,472                               | 12,700                                                | 100%                                            |
|                                 |             | Ocean International<br>Center   | 37                       | 2,338                                | 15,800                                                | 100%                                            |
|                                 |             | Ocean Prospect                  | 1,686                    | 146,671                              | 11,500                                                | 100%                                            |
|                                 | Qinhuangdao | Ocean Century*                  | 3,160                    | 584,995                              | 5,400                                                 | 100%                                            |
|                                 |             |                                 | <b>14,636</b>            | <b>1,248,270</b>                     | <b>11,700</b>                                         |                                                 |
| Northeast Region                | Dalian      | Ocean Diamond Bay               | 4,412                    | 304,480                              | 14,500                                                | 100%                                            |
|                                 |             | Ocean Holiday Manor*            | 341                      | 57,964                               | 5,900                                                 | 100%                                            |
|                                 |             | Ocean Plaza                     | 23                       | 1,717                                | 13,400                                                | 100%                                            |
|                                 |             | Ocean Prospect                  | 3                        | 203                                  | 14,800                                                | 100%                                            |
|                                 |             | Ocean Seasons                   | 18                       | 1,067                                | 16,900                                                | 100%                                            |
|                                 |             | Ocean TIMES*                    | 219                      | 38,174                               | 5,700                                                 | 100%                                            |
|                                 |             | Ocean Worldview                 | 2,399                    | 269,059                              | 8,900                                                 | 100%                                            |
|                                 | Shenyang    | Ocean Paradise                  | 289                      | 39,733                               | 7,300                                                 | 100%                                            |
|                                 |             | Ocean Residence                 | 266                      | 37,563                               | 7,100                                                 | 100%                                            |
|                                 | Changchun   | Ocean Cannes Town               | 515                      | 56,149                               | 9,200                                                 | 100%                                            |
|                                 | Fushun      | Ocean City*                     | 64                       | 15,750                               | 4,100                                                 | 65%                                             |
|                                 |             |                                 | <b>8,549</b>             | <b>821,859</b>                       | <b>10,400</b>                                         |                                                 |

| Region                       | Cities    | Projects                                | Revenue<br>(RMB million) | Saleable GFA<br>delivered<br>(sq.m.) | Average<br>selling price<br>recognized<br>(RMB/sq.m.) | Interest<br>attributable<br>to our Group<br>(%) |
|------------------------------|-----------|-----------------------------------------|--------------------------|--------------------------------------|-------------------------------------------------------|-------------------------------------------------|
| Central Region               | Shanghai  | Ocean Chanson Mansion*                  | 1,772                    | 90,937                               | 19,500                                                | 100%                                            |
|                              |           | Ocean Mansion No. 7                     | 82                       | 4,946                                | 16,600                                                | 100%                                            |
|                              | Hangzhou  | Ocean In Your Heart                     | 1,834                    | 100,070                              | 18,300                                                | 100%                                            |
|                              |           | Ocean Mansion                           | 305                      | 10,025                               | 30,400                                                | 100%                                            |
|                              |           | Grand Canal Milestone*                  | 2,090                    | 74,765                               | 28,000                                                | 70%                                             |
|                              | Huangshan | An Island Paradise                      | 69                       | 7,200                                | 9,600                                                 | 100%                                            |
|                              | Zhenjiang | Ocean Beach*                            | 242                      | 36,013                               | 6,700                                                 | 55%                                             |
|                              | Qingdao   | Ocean Prospect                          | 59                       | 2,731                                | 21,600                                                | 100%                                            |
|                              |           | Ocean Seasons                           | 1,570                    | 110,874                              | 14,200                                                | 100%                                            |
|                              | Wuhan     | Ocean Manor                             | 79                       | 5,600                                | 14,100                                                | 55%                                             |
|                              |           | Ocean World                             | 4                        | 657                                  | 6,100                                                 | 55%                                             |
|                              |           |                                         | <b>8,106</b>             | <b>443,818</b>                       | <b>18,300</b>                                         |                                                 |
| Southern Region              | Zhongshan | Ocean City                              | 777                      | 45,059                               | 17,200                                                | 100%                                            |
|                              |           | Ocean New Era                           | 566                      | 104,002                              | 5,400                                                 | 100%                                            |
|                              | Shenzhen  | Ocean Express                           | 1,386                    | 79,393                               | 17,500                                                | 84.70%                                          |
|                              | Haikou    | Ocean Zen House                         | 109                      | 8,699                                | 12,500                                                | 70%                                             |
|                              | Sanya     | Ocean Mansion                           | 4                        | 162                                  | 24,700                                                | 70%                                             |
|                              | Chongqing | Sino-Ocean International<br>GOLF Resort | 55                       | 7,466                                | 7,400                                                 | 87.25%                                          |
|                              |           |                                         | <b>2,897</b>             | <b>244,781</b>                       | <b>11,800</b>                                         |                                                 |
| Subtotal                     |           |                                         | 34,188                   | 2,758,728                            | 12,400                                                |                                                 |
| Car parks (various projects) |           |                                         | 1,055                    | 218,932                              | 4,800                                                 |                                                 |
| <b>Total</b>                 |           |                                         | <b>35,243</b>            | <b>2,977,660</b>                     | <b>11,800</b>                                         |                                                 |

\* The Project was sold on 31 December 2014

## Contracted sales

Our contracted sales in 2014 amounted to a record high of RMB40,142 million, representing an approximately 12% increase compared to RMB35,818 million in 2013. The increase was mainly due to the increase in the saleable GFA sold. During the year, there were also more contributions from the first and second-tier cities. The average selling price (excluding car parks) increased by 4% to RMB14,600 per sq.m. (2013: RMB14,100 per sq.m.). The average selling price (including car parks) remained stable at RMB13,700 per sq.m. (2013: RMB13,700 per sq.m.).

The contracted sales amounts and saleable GFA sold by projects in 2014 are set out below:

| Region                       | Cities      | Projects                      | Contracted sales amount<br>(RMB million) | Saleable GFA sold<br>(sq.m.) | Average selling price<br>(RMB/sq.m.) | Interest attributable to our Group<br>(%) |
|------------------------------|-------------|-------------------------------|------------------------------------------|------------------------------|--------------------------------------|-------------------------------------------|
| Beijing-Tianjin-Hebei Region | Beijing     | Ocean Crown                   | 2,039                                    | 33,400                       | 61,000                               | 100%                                      |
|                              |             | Ocean Great Harmony           | 64                                       | 1,200                        | 53,300                               | 100%                                      |
|                              |             | Ocean LA VIE                  | 3,012                                    | 41,800                       | 72,100                               | 85.72%                                    |
|                              |             | Ocean Manor                   | 879                                      | 40,600                       | 21,700                               | 100%                                      |
|                              |             | Ocean Palace                  | 2,642                                    | 84,300                       | 31,300                               | 100%                                      |
|                              |             | POETRY OF RIVER               | 1,158                                    | 111,800                      | 10,400                               | 100%                                      |
|                              |             | CBD Plot Z6                   | 1,718                                    | 25,300                       | 67,900                               | 100%                                      |
|                              |             | Ocean Landscape Eastern Areas | 679                                      | 21,600                       | 31,400                               | 100%                                      |
|                              |             | Ocean Melody                  | 1,504                                    | 33,300                       | 45,200                               | 100%                                      |
|                              | Tianjin     | Ocean City                    | 1,282                                    | 142,000                      | 9,000                                | 100%                                      |
|                              |             | Ocean Express                 | 126                                      | 19,100                       | 6,600                                | 100%                                      |
|                              |             | Ocean Great Harmony           | 998                                      | 80,100                       | 12,500                               | 100%                                      |
|                              |             | Ocean Prospect                | 552                                      | 47,400                       | 11,600                               | 100%                                      |
|                              |             | Royal River                   | 305                                      | 40,000                       | 7,600                                | 100%                                      |
|                              | Qinhuangdao | Ocean Century*                | 1,000                                    | 159,800                      | 6,300                                | 100%                                      |
|                              |             |                               | <b>17,958</b>                            | <b>881,700</b>               | <b>20,400</b>                        |                                           |
| Northeast Region             | Dalian      | Ocean Diamond Bay             | 2,091                                    | 135,300                      | 15,500                               | 100%                                      |
|                              |             | Ocean Holiday Manor*          | 371                                      | 52,200                       | 7,100                                | 100%                                      |
|                              |             | Ocean Seasons                 | 12                                       | 800                          | 15,000                               | 100%                                      |
|                              |             | Ocean TIMES*                  | 207                                      | 37,100                       | 5,600                                | 100%                                      |
|                              |             | Ocean Worldview               | 1,781                                    | 206,800                      | 8,600                                | 100%                                      |
|                              |             | The Place of Glory            | 1,643                                    | 160,700                      | 10,200                               | 100%                                      |
|                              | Shenyang    | Ocean Paradise                | 26                                       | 2,900                        | 9,000                                | 100%                                      |
|                              |             | Ocean Residence               | 253                                      | 38,900                       | 6,500                                | 100%                                      |
|                              | Changchun   | Ocean Cannes Town             | 803                                      | 93,800                       | 8,600                                | 100%                                      |
|                              | Fushun      | Ocean City*                   | 593                                      | 105,700                      | 5,600                                | 65%                                       |
|                              |             |                               | <b>7,780</b>                             | <b>834,200</b>               | <b>9,300</b>                         |                                           |

| Region                       | Cities    | Projects                             | Contracted sales amount<br>(RMB million) | Saleable GFA sold<br>(sq.m.) | Average selling price<br>(RMB/sq.m.) | Interest attributable to our Group<br>(%) |
|------------------------------|-----------|--------------------------------------|------------------------------------------|------------------------------|--------------------------------------|-------------------------------------------|
| Central Region               | Shanghai  | Ocean Chanson Mansion*               | 2,248                                    | 112,700                      | 19,900                               | 100%                                      |
|                              |           | Ocean Mansion No.7                   | 178                                      | 15,600                       | 11,400                               | 100%                                      |
|                              |           | Ocean Fortune Center                 | 234                                      | 5,500                        | 42,500                               | 100%                                      |
|                              |           | Dreaming Land*                       | 407                                      | 11,300                       | 36,000                               | 100%                                      |
|                              | Hangzhou  | Canal Business Center Project        | 327                                      | 19,600                       | 16,700                               | 100%                                      |
|                              |           | Grand Canal Milestone*               | 1,204                                    | 42,900                       | 28,100                               | 70%                                       |
|                              |           | Ocean In Your Heart                  | 399                                      | 16,700                       | 23,900                               | 100%                                      |
|                              |           | Ocean Mansion                        | 1,381                                    | 38,500                       | 35,900                               | 100%                                      |
|                              | Huangshan | An Island Paradise                   | 97                                       | 10,000                       | 9,700                                | 100%                                      |
|                              | Zhenjiang | Ocean Beach*                         | 401                                      | 66,400                       | 6,000                                | 55%                                       |
|                              | Qingdao   | Ocean Prospect                       | 55                                       | 2,600                        | 21,200                               | 100%                                      |
|                              |           | Ocean Seasons                        | 226                                      | 28,200                       | 8,000                                | 100%                                      |
|                              | Wuhan     | Ocean Manor                          | 70                                       | 4,600                        | 15,200                               | 55%                                       |
|                              |           | Hejiadun Project                     | 638                                      | 66,400                       | 9,600                                | 38%                                       |
|                              |           | Ocean World                          | 270                                      | 46,700                       | 5,800                                | 55%                                       |
|                              |           |                                      | <b>8,135</b>                             | <b>487,700</b>               | <b>16,700</b>                        |                                           |
| Southern Region              | Zhongshan | Ocean City                           | 2,037                                    | 189,000                      | 10,800                               | 100%                                      |
|                              |           | Ocean New Era                        | 459                                      | 75,900                       | 6,000                                | 100%                                      |
|                              |           | Ocean Aromas                         | 114                                      | 11,300                       | 10,100                               | 51%                                       |
|                              |           | Ocean Bloom                          | 29                                       | 3,200                        | 9,100                                | 51%                                       |
|                              |           | Ocean Emerald                        | 107                                      | 21,600                       | 5,000                                | 61%                                       |
|                              | Shenzhen  | Ocean Express                        | 1,363                                    | 70,300                       | 19,400                               | 84.70%                                    |
|                              | Haikou    | Ocean Zen House                      | 221                                      | 16,300                       | 13,600                               | 70%                                       |
|                              | Chongqing | Sino-Ocean International GOLF Resort | 403                                      | 54,000                       | 7,500                                | 87.25%                                    |
|                              | Chengdu   | Sino-Ocean Taikoo Li Chengdu         | 110                                      | 3,800                        | 28,900                               | 50%                                       |
|                              |           |                                      | <b>4,843</b>                             | <b>445,400</b>               | <b>10,900</b>                        |                                           |
| Subtotal                     |           |                                      | 38,716                                   | 2,649,000                    | 14,600                               |                                           |
| Car parks (various projects) |           |                                      | 1,426                                    | 274,400                      | 5,200                                |                                           |
| <b>Total</b>                 |           |                                      | <b>40,142</b>                            | <b>2,923,400</b>             | <b>13,700</b>                        |                                           |

\* The Project was sold on 31 December 2014

## Construction Progress and Developing Projects

Total GFA and total saleable GFA completed in 2014 were approximately 3,788,000 sq.m. and 2,953,000 sq.m., decreasing by 6% and 7% respectively compared to that in 2013. Meanwhile, we will maintain our construction scale in order to have enough GFA available for sale and for delivery to support our growth in 2015.

## Landbank

Our Group's landbank decreased by 7% to 19,880,000 sq.m. in 2014. (2013: 21,353,000 sq.m.); while landbank with attributable interest decreased by 15% to 15,620,000 sq.m. (2013: 18,337,000 sq.m.). During 2014, we acquired 17 plots of land with total GFA of 7,058,000 sq.m. and attributable interest of approximately 3,702,000 sq.m., with average acquisition cost per sq.m. of about RMB4,300. On the other hand, we disposed of 9 projects with total landbank of approximately 4,607,000 sq.m. during the year. The average land cost per sq.m. for our landbank as at 31 December 2014 was approximately RMB3,300 (2013: RMB3,300).

Our Group's landbank details as at 31 December 2014 were as below:

| Region                          | Cities  | Projects                                        | Approximate<br>total GFA<br>(‘000 sq.m.) | Approximate<br>total<br>saleable GFA<br>(‘000 sq.m.) | Remaining<br>landbank<br>(‘000 sq.m.) | Interest<br>attributable<br>to our Group<br>(%) |
|---------------------------------|---------|-------------------------------------------------|------------------------------------------|------------------------------------------------------|---------------------------------------|-------------------------------------------------|
| Beijing-Tianjin-Hebei<br>Region | Beijing | CBD Plot Z6                                     | 244                                      | 190                                                  | 244                                   | 100%                                            |
|                                 |         | CBD Plot Z13                                    | 162                                      | 126                                                  | 162                                   | 10%                                             |
|                                 |         | Changping Sci-tech Park<br>F2 Project           | 224                                      | 179                                                  | 224                                   | 50%                                             |
|                                 |         | Mizhiyun Project                                | 80                                       | 71                                                   | 42                                    | 90%                                             |
|                                 |         | Ocean Crown                                     | 209                                      | 182                                                  | 127                                   | 100%                                            |
|                                 |         | Ocean LA VIE                                    | 318                                      | 281                                                  | 200                                   | 85.72%                                          |
|                                 |         | Ocean Landscape Eastern<br>Area                 | 101                                      | 89                                                   | 58                                    | 100%                                            |
|                                 |         | Ocean Manor                                     | 182                                      | 138                                                  | 33                                    | 100%                                            |
|                                 |         | Ocean Melody                                    | 55                                       | 48                                                   | 55                                    | 100%                                            |
|                                 |         | Ocean Metropolis                                | 336                                      | 264                                                  | 336                                   | 75%                                             |
|                                 |         | Ocean Palace                                    | 436                                      | 387                                                  | 354                                   | 100%                                            |
|                                 |         | Ocean Spring                                    | 105                                      | 95                                                   | 105                                   | 100%                                            |
|                                 |         | POETRY OF RIVER                                 | 793                                      | 705                                                  | 21                                    | 100%                                            |
|                                 |         | Liunianfu Project,<br>Shijingshan District      | 269                                      | 190                                                  | 269                                   | 60%                                             |
|                                 |         | Linkongxincun No. 31<br>plot, Tongzhou District | 174                                      | 157                                                  | 174                                   | 30%                                             |
|                                 |         | Core Center Plot,<br>Tongzhou District          | 465                                      | 345                                                  | 465                                   | 50%                                             |

| Region           | Cities    | Projects                                  | Approximate<br>total GFA<br>(’000 sq.m.) | Approximate<br>total<br>saleable GFA<br>(’000 sq.m.) | Remaining<br>landbank<br>(’000 sq.m.) | Interest<br>attributable<br>to our Group<br>(%) |
|------------------|-----------|-------------------------------------------|------------------------------------------|------------------------------------------------------|---------------------------------------|-------------------------------------------------|
|                  | Tianjin   | Ocean City                                | 2,137                                    | 1,683                                                | 1,004                                 | 100%                                            |
|                  |           | Ocean Express                             | 335                                      | 288                                                  | 31                                    | 100%                                            |
|                  |           | Ocean Great Harmony                       | 350                                      | 260                                                  | 152                                   | 100%                                            |
|                  |           | Ocean International<br>Center             | 322                                      | 308                                                  | 213                                   | 100%                                            |
|                  |           | Ocean Prospect                            | 321                                      | 261                                                  | 26                                    | 100%                                            |
|                  |           | Ocean Chanson                             | 204                                      | 156                                                  | 204                                   | 100%                                            |
|                  |           | Royal River Phase I                       | 113                                      | 104                                                  | 113                                   | 100%                                            |
|                  |           | Royal River Phase II                      | 235                                      | 205                                                  | 235                                   | 100%                                            |
|                  |           | Yixingbu Project,<br>Beichen District     | 2,991                                    | 2,585                                                | 2,991                                 | 40%                                             |
|                  |           |                                           | <b>11,161</b>                            | <b>9,297</b>                                         | <b>7,838</b>                          |                                                 |
| Northeast Region | Dalian    | Ocean Diamond Bay                         | 2,035                                    | 1,782                                                | 1,695                                 | 100%                                            |
|                  |           | Ocean MIDTOWN                             | 91                                       | 73                                                   | 91                                    | 100%                                            |
|                  |           | Ocean Seasons                             | 138                                      | 116                                                  | 4                                     | 100%                                            |
|                  |           | Ocean Worldview                           | 2,160                                    | 1,469                                                | 712                                   | 100%                                            |
|                  |           | Sino-Ocean Technopole                     | 922                                      | 540                                                  | 922                                   | 100%                                            |
|                  |           | The Place of Glory                        | 926                                      | 877                                                  | 926                                   | 100%                                            |
|                  |           | Zhonghua Road Plot #2                     | 111                                      | 52                                                   | 111                                   | 100%                                            |
|                  |           | Xiaoyao Bay Project                       | 219                                      | 175                                                  | 219                                   | 100%                                            |
|                  | Shenyang  | Ocean Paradise                            | 713                                      | 695                                                  | 32                                    | 100%                                            |
|                  |           | Ocean Residence                           | 181                                      | 171                                                  | 27                                    | 100%                                            |
|                  | Changchun | Ocean Cannes Town                         | 1,200                                    | 912                                                  | 881                                   | 100%                                            |
|                  |           |                                           | <b>8,696</b>                             | <b>6,862</b>                                         | <b>5,620</b>                          |                                                 |
| Central Region   | Shanghai  | Ocean Fortune Center                      | 59                                       | 54                                                   | 59                                    | 100%                                            |
|                  |           | Huinan Project                            | 323                                      | 231                                                  | 323                                   | 100%                                            |
|                  |           | Ocean Mansion No. 7                       | 119                                      | 111                                                  | 23                                    | 100%                                            |
|                  | Hangzhou  | Canal Business Center<br>Project          | 651                                      | 191                                                  | 651                                   | 100%                                            |
|                  |           | Ocean In Your Heart                       | 171                                      | 109                                                  | 15                                    | 100%                                            |
|                  |           | Ocean Manson                              | 287                                      | 218                                                  | 101                                   | 100%                                            |
|                  | Huangshan | An Island Paradise                        | 220                                      | 220                                                  | 111                                   | 100%                                            |
|                  | Qingdao   | Wutaishan Road Plot,<br>Huangdao District | 110                                      | 106                                                  | 110                                   | 95%                                             |
|                  |           | Ocean Prospect                            | 147                                      | 109                                                  | 3                                     | 100%                                            |
|                  |           | Ocean Seasons                             | 146                                      | 120                                                  | 28                                    | 100%                                            |
|                  | Wuhan     | Hejiadun Project                          | 1,020                                    | 974                                                  | 1,020                                 | 38%                                             |
|                  |           | Ocean Manor                               | 80                                       | 71                                                   | 5                                     | 55%                                             |
|                  |           | Ocean World                               | 411                                      | 371                                                  | 411                                   | 55%                                             |
|                  |           |                                           | <b>3,744</b>                             | <b>2,885</b>                                         | <b>2,860</b>                          |                                                 |

| Region          | Cities    | Projects                                | Approximate<br>total GFA<br>(’000 sq.m.) | Approximate<br>total<br>saleable GFA<br>(’000 sq.m.) | Remaining<br>landbank<br>(’000 sq.m.) | Interest<br>attributable<br>to our Group<br>(%) |
|-----------------|-----------|-----------------------------------------|------------------------------------------|------------------------------------------------------|---------------------------------------|-------------------------------------------------|
| Southern Region | Zhongshan | Ocean Aromas                            | 142                                      | 132                                                  | 142                                   | 51%                                             |
|                 |           | Ocean Bloom                             | 200                                      | 189                                                  | 200                                   | 51%                                             |
|                 |           | Ocean City                              | 2,089                                    | 1,776                                                | 773                                   | 100%                                            |
|                 |           | Ocean Emerald                           | 490                                      | 465                                                  | 490                                   | 61%                                             |
|                 |           | Xinjiayuan Phase II                     | 170                                      | 160                                                  | 170                                   | 51%                                             |
|                 |           | Ocean New Era                           | 518                                      | 504                                                  | 274                                   | 100%                                            |
|                 | Shenzhen  | Ocean Express                           | 556                                      | 374                                                  | 441                                   | 84.70%                                          |
|                 |           | Shengping Project                       | 391                                      | 244                                                  | 391                                   | 85%                                             |
|                 | Haikou    | Ocean Zen House                         | 112                                      | 104                                                  | 83                                    | 70%                                             |
|                 | Chongqing | Sino-Ocean International<br>GOLF Resort | 570                                      | 389                                                  | 276                                   | 87.25%                                          |
|                 |           | Gaomiao Plot, Jiulongpo<br>District     | 120                                      | 84                                                   | 120                                   | 37.71%                                          |
|                 | Chengdu   | Sino-Ocean Taikoo Li<br>Chengdu         | 417                                      | 148                                                  | 202                                   | 50%                                             |
|                 |           |                                         | <hr/>                                    | <hr/>                                                | <hr/>                                 |                                                 |
|                 |           |                                         | <b>5,775</b>                             | <b>4,569</b>                                         | <b>3,562</b>                          |                                                 |
|                 |           |                                         | <hr/>                                    | <hr/>                                                | <hr/>                                 |                                                 |
| <b>Total</b>    |           |                                         | <b>29,376</b>                            | <b>23,613</b>                                        | <b>19,880</b>                         |                                                 |

## Property investment

In 2014, revenue from property investment increased by 23% to RMB679 million (2013: RMB550 million). As at 31 December 2014, our Group held 8 operating investment properties and several carparks.

During 2014, we had two additional investment properties commencing operations, including our cooperation project Sino-Ocean Taikoo Li Chengdu with Swire Properties Limited in Chengdu and Ocean International Center, Phase II in Beijing.

List of our operating investment properties as at 31 December 2014 as below:

|                                                   | Approximate<br>leasable<br>area<br>(sq.m.) | Office<br>premises<br>(sq.m.) | Retail<br>space<br>(sq.m.) | Others<br>(sq.m.) | Occupancy<br>rate as at<br>31 December<br>2014<br>(%) | Interest<br>attributable<br>to our Group<br>(%) |
|---------------------------------------------------|--------------------------------------------|-------------------------------|----------------------------|-------------------|-------------------------------------------------------|-------------------------------------------------|
| Ocean Plaza (Beijing)                             | 30,000                                     | 26,000                        | –                          | 4,000             | 100%                                                  | 72%                                             |
| Ocean International Center<br>Block A (Beijing)   | 101,000                                    | 75,000                        | 9,000                      | 17,000            | 96%                                                   | 100%                                            |
| Ocean Office Park (Beijing)                       | 127,000                                    | 81,000                        | 22,000                     | 24,000            | 92%                                                   | 100%                                            |
| Ocean We-life Plaza (Beijing)                     | 31,000                                     | –                             | 31,000                     | –                 | 96%                                                   | 100%                                            |
| Ocean We-life Plaza (Tianjin)                     | 41,000                                     | –                             | 41,000                     | –                 | 83%                                                   | 100%                                            |
| Ocean Express (Beijing) Carparks                  | 15,000                                     | –                             | –                          | 15,000            | 81%                                                   | 100%                                            |
| Sub-total                                         | <u>345,000</u>                             | <u>182,000</u>                | <u>103,000</u>             | <u>60,000</u>     |                                                       |                                                 |
| <b>Other</b>                                      |                                            |                               |                            |                   |                                                       |                                                 |
| INDIGO (Beijing)                                  | 176,000                                    | 49,000                        | 71,000                     | 56,000            | over 85%                                              | 50%                                             |
| Ocean International Center, Phase II<br>(Beijing) | 77,000                                     | 47,000                        | 19,000                     | 11,000            | over 79%                                              | 35%                                             |
| Sino-Ocean Taikoo Li Chengdu<br>(Chengdu)         | 82,000                                     | –                             | 82,000                     | –                 | 73%                                                   | 50%                                             |
| <b>Total</b>                                      | <u>680,000</u>                             | <u>278,000</u>                | <u>275,000</u>             | <u>127,000</u>    |                                                       |                                                 |

The audited consolidated results of the Group for the year ended 31 December 2014 are as follows:

## Consolidated Balance Sheet

|                                                       | <i>Note</i> | <b>As at 31 December</b>  |                           |
|-------------------------------------------------------|-------------|---------------------------|---------------------------|
|                                                       |             | <b>2014</b>               | <b>2013</b>               |
|                                                       |             | <b>RMB'000</b>            | <b>RMB'000</b>            |
| <b>ASSETS</b>                                         |             |                           |                           |
| <b>Non-current assets</b>                             |             |                           |                           |
| Property, plant and equipment                         |             | 263,694                   | 203,827                   |
| Land use rights                                       |             | 8,739                     | 8,985                     |
| Investment properties                                 |             | 11,882,712                | 10,302,496                |
| Goodwill                                              |             | 206,349                   | 239,523                   |
| Investments in joint ventures                         |             | 3,720,215                 | 1,682,273                 |
| Investments in associates                             |             | 2,362,918                 | 629,572                   |
| Available-for-sale financial assets                   |             | 1,737,174                 | 745,847                   |
| Trade and other receivables                           | 5           | 10,905,792                | 15,606                    |
| Deferred income tax assets                            |             | 1,082,857                 | 1,940,419                 |
|                                                       |             | <u>32,170,450</u>         | <u>15,768,548</u>         |
| <b>Current assets</b>                                 |             |                           |                           |
| Prepayments for land use rights                       |             | 6,553,151                 | 10,685,916                |
| Properties under development                          |             | 41,540,133                | 69,903,227                |
| Inventories, at cost                                  |             | 82,069                    | 99,037                    |
| Amounts due from customers for contract work          |             | 821,804                   | 996,539                   |
| Land development cost recoverable                     |             | 2,161,711                 | 1,713,850                 |
| Completed properties held for sale                    |             | 17,213,758                | 12,079,650                |
| Available-for-sale financial assets                   |             | 100,000                   | 405,400                   |
| Other investments                                     |             | –                         | 19,676                    |
| Financial assets at fair value through profit or loss |             | 663,165                   | 191,413                   |
| Trade and other receivables                           | 5           | 14,569,278                | 9,955,459                 |
| Restricted bank deposits                              |             | 3,025,092                 | 4,797,032                 |
| Cash and cash equivalents                             |             | 13,311,150                | 11,252,893                |
|                                                       |             | <u>100,041,311</u>        | <u>122,100,092</u>        |
| <b>Total assets</b>                                   |             | <u><u>132,211,761</u></u> | <u><u>137,868,640</u></u> |

|                                                     |             | <b>As at 31 December</b> |                |
|-----------------------------------------------------|-------------|--------------------------|----------------|
|                                                     |             | <b>2014</b>              | <b>2013</b>    |
|                                                     | <i>Note</i> | <i>RMB'000</i>           | <i>RMB'000</i> |
| <b>EQUITY</b>                                       |             |                          |                |
| <b>Equity attributable to owners of the company</b> |             |                          |                |
| Capital                                             |             | <b>26,693,226</b>        | 26,079,244     |
| Shares held for Restricted Share Award Scheme       |             | <b>(41,504)</b>          | (79,008)       |
| Reserves                                            |             | <b>(333,214)</b>         | 166,032        |
| Retained earnings                                   |             |                          |                |
| — Proposed final dividend                           | 12          | <b>981,664</b>           | 920,391        |
| — Others                                            |             | <b>13,190,679</b>        | 10,438,201     |
|                                                     |             | <b>40,490,851</b>        | 37,524,860     |
| Capital securities                                  |             | <b>2,532,866</b>         | 2,532,866      |
|                                                     |             | <b>43,023,717</b>        | 40,057,726     |
| <b>Non-controlling interests</b>                    |             | <b>1,359,276</b>         | 3,387,319      |
| <b>Total equity</b>                                 |             | <b>44,382,993</b>        | 43,445,045     |
| <b>LIABILITIES</b>                                  |             |                          |                |
| <b>Non-current liabilities</b>                      |             |                          |                |
| Borrowings                                          |             | <b>34,437,176</b>        | 22,455,625     |
| Trade and other payables                            | 6           | <b>13,377</b>            | —              |
| Deferred income tax liabilities                     |             | <b>1,989,782</b>         | 1,853,313      |
|                                                     |             | <b>36,440,335</b>        | 24,308,938     |
| <b>Current liabilities</b>                          |             |                          |                |
| Borrowings                                          |             | <b>11,166,668</b>        | 12,839,209     |
| Trade and other payables                            | 6           | <b>17,762,179</b>        | 17,987,221     |
| Advance receipts from customers                     |             | <b>18,887,434</b>        | 34,603,586     |
| Income tax payable                                  |             | <b>3,572,152</b>         | 4,684,641      |
|                                                     |             | <b>51,388,433</b>        | 70,114,657     |
| <b>Total liabilities</b>                            |             | <b>87,828,768</b>        | 94,423,595     |
| <b>Total equity and liabilities</b>                 |             | <b>132,211,761</b>       | 137,868,640    |
| <b>Net current assets</b>                           |             | <b>48,652,878</b>        | 51,985,435     |
| <b>Total assets less current liabilities</b>        |             | <b>80,823,328</b>        | 67,753,983     |

## Consolidated Income Statement

|                                                                                                    | <i>Note</i> | <b>Year ended 31 December</b> |                |
|----------------------------------------------------------------------------------------------------|-------------|-------------------------------|----------------|
|                                                                                                    |             | <b>2014</b>                   | <b>2013</b>    |
|                                                                                                    |             | <b>RMB'000</b>                | <b>RMB'000</b> |
| Revenue                                                                                            | 4           | <b>38,896,090</b>             | 31,099,385     |
| Cost of sales                                                                                      |             | <b>(30,728,756)</b>           | (23,552,300)   |
| <b>Gross profit</b>                                                                                |             | <b>8,167,334</b>              | 7,547,085      |
| Interest and other income                                                                          |             | <b>385,847</b>                | 376,164        |
| Other gains/(losses) — net                                                                         | 8           | <b>102,868</b>                | 102,458        |
| Fair value gains on investment properties                                                          |             | <b>591,165</b>                | 807,950        |
| Selling and marketing expenses                                                                     |             | <b>(845,742)</b>              | (785,214)      |
| Administrative expenses                                                                            |             | <b>(1,012,097)</b>            | (675,021)      |
| <b>Operating profit</b>                                                                            |             | <b>7,389,375</b>              | 7,373,422      |
| Finance costs                                                                                      | 9           | <b>(469,076)</b>              | (363,604)      |
| Share of results of joint ventures                                                                 |             | <b>299,793</b>                | 347,390        |
| Share of results of associates                                                                     |             | <b>134,965</b>                | (16,311)       |
| <b>Profit before income tax</b>                                                                    |             | <b>7,355,057</b>              | 7,340,897      |
| Income tax expense                                                                                 | 10          | <b>(2,748,828)</b>            | (2,679,781)    |
| <b>Profit for the year</b>                                                                         |             | <b>4,606,229</b>              | 4,661,116      |
| <b>Attributable to:</b>                                                                            |             |                               |                |
| Owners of the Company                                                                              |             | <b>4,597,292</b>              | 4,074,741      |
| Non-controlling interests                                                                          |             | <b>8,937</b>                  | 586,375        |
|                                                                                                    |             | <b>4,606,229</b>              | 4,661,116      |
| <b>Earnings per share attributable to owners of the Company during the year (expressed in RMB)</b> |             |                               |                |
| <b>Basic earnings per share</b>                                                                    | 11          | <b>0.590</b>                  | 0.592          |
| <b>Diluted earnings per share</b>                                                                  | 11          | <b>0.588</b>                  | 0.589          |

## Consolidated Statement of Comprehensive Income

|                                                                           | Year ended 31 December  |                         |
|---------------------------------------------------------------------------|-------------------------|-------------------------|
|                                                                           | 2014                    | 2013                    |
|                                                                           | <i>RMB'000</i>          | <i>RMB'000</i>          |
| <b>Profit for the year</b>                                                | <b>4,606,229</b>        | <b>4,661,116</b>        |
| <b>Other comprehensive income</b>                                         |                         |                         |
| <b>Items that may be reclassified to profit or loss</b>                   |                         |                         |
| Fair value losses on available-for-sale financial assets                  | (20,414)                | (2,309)                 |
| Reserves realized upon disposal of<br>available-for-sale financial assets | —                       | 20,946                  |
| Currency translation differences                                          | <u>1,681</u>            | <u>27,674</u>           |
| <b>Other comprehensive income for the year</b>                            | <u>(18,733)</u>         | <u>46,311</u>           |
| <b>Total comprehensive income for the year</b>                            | <u><b>4,587,496</b></u> | <u><b>4,707,427</b></u> |
| <b>Total comprehensive income attributable to:</b>                        |                         |                         |
| — Owners of the Company                                                   | <b>4,578,559</b>        | <b>4,121,052</b>        |
| — Non-controlling interests                                               | <u><b>8,937</b></u>     | <u><b>586,375</b></u>   |
|                                                                           | <u><b>4,587,496</b></u> | <u><b>4,707,427</b></u> |

## 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.

The consolidated financial statements have been approved for issue by the Board of Directors on 17 March 2015.

### 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 and other investment, which are carried at fair values.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

### 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 standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2014 and which have no material impact on the Group:

Amendment to HKAS 32, ‘Financial instruments: Presentation’ on offsetting financial assets and financial liabilities.

Amendment to HKAS 39, ‘Financial instruments: Recognition and measurement’ on the novation of derivatives and the continuation of hedge accounting.

Amendments to HKFRS 10, 12 and HKAS 27 “Consolidation for investment entities”, mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss.

HK(IFRIC) 21, ‘Levies’, sets out the accounting for an obligation to pay a levy if that liability is within the scope of HKAS 37 ‘Provisions’.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Group.

- (b) *New and amended standards relevant to the Group that have been issued but are not effective for the financial year beginning 1 January 2014 and have not been early adopted*

HKFRS 9, ‘Financial instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess HKAS 9’s full impact.

HKFRS 15, ‘Revenue from contracts with customers’ deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is in the process of assessing the impact of HKAS 15 on its financial statements.

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company’s first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

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 2014 and 2013 is as follows:

|                                                                                                         | Property development |                   |                   |                   | Investment property | All other segments | Total              | Inter-company elimination | Total              |
|---------------------------------------------------------------------------------------------------------|----------------------|-------------------|-------------------|-------------------|---------------------|--------------------|--------------------|---------------------------|--------------------|
|                                                                                                         | Beijing              | Tianjin           | North-east        | Others            | property            |                    |                    |                           |                    |
|                                                                                                         | RMB'000              | RMB'000           | RMB'000           | RMB'000           | RMB'000             | RMB'000            | RMB'000            | RMB'000                   | RMB'000            |
| <b>Year ended 31 December 2014</b>                                                                      |                      |                   |                   |                   |                     |                    |                    |                           |                    |
| Total revenue                                                                                           | 7,889,049            | 3,732,976         | 9,085,301         | 14,601,323        | 686,990             | 5,390,078          | 41,385,717         | –                         | 41,385,717         |
| Inter-segment revenue                                                                                   | (66,100)             | –                 | –                 | –                 | (7,589)             | (2,415,938)        | (2,489,627)        | –                         | (2,489,627)        |
| <b>Revenue (from external customers)</b>                                                                | <b>7,822,949</b>     | <b>3,732,976</b>  | <b>9,085,301</b>  | <b>14,601,323</b> | <b>679,401</b>      | <b>2,974,140</b>   | <b>38,896,090</b>  | <b>–</b>                  | <b>38,896,090</b>  |
| <b>Segment operating profit</b>                                                                         | <b>1,614,683</b>     | <b>385,425</b>    | <b>863,671</b>    | <b>1,823,232</b>  | <b>588,456</b>      | <b>925,769</b>     | <b>6,201,236</b>   | <b>978,465</b>            | <b>7,179,701</b>   |
| Depreciation and amortization                                                                           | (528)                | (1,172)           | (1,958)           | (4,306)           | (662)               | (26,911)           | (35,537)           | –                         | (35,537)           |
| Income tax expense (Note 10)                                                                            | (424,529)            | (198,726)         | (651,839)         | (1,049,691)       | (149,313)           | (274,730)          | (2,748,828)        | –                         | (2,748,828)        |
| Finance income                                                                                          | 20,993               | 38,466            | 95,650            | 186,101           | 49,506              | 1,329,510          | 1,720,226          | (1,538,603)               | 181,623            |
| <b>Year ended 31 December 2013</b>                                                                      |                      |                   |                   |                   |                     |                    |                    |                           |                    |
| Total revenue                                                                                           | 6,790,831            | 1,909,547         | 7,701,293         | 11,753,744        | 554,429             | 4,960,202          | 33,670,046         | –                         | 33,670,046         |
| Inter-segment revenue                                                                                   | (9,017)              | –                 | –                 | –                 | (4,866)             | (2,556,778)        | (2,570,661)        | –                         | (2,570,661)        |
| <b>Revenue (from external customers)</b>                                                                | <b>6,781,814</b>     | <b>1,909,547</b>  | <b>7,701,293</b>  | <b>11,753,744</b> | <b>549,563</b>      | <b>2,403,424</b>   | <b>31,099,385</b>  | <b>–</b>                  | <b>31,099,385</b>  |
| <b>Segment operating profit</b>                                                                         | <b>1,511,248</b>     | <b>166,680</b>    | <b>955,004</b>    | <b>2,043,988</b>  | <b>448,685</b>      | <b>351,687</b>     | <b>5,477,292</b>   | <b>1,317,244</b>          | <b>6,794,536</b>   |
| Depreciation and amortization                                                                           | (1,428)              | (1,382)           | (3,040)           | (8,265)           | (490)               | (19,310)           | (33,915)           | –                         | (33,915)           |
| Income tax expense (Note 10)                                                                            | (695,287)            | (58,786)          | (481,296)         | (976,093)         | (239,827)           | (228,492)          | (2,679,781)        | –                         | (2,679,781)        |
| Finance income                                                                                          | 21,347               | 35,892            | 36,607            | 195,592           | 45,072              | 661,903            | 996,413            | (859,447)                 | 136,966            |
| <b>As at 31 December 2014</b>                                                                           |                      |                   |                   |                   |                     |                    |                    |                           |                    |
| <b>Total segment assets</b>                                                                             | <b>36,631,936</b>    | <b>11,249,819</b> | <b>35,541,206</b> | <b>35,009,108</b> | <b>10,669,338</b>   | <b>99,920,958</b>  | <b>229,022,365</b> | <b>(108,325,494)</b>      | <b>120,696,871</b> |
| Additions to non-current assets<br>(other than financial instruments and<br>deferred income tax assets) | 67                   | 2,157             | 370               | 1,449             | 1,595,766           | 113,042            | 1,712,851          | –                         | 1,712,851          |
| <b>Total segment liabilities</b>                                                                        | <b>19,462,495</b>    | <b>4,581,243</b>  | <b>10,570,697</b> | <b>17,204,148</b> | <b>2,195,624</b>    | <b>60,849,833</b>  | <b>114,864,040</b> | <b>(74,628,898)</b>       | <b>40,235,142</b>  |
| <b>As at 31 December 2013</b>                                                                           |                      |                   |                   |                   |                     |                    |                    |                           |                    |
| <b>Total segment assets</b>                                                                             | <b>39,877,395</b>    | <b>11,273,816</b> | <b>41,514,384</b> | <b>54,987,217</b> | <b>10,370,473</b>   | <b>55,216,798</b>  | <b>213,240,083</b> | <b>(82,636,076)</b>       | <b>130,604,007</b> |
| Additions to non-current assets<br>(other than financial instruments and<br>deferred income tax assets) | 18,462               | 3,722             | 1,072             | 947               | 3,216,242           | 7,591              | 3,248,036          | –                         | 3,248,036          |
| <b>Total segment liabilities</b>                                                                        | <b>24,617,250</b>    | <b>6,103,207</b>  | <b>19,685,471</b> | <b>29,287,165</b> | <b>2,356,983</b>    | <b>45,811,792</b>  | <b>127,861,868</b> | <b>(70,586,420)</b>       | <b>57,275,448</b>  |

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

|                                           | <b>Year ended 31 December</b> |                         |
|-------------------------------------------|-------------------------------|-------------------------|
|                                           | <b>2014</b>                   | <b>2013</b>             |
|                                           | <b>RMB'000</b>                | <b>RMB'000</b>          |
| Segment operating profit                  | <b>7,179,701</b>              | 6,794,536               |
| Corporate finance income                  | <b>151,821</b>                | 134,647                 |
| Corporate overheads                       | <b>(533,312)</b>              | (363,711)               |
| Fair value gains on investment properties | <b>591,165</b>                | 807,950                 |
| Share of results of joint ventures        | <b>299,793</b>                | 347,390                 |
| Share of results of associates            | <b>134,965</b>                | (16,311)                |
| Finance costs ( <i>Note 9</i> )           | <b>(469,076)</b>              | (363,604)               |
| <b>Profit before income tax</b>           | <b><u>7,355,057</u></b>       | <b><u>7,340,897</u></b> |

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

|                                                         | <b>As at 31 December</b>  |                           |
|---------------------------------------------------------|---------------------------|---------------------------|
|                                                         | <b>2014</b>               | <b>2013</b>               |
|                                                         | <b>RMB'000</b>            | <b>RMB'000</b>            |
| Total segment assets                                    | <b>120,696,871</b>        | 130,604,007               |
| Corporate cash and cash equivalents                     | <b>1,848,561</b>          | 1,650,033                 |
| Investments in joint ventures                           | <b>3,720,215</b>          | 1,682,273                 |
| Investments in associates                               | <b>2,362,918</b>          | 629,572                   |
| Available-for-sale financial assets                     | <b>1,837,174</b>          | 1,151,247                 |
| Other investments                                       | <b>–</b>                  | 19,676                    |
| Financial assets at fair value through profit or loss   | <b>663,165</b>            | 191,413                   |
| Deferred income tax assets                              | <b>1,082,857</b>          | 1,940,419                 |
| <b>Total assets per consolidated balance sheet</b>      | <b><u>132,211,761</u></b> | <b><u>137,868,640</u></b> |
| Total segment liabilities                               | <b>40,235,142</b>         | 57,275,448                |
| Current borrowings                                      | <b>11,166,668</b>         | 12,839,209                |
| Non-current borrowings                                  | <b>34,437,176</b>         | 22,455,625                |
| Deferred income tax liabilities                         | <b>1,989,782</b>          | 1,853,313                 |
| <b>Total liabilities per consolidated balance sheet</b> | <b><u>87,828,768</u></b>  | <b><u>94,423,595</u></b>  |

The Company is incorporated in Hong Kong, with most of its major subsidiaries being domiciled in the PRC. Revenues from external customers of the Group are mainly derived in the PRC for the years ended 31 December 2014 and 2013.

As at 31 December 2014, total non-current assets other than financial instruments and deferred income tax assets located in the PRC is RMB18,032,021,000 (2013: RMB12,812,244,000), the total of these non-current assets located in Hong Kong and the United States is RMB412,606,000 (2013: RMB254,432,000).

For the year ended 31 December 2014 and 2013, 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 |           |
|--------------------------------------------------------------------|-------------------|-----------|
|                                                                    | 2014              | 2013      |
|                                                                    | RMB'000           | RMB'000   |
| Trade receivables                                                  | 387,702           | 1,240,365 |
| Less: provision for impairment                                     | (11,635)          | (101,437) |
| Trade receivables — net (a)                                        | 376,067           | 1,138,928 |
| Tax prepayments for advances receipts from customers               | 2,720,563         | 4,072,313 |
| Entrusted loans to third parties                                   | 2,063,588         | 175,000   |
| Entrusted loans to joint ventures                                  | 8,642,355         | 198,500   |
| Entrusted loan to associates                                       | 490,000           | 512,000   |
| Entrusted loan to non-controlling interests                        | —                 | 114,240   |
| Receivables from government                                        | 1,788,762         | 813,132   |
| Receivables from partial disposal of interests in a subsidiary     | 479,785           | —         |
| Amounts due from subsidiary of a shareholder                       | 300,000           | —         |
| Amounts due from joint ventures                                    | 5,880,494         | 1,173,545 |
| Amounts due from associates                                        | 395,419           | 369,117   |
| Amounts due from non-controlling interests                         | 148,855           | 51,720    |
| Cooperation deposits                                               | 603,492           | 588,607   |
| Prepayment for subscription of available-for-sale financial assets | 318,371           | —         |
| Other prepayments                                                  | 668,159           | 332,597   |
| Other receivables                                                  | 599,160           | 431,366   |
|                                                                    | 25,475,070        | 9,971,065 |
| Less: non-current portion                                          | (10,905,792)      | (15,606)  |
| Current portion                                                    | 14,569,278        | 9,955,459 |

The carrying amounts of trade and other receivables approximate their respective fair values as at 31 December 2014 and 2013.

### (a) Trade receivables

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

|                            | As at 31 December |           |
|----------------------------|-------------------|-----------|
|                            | 2014              | 2013      |
|                            | RMB'000           | RMB'000   |
| Within 6 months            | 175,641           | 492,570   |
| Between 6 months to 1 year | 128,925           | 293,286   |
| Between 1 year to 2 years  | 70,508            | 400,357   |
| Between 2 years to 3 years | 6,826             | 48,500    |
| Over 3 years               | 5,802             | 5,652     |
|                            | 387,702           | 1,240,365 |

- (i) As at 31 December 2014, trade receivables of RMB238,269,000 (2013: RMB793,968,000) 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.

- (ii) As at 31 December 2014, trade receivables of RMB11,635,000 (2013: RMB101,437,000) were impaired. The individually impaired receivables mainly related to receivables of upfitting and property management fees.

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

|                                     | <b>As at 31 December</b> |                         |
|-------------------------------------|--------------------------|-------------------------|
|                                     | <b>2014</b>              | <b>2013</b>             |
|                                     | <b>RMB'000</b>           | <b>RMB'000</b>          |
| At 1 January                        | (101,437)                | (80,269)                |
| Provision for receivable impairment | (116,204)                | (21,168)                |
| Disposals of subsidiaries           | 206,006                  | –                       |
|                                     | <u>          </u>        | <u>          </u>       |
| At 31 December                      | <u><b>(11,635)</b></u>   | <u><b>(101,437)</b></u> |

## 6 TRADE AND OTHER PAYABLES

|                                               | <b>As at 31 December</b> |                          |
|-----------------------------------------------|--------------------------|--------------------------|
|                                               | <b>2014</b>              | <b>2013</b>              |
|                                               | <b>RMB'000</b>           | <b>RMB'000</b>           |
| Trade payables                                | 8,951,250                | 10,937,489               |
| Accrued expenses                              | 1,864,616                | 2,356,079                |
| Amounts due to a shareholder                  | –                        | 400,000                  |
| Amounts due to joint ventures                 | 372,445                  | –                        |
| Amounts due to associates                     | 1,083,999                | 385                      |
| Amounts due to non-controlling interests      | 68,192                   | 306,762                  |
| Amounts due to government                     | 186,786                  | 265,000                  |
| Other taxes payable                           | 515,649                  | 518,509                  |
| Provision for financial guarantee liabilities | 70,756                   | 114,593                  |
| Other payables                                | 4,661,863                | 3,088,404                |
|                                               | <u>          </u>        | <u>          </u>        |
|                                               | 17,775,556               | 17,987,221               |
| Less: non-current portion                     | (13,377)                 | –                        |
|                                               | <u>          </u>        | <u>          </u>        |
| Current portion                               | <u><b>17,762,179</b></u> | <u><b>17,987,221</b></u> |

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

An ageing analysis of the trade payables is as follows:

|                               | <b>As at 31 December</b> |                          |
|-------------------------------|--------------------------|--------------------------|
|                               | <b>2014</b>              | <b>2013</b>              |
|                               | <b>RMB'000</b>           | <b>RMB'000</b>           |
| Within 6 months               | 5,257,787                | 7,544,009                |
| Between 6 months to 12 months | 1,475,718                | 2,057,529                |
| Between 1 year to 2 years     | 1,988,544                | 1,186,824                |
| Between 2 years to 3 years    | 160,265                  | 97,766                   |
| Over 3 years                  | 68,936                   | 51,361                   |
|                               | <u>          </u>        | <u>          </u>        |
|                               | <u><b>8,951,250</b></u>  | <u><b>10,937,489</b></u> |

## 7 EXPENSES BY NATURE

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

|                                              | Year ended 31 December |                   |
|----------------------------------------------|------------------------|-------------------|
|                                              | 2014                   | 2013              |
|                                              | RMB'000                | RMB'000           |
| Cost of properties and land use rights sold: |                        |                   |
| — Land use rights                            | 7,594,690              | 4,959,728         |
| — Capitalized interest                       | 1,627,960              | 1,009,184         |
| — Construction related cost                  | 15,867,499             | 13,415,850        |
| Cost of up fitting services rendered         | 1,909,763              | 1,495,678         |
| Direct investment property expenses          | 114,332                | 95,285            |
| Employee benefit expense                     | 886,984                | 566,085           |
| Consultancy fee                              | 186,362                | 190,046           |
| Auditor's remuneration                       | 14,035                 | 13,826            |
| Depreciation                                 | 35,291                 | 33,669            |
| Amortization of land use rights              | 246                    | 246               |
| Advertising and marketing                    | 741,109                | 765,850           |
| Business taxes and other levies              | 2,262,435              | 1,862,785         |
| Impairment losses                            | 665,262                | 28,126            |
| Office expenditure                           | 138,537                | 117,734           |
| Properties maintenance expenses              | 268,827                | 254,131           |
| Energy expenses                              | 97,135                 | 75,743            |
| Others                                       | 176,128                | 128,569           |
|                                              | <b>32,586,595</b>      | <b>25,012,535</b> |

## 8 OTHER GAINS/(LOSSES) — NET

|                                                                               | Year ended 31 December |                |
|-------------------------------------------------------------------------------|------------------------|----------------|
|                                                                               | 2014                   | 2013           |
|                                                                               | RMB'000                | RMB'000        |
| Losses on partial disposal of interests in a subsidiary                       | (44,341)               | —              |
| Gains on disposal of entire interests in subsidiaries                         | 25,448                 | 27,489         |
| Gains on disposal of a joint venture                                          | 214                    | 1,666          |
| Gains on disposal of an associate                                             | 2                      | —              |
| Fair value losses of other investment                                         | —                      | (672)          |
| Gains/(losses) on disposal of other investment                                | 1,207                  | (5,601)        |
| Gains on revaluation of financial assets at fair value through profit or loss | 24,388                 | 10,299         |
| Gains on disposal of financial assets at fair value through profit or loss    | 25,619                 | 3,629          |
| (Losses)/gains on disposal of property, plant and equipment                   | (4,309)                | 63             |
| Gains/(losses) on disposal of available-for-sale financial assets             | 49,800                 | (20,946)       |
| Exchange gains                                                                | 3,257                  | 100,120        |
| Gains on de-recognition of derivative financial instrument                    | —                      | 19,121         |
| Other gains/(losses)                                                          | 21,583                 | (32,710)       |
|                                                                               | <b>102,868</b>         | <b>102,458</b> |

## 9 FINANCE COSTS

|                                                                                         | Year ended 31 December |                |
|-----------------------------------------------------------------------------------------|------------------------|----------------|
|                                                                                         | 2014                   | 2013           |
|                                                                                         | RMB'000                | RMB'000        |
| Interest expense:                                                                       |                        |                |
| — Bank borrowings                                                                       | 1,967,441              | 1,520,427      |
| — Other borrowings                                                                      | 1,196,773              | 1,064,320      |
| Less: interest capitalized at a capitalization rate of 7.08%<br>(2013: 7.33%) per annum | (2,695,138)            | (2,221,143)    |
|                                                                                         | <u>469,076</u>         | <u>363,604</u> |

## 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 2014 and 2013. Other group entities are mainly subject to Hong Kong profits tax.

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

|                             | Year ended 31 December |                  |
|-----------------------------|------------------------|------------------|
|                             | 2014                   | 2013             |
|                             | RMB'000                | RMB'000          |
| Current income tax:         |                        |                  |
| — PRC enterprise income tax | 1,345,835              | 1,285,697        |
| — PRC land appreciation tax | 629,966                | 780,074          |
| Deferred income tax         | 773,027                | 614,010          |
|                             | <u>2,748,828</u>       | <u>2,679,781</u> |

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 |                  |
|-------------------------------------------------------------------|------------------------|------------------|
|                                                                   | 2014                   | 2013             |
|                                                                   | RMB'000                | RMB'000          |
| Profit before income tax                                          | 7,355,057              | 7,340,897        |
| Adjust for: Share of results of joint ventures                    | (299,793)              | (347,390)        |
| Share of results of associates                                    | (134,965)              | 16,311           |
|                                                                   | <u>6,920,299</u>       | <u>7,009,818</u> |
| Tax calculated at a tax rate of 25%                               | 1,730,075              | 1,752,455        |
| Effect of higher tax rate for the appreciation of land in the PRC | 472,475                | 585,056          |
| Income not subject to tax                                         | (1,307)                | (333)            |
| Expenses not deductible for tax purposes                          | 219,018                | 199,074          |
| Dividend withholding tax                                          | 120,946                | 151,972          |
| Tax losses not recognized                                         | 235,558                | 70,689           |
| Utilization of previously unrecognized tax losses                 | (27,937)               | (79,132)         |
|                                                                   | <u>2,748,828</u>       | <u>2,679,781</u> |

## 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 |           |
|-----------------------------------------------------------------------------------|------------------------|-----------|
|                                                                                   | 2014                   | 2013      |
| Profit attributable to owners of the Company ( <i>RMB'000</i> )                   | 4,597,292              | 4,074,741 |
| Distribution relating to convertible and capital securities<br>( <i>RMB'000</i> ) | (252,249)              | (511,880) |
| Profit used to determine basic earnings per share ( <i>RMB'000</i> )              | 4,345,043              | 3,562,861 |
| Weighted average number of ordinary shares in issue ( <i>thousands</i> )          | 7,362,275              | 6,015,516 |
| Basic earnings per share ( <i>RMB per share</i> )                                 | 0.590                  | 0.592     |

### (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 shares held for the Restricted Share Award Scheme. For the share options 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.

|                                                                                                   | Year ended 31 December |           |
|---------------------------------------------------------------------------------------------------|------------------------|-----------|
|                                                                                                   | 2014                   | 2013      |
| Profit attributable to owners of the Company ( <i>RMB'000</i> )                                   | 4,597,292              | 4,074,741 |
| Distribution relating to convertible and capital securities<br>( <i>RMB'000</i> )                 | (252,249)              | (511,880) |
| Profit used to determine diluted earnings per share ( <i>RMB'000</i> )                            | 4,345,043              | 3,562,861 |
| Weighted average number of ordinary shares in issue ( <i>thousands</i> )                          | 7,362,275              | 6,015,516 |
| Adjustment for:                                                                                   |                        |           |
| — share options ( <i>thousands</i> )                                                              | 21,799                 | 34,841    |
| — shares held for the Restricted Share Award Scheme ( <i>thousands</i> )                          | 2,057                  | 2,933     |
| Weighted average number of ordinary shares for<br>diluted earnings per share ( <i>thousands</i> ) | 7,386,131              | 6,053,290 |
| Diluted earnings per share ( <i>RMB per share</i> )                                               | 0.588                  | 0.589     |

## 12 DIVIDENDS

|                                                                              | Year ended 31 December |                |
|------------------------------------------------------------------------------|------------------------|----------------|
|                                                                              | 2014                   | 2013           |
|                                                                              | RMB'000                | RMB'000        |
| Interim dividend paid                                                        | 443,785                | 325,725        |
| Proposed final dividend of RMB0.13 (2013: RMB0.13)<br>per ordinary share (a) | <u>981,664</u>         | <u>920,391</u> |

- (a) On 17 March 2015, the Company proposed a final dividend of RMB981,664,000 for the year ended 31 December 2014.

## 13 EVENTS AFTER THE BALANCE SHEET DATE

In January 2015, Sino-Ocean Land Treasure Finance II Limited (the “Issuer”), the Company’s wholly-owned subsidiary, issued a guaranteed note with principal amount of USD700,000,000 at interest rate of 4.45 per cent per annum due in 2020 (the “2020 Notes”) and another note with principal amount of USD500,000,000 at interest rate of 5.95 per cent per annum due in 2027 (the “2027 Notes”, together with the 2020 Notes, the “Notes”). The Notes are unsecured and are guaranteed by the Company.

## PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS

The figures in respect of this preliminary announcement of the Group’s results for the year ended 31 December 2014 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 Tuesday, 12 May 2015 the payment of a final dividend of HKD0.165 per ordinary share for the year ended 31 December 2014. 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 Friday, 15 May 2015. 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 Friday, 15 May 2015.

It is expected that the cheques for cash entitlement in relation to the 2014 final dividend and/or share certificates for the scrip shares will be despatched at the risk of those entitled thereto to their respective registered addresses on or about Monday, 29 June 2015. Subject to the granting of approval for listing of, and permission to deal in, the scrip shares, the dealings in the scrip shares on the Stock Exchange are expected to commence on or around Tuesday, 30 June 2015.

## **ANNUAL GENERAL MEETING**

The AGM of the Company will be held on Tuesday, 12 May 2015. 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 Thursday, 7 May 2015 to Tuesday, 12 May 2015 (both dates inclusive), during which 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 Wednesday, 6 May 2015.

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

During the year under review, 700,000 ordinary shares of the Company being repurchased on the Stock Exchange were cancelled and the number of issued shares of the Company was reduced accordingly. The above repurchases were effect by the Directors, pursuant to the mandate granted by shareholders in the Company’s annual general meeting held on 9 May 2014, with a view to benefit shareholders as a whole in enhancing the net assets and the earnings per share of the Company. Details of the repurchases of such ordinary shares are as follows:

| <b>Month of the repurchases</b> | <b>Number of<br/>ordinary<br/>shares<br/>repurchased</b> | <b>Highest<br/>price paid<br/>by share<br/>(HKD)</b> | <b>Lowest<br/>price paid<br/>by share<br/>(HKD)</b> | <b>Aggregate<br/>consideration<br/>(HKD Million)</b> |
|---------------------------------|----------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------|------------------------------------------------------|
| May 2014                        | 500,000                                                  | 3.93                                                 | 3.88                                                | 1.96                                                 |
| June 2014                       | 200,000                                                  | 3.90                                                 | 3.86                                                | 0.77                                                 |

Save as disclosed above and in the section headed “Restricted Share Award Scheme” below, 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 employees for the continual operation and development of our Group. 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, acquired 4,462,278 shares of the Company by way of market acquisition at an aggregate consideration of approximately RMB11,755,000 (including transaction cost) and received scrip share in lieu of cash dividend in an amount of approximately RMB2,612,000. Up to 31 December 2014, 41,686,111 shares of the Company had been acquired from the market, and from receiving scrip shares in lieu of cash dividend by the trustee, at an aggregate consideration of approximately RMB154,300,000 (including transaction costs), representing 0.74% 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 below:

| Date of award | Balance as at<br>1 January<br>2014 | Awarded Shares                          |                                            |                                                      | Balance as at<br>31 December<br>2014 |
|---------------|------------------------------------|-----------------------------------------|--------------------------------------------|------------------------------------------------------|--------------------------------------|
|               |                                    | Shares<br>awarded<br>during<br>the year | No. of shares<br>vested during<br>the year | No. of shares<br>lapsed during<br>the year<br>(note) |                                      |
| 18 March 2011 | 1,150,163                          | –                                       | (1,111,632)                                | (38,531)                                             | –                                    |
| 18 March 2013 | 21,833,000                         | –                                       | (13,236,025)                               | (958,600)                                            | 7,638,375                            |
| 18 March 2014 | –                                  | 25,012,000                              | –                                          | –                                                    | 25,012,000                           |
| 13 May 2014   | –                                  | 512,000                                 | –                                          | –                                                    | 512,000                              |
| Total         | <u>22,983,163</u>                  | <u>25,524,000</u>                       | <u>(14,347,657)</u>                        | <u>(997,131)</u>                                     | <u>33,162,375</u>                    |

*Note:* Pursuant to the Award Scheme, 997,131 awarded shares were lapsed upon the resignation of awardees.

## CORPORATE GOVERNANCE

In the opinion of the Board, the Company had complied with the provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules throughout the year under review, excepted as noted hereunder.

The roles of the chairman (the “Chairman”) and the chief executive officer (the “Chief Executive Officer”) of the Company are served by Mr. LI Ming and 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 will involve a realignment of power and authority under the existing corporate structure and facilitate the ordinary business activities of the Company.

Further information of the Company’s corporate governance practices will be set out in the Corporate Governance Report of the Company’s 2014 Annual Report which will be sent to the shareholders on or about 9 April 2015.

## REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2014.

## 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](http://www.hkexnews.hk)) and that of the Company ([www.sinooceanland.com](http://www.sinooceanland.com)). The annual report for the year ended 31 December 2014 will be despatched to the shareholders on or about 9 April 2015 and will be available on the Company's and the Stock Exchange's websites at about the same time.

## APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to all shareholders, investors, local authorities, business partners and customers who have been most supportive; also to our directors, management and the entire staff for their dedicated hard work. We could not have performed so well and achieved our targets in the past year without their unfailing support.

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

Hong Kong, 17 March 2015

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

*Executive directors:*

Mr. LI Ming  
Ms. LIU Hui  
Mr. CHEUNG Vincent Sai Sing  
Mr. CHEN Runfu  
Mr. WEN Haicheng

*Non-executive directors:*

Mr. YANG Zheng  
Mr. FANG Jun  
Mr. CHUNG Chun Kwong, Eric

*Independent non-executive directors:*

Mr. TSANG Hing Lun  
Mr. GU Yunchang  
Mr. HAN Xiaojing  
Mr. ZHAO Kang