

# CENTRALAND LIMITED

## Full Year Financial Statement and Dividend Announcement for the Period Ended 31 December 2008

The initial public offering of the Company's shares was sponsored by Boulton Capital Asia Pte. Limited (the "Issue Manager"). The Issue Manager assumes no responsibility for the contents of this announcement.

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

#### 1(a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		% change + / (-)
	Year ended		
	31.12.2008 (Unaudited) RMB'000	31.12.2007 (Audited) RMB'000	
Revenue	713,731	291,894	144.5
Cost of sales	<u>(264,602)</u>	<u>(139,031)</u>	90.3
Gross profit	449,129	152,863	193.8
Other income	9,375	8,194	14.4
Selling expenses	(28,619)	(8,687)	229.4
Administrative expenses	(56,395)	(32,938)	71.2
Other operating expenses	<u>(1,278)</u>	<u>(2,430)</u>	(47.4)
Profit from operations	372,212	117,002	218.1
Finance costs	<u>(2,546)</u>	<u>(1,791)</u>	42.2
Profit before taxation	369,666	115,211	220.9
Income tax expenses	<u>(220,819)</u>	<u>(68,695)</u>	221.4
Profit for the year	<u>148,847</u>	<u>46,516</u>	220.0
Attributable to:			
Equity holders of the Company	148,847	41,138	261.8
Minority interests	-	5,378	(100.0)
	<u>148,847</u>	<u>46,516</u>	

#### Notes:

1. The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda on 28 September 2007. The principal activity of the Company is investment holding.

2. On 12 December 2007, the Company completed its restructuring exercise as set out in the Company's prospectus dated 22 January 2008 (the "Restructuring Exercise") to rationalise the structure of the Group in preparation for the initial public offering of the Company's shares on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). On 1 February 2008, the Company was officially listed on the SGX-ST.

The Group's profit before taxation is arrived at after charging:

	<u>Group</u>	
	Year ended	
	31.12.2008 (Unaudited)	31.12.2007 (Audited)
	<u>RMB'000</u>	<u>RMB'000</u>
Cost of properties held for sale recognised as expense	229,808	124,843
Depreciation	8,747	7,852
Amortisation of land use rights	11	11
Exchange loss	648	1,340
Operating lease charges on land and buildings	396	-
Loss on disposal of property, plant and equipment	645	-

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	<u>Group</u>		<u>Company</u>	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000
<b>ASSETS AND LIABILITIES</b>				
Non-current assets				
Investments in subsidiaries	-	-	576,857	576,857
Property, plant and equipment	185,710	172,385	-	-
Investment properties	45,512	47,180	-	-
Land use rights	592	603	-	-
Goodwill	38,703	38,703	-	-
Deferred tax assets	60,591	26,104	-	-
Deposit paid	234,182	-	-	-
	<u>565,290</u>	<u>284,975</u>	<u>576,857</u>	<u>576,857</u>
Current assets				
Deposits paid	554,391	113,123	-	-
Properties held for development	45,089	95,029	-	-
Properties held under development	77,219	160,129	-	-
Properties held for sale	91,751	30,784	-	-
Amount due from a subsidiary	-	-	588,544	-
Prepayments and other receivables	3,589	22,620	-	-
Prepayment of land appreciation tax	845	71,229	-	-
Restricted bank deposits	14,413	15,696	-	-
Cash and bank balances	484,848	662,557	29	-
	<u>1,272,145</u>	<u>1,171,167</u>	<u>588,573</u>	<u>-</u>
Current liabilities				
Trade and bills payables	2,442	5,519	-	-
Accruals and other payables	23,648	26,391	-	-
Receipts in advance	16,894	635,879	-	-
Amount due to a subsidiary	-	-	705	-
Interest-bearing bank and other borrowings	40,000	40,000	-	-
Tax payable	369,802	171,496	-	-
	<u>452,786</u>	<u>879,285</u>	<u>705</u>	<u>-</u>
Net current assets	<u>819,359</u>	<u>291,882</u>	<u>587,868</u>	<u>-</u>
Total assets less current liabilities	<u>1,384,649</u>	<u>576,857</u>	<u>1,164,725</u>	<u>576,857</u>
Non-current liabilities				
Interest-bearing bank borrowings	70,000	-	-	-
Net assets	<u>1,314,649</u>	<u>576,857</u>	<u>1,164,725</u>	<u>576,857</u>
<b>EQUITY</b>				
Equity attributable to the Company's equity holders				
Share capital	697,076	606,720	697,076	606,720
Reserves	617,573	(29,863)	467,649	(29,863)
Total equity	<u>1,314,649</u>	<u>576,857</u>	<u>1,164,725</u>	<u>576,857</u>

**1(b)(ii) Aggregate amount of the group's borrowings and debt securities.****Amount repayable in one year or less, or on demand**

As at 31.12.2008		As at 31.12.2007	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
40,000	-	40,000	-

**Amount repayable after one year**

As at 31.12.2008		As at 31.12.2007	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
70,000	-	-	-

**Details of any collateral**

As at 31 December 2008, the Group's bank loans were secured by the pledge of the Group's certain properties held for development. As at 31 December 2007, the Group's bank loans were secured by the pledge of the Group's entire land use rights and certain properties held for development. The Group's bank loans of RMB70,000,000 as at 31 December 2008 were guaranteed by Mr Li Wei and Mr Yan Tao, the directors of the Group.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group	
	Year ended	
	31.12.2008	31.12.2007
	<u>(Unaudited)</u>	<u>(Audited)</u>
	RMB'000	RMB'000
<b>Cash flows from operating activities</b>		
Profit before taxation	369,666	115,211
Adjustments for:		
Interest income	(7,827)	(2,815)
Interest expenses	2,546	1,791
Depreciation	8,747	7,852
Loss on disposal of a subsidiary	-	253
Amortisation of land use rights	11	11
Loss on disposal of property, plant and equipment	645	-
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Operating profit before working capital changes	373,788	122,303
Decrease/(increase) in properties held for development	49,940	(59,968)
Decrease/(increase) in properties held under development	84,447	(44,189)
(Increase)/decrease in properties held for sale	(60,967)	67,278
Decrease in trade receivables	-	4,470
(Increase)/decrease in prepayments, other receivables and deposits paid	(656,419)	49,750
Decrease/(increase) in prepayment of land appreciation tax	70,384	(71,229)
(Decrease)/increase in trade and bills payables	(3,077)	3,077
Decrease in accruals and other payables	(2,743)	(111,223)
Decrease in amount due from a shareholder	-	409,734
(Decrease)/increase in receipts in advance	(618,985)	536,792
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Cash (used in)/generated from operations	(763,632)	906,795
Income taxes paid	(57,000)	(17,066)
Interest received	7,827	2,815
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Net cash (used in)/generated from operating activities	<u>(812,805)</u>	<u>892,544</u>
<b>Cash flows from investing activities</b>		
Acquisition of additional interests in a subsidiary	-	(728,100)
Purchases of property, plant and equipment	(21,049)	(9,199)
Disposal of a subsidiary, net of cash disposed of	-	(3,276)
Decrease/(increase) in restricted bank deposits	1,283	(5,003)
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Net cash used in investing activities	<u>(19,766)</u>	<u>(745,578)</u>

**Cash flows from financing activities**

Dividend paid to a minority shareholder of a subsidiary	-	(60)
New bank borrowings	110,000	80,000
New other borrowings	-	100,000
Repayment of bank borrowings	(40,000)	(245,000)
Repayment of other borrowings	-	(132,000)
Interest paid	(4,083)	(11,445)
Capital contributions	-	681,829
Proceeds from issue of new ordinary shares	621,565	-
Payment of share issue expenses	(32,546)	-
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Net cash generated from financing activities	654,936	473,324
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<b>Net (decrease)/increase in cash and cash equivalents</b>	(177,635)	620,290
<b>Cash and cash equivalents at beginning of year</b>	662,557	61,460
Effect of foreign exchange rate changes	(74)	(19,193)
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<b>Cash and cash equivalents at end of year</b>	<u>484,848</u>	<u>662,557</u>
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<b>Analysis of balances of cash and cash equivalents</b>		
<b>Cash and bank balances</b>	<u>484,848</u>	<u>662,557</u>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

<u>Group</u>	Share capital	Share premium	Merger reserve	Exchange reserve	Statutory reserves	Other reserve	Retained earnings	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
As at 1 January 2007	606,720	-	(121,040)	-	9,562	-	84,148	18,726	598,116
Profit for the year	-	-	-	-	-	-	41,138	5,378	46,516
Total income and expenses recognised during the year	-	-	-	-	-	-	41,138	5,378	46,516
Dividend paid to a minority shareholder	-	-	-	-	-	-	-	(60)	(60)
Disposal of a subsidiary	-	-	(765)	-	(72)	-	-	(1,414)	(2,251)
Capital contributions	-	-	681,829	-	-	-	-	-	681,829
Acquisition of additional interests in a subsidiary	-	-	-	-	-	(705,470)	-	(22,630)	(728,100)
Arising from the Restructuring Exercise	-	-	-	(19,193)	-	-	-	-	(19,193)
Transfer to statutory reserves	-	-	-	-	13,153	-	(13,153)	-	-
As at 31 December 2007	<u>606,720</u>	<u>-</u>	<u>560,024</u>	<u>(19,193)</u>	<u>22,643</u>	<u>(705,470)</u>	<u>112,133</u>	<u>-</u>	<u>576,857</u>

	Share capital	Share premium	Merger reserve	Exchange reserve	Statutory reserves	Other reserve	Retained earnings	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
As at 1 January 2008	606,720	-	560,024	(19,193)	22,643	(705,470)	112,133	-	576,857
Currency translation	-	-	-	(74)	-	-	-	-	(74)
Profit for the year	-	-	-	-	-	-	148,847	-	148,847
Total income and expenses recognised during the year	-	-	-	(74)	-	-	148,847	-	148,773
Issue of new shares	90,356	531,209	-	-	-	-	-	-	621,565
Share issue expenses	-	(32,546)	-	-	-	-	-	-	(32,546)
Transfer to statutory reserves	-	-	-	-	22,725	-	(22,725)	-	-
As at 31 December 2008	<u>697,076</u>	<u>498,663</u>	<u>560,024</u>	<u>(19,267)</u>	<u>45,368</u>	<u>(705,470)</u>	<u>238,255</u>	<u>-</u>	<u>1,314,649</u>

<u>Company</u>	<u>Share capital</u> RMB'000 (Audited)	<u>Share premium</u> RMB'000 (Audited)	<u>Contributed deficit</u> RMB'000 (Audited)	<u>Retained earnings</u> RMB'000 (Audited)	<u>Total</u> RMB'000 (Audited)
As at 28 September 2007 (Date of incorporation)	-	-	-	-	-
Results during the period	-	-	-	-	-
Total income and expenses recognised during the period	-	-	-	-	-
Issue of new shares pursuant to the Restructuring Exercise	606,720	-	(29,863)	-	576,857
As at 31 December 2007	<u>606,720</u>	<u>-</u>	<u>(29,863)</u>	<u>-</u>	<u>576,857</u>
	<u>606,720</u>	<u>-</u>	<u>(29,863)</u>	<u>-</u>	<u>576,857</u>
	<u>606,720</u>	<u>-</u>	<u>(29,863)</u>	<u>-</u>	<u>576,857</u>
As at 1 January 2008	606,720	-	(29,863)	-	576,857
Loss for the year	-	-	-	(1,151)	(1,151)
Total income and expenses recognised during the year	-	-	-	(1,151)	(1,151)
Issue of new shares	90,356	531,209	-	-	621,565
Share issue expenses	-	(32,546)	-	-	(32,546)
As at 31 December 2008	<u>697,076</u>	<u>498,663</u>	<u>(29,863)</u>	<u>(1,151)</u>	<u>1,164,725</u>
	<u>697,076</u>	<u>498,663</u>	<u>(29,863)</u>	<u>(1,151)</u>	<u>1,164,725</u>
	<u>697,076</u>	<u>498,663</u>	<u>(29,863)</u>	<u>(1,151)</u>	<u>1,164,725</u>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

<b>Purpose</b>	<b>Number of resultant shares</b>	<b>Issued and paid-up share capital (HK\$)</b>	<b>Equivalent to RMB</b>
1,000 ordinary shares of HK\$0.15 each issued as nil-paid on 11 October 2007	1,000	-	-
999,000 ordinary shares of HK\$0.15 each issued as nil-paid on 8 December 2007	1,000,000	-	-
Consolidation of every eight ordinary shares of HK\$0.15 each into one ordinary share of HK\$1.20 on 8 December 2007	125,000	-	-
Subdivision of every one ordinary share of HK\$1.20 into three shares of HK\$0.40 each on 8 December 2007	375,000	-	-
375,000 nil-paid ordinary shares of HK\$0.40 each credited as fully paid upon the completion of the Restructuring Exercise	375,000	150,000	142,000
1,599,625,000 ordinary shares of HK\$0.40 each issued and credited as fully paid upon the completion of the Restructuring Exercise	1,600,000,000	640,000,000	606,720,000
245,000,000 ordinary shares of HK\$0.40 each issued pursuant to the IPO on 1 February 2008 and as at 31 December 2008	1,845,000,000	738,000,000	697,076,000

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 31 December 2008	As at 31 December 2007
Total number of issued shares	1,845,000,000	1,600,000,000
Less: Treasury shares	-	-
Total number of issued shares excluding treasury shares	<u>1,845,000,000</u>	<u>1,600,000,000</u>

- 1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares at end of the current financial period reported on.**

Not applicable.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

These figures presented have neither been audited or reviewed.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and methods of computations as stated in the audited financial statements for the year ended 31 December 2007, except for the adoption of the new and amended International Financial Reporting Standards (IFRSs) which became effective for financial year beginning on or after 1 January 2008. The adoption of these IFRSs did not result in significant changes to the Group's accounting policies or the amounts or disclosures in this full year financial results announcement.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share

	<u>Group</u>	
	Year ended	
	31.12.2008 (Unaudited) <u>RMB cents</u>	31.12.2007 (Audited) <u>RMB cents</u>
Basic	<u>8.16</u>	<u>2.57</u>
Diluted	<u>N/A</u>	<u>N/A</u>

Basic earnings per ordinary share for the year ended 31 December 2008 were calculated based on the profit attributable to equity holders of the Company of approximately RMB148,847,000 (2007: approximately RMB41,138,000) divided by the weighted average of 1,824,191,781 ordinary shares (2007: pre-Invitation share capital of 1,600,000,000 ordinary shares).

There were no potential dilutive ordinary shares in existence for the year ended 31 December 2008 and 31 December 2007 and accordingly, no diluted earnings per ordinary share have been presented.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	<u>Group</u>		<u>Company</u>	
	As at	As at	As at	As at
	<u>31.12.2008</u>	<u>31.12.2007</u>	<u>31.12.2008</u>	<u>31.12.2007</u>
	RMB cents	RMB cents	RMB cents	RMB cents
Net asset value per ordinary share	<u>71.25</u>	<u>36.05</u>	<u>63.13</u>	<u>36.05</u>

Net asset value per ordinary share was calculated based on:

- (a) the equity of our Group/Company attributable to the equity holders of the Company as at 31 December 2008 and 31 December 2007;
- (b) post-Invitation share capital of 1,845,000,000 ordinary shares in issue as at 31 December 2008 (2007: pre-Invitation share capital of 1,600,000,000 ordinary shares)
8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

The analysis of our revenue for both financial years are as follows:

	<u>Group</u>		<u>Group</u>	
	Year ended		Year ended	
	31.12.2008		31.12.2007	
	(Unaudited)	%	(Unaudited)	%
	<u>RMB'000</u>		<u>RMB'000</u>	
<u>Revenue</u>				
<u>J-Expo (金智·万博商城)</u>				
Retail units	565,859	79.3	-	-
Office units	48,651	6.8	-	-
	<u>614,510</u>	86.1	<u>-</u>	-
<u>Guoling Shanshui (果岭山水)</u>				
Low-rise apartments	17,251	2.5	215,271	73.7
Low-density luxury detached houses	5,977	0.8	32,004	11.0
Townhouses	44,305	6.2	36,479	12.5
Commercial retail units	13,833	1.9	-	-
	<u>81,366</u>	11.4	<u>283,754</u>	97.2
Rental income	<u>17,855</u>	2.5	<u>8,140</u>	2.8
	<u><u>713,731</u></u>	100.0	<u><u>291,894</u></u>	100.0

### Review of Group's Performance for FY2008 as compared to FY2007

#### **Revenue**

Revenue arising from sale of properties held for sale are recognised when the significant risks and rewards of ownership of these properties held for sale have been transferred to the purchasers and the Group retains neither continuing involvement to the degree usually associated with ownership nor effective control over properties held for sales. Even-though we may have pre-sold our development properties, the sale will not be recorded as revenue if the above conditions are not fulfilled. As a result, our revenue can be lumpy on a year-to-year basis.

The Group achieved significant growth in revenue in FY2008 compared to FY2007, an increase of 144.5% from RMB291.9 million in FY2007 to RMB713.7 million in FY2008.

#### Sale of properties

In FY2008, revenue amounting to approximately RMB614.5 million were recognised from delivery to buyers of pre-sold 1,668 retail and 130 office units with a total GFA of 40,848

sq m. in our commercial properties project, J-Expo (金智·万博商城). In addition, revenue amounting to approximately RMB81.4 million were recognised from sale of all the remaining 82 units in Phase I and Phase II of Guoling Shanshui (果岭山水), representing an aggregate GFA of approximately 12,132 sq m.

In FY2007, revenue amounting to about RMB283.8 million were recognised from sale of 543 units in Phase I and Phase II of Guoling Shanshui (果岭山水) with a total GFA of 62,739 sq m.

#### Rental income

Our rental income increased by approximately RMB9.8 million from RMB8.1 million in FY2007 to RMB17.9 million in FY2008. The key growth drivers were as follows:

- i. The lease agreement with the third-party operator of the golf academy expired at the end of December 2007, and the lease agreement with the third-party operator of the hotel facilities was terminated in 2Q2008. The Group subsequently re-negotiated and entered into two revised lease agreements with the two third-party operators. The new lease agreements allow the Group to raise our annual rental income. As a result, the respective rental income increased from RMB8.1 million to RMB16.8 million; and
- ii. We commenced to lease the units to third parties in 3Q 2008 in levels 4 and 5 of J-Expo (金智·万博商城) and about RMB1.1 million was recognised during the current year accordingly.

#### **Group Profit and Gross Profit Margin**

In line with more sales recognised, our gross profit increased significantly from RMB152.9 million in FY2007 to RMB449.1 million in FY2008. Our gross profit margin increased by approximately 10.5% from 52.4% in FY2007 to 62.9% in FY2008. The increase in gross profit margin was mainly due to the fact that in FY2008, more commercial properties, which commanded much higher gross profit margin than residential properties, were sold and which accounted for 86.1% of our total revenue in FY2008. No sale of commercial properties was recognised during FY2007.

#### **Other Income**

Other income increased by approximately RMB1.2 million from RMB8.2 million in FY2007 to RMB9.4 million in FY2008, mainly due to the increase in interest income resulting from the higher in average bank balances.

#### **Operating Expenses**

Total operating expenses increased significantly by 95.7% from approximately RMB44.1 million in FY2007 to approximately RMB86.3 million in FY2008, mainly due to the increases in administrative and selling expenses.

Administrative expenses increased by 71.2% from approximately RMB32.9 million in FY2007 to approximately RMB56.4 million in FY2008. It was mainly due to one-off listing expenses incurred for the Company's listing on SGX-ST, increase in professional fees

paid in relation to the Group's post-listing, and salaries and benefits paid to managerial and administrative personnel in line with the expansion of our business.

Selling expenses increased by approximately 229.4% or RMB19.9 million from RMB8.7 million in FY2007 to RMB28.6 million in FY2008. In conjunction with the sales recognition of pre-sold units in J-Expo (金智·万博商城) upon delivery, sales agency fee amounting to approximately RMB16.2 million was incurred in the current year.

### **Taxation**

Our Group is subject to enterprise income tax and Land Appreciation Tax ("LAT") in the PRC. Our income tax expenses increased by RMB152.1 million from RMB68.7 million to RMB220.8 million. LAT provision was based on progressive rates ranging from 30% to 60% of the appreciation value as defined in the relevant tax laws. Our effective tax rate increased from 59.6% in FY2007 to 59.7% in FY2008. Both rates were higher than the enterprise income tax rate of 25% (2007: 33%), mainly due to the provision of LAT, which represents 73.3% of the total income tax expense in the current year.

### **Net Profit for the year**

The increase in gross profit contributed by sale of our commercial properties project, J-Expo (金智·万博商城), resulted in significant jump of net profit for the current year. Net profit totalled RMB148.8 million in FY2008, compared with RMB46.5 million in FY2007.

### **Review of Group's Financial Position as at 31 December 2008 and 31 December 2007**

Total equity as at 31 December 2008 amounted to approximately RMB1,314.6 million (31 December 2007: approximately RMB576.9 million), representing an increase of 127.9%.

Deposits paid increased by about RMB675.5 million in total, which was mainly due to payments made during the current year for acquisition of two potential sites to be developed into commercial centres. These are earnest payment for Tianrong Fashion City, and a refundable deposit for a site which the group is currently conducting a suitability study for acquisition.

Properties held under development decreased by RMB82.9 million. The decrease was due to the fact that upon completion of construction for J-Expo (金智·万博商城) during the year, the remaining costs incurred were reclassified to properties held for sale. The current balance represented the development and related costs incurred for Phase III of Guoling Shanshui (果岭山水).

Properties held for sale mainly comprised the costs incurred for the unsold units in levels 4 and 5 of J-Expo (金智·万博商城).

Prepayment of LAT dropped significantly by RMB70.4 million from RMB71.2 million to RMB0.8 million. LAT was provided for when sales were recognised upon delivery of pre-sold units in J-Expo (金智·万博商城) to buyers. The decrease in prepayment of LAT was due to the set-off of LAT prepayment with the corresponding LAT liabilities in respect of J-Expo (金智·万博商城) upon the delivery of properties to the buyers.

Receipts in advance decreased by RMB619.0 million from RMB635.9 million to RMB16.9 million. As most of the pre-sold units in J-Expo (金智·万博商城) had already been delivered to buyers, the receipts in advance was recognised as revenue accordingly.

Bank and other borrowings increased by RMB70.0 million. The new bank loan was raised to finance the construction costs incurred for our development projects.

Cash and bank balances decreased from approximately RMB662.6 million as at 31 December 2007 to approximately RMB484.8 million as at 31 December 2008, which was mainly due to the payments made for acquisition of potential sites. The decrease was partially offset by the net IPO proceeds of approximately RMB589.0 million received from the issue of 245 million of new shares.

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Not applicable.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast or prospect statement had been previously disclosed to shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

FY2008 has been a very difficult year for the real estate industry in the PRC in the wake of the global economic crisis, and the group expects to continue to operate under very challenging conditions amidst adverse economic environment in FY2009. The group is adopting a strategic approach in reviewing all its projects (current and potential) periodically and adapt the pace of project developments according to prevailing market conditions.

While infrastructure construction work for Phase III of Guoling Shanshui started in June 2008, the group is currently reviewing its construction schedule and does not rule out slowing down the pace of Phase III construction in tandem with weak market demand. The group will keep shareholders duly informed of any material development in this aspect.

On a positive note, the group established a milestone when its first commercial project – J-Expo was completed in FY2008. Revenue generated from the delivered units contributed to the bulk of the group's earnings for the year. J-Expo also created a new revenue stream from the leasing of units held by the group for rental income.

Following an announcement made in 3QFY08, CentraLand Limited has completed the due diligence on Tianrong Fashion City. The group has decided to make an earnest payment for acquisition of the Tianrong Fashion City site with a view to develop it into an integrated commercial project. More project details will be released later at an appropriate time.

Going forward, the group will continue to selectively and carefully source for potential sites for acquisition and development into commercial centres.

## 11. Dividend

### ***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on?  
None

### ***(b) Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year?  
None

### ***(c) Date payable***

Not applicable.

### ***(d) Books closure date***

Not applicable.

## 12. If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

## 13. Interested person transactions

During the year ended 31 December 2008, the Group sold three commercial units to Mr. Li Shu Chen, Mr. Zhou Fan and Mr. Dong Chuan, senior management of the Group, amounted to approximately RMB244,000, RMB304,000 and RMB164,000 respectively. The sales to Mr. Li Shu Chen, Mr. Zhou Fan and Mr. Dong Chuan gave rise to gross profits of approximately RMB157,000, RMB217,000 and RMB113,000 respectively.

As at 31 December 2008, the Group's bank loans of RMB70,000,000 were guaranteed by Mr Li Wei and Mr Yan Tao, the directors of the Group.

**14. Use of IPO Proceeds**

Future Plans	Actual IPO proceeds <u>RMB million</u>	Amount utilised <u>RMB million</u>	Balance <u>RMB million</u>
Acquire land directly from the government or other entities or indirectly through the acquisition of companies owning land use rights	196.9	196.9	-
Increase the paid-up registered capital of our PRC subsidiary which shall be used in future to acquire land directly from the government or other entities or indirectly through the acquisition of companies owning land use rights	362.9	362.9	-
Balance as general working capital	<u>25.6</u>	<u>15.0</u>	<u>10.6</u>
	<u><u>585.4</u></u>	<u><u>574.8</u></u>	<u><u>10.6</u></u>

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Property development is the only major business segment of the Group. No geographical segment analysis is presented as all Group's revenue was derived in the PRC. Accordingly, no separate business and geographical segment information is prepared.

**16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

**17. A breakdown of sales.**

	<u>Group</u>		
	Year ended 31.12.2008 (Unaudited) <u>RMB'000</u>	Year ended 31.12.2007 (Unaudited) <u>RMB'000</u>	% change <u>+ / (-)</u>
Revenue reported for the first half year	89,807	150,805	(40.4)
Profit after taxation for the first half year	5,021	23,205	(78.4)
Revenue reported for the second half year	623,924	141,089	342.2
Profit after taxation for the second half year	143,826	23,311	517.0

- 18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable

**BY ORDER OF THE BOARD**

Yan Tao  
Chief Executive Officer  
27 February 2009