



百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1168)

2007 RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2007

- Turnover from continuing operations up 25.6% to HK\$2,921.6 million
- Gross Profit from continuing operations up 59.4% to HK\$1,936.8 million
- Profit attributable to equity holders of the Company up 21.3% to HK\$1,167.1 million
- Basic Earnings Per Share up 19.0% to HK35.95 cents
- Proposed final dividend of HK3.50 cents per share

* *for identification purpose only*

ANNUAL RESULTS

The Board of Directors (the “Board” or “Directors”) of Sinolink Worldwide Holdings Limited (the “Company” or “Sinolink”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the “Group”) for the year ended 31 December 2007, together with the comparative figures of the corresponding year in 2006 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Continuing operations			
Turnover	3	2,921,556	2,326,663
Cost of sales		(984,797)	(1,111,500)
Gross profit		1,936,759	1,215,163
Other income		253,011	188,105
Selling expenses		(73,460)	(92,251)
Administrative expenses		(114,300)	(91,200)
Other expenses		(12,610)	(1,013)
Increase in fair value of investment properties		60,577	67,096
Loss on disposal of an associate	4	(288,576)	–
Share of results of associates		(103,247)	(135,204)
Gain arising on deemed disposal by an associate	5	357,003	–
Finance costs	6	(723)	–
Profit before taxation	7	2,014,434	1,150,696
Taxation	8	(699,530)	(416,480)
Profit for the year from continuing operations		1,314,904	734,216
Discontinued operations			
Profit for the year from discontinued operations	9	–	271,036
Profit for the year		<u>1,314,904</u>	<u>1,005,252</u>
Attributable to:			
Equity holders of the Company		1,167,067	962,431
Minority interests		147,837	42,821
		<u>1,314,904</u>	<u>1,005,252</u>
Dividends	10	<u>1,159,293</u>	<u>1,138,365</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	11		
From continuing and discontinued operations			
Basic		<u>35.95</u>	<u>30.21</u>
Diluted		<u>35.64</u>	<u>29.82</u>
From continuing operations			
Basic		<u>35.95</u>	<u>20.23</u>
Diluted		<u>35.64</u>	<u>19.97</u>

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2007

	<i>Notes</i>	2007 HK\$'000	2006 HK\$'000
Non-current assets			
Property, plant and equipment		46,180	43,668
Prepaid lease payments		5,146	4,876
Investment properties		877,298	761,243
Interests in associates		–	963,412
Available-for-sale investments		1,011	3,001
Loan receivable		1,514,001	1,328,081
		2,443,636	3,104,281
Current assets			
Stock of properties		2,141,555	1,919,175
Trade and other receivables	<i>12</i>	148,409	40,938
Prepaid lease payments		89	83
Amounts due from associates		62,650	4,929
Investments held for trading		94,096	–
Pledged bank deposits		5,992	20,607
Bank balances and cash		1,852,956	495,245
		4,305,747	2,480,977
Current liabilities			
Trade and other payables	<i>13</i>	681,671	561,062
Taxation payable		139,557	96,910
Borrowings – amount due within one year		170,940	154,229
		992,168	812,201
Net current assets		3,313,579	1,668,776
Total assets less current liabilities		5,757,215	4,773,057
Non-current liabilities			
Borrowings – amount due after one year		459,402	338,308
Deferred taxation		755,721	287,993
		1,215,123	626,301
		4,542,092	4,146,756
Capital and reserves			
Share capital		328,555	286,377
Reserves		3,735,524	3,543,050
Equity attributable to equity holders of the Company		4,064,079	3,829,427
Minority interests		478,013	317,329
		4,542,092	4,146,756

NOTES

1. GENERAL

The Company is a public limited company incorporated in Bermuda as an exempted company with its shares listed on The Stock Exchange of Hong Kong Limited.

The principal activities of the Group are property development and property investment. In prior year, the Group was also engaged in sale and distribution of liquefied petroleum gas and natural gas (“Gas Fuel”), and construction of gas pipelines and supply of electricity. These operations were discontinued in April 2006 (see note 9).

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time, the following new standard, amendment of Hong Kong Accounting Standards (“HKASs”), interpretations (“INTs”) and amendments (hereinafter collectively referred to as “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the Group’s financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – INT 8	Scope of HKFRS 2
HK(IFRIC) – INT 9	Reassessment of embedded derivatives
HK(IFRIC) – INT 10	Interim financial reporting and impairment

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements ¹
HKAS 23 (Revised)	Borrowing costs ¹
HKAS 27 (Revised)	Consolidated and separate financial statements ²
HKFRS 2 (Amendment)	Vesting conditions and cancellations ¹
HKFRS 3 (Revised)	Business combinations ²
HKFRS 8	Operating segments ¹
HK(IFRIC) – INT 11	HKFRS 2: Group and treasury share transactions ³
HK(IFRIC) – INT 12	Service concession arrangements ⁴
HK(IFRIC) – INT 13	Customer loyalty programmes ⁵
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction ⁴

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 March 2007

⁴ Effective for annual periods beginning on or after 1 January 2008

⁵ Effective for annual periods beginning on or after 1 July 2008

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

(A) Business segments

For management purposes, the Group is currently organised into two operating divisions – property development and property investment. These divisions are the basis on which the Group reports its primary segment information.

In prior year, the Group was also involved in gas fuel business and electricity supplies. These operations were discontinued on 13 April 2006 (see note 9).

Segment information about these business is presented below.

For the year ended 31 December 2007

Continuing operations

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
TURNOVER					
External sales	2,820,796	17,059	83,701	–	2,921,556
Inter-segment sales	–	–	1,850	(1,850)	–
	<u>2,820,796</u>	<u>17,059</u>	<u>85,551</u>	<u>(1,850)</u>	<u>2,921,556</u>
RESULT					
Segment result	<u>1,741,611</u>	<u>75,486</u>	<u>34,106</u>	<u>–</u>	1,851,203
Other income					253,011
Unallocated corporate expenses					(54,237)
Loss on disposal of an associate					(288,576)
Share of results of associates					(103,247)
Gain arising on deemed disposal by an associate					357,003
Finance costs					<u>(723)</u>
Profit before taxation					2,014,434
Taxation					<u>(699,530)</u>
Profit for the year					<u>1,314,904</u>

Inter-segment sales are charged at prevailing market prices.

For the year ended 31 December 2006

	Continuing operations					Discontinued operations			
	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Eliminations HK\$'000	Sub-total HK\$'000	Gas fuel business HK\$'000	Electricity supplies HK\$'000	Sub-total HK\$'000	Consolidated HK\$'000
TURNOVER									
External sales	2,239,596	15,282	71,785	–	2,326,663	657,071	345,318	1,002,389	3,329,052
Inter-segment sales	–	–	1,756	(1,756)	–	–	–	–	–
	<u>2,239,596</u>	<u>15,282</u>	<u>73,541</u>	<u>(1,756)</u>	<u>2,326,663</u>	<u>657,071</u>	<u>345,318</u>	<u>1,002,389</u>	<u>3,329,052</u>
RESULT									
Segment result	<u>1,019,838</u>	<u>80,927</u>	<u>37,969</u>	<u>–</u>	1,138,734	<u>48,514</u>	<u>86,928</u>	135,442	1,274,176
Other income					188,105			37,042	225,147
Discount on acquisitions of subsidiaries/ additional interest in a subsidiary	–	–	–	–	–	23,920	–	23,920	23,920
Unallocated corporate expenses					(40,939)			(10,793)	(51,732)
Share of results of associates					(135,204)			(176)	(135,380)
Gain on disposal of subsidiaries					–			277,143	277,143
Loss on deemed disposal of subsidiaries	–	–	–	–	–	(2,105)	–	(2,105)	(2,105)
Changes in fair value of derivative financial instruments					–			(113,761)	(113,761)
Finance costs					–			(72,636)	(72,636)
Profit before taxation					1,150,696			274,076	1,424,772
Taxation					(416,480)			(3,040)	(419,520)
Profit for the year					<u>734,216</u>			<u>271,036</u>	<u>1,005,252</u>

Inter-segment sales are charged at prevailing market prices.

(B) Geographical segments

As over 90% of the consolidated turnover and trading results for both years is derived from, and over 90% of assets are located in, the People's Republic of China (the "PRC"), an analysis of the consolidated turnover, trading results and assets by geographical location is not presented.

4. LOSS ON DISPOSAL OF AN ASSOCIATE

On 16 October 2007, the Board of the Company declared a special interim dividend which was satisfied by way of a distribution in specie of Enerchina Holdings Limited (“Enerchina”) shares held by the Company in the proportion of 13 Enerchina shares for every 20 shares of the Company. A total of 2,135,606,149 Enerchina shares with aggregate market value worth HK\$961,023,000 were distributed to the shareholders of the Company. Upon the completion of the distribution, the Group’s shareholding in Enerchina was reduced from 45.81% to 1.25% and a loss of HK\$288,576,000 which represented the difference between the carrying amount of Enerchina’s net assets attributable to the Group distributed through the above distribution in specie of HK\$1,305,260,000 and the market value of Enerchina shares being distributed of HK\$961,023,000, (see note 10(a)), and the release of translation reserve of HK\$55,661,000 on disposal of Enerchina, has been recognised in the consolidated income statement for the year.

5. GAIN ARISING ON DEEMED DISPOSAL BY AN ASSOCIATE

During the current year, the shareholding of Enerchina, an associate of the Group, in Towngas China Company Limited (“Towngas China”) (formerly known as Panva Gas Holdings Limited (“Panva”)) was diluted as a result of a very substantial acquisition and a very substantial disposal of Enerchina, details of which are included in a circular of Enerchina dated 30 January 2007. Accordingly, the Group’s unrealised gain arising from the disposal of the Group’s interest in Panva (now known as Towngas China) to Enerchina in 2005, to the extent of Enerchina’s reduction in shareholding in Towngas China as a result of the above mentioned deemed disposal, was recognised during the year.

6. FINANCE COSTS

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on:						
– bank and other borrowings wholly repayable within five years	32,158	30,749	–	18,949	32,158	49,698
– bank and other borrowings not wholly repayable within five years	6,478	886	–	–	6,478	886
– convertible bonds	–	–	–	4,195	–	4,195
– senior notes	–	–	–	32,702	–	32,702
	<u>38,636</u>	<u>31,635</u>	<u>–</u>	<u>55,846</u>	<u>38,636</u>	<u>87,481</u>
Net interest payable on interest rate swaps	<u>–</u>	<u>–</u>	<u>–</u>	<u>16,790</u>	<u>–</u>	<u>16,790</u>
	<u>38,636</u>	<u>31,635</u>	<u>–</u>	<u>72,636</u>	<u>38,636</u>	<u>104,271</u>
Less: Amount capitalised to properties under development for sale	<u>(37,913)</u>	<u>(31,635)</u>	<u>–</u>	<u>–</u>	<u>(37,913)</u>	<u>(31,635)</u>
	<u><u>723</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>72,636</u></u>	<u><u>723</u></u>	<u><u>72,636</u></u>

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 6.8% (2006: 5.8%) to expenditure on qualifying assets in continuing operations.

7. PROFIT (LOSS) BEFORE TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit (loss) before taxation has been arrived at after charging:						
Amortisation of intangible assets (included under administrative expenses)	-	-	-	661	-	661
Depreciation of property, plant and equipment	6,015	7,364	-	48,012	6,015	55,376
Release of prepaid lease payments	85	81	-	1,508	85	1,589
and after crediting:						
Interest income on						
– bank deposits	17,605	14,342	-	10,203	17,605	24,545
– loan receivable	<u>220,794</u>	<u>170,764</u>	<u>-</u>	<u>-</u>	<u>220,794</u>	<u>170,764</u>

8. TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The charge comprises:						
Hong Kong Profits Tax	2,985	-	-	-	2,985	-
PRC Enterprise Income Tax						
– current year	250,684	157,670	-	3,040	250,684	160,710
– underprovision in respect of in prior years	-	48	-	-	-	48
PRC land appreciation tax paid	<u>14,596</u>	<u>6,886</u>	<u>-</u>	<u>-</u>	<u>14,596</u>	<u>6,886</u>
	268,265	164,604	-	3,040	268,265	167,644
Deferred taxation						
– current year	400,478	251,876	-	-	400,478	251,876
– attributable to a change in tax rate	<u>30,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,787</u>	<u>-</u>
	<u>699,530</u>	<u>416,480</u>	<u>-</u>	<u>3,040</u>	<u>699,530</u>	<u>419,520</u>

Hong Kong Profits Tax is calculated at 17.5% for the year. No provision for Hong Kong Profits Tax was made in previous year as the Group has no assessable profit derived from Hong Kong for that year.

The tax rate applicable to the PRC subsidiaries, located in Shenzhen, is 15%.

In 2006, the tax rates applicable to the PRC subsidiaries ranged from 12% to 33%. Pursuant to the relevant laws and regulations in the PRC, certain of the Company's PRC subsidiaries under the Group's discontinued operations, were entitled to exemption from PRC Enterprise Income Tax for the first two years commencing from their first profit-making year of operation and thereafter, these PRC subsidiaries would be entitled to a 50% relief from PRC Enterprise Income Tax for the following three years. The reduced tax rate would for the relief period ranged from 12% to 16.5%. PRC Enterprise Income Tax had been provided for after taking these tax incentives into account.

PRC land appreciation tax ("LAT") is levied at progressive rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures. According to local rules issued by the Shenzhen Government, LAT administration and collection shall be implemented absolutely and among others the sales where contracts were signed on or after 1 November 2005, LAT shall be included in tax filings and assessment. The management of the Group considers that according to Shenfubanhuan [2005] No. 93, Shendishuifa [2005] and other relevant tax regulations in Shenzhen, LAT is levied on the profits arising from property development projects and transfer of real estate with effective from 1 November 2005. In the opinion of the directors, as the Group's property development projects are located in Shenzhen, the LAT for the Group has been accrued accordingly.

On 16 March 2007, PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 15% to 25% for PRC principal subsidiaries from 1 January 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

9. DISCONTINUED OPERATIONS

On 22 March 2006, the Board of the Company declared a special interim dividend to be satisfied by way of a distribution in specie of Enerchina shares held by the Company in the proportion of 5 Enerchina shares for every 10 shares held by the shareholders of the Company. Following the distribution in specie on 13 April 2006, whereby bringing the shareholding of the Company in Enerchina from 74.79% to 45.39%, Enerchina became an associate of the Company after the distribution. Accordingly, certain comparative figures were re-presented so as to reflect the results for the discontinued operations.

HK\$'000

Profit for the period from discontinued operations from
1 January 2006 to 13 April 2006 was analysed as follows:

Loss of gas fuel business and electricity supplies operations for the period	(4,002)
Gain on disposal of subsidiaries	277,143
Loss on deemed disposal of subsidiaries	(2,105)
	<u>271,036</u>

The results of the gas fuel business and electricity supplies operations for the period from 1 January 2006 to 13 April 2006, which have been included in the consolidated income statement were as follows:

	<i>Notes</i>	<i>HK\$'000</i>
Turnover	3	1,002,389
Cost of sales		<u>(792,270)</u>
Gross profit		210,119
Other income		37,042
Discount on acquisition of subsidiaries/additional interest of a subsidiary		23,920
Distribution costs		(20,867)
Administrative expenses		(60,063)
Other expenses		(4,540)
Share of results of associates		(176)
Changes in fair value of derivative financial instruments		(113,761)
Finance costs	6	<u>(72,636)</u>
Loss before taxation	7	(962)
Taxation	8	<u>(3,040)</u>
Loss for the period		(4,002)
Gain on disposal of subsidiaries		277,143
Loss on deemed disposal of subsidiaries		<u>(2,105)</u>
		<u><u>271,036</u></u>
Attributable to:		
Equity holders of the Company		317,905
Minority interests		<u>(46,869)</u>
		<u><u>271,036</u></u>

10. DIVIDENDS

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2007 interim of HK\$0.030 (2006: HK\$0.030) per share	97,635	85,713
2006 final HK\$0.035 (2006: 2005 final of HK\$0.035) per share	100,635	99,768
Special dividend, by way of a distribution in specie of Enerchina shares (<i>notes a & b</i>)	<u>961,023</u>	<u>952,884</u>
	<u>1,159,293</u>	<u>1,138,365</u>

Notes:

- a. On 16 October 2007, the Board of the Company declared a special interim dividend to be satisfied by way of a distribution in specie of Enerchina shares held by the Company in proportion of 13 Enerchina shares for every 20 shares of the Company. A total of 2,135,606,149 Enerchina shares with the aggregate market value worth of HK\$961,023,000 were distributed to shareholders of the Company on 13 November 2007.
- b. On 22 March 2006, the Board of the Company declared a special interim dividend by way of a distribution in respect of Enerchina shares held by the Company in proportion of 5 Enerchina shares for every 10 shares of the Company. A total of 1,422,214,344 Enerchina shares with the aggregate market value worth of HK\$952,884,000 were distributed to shareholders of the Company on 13 April 2006.
- c. The final dividend of HK\$0.035 per share totalling not less than HK\$115,009,000 has been proposed by the directors and are subject to approval by the shareholders in the forthcoming annual general meeting.

11. EARNINGS PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Earnings for the purposes of basic earnings per share, being profit for the year attributable to equity holders of the Company	1,167,067	962,431
Effect of dilutive potential shares:		
Adjustment to the share of results of subsidiaries based on dilution of their earnings per share	<u>—</u>	<u>(127)</u>
Earnings for the purposes of diluted earnings per share	<u>1,167,067</u>	<u>962,304</u>

	Number of shares	
	2007	2006
From continuing and discontinued operations		
Weighted average number of shares for the purposes of basic earnings per share	3,246,742,459	3,185,492,913
Effect of dilutive potential shares:		
Share options	<u>28,056,814</u>	<u>41,872,194</u>
Weighted average number of shares for the purposes of diluted earnings per share	<u>3,274,799,273</u>	<u>3,227,365,107</u>

The weighted average number of shares for the purpose of basic and diluted earnings per share has been adjusted for the bonus issue on 23 May 2007.

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the equity holders of the Company is based on the following data:

	2007	2006
	HK\$'000	HK\$'000
Profit for the year attributable to equity holders of the Company	1,167,067	962,431
Less: Profit for the year attributable to equity holders of the Company from discontinued operations (<i>note 9</i>)	<u>—</u>	<u>(317,905)</u>
Earnings for the purposes of basic and diluted earnings per share from continuing operations	<u>1,167,067</u>	<u>644,526</u>

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operations

Basic earnings per share for the discontinued operations was HK9.98 cents per share and diluted earnings per share for the discontinued operations was HK9.85 cents per share, based on the profit for that period attributable to equity holders of the Company from the discontinued operations for basic and diluted earnings per share of HK\$317,905,000 and HK\$317,778,000 respectively. The denominators used were the same as those detailed above for both basic and diluted earnings per share.

12. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of HK\$1,274,000 (2006: HK\$1,216,000), the aged analysis of which is as follows:

	2007 HK\$'000	2006 HK\$'000
Aged:		
0 to 90 days	819	653
91 to 180 days	205	163
over 181 days	250	400
	<u>1,274</u>	<u>1,216</u>

The fair values of the Group's trade and other receivables at 31 December 2007 approximates to the corresponding carrying amounts.

13. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$487,147,000 (2006: HK\$386,389,000), the aged analysis of which is as follows:

	2007 HK\$'000	2006 HK\$'000
Aged:		
0 to 90 days	444,565	357,951
91 to 180 days	15,660	14,700
181 to 360 days	4,929	2,209
over 360 days	21,993	11,529
	<u>487,147</u>	<u>386,389</u>

The fair values of the Group's trade and other payables at 31 December 2007 approximates to the corresponding carrying amounts.

BUSINESS REVIEW

“It was the best of times, it was the worst of times.” The famous phrase by Charles Dickens could best describe what had happened in China’s property market in 2007.

For the year ended 31 December 2007, the Group achieved remarkable results with turnover amounting to HK\$2,921.6 million, an increase of 25.6% compared to last year. Gross profit increased to HK\$1,936.8 million, or 59.4% higher than a year ago. Profit attributable to equity holders of the Company increased by 21.3% to HK\$1,167.1 million. Basic earnings per share were HK35.95 cents, representing an increase of 19.0% over last year.

The outstanding performance is attributable to strong contribution from the Group’s sale of *The Mangrove West Coast* in Shenzhen.

PROPERTY SALES

For the year ended 31 December 2007, the Group recorded a turnover of HK\$2,820.8 million from property sales, an increase of 26.0% compared to last year. The Group sold a total of approximately 71,836 square metres in gross floor area during the year, a decrease of 26.4% compared to 97,559 square metres last year. Property sales for the year were derived from the sale of *The Mangrove West Coast*, a project in Shenzhen comprising 1,302 units with a total gross floor area of approximately 249,591 square metres.

Gross profit increased by 62.5% to HK\$1,887.8 million compared to HK\$1,161.7 million last year as a result of the significantly higher average selling price of *The Mangrove West Coast*, which increased from RMB25,315 per square metre in 2006 to RMB40,321 per square metre in 2007, representing an increase of approximately 59.3% or RMB15,006 per square metre.

PROPERTY RENTAL

For the year ended 31 December 2007, turnover of the Group’s property rental business was HK\$17.1 million, an increase of 11.8% over last year. The Group’s investment properties consist of mainly retail space in Sinolink Garden with a total gross floor area of 23,337 square metres and approximately 3,280 parking spaces.

PROPERTIES UNDER DEVELOPMENT

As at 31 December 2007, the Group has the following properties under development:

- (1) Sinolink Garden Phase Five, *The Oasis Plaza*, is a development project with a total site area of 40,786 square metres and a total gross floor area of 226,231 square metres. The Group is currently developing this project into four residential blocks with 940 units, and a commercial complex. Structural work of the project has been completed with presale is expected to start in the mid of 2008.

- (2) Shanghai Bund de Rockefeller Group or *ROCKBUND*, is a joint development project with the Rockefeller Group International Inc. The project has a total site area of 18,000 square metres and a total gross floor area of 94,080 square metres. The Group intends to redevelop this historical site into an upscale mixed-use neighborhood, with residential, commercial, retail, offices and hotel facilities. This development project is currently at planning and design stage. The entire project will be completed in 2010 coinciding with the Shanghai World Expo to be held that year.

OTHER BUSINESSES

Other businesses within the Group include property, facility and project managements provided by the Group's property management division. For the year ended 31 December 2007, the Group recorded a revenue of HK\$83.7 million from other businesses, an increase of 16.6% compared to last year.

SPECIAL INTERIM DIVIDEND

On 16 October 2007, the Board of the Company declared a special interim dividend by way of a distribution in specie of Enerchina Holdings Limited (Stock Code: 622, "Enerchina") shares held by the Company. The distribution in specie was in the proportion of 13 Enerchina shares for every 20 shares held by the shareholders of the Company on 7 November 2007. After the distribution of this special dividend, the Group's shareholding in Enerchina was reduced from 45.81% to 1.25%. As such, the Group ceased to account for its investment in Enerchina under the equity method of accounting and recorded a loss on deemed disposal of HK\$288.6 million.

For the period from 1 January 2007 to 16 October 2007, Enerchina contributed HK\$15.1 million profit to the profit of the Group.

PROSPECTS

With its rapid economic expansion, China remained as one of the fastest growing economies in the world in 2007. In order to curb rocketing property prices, the Chinese government has been introducing various austerity measures since 2006. The situation becomes more challenging due to increasing inflation pressure in China and global economic uncertainty at the outset of 2008. The macro-tightening measures are likely to remain in place throughout the year. Whilst these measures aiming at curbing speculation and stabilizing property prices might exert pressure on the property market in the short run, the Group believes that it will be conducive to a healthier growth in the medium and long term.

The Group will adhere to its focused approach of business expansion by concentrating on the first tier cities of the PRC and by maximizing profit margins from the sale of development projects through providing innovative designs and layouts, comprehensive clubhouse facilities and premium customer service that enhance value. We see the rippling effects of the austerity measures as an opportunity to accelerate our growth through capitalizing on the "Sinolink" brand name and our business model. Currently, we are actively pursuing new development and investment projects that match our strategy with good potential.

In 2008, the Group will continue the sale of *The Mangrove West Coast* in Shenzhen and will adhere to the strategy of releasing the remaining units to maximize the profit margins. Prices for luxury property will continue to outperform the mass market as homebuyers' needs and preferences for high-end properties act as key drives. We expect demand and average selling prices to further improve in 2008.

Meanwhile in Shanghai, progress has been made on our *ROCKBUND* project with the planning, design, conservation and marketing works being underway. This historical site will be redeveloped into one of the most cosmopolitan and fashionable quarters comprising comprehensive business, leisure, cultural and entertainment venues. Preliminary marketing work of the retail space has received highly encouraging response and many international retailers and renowned restaurants have expressed interests in opening flagship outlets there.

The *Oasis Plaza* in Shenzhen is progressing smoothly. The residential and commercial portion of the project will be completed in the last quarter of 2008 and the whole project by 2010. Pre-sales of its 940 residential units is expected to start in the mid of 2008. Market interest in the shopping mall is positive which will boost the Group's rental income in the medium term.

FINANCIAL REVIEW

The Group's financial position remains strong with a low debt leverage and strong interest cover. The Group's total borrowings increased from HK\$492.5 million as at 31 December 2006 to HK\$630.3 million as at 31 December 2007. The net increase is mainly due to the net drawdown of bank loans of HK\$137.8 million for the development of property projects. Gearing ratio as at 31 December 2007, calculated on the basis of bank borrowings over shareholders' equity was 15.5%. The Group is in a net cash position and bank borrowings are mainly arranged at floating interest rates.

Total assets pledged in securing these loans have a net book value of HK\$691.9 million as at 31 December 2007. The borrowings of the Group are denominated in RMB. As the entire operation of the Group is carried out in the PRC, substantial receipts and payments in relation to operation are denominated in RMB. No financial instruments were used for hedging purpose; however, the Board is evaluating and closely monitoring the potential impact of RMB appreciation and interest rates movement on the Group.

The Group's cash and cash equivalents amounted to HK\$1,858.9 million (including pledged deposits) as at 31 December 2007 and are mostly denominated in RMB, Hong Kong dollars and US dollars.

CAPITAL COMMITMENTS

As at 31 December 2007, the Group has capital commitments in respect of properties under development amounted to HK\$427.9 million and in respect of committed funding to an associate's property redevelopment projects amounted to HK\$236.8 million.

CONTINGENT LIABILITIES

Guarantees given to banks as security for the mortgage loans arranged for the purchases of the Group's properties amounted to HK\$106.2 million.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has recommended the payment of a final dividend for the year ended 31 December 2007 of HK\$0.035 per share (2006: HK\$0.035 and a bonus issue of one new share for every eight shares held) of HK\$0.10 each in the capital of the Company amounting to not less than HK\$115,009,000 to shareholders whose names appear on the register of members of the Company on Tuesday, 20 May 2008. Upon approval by the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Tuesday, 20 May 2008, the final dividend will be paid on or before Friday, 30 May 2008.

The register of members of the Company will be closed from Thursday, 15 May 2008 to Tuesday, 20 May 2008, both days inclusive, during which period no share transfer will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 14 May 2008.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2007, the Group employed approximately 919 full time employees for its principal activities. The Group recognizes the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme adopted by the Group.

PURCHASES, SALE OR REDEMPTION OF LISTED SHARES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the year ended 31 December 2007.

CORPORATE GOVERNANCE

During the year, the Company complied with the code provisions as set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 31 December 2007, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has an audit committee (“Audit Committee”) which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors. The members of the Audit Committee are Messrs. Davin A. Mackenzie, Tian Jin and Xin Luo Lin. The Audit Committee meets regularly with the Company’s senior management and the Company’s auditors to consider the Company’s financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The annual results of the Group for the year ended 31 December 2007 had been audited by the Company’s auditors, Deloitte Touche Tohmatsu, and had been reviewed by the Audit Committee.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their devoted efforts and hard work.

By Order of the Board
Ou Yaping
Chairman

Hong Kong, 3 April 2008

As at the date of this announcement, the Board comprises:

Executive Directors:

Ou Yaping (*Chairman*)

Tang Yui Man Francis (*Chief Executive Officer*)

Chen Wei

Li Ningjun

Non-executive Director:

Law Sze Lai

Independent Non-executive Directors:

Davin A. Mackenzie

Tian Jin

Xin Luo Lin

* *for identification purpose only*