

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.



百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1168)

2008 RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2008

- Turnover down 42.2% to HK\$1,688.8 million
- Gross Profit down 44.0% to HK\$1,084.9 million
- Profit attributable to equity holders of the Company down 70.6% to HK\$342.9 million
- Basic Earnings Per Share down 71.0% to HK10.43 cents
- Proposed final dividend of HK2.0 cents per Share

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 2008, together with the comparative figures of the corresponding year in 2007 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	<i>Notes</i>	2008 HK\$'000	2007 <i>HK\$'000</i>
Turnover	3	1,688,807	2,921,556
Cost of sales		<u>(603,918)</u>	<u>(984,797)</u>
Gross profit		1,084,889	1,936,759
Other income		179,307	240,694
Selling expenses		(46,300)	(73,460)
Administrative expenses		(120,971)	(114,300)
Other expenses		(9,263)	(12,610)
(Decrease) increase in fair value of investment properties		(67,234)	60,577
Changes in fair value of investments held for trading		(83,623)	12,317
Share of results of associates		(146,546)	(103,247)
Gain arising on deemed disposal by an associate		—	357,003
Loss on disposal of an associate		—	(288,576)
Finance costs	4	<u>(4,899)</u>	<u>(723)</u>
Profit before taxation	5	785,360	2,014,434
Taxation	6	<u>(351,675)</u>	<u>(699,530)</u>
Profit for the year		<u>433,685</u>	<u>1,314,904</u>
Attributable to:			
Equity holders of the Company		342,874	1,167,067
Minority interests		<u>90,811</u>	<u>147,837</u>
		<u>433,685</u>	<u>1,314,904</u>
Dividends	7	<u>213,590</u>	<u>1,159,293</u>
		HK cents	HK cents
Earnings per share	8		
Basic		<u>10.43</u>	<u>35.95</u>
Diluted		<u>10.43</u>	<u>35.64</u>

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2008

	<i>Notes</i>	2008 HK\$'000	2007 HK\$'000
Non-current assets			
Property, plant and equipment	9	49,180	46,180
Prepaid lease payments		5,367	5,146
Investment properties	9	863,812	877,298
Interests in associates		—	—
Available-for-sale investments		1,261	1,011
Loan receivable	10	1,793,870	1,514,001
		<u>2,713,490</u>	<u>2,443,636</u>
Current assets			
Stock of properties	11	2,617,453	2,141,555
Trade receivables, deposits and prepayments	12	84,737	148,409
Prepaid lease payments		94	89
Amounts due from associates		36,540	62,650
Investments held for trading		6,909	94,096
Pledged bank deposits		11,524	5,992
Bank balances and cash		2,015,916	1,852,956
		<u>4,773,173</u>	<u>4,305,747</u>
Current liabilities			
Trade payables, deposits received and accrued charges	13	986,102	681,671
Taxation payable		1,053,051	799,762
Borrowings — amount due within one year		140,167	170,940
		<u>2,179,320</u>	<u>1,652,373</u>
Net current assets		<u>2,593,853</u>	<u>2,653,374</u>
Total assets less current liabilities		<u>5,307,343</u>	<u>5,097,010</u>
Non-current liabilities			
Borrowings — amount due after one year		247,392	459,402
Deferred taxation	14	89,049	95,516
		<u>336,441</u>	<u>554,918</u>
		<u>4,970,902</u>	<u>4,542,092</u>
Capital and reserves			
Share capital	15	328,600	328,555
Reserves		4,067,525	3,735,524
Equity attributable to equity holders of the Company		4,396,125	4,064,079
Minority interests		574,777	478,013
		<u>4,970,902</u>	<u>4,542,092</u>

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, property management and property investment.

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

In the current year, the Group has applied the following amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC) - INT 11	HKFRS 2 - Group and treasury share transactions
HK(IFRIC) - INT 12	Service concession arrangements
HK(IFRIC) - INT 14	HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction

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

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of financial statements ²
HKAS 23 (Revised)	Borrowing costs ²
HKAS 27 (Revised)	Consolidated and separate financial statements ³
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation ²
HKAS 39 (Amendment)	Eligible hedged items ³
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled Entity or associate ²
HKFRS 2 (Amendment)	Vesting conditions and cancellations ²
HKFRS 3 (Revised)	Business combinations ³
HKFRS 7 (Amendment)	Improving disclosures about financial instruments ²
HKFRS 8	Operating segments ²
HK(IFRIC) - INT 9 & HKAS 39 (Amendments)	Embedded derivatives ⁴
HK(IFRIC) - INT 13	Customer loyalty programmes ⁵

HK(IFRIC) - INT 15	Agreements for the construction of real estate ²
HK(IFRIC) - INT 16	Hedges of a net investment in a foreign operation ⁶
HK(IFRIC) - INT 17	Distribution of non-cash assets to owners ³
HK(IFRIC) - INT 18	Transfer of assets from customers ⁷

¹ Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

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

³ Effective for annual periods beginning on or after 1 July 2009

⁴ Effective for annual periods ending on or after 30 June 2009

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

⁶ Effective for annual periods beginning on or after 1 October 2008

⁷ Effective for transfer on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

(A) Turnover

Turnover primarily represents revenue arising on sales of properties, property management income and rental income, excluding discounts, business tax and other sales related taxes. An analysis of the Group's revenue for the year is as follows:

	2008 HK\$'000	2007 HK\$'000
Sales of properties	1,571,992	2,820,796
Property management income	62,271	46,986
Rental income	21,252	17,059
Other service income	<u>33,292</u>	<u>36,715</u>
	<u>1,688,807</u>	<u>2,921,556</u>

(B) Business segments

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

Segment information about these businesses is presented below.

For the year ended 31 December 2008

	Property development <i>HK\$'000</i>	Property management <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	1,571,992	62,271	21,252	33,292	—	1,688,807
Inter-segment sales	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,022</u>	<u>(2,022)</u>	<u>—</u>
	<u>1,571,992</u>	<u>62,271</u>	<u>21,252</u>	<u>35,314</u>	<u>(2,022)</u>	<u>1,688,807</u>
RESULT						
Segment result	<u>895,054</u>	<u>2,355</u>	<u>(48,602)</u>	<u>28,104</u>	<u>—</u>	876,911
Other income						179,307
Unallocated corporate expenses						(35,790)
Changes in fair value of investments held for trading						(83,623)
Share of results of associates	(146,546)	—	—	—	—	(146,546)
Finance costs						<u>(4,899)</u>
Profit before taxation						785,360
Taxation						<u>(351,675)</u>
Profit for the year						<u>433,685</u>

Inter-segment sales are charged at prevailing market prices.

For the year ended 31 December 2007

	Property development <i>HK\$'000</i>	Property management <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	46,986	17,059	36,715	-	2,921,556
Inter-segment sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,850</u>	<u>(1,850)</u>	<u>-</u>
	<u>2,820,796</u>	<u>46,986</u>	<u>17,059</u>	<u>38,565</u>	<u>(1,850)</u>	<u>2,921,556</u>
RESULT						
Segment result	<u>1,741,611</u>	<u>(2,827)</u>	<u>75,486</u>	<u>34,106</u>	<u>-</u>	1,848,376
Other income						240,694
Unallocated corporate expenses						(51,410)
Changes in fair value of investments held for trading						12,317
Share of results of associates	(103,247)	-	-	-	-	(103,247)
Gain arising on deemed disposal by an associate						357,003
Loss on disposal of an associate						(288,576)
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.

(C) 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. FINANCE COSTS

	2008 HK\$'000	2007 HK\$'000
Interest on :		
-bank and other borrowings wholly repayable within five years	41,910	32,158
-bank and other borrowings not wholly repayable within five years	<u>17,664</u>	<u>6,478</u>
	59,574	38,636
Less: Amount capitalised to properties under development for sale	<u>(54,675)</u>	<u>(37,913)</u>
	<u>4,899</u>	<u>723</u>

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.4% (2007:6.8%) to expenditure on qualifying assets.

5. PROFIT BEFORE TAXATION

	2008 HK\$'000	2007 HK\$'000
Profit before taxation has been arrived at after charging:		
Auditors' remuneration	1,680	1,800
Stock of properties recognised as cost of sales	536,203	932,972
Depreciation of property, plant and equipment	7,695	6,015
Operating lease rentals in respect of land and buildings	3,729	4,117
Release of prepaid lease payments	93	85
and after crediting:		
Interest income on:		
- bank deposits	27,244	17,605
- loan receivable	142,561	220,794
- amount due from an associate	1,350	809
Rental income, net of outgoings of approximately HK\$2,621,000 (2007:HK\$2,150,000)	<u>18,631</u>	<u>14,909</u>

6. TAXATION

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax	1,123	2,985
PRC Enterprise Income Tax		
-current year	136,007	250,684
-overprovision in prior year	(298)	—
PRC land appreciation tax	<u>227,157</u>	<u>399,931</u>
	363,989	653,600
Deferred taxation		
-current year	(12,314)	15,143
-attributable to change in tax rate	<u>—</u>	<u>30,787</u>
	<u><u>351,675</u></u>	<u><u>699,530</u></u>

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007 : 17.5%) of the estimated assessable profits for the year.

On 16 March 2007, the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") was enacted by the President's Order No. 63. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. The New Law unifies the income tax rate for both domestic and foreign capital enterprises at 25%, effective 1 January 2008.

There are however certain transitional arrangements. Subsidiaries of the Group which were established and principally operated in the Shenzhen Special Economic Zone should remain entitled to a preferential income tax rate of 18% of its assessable profits for the year ended 31 December 2008 (2007: 15%), which will gradually increase to 25% by 2012.

In addition, PRC LAT shall be levied at progressive rates ranging from 30% to 60% on the appreciation of land value, represented by the excess of sales proceeds of properties over prescribed direct costs. Prescribed direct costs are defined to include costs of land, development and construction costs, as well as certain costs relating to the property development. According to the State Administration of Taxation's official circulars, LAT shall be payable provisionally upon sales of the properties, followed by final ascertainment of the gain at the completion of the properties development. The Shenzhen local tax bureau has echoed by promulgating Shenfubanhuan [2005] No. 93 and Shendishuifa [2005], whereby among others, LAT should be seriously implemented towards sales of properties where contracts were signed on or after 1 November 2005. The management of the Group considers that it has complied with the rules of the aforementioned circulars and other official tax circulars in Shenzhen and LAT for the Group has been accrued accordingly.

7. DIVIDENDS

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2008 interim of HK\$0.030 (2007: HK\$0.030) per share	98,580	97,635
2007 final of HK\$0.035 (2007: 2006 final of HK\$0.035) per share	115,010	100,635
Special dividend, by way of a distribution in species of Enerchina shares (note a)	<u>—</u>	<u>961,023</u>
	<u>213,590</u>	<u>1,159,293</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 an aggregate market value worth of HK\$961,023,000 were distributed to shareholders of the Company on 13 November 2007.
- (b) The final dividend of HK\$0.020 per share totalling not less than HK\$65,720,000 has been proposed by the directors and are subject to approval by the shareholders in the forthcoming annual general meeting.

8. EARNINGS PER SHARE

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Earnings for the purposes of calculating basic and diluted earnings per share, being profit for the year attributable to equity holders of the Company	<u>342,874</u>	<u>1,167,067</u>
	Number of shares	
	2008	2007
Weighted average number of shares for the purposes of basic earnings per share	3,285,964,727	3,246,742,459
Effect of dilutive potential shares:		
Share options	<u>874,503</u>	<u>28,056,814</u>
Weighted average number of shares for the purposes of diluted earnings per share	<u>3,286,839,230</u>	<u>3,274,799,273</u>

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the year, the Group spent approximately HK\$8,042,000 (2007: HK\$6,500,000) on acquisition of property, plant and equipment.

The fair value of the Group's investment properties at 31 December 2008 and 2007 has been arrived at on the basis of a valuation carried out on that date by Messrs. DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group, and have appropriate qualifications. The valuation was performed using the direct comparison method by reference to market evidence of transaction prices for similar properties in the similar locations and conditions.

10. LOAN RECEIVABLE

	2008 HK\$'000	2007 HK\$'000
Shareholder's loan receivable		
Principal (note)	1,555,129	1,290,171
Interest receivable	<u>534,118</u>	<u>391,557</u>
	2,089,247	1,681,728
Less: Loss allocated in excess of cost of investment	<u>(295,377)</u>	<u>(167,727)</u>
	<u><u>1,793,870</u></u>	<u><u>1,514,001</u></u>

Note:

The amount represents shareholder's loan receivable from the Group's associate, Rockefeller Group Asia Pacific, Inc. ("RGAP"), for financing a property development project in Shanghai, which carries a return at 20% per annum and forms part of the net investment of the Group in RGAP. The loan receivable including principal and interest is unsecured and not repayable in the foreseeable future.

The Group has reviewed the carrying amount of loan receivable and considered that this amount is fully recoverable by reference to the present value of the estimated future cash flows discounted using the effective interest rate computed at initial recognition. The directors consider that the fair value of loan receivable at balance sheet date approximates to the carrying amount.

11. STOCK OF PROPERTIES

	2008 HK\$'000	2007 HK\$'000
Properties under development	475,454	862,998
Stock of properties held for sale	<u>2,141,999</u>	<u>1,278,557</u>
	<u><u>2,617,453</u></u>	<u><u>2,141,555</u></u>

Stock of properties were stated at cost.

12. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in trade receivables, deposits and prepayments are trade receivables of HK\$1,451,000 (2007: HK\$1,274,000), the aged analysis of which is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Aged:		
0-90 days	1,141	819
91-180 days	285	205
Over 181 days	<u>25</u>	<u>250</u>
	<u><u>1,451</u></u>	<u><u>1,274</u></u>

13. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

Included in trade payables, deposits received and accrued charges are trade payables of HK\$465,447,000 (2007: HK\$487,147,000) and consideration payable for acquisition of land of HK\$334,694,000 (2007: nil). The aged analysis of trade payables is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Aged:		
0 to 90 days	326,122	444,565
91 to 180 days	1,450	15,660
181 to 360 days	13,195	4,929
Over 360 days	<u>124,680</u>	<u>21,993</u>
	<u><u>465,447</u></u>	<u><u>487,147</u></u>

14. DEFERRED TAXATION

In prior year, the land appreciation tax was included in the Group's deferred taxation. In the current year, the Group considered it is more appropriate to include the land appreciation tax in taxation payable and thus the unpaid land appreciation tax of HK\$660,205,000 in 2007 was reclassified from deferred taxation to taxation payable. The comparative amounts have been restated to conform to the current year presentation.

15. SHARE CAPITAL

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Shares of HK\$0.10 each		
Authorised:		
4,800,000,000 shares of HK\$0.10 each	<u>480,000</u>	<u>480,000</u>
Issued and fully paid:		
3,285,997,924 shares (31.12.2007: 3,285,547,924) of HK\$0.10 each	<u>328,600</u>	<u>328,555</u>

A summary of the movements in the issued capital of the Company is as follows:

	No. of shares	Amount <i>HK\$'000</i>
At 1 January 2008	3,285,547,924	328,555
Issue of shares on exercise of share options	<u>450,000</u>	<u>45</u>
At 31 December 2008	<u>3,285,997,924</u>	<u>328,600</u>

BUSINESS REVIEW

During the second half of 2008, the global financial crisis led by the US sub-prime mortgage crisis, adversely affected the world economy which experienced an unprecedented adjustment and turbulence, although China still achieved a high GDP growth of 9% down from 13% in 2007.

On the mainland property market front, we witnessed both decrease in transactions and prices, which were accelerated further as consumer confidence weakened by market sentiment. Under such tough operating conditions, the Group still worked diligently and adhered to its prudent operating strategy of developing high quality properties and therefore, managed to uphold its high gross margin and continued to build on its sound financial positions.

For the year ended 31 December 2008, the Group achieved turnover of HK\$ 1,688.8 million, representing a decrease of 42.2% as compared to the same period last year. Gross profit decreased to HK\$1,084.9 million for the year ended 31 December 2008, a decrease of 44.0 % as compared to the same period last year. Profit for the year attributable to equity holders of the Company decreased to HK\$342.9 million, representing a decrease of 70.6 % as compared to the same period last year. Basic earnings per share were HK 10.43 cents, representing a decrease of 71.0% as compared to the same period last year.

PROPERTY SALES

For the year ended 31 December 2008, the Group recorded a turnover of HK\$ 1,572.0 million from property sales, representing a decrease of 44.3% as compared to the same period last year. The Group sold a total of approximately 52,511 square metres in gross floor area (“GFA”) during the year as compared to 71,836 square metres for the same period last year, a decrease of 26.9%. Property sales for the year were derived from both the sale of *The Mangrove West Coast* and *The Seasons*.

Gross profit decreased by 45.1% to HK\$1,035.8 million for the year as compared to HK\$1,887.8 million for the same period last year as a result of decrease in the GFA sold. The average selling price of *The Mangrove West Coast* was increased from RMB40,321 per square metre in 2007 to RMB48,491 per square metre in 2008, representing an increase of approximately 20.3% or RMB8,170 per square metre and sold 8,175 square metres of GFA for the year ended 31 December 2008, as compared to 71,645 square metres for the same period last year. The average selling price of *The Seasons*, a newly completed project during 2008, was RMB24,280 per square metre and sold 44,337 square metres of GFA for the year ended 31 December 2008.

Property Rental

For the year ended 31 December 2008, total rental income was HK\$21.3 million, representing an increase of 24.6% as compared to the same period last year, which was attributable to the increased occupancy rate of the Group’s properties.

Segment results amounted to loss of HK\$48.6 million which included a decrease in fair value of investment properties, amounted to HK\$67.2 million (the net income after tax was HK\$50.4 million). The 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 2008, the Group has the following properties under development:

- (1) Sinolink Garden Phase Five, located in Luowu district in Shenzhen, 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 a four residential block with 940 units, and a commercial complex. The whole project is expected to be completed by 2011.

The residential portion of Sinolink Garden Phase Five, *The Seasons*, with GFA of 133,668 square metres was completed in November 2008.

The *Vi City*, the retail podium of Sinolink Garden Phase Five, with GFA of 40,000 square metres has completed construction work and is now starting the marketing campaign with potential tenants with good progress.

The office and hotel portion of Sinolink Garden Phase Five, is now under construction and expected to be completed by 2011.

- (2) Shanghai Bund de Rockefeller Group or *RockBund*, located on the Bund in Shanghai, is a joint development project with the Rockefeller Group International Inc. The project has a total site area of 18,000 square metres and 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 under planning and design and most of the old buildings will be launched into the market to coincide with the Shanghai World Expo in 2010.

Land Acquisition

On 28 August 2008, a new parcel of land in Shanghai was successfully acquired by the Group through auction for the consideration of RMB328 million (approximately HK\$374.3 million). The land is located at 上海長寧區新涇鎮 (Xinjingzhen, Changning District, Shanghai) and the site is presently vacant. It is one of the most accessible areas in the municipality of Shanghai and one of the luxurious residential districts in Shanghai. The planned site area of the land is about 13,599.6 square metres. The land is designated for residential use with the land use rights of 70 years.

The Land is situated in a nice and low density neighbourhood with luxurious residential properties developed in the area, which is conveniently located in approximately 10 minutes from the airport by car and approximately 30 minutes from the city by car. It is the present intention of the Group to develop the Land into a luxurious residential development.

The Directors are of the view that the acquisition compliments with the Group's strategy in property development. Further, the Directors are of the view that the price of the Land is reasonable as compared with other premium sites in Shanghai and other major cities in the PRC. The Company believes that the development project of the Land will be in the interests of the Company and its shareholders as a whole.

OTHER BUSINESSES

Other businesses within the Group include property, facilities and project management provided by the Group's property management division. For the year ended 31 December 2008, the Group recorded revenue from other businesses of HK\$95.6 million, representing an increase of 14.2% as compared to the same period last year.

PROSPECTS

Following the outbreak of the financial crisis, in the second half of 2008, China adjusted its macro-economic policies by adopting more active fiscal policies and moderately loose monetary policies, aiming to boost liquidity in the financial markets and maintain steady economic growth, especially to increase domestic demand. The People's Bank of China has also eliminated quotas limiting lending by banks and also lower lending interest rates several times since September 2008. The key one-year lending rate has fallen to 5.31% from 7.47% since September 2008, which should be beneficial for the recovery and development of the property market in China.

We believe that the negative impact of the global financial crisis on the world economy including China will be even more evident in 2009. This unprecedented uncertainty and risks arising from the external environment will pose enormous challenges to the company's operations for 2009. The Group has built up a prudent and healthy financial position and is well prepared for these challenges. The Group's existing projects comprise quality sites in prime locations with good accessibility where demand and prices remain robust. The Group will continue to enhance its existing portfolio and optimise its rental mix to ensure a steady stream of quality recurrent earnings. The Group will take advantage of opportunities to acquire prime sites with good development potential at attractive valuation and benefit from the long term development of the property market in China.

With long term demand for residential properties and the government's effective land and housing policies amidst solid and sustainable economic development, prospects for property prices in the next two or three years are still promising. Evidence of fundamental demand for residential properties are emerging in the first two months of 2009 as the number of transactions increase in line with reduction in prices and mortgage rates. We expect to see a gradual stabilization in prices and sustainable demand recovery in the near term.

FINANCIAL REVIEW

The Group's financial position remains strong with a low debt leverage and strong interest cover. The Group's total borrowings decreased from HK\$630.3 million as at

31 December 2007 to HK\$387.6 million as at 31 December 2008. New banking facilities and loans amounting to HK\$150.0 million and RMB100.0 million were secured while loans amounted to HK\$50.0 million and RMB436.4 million were repaid. Gearing ratio as at 31 December 2008, calculated on the basis of bank borrowings over shareholders' equity was 8.8% as compared to 15.5% of last year. 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\$400.4 million as at 31 December 2008. The borrowings of the Group are denominated in RMB and Hong Kong dollars. 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\$2,027.4 million (including pledged deposits) as at 31 December 2008 and are mostly denominated in RMB, Hong Kong dollars and US dollars.

CAPITAL COMMITMENTS

As at 31 December 2008, the Group has capital commitments in respect of properties under development amounted to HK\$361.7 million and committed funding to an investment fund amounted to HK\$77.5 million.

CONTINGENT LIABILITIES

Guarantees given to banks as security for the mortgage loans arranged for the purchasers of the Group's properties amounted to HK\$533.1 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 2008 of HK\$0.020 per share (2007: HK\$0.035) of HK\$0.10 each in the capital of the Company amounting to not less than HK\$65,720,000 to shareholders whose names appear on the register of members of the Company on Tuesday, 2 June 2009. Upon approval by the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Tuesday, 2 June 2009, the final dividend will be paid on or before Friday, 12 June 2009.

The register of members of the Company will be closed from Wednesday, 27 May 2009 to Tuesday, 2 June 2009, 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 Tuesday, 26 May 2009.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2008, the Group employed approximately 1,002 full time employees for its principal activities. The Group recognizes the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other 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 2008.

CORPORATE GOVERNANCE

During the year, the Company complied with the code provisions as set out in the Code on Corporate Governance Practices 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 2008, 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 Mr. Tian Jin, Dr. Xiang Bing and Mr. 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 2008 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, 8 April 2009

As at the date of this announcement, the Board comprises Mr. Ou Yaping (Chairman), Mr. Tang Yui Man Francis (Chief Executive Officer), Mr. Chen Wei, Mr. Li Ningjun as Executive Directors and Mr. Law Sze Lai as Non-executive Director and Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin as Independent non-executive Directors.

** For identification purposes only*