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百仕達控股有限公司^{*}

SINOLINK WORLDWIDE HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock code: 1168)

2011 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2011

- Turnover down 77.5% to HK\$204.3 million
- Gross Profit down 73.4% to HK\$129.6 million
- Profit attributable to owners of the Company down 24.5% to HK\$387.8 million
- Basic Earnings Per Share down 24.4% to HK10.95 cents

^{*} *for identification purpose only*

The board of directors (the “Board” or “Directors”) of Sinolink Worldwide Holdings Limited (the “Company” or “Sinolink”) announced the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2011, together with the comparative figures of the corresponding period in 2010 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	<i>NOTES</i>	Six months ended 30.6.2011 HK\$'000 (unaudited)	30.6.2010 HK\$'000 (unaudited)
Turnover	3	204,270	908,206
Cost of sales		<u>(74,689)</u>	<u>(421,558)</u>
Gross profit		129,581	486,648
Other income		166,314	196,208
Selling expenses		(6,296)	(12,804)
Administrative expenses		(37,997)	(63,279)
Increase in fair value of investment properties	9	228,844	123,692
Gain on derivative components of convertible bonds	14	39,934	140,272
Changes in fair value of investments held for trading		22,848	(63,102)
Share of results of associates		13,483	5,847
Finance costs	4	<u>(10,561)</u>	<u>(15,101)</u>
Profit before taxation		546,150	798,381
Taxation	5	<u>(121,433)</u>	<u>(224,928)</u>
Profit for the period	6	<u>424,717</u>	<u>573,453</u>
Attributable to:			
Owners of the Company		387,793	513,427
Non-controlling interests		<u>36,924</u>	<u>60,026</u>
		<u>424,717</u>	<u>573,453</u>
		HK cents	HK cents
Earnings per share	8		
Basic		<u>10.95</u>	<u>14.48</u>
Diluted		<u>9.28</u>	<u>9.68</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Six months ended	
	30.6.2011	30.6.2010
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period	<u>424,717</u>	<u>573,453</u>
Other comprehensive income		
Exchange differences arising on translation	92,124	71,598
Share of translation reserve of associates	<u>2,532</u>	<u>6,720</u>
Other comprehensive income for the period	<u>94,656</u>	<u>78,318</u>
Total comprehensive income for the period	<u>519,373</u>	<u>651,771</u>
Total comprehensive income attributable to:		
Owners of the Company	462,908	583,481
Non-controlling interests	<u>56,465</u>	<u>68,290</u>
	<u>519,373</u>	<u>651,771</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2011

	<i>NOTES</i>	30.6.2011 <i>HK\$'000</i> <i>(unaudited)</i>	31.12.2010 <i>HK\$'000</i> <i>(audited)</i>
Non-current assets			
Property, plant and equipment	9	188,014	151,403
Prepaid lease payments		117,658	116,051
Investment properties	9	1,699,236	1,518,895
Interests in associates		126,944	110,929
Available-for-sale investments		13,761	1,261
Amount due from an investee company		1,820	1,820
Loan receivable	10	2,167,567	2,021,078
		<u>4,315,000</u>	<u>3,921,437</u>
Current assets			
Stock of properties	11	803,358	786,179
Trade and other receivables, deposits and prepayments	12	162,761	203,489
Prepaid lease payments		2,086	2,039
Amounts due from associates		68,339	57,140
Investments held for trading		570,411	547,563
Pledged bank deposits	19	543	1,633
Bank balances and cash		4,643,288	4,915,904
		<u>6,250,786</u>	<u>6,513,947</u>
Current liabilities			
Trade payables, deposits received and accrued charges	13	529,772	580,744
Taxation payable		1,058,554	1,424,188
Borrowings - amount due within one year		208,173	158,754
Convertible bonds	14	347,062	377,641
		<u>2,143,561</u>	<u>2,541,327</u>
Net current assets		<u>4,107,225</u>	<u>3,972,620</u>
Total assets less current liabilities		<u>8,422,225</u>	<u>7,894,057</u>
Non-current liabilities			
Borrowings - amount due after one year		228,366	270,271
Deferred taxation		198,485	147,785
		<u>426,851</u>	<u>418,056</u>
		<u>7,995,374</u>	<u>7,476,001</u>
Capital and reserves			
Share capital	15	354,111	354,111
Reserves		6,734,893	6,271,985
Equity attributable to owners of the Company		7,089,004	6,626,096
Non-controlling interests		906,370	849,905
		<u>7,995,374</u>	<u>7,476,001</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 “Stock Exchange”).

The principal activities of the Group are property development, property investment and property management.

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2010.

In the current interim period, the Group has applied, for the first time, the following new and revised standards and interpretations (“new and revised HKFRSs”) issued by the HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (Revised)	Related party disclosures
HKAS 32 (Amendments)	Classification of rights issues
HK(IFRIC) - INT 14 (Amendments)	Prepayments of a minimum funding requirement
HK(IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied the following new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective:

HKFRS 10	Consolidated financial statements ¹
HKFRS 11	Joint arrangements ¹
HKFRS 12	Disclosure of interests in other entities ¹
HKAS 1 (Amendments)	Presentation of items of other comprehensive income ²
HKAS 19 (Revised 2011)	Employee benefits ¹
HKAS 27 (Revised 2011)	Separate financial statements ¹
HKAS 28 (Revised 2011)	Investments in associates and joint ventures ¹

¹ Effective for annual periods beginning on or after 1 January 2013

² Effective for annual periods beginning on or after 1 July 2012

The five new or revised standards on consolidation, joint arrangements and disclosures including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (Revised 2011) and HKAS 28 (Revised 2011) were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five new or revised standards are applied early at the same time. HKFRS 10 replaces the parts of HKAS 27 “Consolidated and separate financial statements” that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor’s returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. The directors of the Company anticipate that these new or revised standards will be applied in the Group’s consolidated financial statements for financial year beginning of 1 January 2013 and are in the process of assessing the impact.

Other than those disclosed above, the directors of the Company anticipate that the application of these new and revised standards will have no material impact on the results and financial position of the Group.

3. SEGMENT INFORMATION

The following is an analysis of the Group's turnover and results by operating segment for the period under review:

Six months ended 30 June 2011

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Total for reportable segment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
TURNOVER							
External sales	80,378	47,723	51,782	179,883	24,387	—	204,270
Inter-segment sales	—	—	—	—	1,073	(1,073)	—
	<u>80,378</u>	<u>47,723</u>	<u>51,782</u>	<u>179,883</u>	<u>25,460</u>	<u>(1,073)</u>	<u>204,270</u>
SEGMENT RESULT	<u>47,770</u>	<u>270,570</u>	<u>8,954</u>	<u>327,294</u>	<u>8,023</u>	<u>—</u>	335,317
Other income							166,314
Unallocated corporate expenses							(21,185)
Gain on derivative components of convertible bonds							39,934
Changes in fair value of investments held for trading							22,848
Share of results of associates							13,483
Finance costs							<u>(10,561)</u>
Profit before taxation							<u>546,150</u>

Six months ended 30 June 2010

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Total for reportable segment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
TURNOVER							
External sales	829,611	17,230	41,660	888,501	19,705	—	908,206
Inter-segment sales	—	—	—	—	1,026	(1,026)	—
	<u>829,611</u>	<u>17,230</u>	<u>41,660</u>	<u>888,501</u>	<u>20,731</u>	<u>(1,026)</u>	<u>908,206</u>
SEGMENT RESULT	<u>413,653</u>	<u>139,829</u>	<u>5,540</u>	<u>559,022</u>	<u>7,976</u>	<u>—</u>	566,998
Other income							196,208
Unallocated corporate expenses							(32,741)
Gain on derivative components of convertible bonds							140,272
Changes in fair value of investments held for trading							(63,102)
Share of results of associates							5,847
Finance costs							<u>(15,101)</u>
Profit before taxation							<u>798,381</u>

Inter-segment sales are charged at prevailing market prices.

Segment result represents the profit earned by each segment without allocation of central administration costs, directors' salaries, share of results of associates, interest income, change in fair value of investments held for trading and derivative components of convertible bonds and finance costs. This is the measure reported to Chief Executive Officer, the Group's chief operating decision maker, for the purposes of resource allocation and performance assessment.

4. FINANCE COSTS

	Six months ended	
	30.6.2011	30.6.2010
	HK\$'000	HK\$'000
Interest on bank borrowings:		
- wholly repayable within five years	11,264	7,426
- not wholly repayable within five years	—	6,096
Effective interest expense on convertible bonds	<u>9,355</u>	<u>13,371</u>
	20,619	26,893
Less: Amount capitalised to properties under development for sale	—	(11,792)
Amount capitalised to property under construction	(6,035)	—
Amount capitalised to investment properties under construction	<u>(4,023)</u>	<u>—</u>
	<u>10,561</u>	<u>15,101</u>

5. TAXATION

	Six months ended	
	30.6.2011	30.6.2010
	HK\$'000	HK\$'000
The charge comprises:		
Current tax		
PRC Enterprise Income Tax	26,975	95,685
PRC land appreciation tax	<u>47,377</u>	<u>92,645</u>
	74,352	188,330
Deferred taxation	<u>47,081</u>	<u>36,598</u>
	<u>121,433</u>	<u>224,928</u>

No provision for Hong Kong Profits Tax was made in this period as the amount involved was insignificant.

Taxation for subsidiaries of the Group which were established and principally operated in the Shenzhen Special Economic Zone is calculated at the rate of 24% (six months ended 30 June 2010: 22%) of its assessable profits for the six months ended 30 June 2011.

In addition, PRC land appreciation tax (“LAT”) is 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.

6. PROFIT FOR THE PERIOD

Six months ended	
30.6.2011	30.6.2010
HK\$'000	HK\$'000

Profit for the period has been arrived at after charging:

Depreciation of property, plant and equipment	3,990	2,765
Release of prepaid lease payments	49	48

and after crediting:

Interest income (included in other income) from:

- bank deposits	19,117	23,029
- loan receivable	<u>146,489</u>	<u>171,841</u>

7. DIVIDENDS

Six months ended	
30.6.2011	30.6.2010
HK\$'000	HK\$'000

Dividends recognised as distribution during the period:

No final dividend for 2010 (2010: final dividend for 2009 of HK3.0 cents per share)	<u>—</u>	<u>106,233</u>
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The directors have determined that no interim dividend shall be paid in respect of the six months ended 30 June 2011 (six months ended 30 June 2010: nil).

8. EARNINGS PER SHARE

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

	Six months ended	
	30.6.2011	30.6.2010
	HK\$'000	HK\$'000
Earnings for the purpose of basic earnings per share, being profit for the period attributable to owners of the Company	387,793	513,427
Effect of dilutive potential ordinary shares:		
Change in fair value of derivative component of convertible bonds	(39,934)	(140,272)
Interest on convertible bonds	<u>9,355</u>	<u>13,371</u>
Earnings for the purpose of diluted earnings per share	<u>357,214</u>	<u>386,526</u>
	Number of shares	
	30.6.2011	30.6.2010
Weighted average number of shares for the purpose of basic earnings per share	3,541,112,832	3,545,433,274
Effect of dilutive potential ordinary shares:		
Share options	—	2,950,530
Convertible bonds	<u>309,090,909</u>	<u>445,454,546</u>
Weighted average number of shares for the purpose of diluted earnings per share	<u>3,850,203,741</u>	<u>3,993,838,350</u>

The computation of diluted earnings per share for the six months ended 30 June 2011 does not assume the exercise of the Company's outstanding options because the exercise price of the Company's options was higher than the average market price for shares for the six months ended 30 June 2011.

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

During the period, the Group spent approximately HK\$37,197,000 (six months ended 30 June 2010: HK\$45,337,000) on property, plant and equipment which included additions of property under development of HK\$34,860,000 (six months ended 30 June 2010: HK\$42,847,000), and HK\$21,856,000 (six months ended 30 June 2010: HK\$28,564,000) on investment properties under construction respectively.

In current period, the Group disposed certain of its investment properties for cash consideration of HK\$106,971,000 and the gain which arose on the disposal of these investment properties of HK\$64,362,000 has been recognised as increase in fair value of investment properties in the profit and loss for the period.

The fair values of the Group's completed investment properties at 30 June 2011 and 31 December 2010 have been arrived at on the basis of a valuation carried out on those dates by Messrs. DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group, and are the members of The Hong Kong Institute of Surveyors. The valuation of investment properties of HK\$1,603,362,000 (31.12.2010: HK\$1,446,532,000) was arrived at by reference to market evidence of transaction prices for similar properties. The investment properties under construction of HK\$95,874,000 (31.12.2010: HK\$72,363,000) only include the building portion. The directors consider that the fair value of the investment properties under construction at the end of reporting period approximates to its carrying amount.

10. LOAN RECEIVABLE

	30.6.2011 HK\$'000	31.12.2010 HK\$'000
Shareholder's loan receivable	<u>2,167,567</u>	<u>2,021,078</u>

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 20% coupon interest rate per annum and forms part of the net investment of the Group in RGAP. The amount is carried at amortised cost based on the estimated future cash flows that are expected to be received by the Group as well as the estimates of the timing of such receipts. 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.

11. STOCK OF PROPERTIES

	30.6.2011 HK\$'000	31.12.2010 HK\$'000
Properties under development	694,160	653,462
Completed properties held for sale	<u>109,198</u>	<u>132,717</u>
	<u>803,358</u>	<u>786,179</u>

Stock of properties were stated at cost.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.6.2011	31.12.2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	10,968	10,657
Other receivables, deposits and prepayments (Note)	<u>151,793</u>	<u>192,832</u>
	<u>162,761</u>	<u>203,489</u>

Note: Included in other receivables is an amount of HK\$90,678,000 (31.12.2010: HK\$146,000,000) advanced to an independent third party to explore potential opportunities for the investment projects for the Group.

The Group allows an average credit period ranging from 0 to 60 days to its trade customers. The aged analysis of which presented based on the invoice date is as follows:

	30.6.2011	31.12.2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Aged:		
0 to 90 days	10,609	6,825
91 to 180 days	328	3,732
Over 181 days	<u>31</u>	<u>100</u>
	<u>10,968</u>	<u>10,657</u>

13. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

Included in trade payables, deposits received and accrued charges are trade payables of HK\$294,820,000 (31.12.2010: HK\$363,219,000) and receipt in advance from property sales of HK\$27,880,000 (31.12.2010: HK\$62,454,000).

The following is an analysis of trade payables by age, presented based on invoice date.

	30.6.2011	31.12.2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Aged:		
0 to 90 days	237,889	331,734
91 to 180 days	12,917	1,561
181 to 360 days	21,967	8,094
Over 360 days	<u>22,047</u>	<u>21,830</u>
	<u>294,820</u>	<u>363,219</u>

14. CONVERTIBLE BONDS

On 28 September 2009, the Company issued the three-year zero coupon convertible bonds at par with a nominal value of HK\$500,000,000 to independent third parties. The convertible bonds are denominated in Hong Kong dollars. The bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the bonds and their settlement date on 28 September 2012 (“Maturity Date”) at a conversion price of HK\$1.10 per ordinary share. If the bonds have not been converted, they will be redeemed on Maturity Date at par.

During the year ended 31 December 2010, convertible bonds with a nominal value of HK\$150,000,000 were redeemed by the Group at cash consideration of HK\$150,000,000.

In prior periods, convertible bonds with a nominal value of HK\$10,000,000 were converted by the bondholders into 9,090,908 ordinary shares at a conversion price of HK\$1.10 per ordinary share.

There was no redemption and conversion of convertible bonds during the current period.

The convertible bonds contain two components, liability component and conversion and early redemption option derivatives component. The conversion and early redemption option derivatives are measured at fair value with changes in fair value recognised in profit or loss.

The movement of the liability component and conversion and early redemption option derivative components of the convertible bonds for the period are set out as below:

	Carrying amount			
	Principal amount	Liability component	Conversion and early redemption option derivatives	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2011	340,000	303,263	74,378	377,641
Interest charge	—	9,355	—	9,355
Change in fair value	—	—	(39,934)	(39,934)
At 30 June 2011	<u>340,000</u>	<u>312,618</u>	<u>34,444</u>	<u>347,062</u>

The estimate of the fair value of the conversion and early redemption option derivatives is measured based on the binomial option pricing model. Details of the assumptions of conversion and early redemption option derivatives are as follows:

Date of valuation	30.6.2011	31.12.2010
Share price (HK\$)	0.820	1.130
Exercise price (HK\$)	1.100	1.100
Expected volatility (expressed as a weighted average volatility used in the modeling under binomial option pricing model)	41.16%	35.61%
Maturity period	1.2 years	1.7 years
Conversion period	1.2 years	1.7 years

15. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Shares of HK\$0.10 each		
Authorised:		
At 1 January 2011 and 30 June 2011	<u>6,000,000,000</u>	<u>600,000</u>
Issued and fully paid:		
At 1 January 2011 and 30 June 2011	<u>3,541,112,832</u>	<u>354,111</u>

16. RELATED PARTY TRANSACTIONS

Save as disclosed in condensed consolidated statement of financial position and note 10 to the condensed consolidated financial statements, the Group had the following transactions with related parties during the period.

Name of related party	Nature of transaction	Notes	Six months ended	
			30.6.2011 HK\$'000	30.6.2010 HK\$'000
RGAP	Interest income on loan receivable	a	146,489	171,841
Shanghai Bund de Rockefeller Group Master Development Co., Ltd. ("Shanghai Rockefeller")	Project management fee income	a	13,098	13,098
Ms. Cheung Loi Ping	Sales of properties	b	—	3,490
Enerchina Holdings Limited ("Enerchina")	Rental and other fees received	c	1,569	1,689

Notes:

- (a) RGAP and Shanghai Rockefeller are associates of the Group.
- (b) Ms. Cheung Loi Ping is the spouse of Mr. Ou Yaping, the Chairman (an executive director) and a substantial shareholder of the Company who has the ability to exercise significant influence over the operations of the Company.
- (c) Enerchina is a related party to the Group as Mr. Ou Yaping is also the Chairman (an executive director) and a substantial shareholder of Enerchina who has the ability to exercise influence over the operations of Enerchina.

During the period, the emoluments of key management personnel were HK\$8,742,000 (six months ended 30 June 2010: HK\$10,443,000).

17. CONTINGENT LIABILITIES

	30.6.2011 HK\$'000	31.12.2010 HK\$'000
Guarantees given to banks for the mortgage loans arranged for the purchasers of the Group's properties	<u>81,818</u>	<u>88,081</u>

No financial liabilities were recorded as, in the opinion of the directors, the fair values of the financial guarantee contracts at initial recognition were not significant as at 30 June 2011 and 31 December 2010 and it is not probable that the counter parties would default on the relevant loans.

18. COMMITMENTS

	30.6.2011 HK\$'000	31.12.2010 HK\$'000
Capital commitments in respect of other properties under constructions:		
- contracted for but not provided in the condensed consolidated financial statements	<u>502,638</u>	<u>442,411</u>
- authorised but not contracted for	<u>65,918</u>	<u>67,398</u>
Commitments in respect of stock of properties under development:		
- contracted for but not provided in the condensed consolidated financial statements	<u>83,107</u>	<u>58,754</u>
- authorised but not contracted for	<u>356,018</u>	<u>375,890</u>
Committed funding to an investment fund	<u>—</u>	<u>77,500</u>

19. PLEDGE OF ASSETS

At 30 June 2011, bank deposits of HK\$543,000 (31.12.2010: HK\$1,633,000) and investment properties with an aggregate carrying amount of HK\$468,750,000 (31.12.2010: HK\$403,055,000) were pledged to banks to secure general banking facilities granted to the Group.

20. EVENTS AFTER THE END OF INTERIM PERIOD

In August 2011, the Group entered into the redemption agreements with certain bondholders of the Group's convertible bonds, pursuant to which the Group agreed to redeem convertible bonds with an aggregate principal amount of HK\$315 million at a consideration of HK\$315 million. The carrying amount of the liability component and derivatives amounted to HK\$289.6 million and HK\$31.9 million, respectively as at 30 June 2011. The estimated gain from the above transaction is approximately HK\$6.5 million. After the completion of the aforementioned redemption, the outstanding principal amount of the convertible bonds reduced to HK\$25 million.

MANAGEMENT DISCUSSION AND ANALYSIS

In the face of rapidly rising inflation, the PRC has been steadfastly raising banks' reserve ratio and interest rates during the first half of 2011. In addition, on top of the "Ten National Notices" announced last year, the State Council further issued the "Eight National Notices" in January 2011 to expand the scope and magnitude of curbs against rising home prices. As of now, some 40 cities have already implemented property purchase limits, the severity of which slightly varies. On 27 January, the long-awaited property tax reform was approved, with Shanghai and Chongqing launching trial run measures that mark the central government's determined effort to push forward reforms of real estate taxes.

For the six months ended 30 June 2011, the Group's turnover amounted to HK\$204.3 million, a decrease of 77.5% compared with the same period last year. Gross profit dropped by 73.4% to HK\$129.6 million. Profit attributable to owners of the Company fell by 24.5% to HK\$387.8 million. Basic earnings per share amounted to HK10.95 cents, a decline of 24.4% compared with the same period last year.

Property Sales

During the period under review, the Group had only a small amount of properties available for sale, which comprised the remaining units of *The Seasons* and *The Mangrove West Coast*. As such, the Group's turnover from property sales dropped to HK\$80.4 million, a decrease of 90.3% compared with the same period last year. The Group sold a total gross floor area ("GFA") of approximately 1,766 square meters during the period, which was 92.1% less compared to 22,484 square meters recorded a year ago.

During the period, gross profit of property sales declined by 88.2% to HK\$54.0 million compared with the same period last year. *The Mangrove West Coast* sold a GFA of 1,444 square meters at an average selling price of approximately RMB46,000 per square meter. *The Seasons* sold a GFA of 322 square meters at an average selling price of approximately RMB36,000 per square meter.

Property Rental

For the six months ended 30 June 2011, total rental income amounted to HK\$47.7 million, an increase of 177.0% compared with the same period last year. The increase was mainly attributable to the contribution from *The Vi City*, which opened in April 2010 and has a GFA of 39,434 square meters.

With the opening of *The Vi City*, the Group's leasing portfolio now comprises retail space of more than 60,000 square meters and about 3,000 parking spaces.

Properties Under Development

As at 30 June 2011, the Group has the following properties under development:

- (1) *Sinolink Tower*, the hotel and office complex of Sinolink Garden Phase Five, located in Luowu district in Shenzhen, has a GFA of 50,000 square meters comprising 30,000 square meters of hotel space and 20,000 square meters of office space. The property is expected to commence operation in 2012.
- (2) *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 meters and a GFA of 94,080 square meters. The Group intends to redevelop this historical site into an upscale mixed-use neighborhood, with residential, commercial, retail, offices and cultural facilities. The preserved heritage buildings under this development project have commenced operations since May 2010, and the whole project is expected to be completed in 2014.
- (3) *Ningguo Mansions*, the 13,599.6 square meter site with a plot ratio of 1.0 at Kaifong 240 of Changning District in Shanghai, will be developed into 11 quadrate court houses, each with a GFA of 1,000 to 1,500 square meters. David Chipperfield Architects, a British architecture design company, is responsible for the construction and decoration design of the project, which is located in one of the most accessible and luxury living districts in Shanghai. The land is situated in a low density neighbourhood with luxury residential properties around, and is conveniently located being approximately 10 minutes from the airport and approximately 30 minutes from the city center by car.

MAJOR ASSOCIATE

The Group's major associate, Rockefeller Group Asia Pacific, Inc., contributed HK\$13.5 million to the Group's profit, an increase of 130.6% over the same period last year. The increase in the Group's share of results in the associate was due to the change in the fair value of the associate's properties.

Rockbund

Situated at the junction of Huangpu River and Suzhou Creek, *Rockbund* is a redevelopment project that celebrates the birthplace of modern Shanghai. It is part of the historical and cultural preservation area of Shanghai Bund, neighbouring Nanjing Road and the Lujiazui business district and commanding a unique and advantageous location that gives easy access to convenient transport and five-star hotels in the vicinity. Thriving on the theme of “Art Invigorates Business”, the project makes full empowerment of the historical architecture and art aroma in the area to provide high quality leasing space for a variety of businesses with flexible and elegant design layouts to meet customers’ diverse needs.

During the period under review, Rockbund has commenced leasing works for six preserved heritage buildings. More than one hundred representatives from over 40 corporations and institutions have visited the premises as part of the marketing and promotional programme. As of to date, leasing agreements have been entered into with six corporations and institutions, and a number of letters of intent have been signed.

In addition, a wide variety of exhibitions and cultural and arts activities have been held in the Rockbund Art Museum during the period under review, which not only enhanced the reputation and brand status of *Rockbund* in the market but also provided favourable support for its leasing activities.

OTHER BUSINESSES

Other businesses within the Group include property, facilities and project management provided by the Group’s property management division. For the period ended 30 June 2011, the Group recorded revenue from other businesses of HK\$76.2 million, representing an increase of 24.1% compared with the same period last year.

PROSPECTS

Adopted in early 2010, the PRC’s real estate control measures have been in force for more than a year, with a severity that is unprecedented. Some initial success has been achieved since April this year, as reflected in the slower rise in home prices, the lower levels of housing transactions, and a cool-down in market sentiment. Nonetheless, the Management believes that the central government will not rush to relax the control policies given its strong view to ensure success, and the fact that economic growth remains reasonably strong while inflation remains at high levels.

We will closely monitor the impact of government macro-control policies on the real estate market. Moreover, we will seize any opportunities that may arise from market adjustments to timely increase our land bank. All in all, we remain fully confident about the medium to long-term outlook of the PRC's real estate development.

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\$732.3 million as at 31 December 2010 to HK\$749.1 million as at 30 June 2011. The total borrowings as at 30 June 2011 included bank loans of HK\$436.5 million and liability component of the convertible bonds of HK\$312.6 million. Gearing ratio as at 30 June 2011, calculated on the basis of total borrowings over shareholders' equity, was 10.6% as compared to 11.1% as at 31 December 2010. 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 had a carrying value of HK\$469.3 million as at 30 June 2011. The borrowings of the Group are denominated in RMB and HKD. 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 have been used for hedging purpose; however, the Board will continue to evaluate and closely monitor the potential impact of RMB appreciation and interest rates movement on the Group.

The Group's cash and cash equivalents amounted to HK\$4,643.3 million as at 30 June 2011 and were mostly denominated in RMB, HKD and USD.

CAPITAL COMMITMENTS

As at 30 June 2011, the Group had capital commitments in respect of properties under constructions and commitments in respect of stock of properties under development amounting to HK\$568.6 million and HK\$439.1 million respectively.

CONTINGENT LIABILITIES

Guarantees given to banks as security for the mortgage loans arranged for the purchasers of the Group's properties amounted to HK\$81.8 million.

EVENT AFTER THE END OF THE INTERIM PERIOD - REDEMPTION OF CONVERTIBLE BONDS

In August 2011, the Group entered into the redemption agreements with certain bondholders of the Group's convertible bonds, pursuant to which the Group agreed to redeem convertible bonds with an aggregate principal amount of HK\$315 million at a consideration of HK\$315 million. The carrying amount of the liability component and derivatives amounted to HK\$289.6 million and HK\$31.9 million, respectively as at 30 June 2011. The estimated gain from the above transaction is approximately HK\$6.5 million. After the completion of the aforementioned redemption, the outstanding principal amount of the convertible bonds reduced to HK\$25 million.

INTERIM DIVIDEND

In order to retain resources for the Group's business development, the Board does not declare an interim dividend for the six months ended 30 June 2011 (2010: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2011, the Group employed approximately 783 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 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 six months ended 30 June 2011.

CORPORATE GOVERNANCE

During the period, the Company has 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 on the Stock Exchange (the "Listing Rules").

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 six months ended 30 June 2011, 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. Xin Luo Lin, Dr. Xiang Bing and Mr. Tian Jin. The Audit Committee meets regularly with the Company’s senior management and the Company’s auditor to consider the Company’s financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The Audit Committee has reviewed the condensed financial statements for the six months ended 30 June 2011 including the accounting principles and practices adopted by the Group, in conjunction with the Company’s external auditor, Deloitte Touche Tohmatsu.

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
Sinolink Worldwide Holdings Limited
TANG Yui Man Francis
Chief Executive Officer

Hong Kong, 25 August 2011

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 and Mr. XIANG Ya Bo as Executive Directors and Mr. LAW Sze Lai and Mr. LI Ningjun as Non-executive Directors and Mr. TIAN Jin, Dr. XIANG Bing and Mr. XIN Luo Lin as Independent non-executive Directors.