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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)

## 2014 INTERIM RESULTS ANNOUNCEMENT

### FINANCIAL HIGHLIGHTS

*For the six months ended 30 June 2014*

- Turnover down 21% to HK\$142.7 million
- Gross Profit down 17% to HK\$89.0 million
- Profit attributable to owners of the Company up 49% to HK\$22.9 million
- Basic Earnings Per Share up 51% to HK0.65 cents

\* for identification purpose only

The board of directors (the “Board”) of Sinolink Worldwide Holdings Limited (the “Company”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2014.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

		Six months ended	
		30.6.2014	30.6.2013
	NOTES	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Turnover	3	142,670	179,994
Cost of sales		<u>(53,656)</u>	<u>(73,428)</u>
Gross profit		89,014	106,566
Other income		95,238	114,604
Selling expenses		(1,427)	(1,075)
Administrative expenses		(62,898)	(42,921)
Increase in fair value of investment properties		15,152	31,133
Fair value gain (loss) on investments held for trading		362	(48,987)
Share of results of associates		(46,232)	(67,105)
Finance costs	4	<u>(8,427)</u>	<u>(9,108)</u>
Profit before taxation		80,782	83,107
Taxation	5	<u>(38,095)</u>	<u>(45,537)</u>
Profit for the period	6	<u><u>42,687</u></u>	<u><u>37,570</u></u>
Attributable to:			
Owners of the Company		22,896	15,360
Non-controlling interests		<u>19,791</u>	<u>22,210</u>
		<u><u>42,687</u></u>	<u><u>37,570</u></u>
		HK cents	HK cents
Earnings per share	8		
Basic		<u><u>0.65</u></u>	<u><u>0.43</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*FOR THE SIX MONTHS ENDED 30 JUNE 2014*

	<b>Six months ended</b>	
	<b>30.6.2014</b>	30.6.2013
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Profit for the period	<u>42,687</u>	<u>37,570</u>
<b>Other comprehensive (expense) income</b>		
Items that will not be reclassified to profit or loss:		
Exchange differences arising on translation	(52,528)	85,286
Share of translation reserve of associates	<u>(638)</u>	<u>8,234</u>
Other comprehensive (expense) income for the period	<u>(53,166)</u>	<u>93,520</u>
Total comprehensive (expense) income for the period	<u><u>(10,479)</u></u>	<u><u>131,090</u></u>
Total comprehensive (expense) income attributable to:		
Owners of the Company	(20,854)	93,084
Non-controlling interests	<u>10,375</u>	<u>38,006</u>
	<u><u>(10,479)</u></u>	<u><u>131,090</u></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2014

	NOTES	30.6.2014 HK\$'000 (unaudited)	31.12.2013 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		520,170	515,052
Prepaid lease payments		70,482	71,936
Investment properties		2,683,336	2,695,380
Interests in associates		–	–
Amounts due from associates		113,947	106,997
Available-for-sale investments		131,799	133,002
Other receivables		96,649	32,000
Entrusted loans receivable		92,466	–
Loan receivable		2,060,714	2,107,584
		<b>5,769,563</b>	<b>5,661,951</b>
Current assets			
Stock of properties		751,298	742,129
Trade and other receivables, deposits and prepayments	9	71,509	142,587
Prepaid lease payments		1,353	1,367
Investments held for trading		144,874	144,912
Pledged bank deposits		5,817	5,866
Bank balances and cash		3,801,494	4,154,752
		<b>4,776,345</b>	<b>5,191,613</b>
Current liabilities			
Trade and other payables, deposits received and accrued charges	10	542,677	585,538
Taxation payable		780,789	1,018,093
Borrowings – due within one year		39,027	39,424
		<b>1,362,493</b>	<b>1,643,055</b>
Net current assets		<b>3,413,852</b>	<b>3,548,558</b>
Total assets less current liabilities		<b>9,183,415</b>	<b>9,210,509</b>
Non-current liabilities			
Borrowings – due after one year		218,683	240,621
Deferred taxation		351,870	346,547
		<b>570,553</b>	<b>587,168</b>
		<b>8,612,862</b>	<b>8,623,341</b>
Capital and reserves			
Share capital		354,111	354,111
Reserves		7,179,029	7,199,883
Equity attributable to owners of the Company		<b>7,533,140</b>	<b>7,553,994</b>
Non-controlling interests		<b>1,079,722</b>	<b>1,069,347</b>
		<b>8,612,862</b>	<b>8,623,341</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 30 JUNE 2014

### 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 management and property investment.

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

### 2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – INT 21	Levies

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

### 3. TURNOVER AND SEGMENT INFORMATION

The following is an analysis of the Group's turnover and results by reportable and operating segments:

#### Segment information

*Six months ended 30 June 2014*

	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>	Consolidated <i>HK\$'000</i>
TURNOVER						
External sales	<u>–</u>	<u>65,881</u>	<u>59,512</u>	<u>125,393</u>	<u>17,277</u>	<u>142,670</u>
RESULT						
Segment result	<u>(13,478)</u>	<u>67,253</u>	<u>8,637</u>	<u>62,412</u>	<u>8,364</u>	<u>70,776</u>
Other income						95,238
Unallocated corporate expenses						(30,935)
Fair value gain on investments held for trading						362
Share of results of associates						(46,232)
Finance costs						<u>(8,427)</u>
Profit before taxation						<u>80,782</u>

Six months ended 30 June 2013

	Property development HK\$'000	Property investment HK\$'000	Property management HK\$'000	Total for reportable segment HK\$'000	Others HK\$'000	Consolidated HK\$'000
TURNOVER						
External sales	<u>49,489</u>	<u>58,291</u>	<u>55,780</u>	<u>163,560</u>	<u>16,434</u>	<u>179,994</u>
RESULT						
Segment result	<u>23,390</u>	<u>83,834</u>	<u>5,602</u>	<u>112,826</u>	<u>8,169</u>	120,995
Other income						114,604
Unallocated corporate expenses						(27,292)
Fair value loss on investments held for trading						(48,987)
Share of results of associates						(67,105)
Finance costs						<u>(9,108)</u>
Profit before taxation						<u>83,107</u>

Inter-segment sales are charged at prevailing market prices.

Segment result represents the profit earned by each segment without allocation of other income, central administration costs, directors' salaries, share of results of associates, fair value gain (loss) on investments held for trading and finance costs. This is the measure reported to the executive directors, the Group's chief operating decision maker, for performance assessment and resource allocation.

No analysis of the Group's assets and liabilities by reportable segments is disclosed as it is not regularly provided to the executive directors for review.

#### 4. FINANCE COSTS

	Six months ended	
	30.6.2014	30.6.2013
	HK\$'000	HK\$'000
Interest on bank borrowings		
– wholly repayable within five years	4,440	2,765
– not wholly repayable within five years	<u>3,987</u>	<u>6,343</u>
	<u>8,427</u>	<u>9,108</u>

## 5. TAXATION

	Six months ended	
	30.6.2014	30.6.2013
	HK\$'000	HK\$'000
The charge comprises:		
Current tax		
PRC Enterprise Income Tax	29,257	24,716
PRC land appreciation tax ("LAT")	—	8,057
	<u>29,257</u>	<u>32,773</u>
Deferred taxation	8,838	12,764
	<u>38,095</u>	<u>45,537</u>

No provision for Hong Kong Profits Tax had been made in the condensed consolidated financial statements as the amount involved was insignificant.

Taxation for subsidiaries of the Company, which were established and principally operated in the Shenzhen Special Economic Zone, is calculated at the rate of 25% (six months ended 30 June 2013: 25%) of their assessable profits for the six months ended 30 June 2014 according to the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law.

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.

Deferred taxation charge for the period represents deferred tax arising from revaluation of investment properties and undistributed profits of subsidiaries. Deferred taxation on undistributed profits of subsidiaries has been recognised taking into accounts the dividends to be distributed from profits earned by the subsidiaries in the PRC starting from 1 January 2008 under the relevant tax rules and regulations of the PRC that requires withholding tax with tax rate ranging from 5% to 10% upon the distribution of such profits to the shareholders.



## 6. PROFIT FOR THE PERIOD

	<b>Six months ended</b>	
	<b>30.6.2014</b>	30.6.2013
	<b>HK\$'000</b>	HK\$'000
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	<b>5,102</b>	4,667
Release of prepaid lease payments	<b>731</b>	669
Exchange loss	<b>11,290</b>	–
and after crediting:		
Interest income (included in other income) from:		
– listed senior notes classified as investments held for trading	<b>1,757</b>	1,162
– bank deposits	<b>48,507</b>	38,892
– entrusted loans receivable	<b>636</b>	–
– advances paid for investment project	<b>25,949</b>	–
– loan receivable, net of impairment	–	46,499
Exchange gain	–	17,054

## 7. DIVIDENDS

No dividends were paid, declared and proposed by the Company during the interim period (six months ended 30 June 2013: nil). The directors have determined that no dividend will be paid in respect of the current interim period (six months ended 30 June 2013: 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:

	<b>Six months ended</b>	
	<b>30.6.2014</b>	<b>30.6.2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Earnings for the period attributable to owners of the Company for the purpose of basic earnings per share	<b>22,896</b>	<b>15,360</b>
	<b>Number of shares</b>	
	<b>30.6.2014</b>	<b>30.6.2013</b>
Number of shares for the purpose of basic earnings per share	<b>3,541,112,832</b>	<b>3,541,112,832</b>

No diluted earnings per share for the six months ended 30 June 2014 and 30 June 2013 have been presented as there were no potential ordinary shares outstanding during both periods.

## 9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>30.6.2014</b>	<b>31.12.2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade receivables	<b>5,319</b>	7,146
Interest receivables	<b>8,269</b>	7,436
Advances paid for investment projects	–	76,336
Amounts due from investee companies	<b>8,234</b>	8,210
Other receivables, deposits and prepayments	<b>49,687</b>	43,459
	<b>71,509</b>	<b>142,587</b>

The Group allows an average credit period ranging from 0 to 60 days to its customers. The following is an aged analysis of trade receivables presented based on the invoice dates at the end of reporting period, which is approximated respective recognition dates:

	<b>30.6.2014</b>	<b>31.12.2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Aged:		
0 to 60 days	<b>4,277</b>	6,211
61 to 180 days	<b>625</b>	561
Over 181 days	<b>417</b>	374
	<b>5,319</b>	<b>7,146</b>

**10. TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES**

	<b>30.6.2014</b>	31.12.2013
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade payables	<b>81,824</b>	115,788
Other payables for construction work	<b>250,367</b>	257,955
Deposits and receipts in advance	<b>100,719</b>	105,495
Other payables and accrued charges	<b>109,767</b>	106,300
	<hr/>	<hr/>
	<b>542,677</b>	585,538
	<hr/> <hr/>	<hr/> <hr/>

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	<b>30.6.2014</b>	31.12.2013
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Aged:		
0 to 90 days	<b>26,490</b>	24,221
91 to 180 days	<b>10,978</b>	1,182
181 to 360 days	<b>20,218</b>	45,974
Over 360 days	<b>24,138</b>	44,411
	<hr/>	<hr/>
	<b>81,824</b>	115,788
	<hr/> <hr/>	<hr/> <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

During the first half of 2014, the general economic situation of the PRC has been steady, the structural adjustment achieved stable progress, and the transformation and upgrading gained momentum. Gross domestic product for the period (“GDP”) was RMB26.9 trillion, a year-on-year increase of 7.4%. Specifically, the year-on-year growth of the second quarter was 7.5%, which was 0.1 percentage point over the first quarter and a stabilization following two consecutive quarters of decline.

Amidst the positive data, real estate showed a significant downturn, as illustrated by a nosedive in floor space sold and transaction volume. However, we believe this adjustment reflects a rational regression. While the real estate market’s differentiated adjustment will put pressure on the economy in the short term, in the long run it will be good not only for the real estate market’s own healthy operation, but also for the sound development of the national economy.

For the six months ended 30 June 2014, the Group’s turnover amounted to HK\$142.7 million, a decrease of 21% compared with the same period last year. Gross profit dropped by 17% to HK\$89.0 million. Profit attributable to owners of the Company amounted to HK\$22.9 million, an increase of 49%. Basic earnings per share was HK0.65 cents, up 51% compared with the same period last year.

### PROPERTY RENTAL

For the six months ended 30 June 2014, total rental income amounted to HK\$65.9 million, an increase of 13% over the same period last year. The rental income was mainly contributed by the commercial complexes of The Vi City and Sinolink Garden Phase One to Four.

#### Sinolink Tower

Located in Luowu district in Shenzhen, *Sinolink Tower*, the hotel and office complex of Sinolink Garden Phase Five, has a total gross floor area (“GFA”) of 50,000 square meters, of which hotel space occupies 30,000 square meters and office space occupies 20,000 square meters.

As at 30 June 2014, occupancy rate of the office building reached 87%. Tenants are mainly engaged in jewelry, investment and real estate business.

*O Hotel*, the Group’s first personalised hotel, has 189 rooms and suites, as well as a stylish restaurant, a specialty coffee shop, and premium fitness club facilities. The hotel is currently finalizing the interior fit-out work and undergoing government quality inspections with grand opening scheduled to take place in the second half of 2014.

## PROPERTIES UNDER DEVELOPMENT

As at 30 June 2014, the Group has the following properties under development:

### 1. Rockbund

Located on the Bund in Shanghai, *Rockbund* is an integrated property project jointly developed by the Group and The Rockefeller Group International, Inc. The project has a total site area of 18,000 square meters with a GFA of 94,080 square meters comprising preserved heritage buildings and new structures. The Group intends to redevelop this historical site and structures into an upscale mixed-use neighborhood, with residential, commercial, retail, food and beverages, offices and cultural facilities.

During the period under review, *Rockbund* entered into a new agreement with Shanghai New Huangpu (Group) Co. Ltd. and Rockefeller Group WTY-1 Development SRL, pursuant to which the term of the operation of the joint venture was extended by 50 years to 2065. A new business license was granted to the joint venture on 16 July 2014.

### 2. Ningguo Mansions

Located at Changning District in Shanghai, *Ningguo Mansions* is a residential development under construction. The project, a 13,599.6 square meter site with a plot ratio of 1.0, will be developed into 11 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. Situated in one of the most accessible and low-density luxury living districts in Shanghai, *Ningguo Mansions* is approximately 10 minutes from the airport and approximately 30 minutes from the city center by car.

The project is proceeding with deluxe decoration of the garden area, facade renovation and other facility installation works, which are expected to be completed in the second half of 2014.

## MAJOR ASSOCIATE

The Group recorded a share of loss of an associate, Rockefeller Group Asia Pacific, Inc., at an amount of HK\$46.2 million for the six months ended 30 June 2014, a decrease of 31% compared with the same period last year, due to change in the fair value of investment properties held by the associate.

## OTHER BUSINESSES

Other businesses within the Group include property, facilities and project management. For the period ended 30 June 2014, the Group recorded revenue from other businesses of HK\$76.8 million, an increase of 6% compared with the same period last year.

## **PROSPECTS**

Looking forward, the PRC economy is likely to rebound in the second half in light of the government's continued adoption of steady growth policy. But the extent of the rebound will not be huge. The central bank is expected to continue with flexible measures such as a targeted approach in monetary policy to maintain easing. Moreover, with widespread deepening reforms to release economic strength, the PRC is expected to maintain medium to high-speed growth for a significant period of time in the future.

## **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\$280.0 million as at 31 December 2013 to HK\$257.7 million as at 30 June 2014. Gearing ratio as at 30 June 2014, calculated on the basis of total borrowings over shareholders' equity, was 3.4% compared to 3.7% as at 31 December 2013. The Group is in a net cash position and bank borrowings are mainly arranged at floating interest rates.

Total assets pledged in securing loans had a carrying value of HK\$1,388.7 million as at 30 June 2014. 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 have been used for hedging purpose; however, the Board will continue to evaluate and closely monitor the potential impact of RMB and interest rates movements on the Group.

The Group's cash and cash equivalents amounted to HK\$3,807.3 million (including pledged bank deposits) as at 30 June 2014 and were mostly denominated in RMB, HKD and USD.

## **CAPITAL COMMITMENTS**

As at 30 June 2014, the Group had capital commitments in respect of properties under construction and commitments in respect of properties under development amounting to HK\$238.3 million and HK\$180.2 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\$56.0 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 2014 (2013: Nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2014, the Group employed approximately 919 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 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.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S 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 2014.

## **CORPORATE GOVERNANCE**

During the period, the Company has complied with the code provisions as set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") of the Stock exchange.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as 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 2014, 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 interim results of the Group for the six months ended 30 June 2014 had not been audited, but had been reviewed by the Company's auditor, Deloitte Touche Tohmatsu and 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  
**SINOLINK WORLDWIDE HOLDINGS LIMITED**  
**TANG Yui Man Francis**  
*Chairman*

Hong Kong, 26 August 2014

*As at the date of this announcement, the Board comprises Mr. TANG Yui Man Francis (Chairman), Mr. XIANG Ya Bo (Chief Executive Officer) and Mr. CHEN Wei as Executive Directors and Mr. OU Yaping and Mr. LAW Sze Lai as Non-executive Directors and Mr. TIAN Jin, Dr. XIANG Bing and Mr. XIN Luo Lin as Independent Non-executive Directors.*