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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 ANNUAL RESULTS ANNOUNCEMENT

**FINANCIAL HIGHLIGHTS**

*For the year ended 31 December 2014*

- Turnover down 14% to HK$301.4 million
- Gross Profit down 22% to HK$160.9 million
- Profit attributable to owners of the Company amounted to HK$27.7 million
- Basic Earnings Per Share amounted to HK0.78 cents

* *for identification purpose only*

The board of directors (the "Board") of Sinolink Worldwide Holdings Limited (the "Company") announces the audited consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*FOR THE YEAR ENDED 31 December 2014*

| | NOTES | 2014<br>HK$'000 | 2013<br>HK$'000 |
|---|---|---|---|
| Turnover | 3 | **301,373** | 348,840 |
| Cost of sales | | **(140,508)** | (142,777) |
| Gross profit | | **160,865** | 206,063 |
| Other income | | **172,875** | 169,082 |
| Selling expenses | | **(4,827)** | (3,041) |
| Administrative expenses | | **(102,834)** | (91,196) |
| Other expenses | | **(4,215)** | (4,454) |
| Increase in fair value of investment properties | | **41,667** | 121,554 |
| Fair value gain (loss) on investments held for trading | | **14,052** | (59,510) |
| Share of results of associates | | **(139,339)** | (239,266) |
| Finance costs | 4 | **(16,283)** | (17,996) |
| Profit before taxation | 5 | **121,961** | 81,236 |
| Taxation | 6 | **(60,360)** | (104,289) |
| Profit (loss) for the year | | **61,601** | (23,053) |
| Attributable to: | | | |
| Owners of the Company | | **27,745** | (75,350) |
| Non-controlling interests | | **33,856** | 52,297 |
| | | **61,601** | (23,053) |
| | | ***HK cents*** | *HK cents* |
| Earnings (loss) per share | 8 | | |
| Basic | | **0.78** | (2.13) |

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
*FOR THE YEAR ENDED 31 DECEMBER 2014*

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Profit (loss) for the year | **61,601** | (23,053) |
| Other comprehensive (expense) income | | |
| Items that will not be reclassified to profit or loss: | | |
| Exchange differences arising on translation | **(21,614)** | 169,550 |
| Share of translation reserve of associates | **(4,835)** | (634) |
| Other comprehensive (expense) income for the year | **(26,449)** | 168,916 |
| Total comprehensive income for the year | **35,152** | 145,863 |
| Total comprehensive income attributable to: | | |
| Owners of the Company | **4,725** | 65,048 |
| Non-controlling interests | **30,427** | 80,815 |
| | **35,152** | 145,863 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
*AT 31 DECEMBER 2014*

| | *NOTES* | **2014** **HK$'000** | 2013 HK$'000 |
|---|---|---|---|
| Non-current assets | | | |
| Property, plant and equipment | | **604,828** | 515,052 |
| Prepaid lease payments | | **70,300** | 71,936 |
| Investment properties | | **2,633,168** | 2,695,380 |
| Amounts due from associates | | **124,971** | 106,997 |
| Available-for-sale investments | | **143,575** | 133,002 |
| Other receivables | | **96,649** | 32,000 |
| Loan receivable | *9* | **1,963,410** | 2,107,584 |
| | | **5,636,901** | 5,661,951 |
| Current assets | | | |
| Stock of properties | | **824,172** | 742,129 |
| Trade and other receivables, deposits and prepayments | *10* | **188,904** | 142,587 |
| Entrusted loans receivable | | **40,600** | – |
| Prepaid lease payments | | **1,362** | 1,367 |
| Investments held for trading | | **218,940** | 144,912 |
| Pledged bank deposits | | **661** | 5,866 |
| Bank balances and cash | | **3,721,364** | 4,154,752 |
| | | **4,996,003** | 5,191,613 |
| Current liabilities | | | |
| Trade payables, deposits received and accrued charges | *11* | **573,293** | 585,538 |
| Taxation payable | | **800,952** | 1,018,093 |
| Borrowings — due within one year | | **40,067** | 39,424 |
| | | **1,414,312** | 1,643,055 |
| Net current assets | | **3,581,691** | 3,548,558 |
| Total assets less current liabilities | | **9,218,592** | 9,210,509 |
| Non-current liabilities | | | |
| Borrowings — due after one year | | **199,442** | 240,621 |
| Deferred taxation | | **360,657** | 346,547 |
| | | **560,099** | 587,168 |
| | | **8,658,493** | 8,623,341 |
| Capital and reserves | | | |
| Share capital | | **354,111** | 354,111 |
| Reserves | | **7,204,608** | 7,199,883 |
| Equity attributable to owners of the Company | | **7,558,719** | 7,553,994 |
| Non-controlling interests | | **1,099,774** | 1,069,347 |
| | | **8,658,493** | 8,623,341 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
*FOR THE YEAR ENDED 31 DECEMBER 2014*

### 1. GENERAL

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

The consolidated financial statements are presented in Hong Kong dollars ("HKD") while the functional currency of the Company is Renminbi ("RMB"). The reason for selecting HKD as its presentation currency is that the Company is a public company with its shares listed on the Stock Exchange.

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 ("HKFRSs")

In the current year, the Group has applied the following amendments to HKFRSs and interpretation issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

| | |
|---|---|
| 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 the amendments to HKFRSs and interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

| | |
|---|---|
| HKFRS 9 | Financial instruments[1] |
| HKFRS 15 | Revenue from contracts with customers[2] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or contribution of assets between an investor and its associate or joint venture[4] |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment entities: Applying the consolidation exception[4] |
| Amendments to HKFRS 11 | Accounting for acquisitions of interests in joint operations[4] |
| Amendments to HKAS 1 | Disclosure initiative[4] |
| Amendments to HKAS 16 and HKAS 38 | Clarification of acceptable methods of depreciation and amortisation[4] |
| Amendments to HKAS 16 and HKAS 41 | Agriculture: Bearer plants[4] |
| Amendments to HKAS 19 | Defined benefit plans: Employee contributions[3] |
| Amendments to HKAS 27 | Equity method in separate financial statements[4] |
| Amendments to HKFRSs | Annual improvements to HKFRSs 2010–2012 cycle[5] |
| Amendments to HKFRSs | Annual improvements to HKFRSs 2011–2013 cycle[3] |
| Amendments to HKFRSs | Annual improvements to HKFRSs 2012–2014 cycle[4] |

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2017
[3] Effective for annual periods beginning on or after 1 July 2014
[4] Effective for annual periods beginning on or after 1 January 2016
[5] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

**HKFRS 15 Revenue from contracts with customers**

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company are currently assessing on the Group’s financial statements arising from the impact on the application of HKFRS 15. For the moment, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the directors of the Company performs a detailed review.

**HKFRS 9 Financial instruments**

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2011 includes the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revised version of HKFRS 9 was issued in September 2014 mainly to include (a) impairment requirements for financial assets; (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' measurement category for certain simple debt instruments.

All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company are currently assessing on the Group's financial statements arising from the impact on the application of HKFRS 9. For the moment, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the directors of the Company performs a detailed review.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

## 3. TURNOVER AND SEGMENT INFORMATION

### (A) Turnover

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

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Property management income | **121,149** | 116,388 |
| Rental income | **143,138** | 120,675 |
| Sales of properties | **–** | 78,622 |
| Other service income | **37,086** | 33,155 |
| | **301,373** | 348,840 |

**(B) Segment information**

For management purposes, the Group is currently organised into the following operating divisions — property development and sale of properties ("Property development"), property management and property investment. These divisions are the basis on which the Group reports to the executive directors, the Group's chief operating decision makers, for performance assessment and resource allocation.

The following is an analysis of the Group's revenue and results by reportable and operating segment.

**For the year ended 31 December 2014**

| | **Property development** *HK$'000* | **Property management** *HK$'000* | **Property investment** *HK$'000* | **Total for reportable segment** *HK$'000* | **Others** *HK$'000* | **Consolidated** *HK$'000* |
|---|---|---|---|---|---|---|
| TURNOVER | | | | | | |
| External sales | **–** | **121,149** | **143,138** | **264,287** | **37,086** | **301,373** |
| RESULT | | | | | | |
| Segment result | **(2,584)** | **3,976** | **133,686** | **135,078** | **(5,306)** | **129,772** |
| Other income | | | | | | **172,875** |
| Unallocated corporate expenses | | | | | | **(39,116)** |
| Fair value gain on investments held for trading | | | | | | **14,052** |
| Share of results of associates | | | | | | **(139,339)** |
| Finance costs | | | | | | **(16,283)** |
| Profit before taxation | | | | | | **121,961** |

For the year ended 31 December 2013

| | Property development *HK$'000* | Property management *HK$'000* | Property investment *HK$'000* | Total for reportable segment *HK$'000* | Others *HK$'000* | Consolidated *HK$'000* |
|---|---|---|---|---|---|---|
| TURNOVER | | | | | | |
| External sales | 78,622 | 116,388 | 120,675 | 315,685 | 33,155 | 348,840 |
| RESULT | | | | | | |
| Segment result | 3,688 | 2,577 | 241,647 | 247,912 | 15,583 | 263,495 |
| Other income | | | | | | 169,082 |
| Unallocated corporate expenses | | | | | | (34,569) |
| Fair value loss on investments held for trading | | | | | | (59,510) |
| Share of results of associates | | | | | | (239,266) |
| Finance costs | | | | | | (17,996) |
| Profit before taxation | | | | | | 81,236 |

Inter-segment sales are charged at prevailing market prices.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the profit earned/loss incurred by each segment without allocation of other income, central administration costs, directors' salaries, share of results of associates, change in fair value of investments held for trading and finance costs.

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

All the Group's turnover for both years is generated from the PRC (based on where the properties located) and substantially all the Group's non-current assets other than financial instruments (loan and other receivables, amount due from an associate and available-for-sale investments) are also located in the PRC (place of domicile of the group entities that hold such assets). No individual customer of the Group has contributed sales over 10% of the turnover of the Group for each of the year ended 31 December 2014 or 2013.

## 4. FINANCE COST

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest on bank borrowings | | |
| — wholly repayable within five years | **13,159** | 13,089 |
| — not wholly repayable within five years | **3,124** | 4,907 |
| | **16,283** | 17,996 |

## 5. PROFIT BEFORE TAXATION

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Profit before taxation has been arrived at after charging: | | |
| Stock of properties recognised as cost of sales | **–** | 23,487 |
| Depreciation of property, plant and equipment | **29,054** | 9,051 |
| Release of prepaid lease payments | **1,352** | 1,346 |
| and after crediting: | | |
| Rental income, net of outgoings of HK$10,545,000 (2013: HK$10,757,000) | **110,604** | 109,918 |

## 6. TAXATION

| | 2014 | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| The charge comprises: | | |
| Current tax | | |
| PRC Enterprise Income Tax | **44,075** | 56,304 |
| PRC LAT | **–** | 12,584 |
| | **44,075** | 68,888 |
| Underprovisions in PRC Enterprise Income Tax in prior years | **817** | – |
| Deferred taxation | **15,468** | 35,401 |
| | **60,360** | 104,289 |

No provision for Hong Kong Profits Tax has been made in the financial statements as the amount involved was insignificant for both years.

Taxation for subsidiaries of the Group, which were established and principally operated in the Shenzhen Special Economic Zone, is calculated at the rate of 25% of their assessable profits for the year ended 31 December 2014 (2013: 25%) 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, 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 entering into pre-sales contracts of the properties, followed by final ascertainment of the gain at the completion of the properties development. The Shenzhen local tax bureau was echoed by promulgating Shenfubanhan 2005 No. 93 and Shendishuifa 2005, whereby among others, LAT should be seriously implemented towards contracts 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

No dividends were paid, declared or proposed during both years.

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2014 (2013: nil).

## 8. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to the owners of the Company is based on the following data:

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Earnings (loss) for the purpose of basic earnings (loss) per share, being profit (loss) for the year attributable to owners of the Company | **27,745** | (75,350) |

| | **Number of shares** | |
|---|---|---|
| | **2014** | 2013 |
| Number of shares for the purpose of basic earnings (loss) per share | **3,541,112,832** | 3,541,112,832 |

No diluted earnings (loss) per share for the year ended 31 December 2014 and 31 December 2013 have been presented as there were no potential ordinary shares outstanding during both years.

## 9. LOAN RECEIVABLE

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Shareholder's loan receivable | **2,251,567** | 2,251,567 |
| Less: Share of loss and other comprehensive expenses of associate in excess of cost of investment | **(288,157)** | (143,983) |
| | **1,963,410** | 2,107,584 |

The amount represents a shareholder's loan receivable from RGAP, an associate of the Group, for financing RGAP's property development and property investment project in Shanghai, which carries a 20% coupon interest rate per annum and forms part of the net investment in RGAP. As the loan receivable is considered as a net investment, the Group has recognised the share of loss of RGAP in excess of the cost of investment. 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 estimated timing of such receipts. The loan receivable including principal and interest is unsecured and has no fixed repayment terms. The directors consider that the loan receivable will not be repayable within one year from the end of the reporting period, it is classified as non-current asset accordingly.

The directors of the Company have assessed the recoverability of the loan receivable of HK$1,963,410,000 (2013: HK$2,107,584,000) at 31 December 2014 and concluded that the amount will be fully recoverable.

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

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | **7,662** | 7,146 |
| Interest receivables | **10,215** | 7,436 |
| Advances paid for investment projects | **–** | 76,336 |
| Amounts due from investee companies | **6,414** | 8,210 |
| Deposits in the brokers' houses | **134,648** | 6,473 |
| Other receivables, deposits and prepayments | **29,965** | 36,986 |
| | **188,904** | 142,587 |

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 invoice dates at the end of reporting period, which approximated the respective revenue recognition dates.

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Aged: | | |
| 0 to 60 days | **7,236** | 6,211 |
| 61 to 180 days | **256** | 561 |
| Over 181 days | **170** | 374 |
| | **7,662** | 7,146 |

Management closely monitors the credit quality of trade receivables and considers the trade and other receivables that are neither past due nor impaired to be of a good credit quality.

Included in the Group's trade receivables are debtors with aggregate carrying amount of HK$426,000 (2013: HK$935,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Aging of trade debtors which are past due but not impaired:

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 61–180 days | **256** | 561 |
| Over 181 days | **170** | 374 |
| | **426** | 935 |

The Group has not provided fully for all receivables aged over 60 days based on the historical experience of the Group that receivables are past due but not impaired are generally recoverable.

## 11. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade payables | **57,245** | 115,788 |
| Other payables for construction work | **293,092** | 257,955 |
| Deposits and receipts in advance for rental and management fee | **115,106** | 105,495 |
| Other payables and accrued charges | **107,850** | 106,300 |
| | **573,293** | 585,538 |

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

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Aged: | | |
| 0 to 90 days | **6,832** | 24,221 |
| 91 to 180 days | **1,977** | 1,182 |
| 181 to 360 days | **1,938** | 45,974 |
| Over 360 days | **46,498** | 44,411 |
| | **57,245** | 115,788 |

## MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2014, the Group's turnover amounted to HK$301.4 million, a decrease of 14% compared to last year. Gross profit dropped by 22% to HK$160.9 million. Profit attributable to owners of the Company amounted to HK$27.7 million, compared to loss attributable to owners of HK$75.4 million previously. Basic earnings per share was HK0.78 cents.

## PROPERTY RENTAL

For the year ended 31 December 2014, total rental income amounted to HK$143.1 million, an increase of 19% over 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 31 December 2014, occupancy rate of the office building was 85%. 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 commenced trial operation in the fourth quarter of 2014 and is expected to generate steady income.

## PROPERTIES UNDER DEVELOPMENT

As at 31 December 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 year under review, Rockbund entered into a new agreement with Shanghai New Huangpu (Group) Co. Ltd. and Rockefeller Group WTY-I 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, façade renovation and other facility installation works, which are expected to be completed in the second half of 2015.

## MAJOR ASSOCIATE

The Group recorded a share of loss of an associate, Rockefeller Group Asia Pacific, Inc., at an amount of HK$139.3 million for the year ended 31 December 2014, a decrease of 42% compared with 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 31 December 2014, the Group recorded revenue from other businesses of HK$158.2 million, an increase of 6% compared with last year.

## PROSPECTS

Looking ahead, the PRC economy will continue to move steadily forward amidst reforms in 2015. Even though growth will slow further due to internal and external factors, it is expected to remain at around 7%. The Central government will continue to adopt a proactive fiscal policy and a prudent monetary policy, emphasizing “dynamics in the former and flexibility in the latter”. Interest rates and deposit reserve rates are likely to be reduced in 2015 in light of a weakening economy and growing deflationary pressure, but the overall monetary environment should remain stable. With regard to real estate policy, administrative measures such as the restrictions on home purchase and mortgage will be gradually withdrawn, and market forces will once again determine the adjustments. A long-term mechanism will be gradually established, with more flexible local government policies to cope with the differentiations in cities and markets.

## 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$239.5 million as at 31 December 2014. Gearing ratio as at 31 December 2014, calculated on the basis of total borrowings over shareholders' equity, was 3.2% 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$1,413.8 million as at 31 December 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$3,722.0 million (including pledged bank deposits) as at 31 December 2014 and were mostly denominated in RMB, HKD and USD.

## CAPITAL COMMITMENTS

As at 31 December 2014, the Group had capital commitments in respect of properties under construction and commitments in respect of properties under development amounting to HK$43.0 million and HK$121.5 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$48.5 million.

## FINAL DIVIDEND

In order to retain resources for the Group's business development, the Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Nil).

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group employed approximately 936 full time employees for its principal activities. The Group recognizes the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme.

## 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 year ended 31 December 2014.

## CORPORATE GOVERNANCE

During the year, the Company has complied with the code provisions as set out in the Corporate Governance Code set out 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 for Securities Transactions by Directors of Listed Issuers ("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 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, namely, 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 auditor 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 2014 had been audited by the Company's auditor, Deloitte Touche Tohmatsu, and had been reviewed by the Audit Committee.

## ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company ("AGM") was scheduled to be held on Wednesday, 20 May 2015. The notice of AGM will be published on the Company's website at www.sinolinkhk.com and the designated website of the Stock Exchange at www.hkexnews.hk in due course.

The register of members of the Company will be closed from Monday, 18 May 2015 to Wednesday, 20 May 2015, both days inclusive, during which period no share transfer will be effected. In order to identify the entitlement for attending the AGM, 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 Friday, 15 May 2015.

## APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to the staff and management team of the Group for their contribution during the year and also to give my sincere gratitude to all our shareholders for their continual support all these years.

By Order of the Board
**Sinolink Worldwide Holdings Limited**
**Tang Yui Man Francis**
*Chairman*

Hong Kong, 17 March 2015

*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; 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.*

* *for identification purpose only*