



百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1168)

2006 RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2006

- Turnover from continuing operations up 102% to HK\$2,326.7 million
- Gross Profit from continuing operations up 160% to HK\$1,215.2 million
- Profit attributable to equity holders of the Company up 43% to HK\$962.4 million
- Basic Earnings Per Share up 20% to HK33.99 cents
- Proposed final dividend of HK3.5 cent per Share and proposed bonus issue of Shares on the basis of one new Share for every 8 existing Shares held by the shareholders of the Company

ANNUAL RESULTS

The Board of Directors (the “Board” or “Directors”) of Sinolink Worldwide Holdings Limited (the “Company” or “Sinolink”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the “Group”) for the year ended 31 December 2006, together with the comparative figures of the corresponding year in 2005 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 HK\$'000	2005 HK\$'000 (Restated)
Continuing operations			
Turnover	3	2,326,663	1,154,121
Cost of sales		(1,111,500)	(687,174)
Gross profit		1,215,163	466,947
Other income		188,105	22,119
Distribution and selling expenses		(92,251)	(80,000)
Administrative expenses		(91,200)	(92,431)
Other expenses		(1,013)	(54,283)
Increase in fair value of investment properties		67,096	240,778
Gain on disposal of available-for-sale investments		—	206
Share of results of associates		(135,204)	—
Finance costs	4	—	(6,904)
Profit before taxation	5	1,150,696	496,432
Taxation	6	(416,480)	(98,972)
Profit for the year from continuing operations		734,216	397,460
Discontinued operations			
Profit for the year from discontinued operations	7	271,036	589,806
Profit for the year		1,005,252	987,266
Attributable to:			
Equity holders of the Company		962,431	670,909
Minority interests		42,821	316,357
		1,005,252	987,266
Dividends	8	1,138,365	218,571
		HK cents	HK cents
Earnings per share	9		
From continuing and discontinued operations			
Basic		33.99	28.42
Diluted		33.54	28.08
From continuing operations			
Basic		22.76	12.10
Diluted		22.47	11.98

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2006

	NOTES	2006 HK\$'000	2005 HK\$'000
Non-current assets			
Property, plant and equipment		43,668	3,094,885
Prepaid lease payments		4,876	122,088
Investment properties		761,243	481,756
Intangible assets		–	8,969
Goodwill		–	397,077
Interests in associates		963,412	465,738
Available-for-sale investments		3,001	192,301
Pledged bank deposits		–	202,916
Loan receivables		1,328,081	348,026
		3,104,281	5,313,756
Current assets			
Stock of properties		1,919,175	2,350,345
Inventories		–	192,001
Trade and other receivables	10	40,938	1,555,934
Prepaid lease payments		83	3,694
Amounts due from an associate		4,929	–
Investments held for trading		–	154,499
Pledged bank deposits		20,607	82,229
Bank balances and cash		495,245	2,152,484
		2,480,977	6,491,186
Current liabilities			
Trade and other payables	11	561,062	2,113,227
Amounts due to minority shareholders		–	30,343
Derivative financial instruments		–	332,970
Taxation		96,910	123,360
Borrowings – amount due within one year		154,229	1,188,708
		812,201	3,788,608
Net current assets		1,668,776	2,702,578
Total assets less current liabilities		4,773,057	8,016,334
Non-current liabilities			
Borrowings – amount due after one year		338,308	2,623,078
Deferred taxation		287,993	36,117
		626,301	2,659,195
Net assets		4,146,756	5,357,139
Capital and reserves			
Share capital		286,377	263,491
Reserves		3,543,050	3,178,477
Equity attributable to equity holders of the Company		3,829,427	3,441,968
Equity component of convertible bonds of a listed subsidiary		–	48,350
Equity component of share option reserve of listed subsidiaries		–	20,717
Minority interests		317,329	1,846,104
Total equity		4,146,756	5,357,139

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 consolidated financial statements are presented in Hong Kong dollars while the functional currency of the Company is Renminbi.

The principal activities of the Group are property development and property investment. In prior year, the Group was also engaged in sale and distribution of liquefied petroleum gas and natural gas ("Gas Fuel"), and construction of gas pipelines and supply of electricity. These operations were discontinued in the current year (see note 7).

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards, amendment and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standard, amendment or interpretations will have no material impact on the results and financial position of the Group.

HKAS 1 (Amendment)	Capital disclosures ¹
HKFRS 7	Financial instruments: Disclosures ¹
HKFRS 8	Operating segments ²
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ³
HK(IFRIC) – INT 8	Scope of HKFRS 2 ⁴
HK(IFRIC) – INT 9	Reassessment of embedded derivatives ⁵
HK(IFRIC) – INT 10	Interim financial reporting and impairment ⁶
HK(IFRIC) – INT 11	HKFRS 2 – Group and treasury share transactions ⁷
HK(IFRIC) – INT 12	Service concession arrangements ⁸

¹ Effective for annual periods beginning on or after 1 January 2007.

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

³ Effective for annual periods beginning on or after 1 March 2006.

⁴ Effective for annual periods beginning on or after 1 May 2006.

⁵ Effective for annual periods beginning on or after 1 June 2006.

⁶ Effective for annual periods beginning on or after 1 November 2006.

⁷ Effective for annual periods beginning on or after 1 March 2007.

⁸ Effective for annual periods beginning on or after 1 January 2008.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

(A) Business segments

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

In prior year, the Group was also involved in gas fuel business and electricity supplies. These operations were discontinued on 13 April 2006 (see note 7).

For the year ended 31 December 2006

	Continuing operations					Discontinued operations			
	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Eliminations HK\$'000	Sub-total HK\$'000	Gas fuel business HK\$'000	Electricity supplies HK\$'000	Sub-total HK\$'000	Consolidated HK\$'000
TURNOVER									
External sales	2,239,596	15,282	71,785	-	2,326,663	657,071	345,318	1,002,389	3,329,052
Inter-segment sales	-	-	1,756	(1,756)	-	-	-	-	-
	<u>2,239,596</u>	<u>15,282</u>	<u>73,541</u>	<u>(1,756)</u>	<u>2,326,663</u>	<u>657,071</u>	<u>345,318</u>	<u>1,002,389</u>	<u>3,329,052</u>
SEGMENT RESULT	<u>1,019,838</u>	<u>13,831</u>	<u>37,969</u>	<u>-</u>	<u>1,071,638</u>	<u>48,514</u>	<u>86,928</u>	<u>135,442</u>	<u>1,207,080</u>
Other income					188,105			37,042	225,147
Discount on acquisitions of subsidiaries/additional interest of a subsidiary	-	-	-	-	-	23,920	-	23,920	23,920
Unallocated corporate expenses					(40,939)			(10,793)	(51,732)
Gain on disposal of subsidiaries					-			277,143	277,143
Loss on deemed disposal of subsidiaries	-	-	-	-	-	(2,105)	-	(2,105)	(2,105)
Increase in fair value of investment properties	-	67,096	-	-	67,096	-	-	-	67,096
Share of results of associates					(135,204)			(176)	(135,380)
Finance costs					-			(72,636)	(72,636)
Changes in fair value of derivative financial instruments					-			(113,761)	(113,761)
Profit before taxation					1,150,696			274,076	1,424,772
Taxation					(416,480)			(3,040)	(419,520)
Profit for the year					<u>734,216</u>			<u>271,036</u>	<u>1,005,252</u>

For the year ended 31 December 2005

	Continuing operations					Discontinued operations			Consolidated
	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Eliminations HK\$'000	Sub-total HK\$'000	Gas fuel business HK\$'000	Electricity supplies HK\$'000	Sub-total HK\$'000	
TURNOVER									
External	1,109,736	11,441	32,944	–	1,154,121	2,324,100	1,292,131	3,616,231	4,770,352
Inter-segment	–	–	1,702	(1,702)	–	–	–	–	–
	<u>1,109,736</u>	<u>11,441</u>	<u>34,646</u>	<u>(1,702)</u>	<u>1,154,121</u>	<u>2,324,100</u>	<u>1,292,131</u>	<u>3,616,231</u>	<u>4,770,352</u>
SEGMENT RESULT	<u>315,404</u>	<u>8,660</u>	<u>7,690</u>	<u>–</u>	<u>331,754</u>	<u>580,756</u>	<u>124,918</u>	<u>705,674</u>	<u>1,037,428</u>
Other income					22,119			109,681	131,800
Discount on acquisition of subsidiaries	–	–	–	–	–	15,168	–	15,168	15,168
Unallocated corporate expenses					(91,521)			(179,842)	(271,363)
Gain on partial disposal of subsidiaries	–	–	–	–	–	–	40,794	40,794	40,794
Gain on group restructuring exercise					–			180,401	180,401
Gain on disposal of available-for-sale investments					206			116,191	116,397
Increase in fair value of investment properties	–	240,778	–	–	240,778	–	–	–	240,778
Share of results of associates	–	–	–	–	–	20,829	–	20,829	20,829
Finance costs					(6,904)			(175,899)	(182,803)
Changes in fair value of derivative financial instruments					–			(208,127)	(208,127)
Profit before taxation					496,432			624,870	1,121,302
Taxation					(98,972)			(35,064)	(134,036)
Profit for the year					<u>397,460</u>			<u>589,806</u>	<u>987,266</u>

Inter-segment sales are charged at prevailing market prices.

(B) Geographical segments

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

4. FINANCE COSTS

	Continuing operations		Discontinued operations		Consolidated	
	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on:						
Bank and other borrowings wholly repayable within five years	30,749	34,763	18,949	71,673	49,698	106,436
Bank and other borrowings not wholly repayable within five years	886	–	–	–	886	–
Convertible bonds	–	–	4,195	22,782	4,195	22,782
Senior notes	–	–	32,702	132,404	32,702	132,404
	<u>31,635</u>	<u>34,763</u>	<u>55,846</u>	<u>226,859</u>	<u>87,481</u>	<u>261,622</u>
Net interest payable (receivable) on interest rate swaps	–	–	16,790	(43,988)	16,790	(43,988)
	<u>31,635</u>	<u>34,763</u>	<u>72,636</u>	<u>182,871</u>	<u>104,271</u>	<u>217,634</u>
Less: Amount capitalised to properties under development for sale	(31,635)	(31,916)	–	–	(31,635)	(31,916)
Amount capitalised to construction in progress	–	–	–	(7,196)	–	(7,196)
	<u>–</u>	<u>2,847</u>	<u>72,636</u>	<u>175,675</u>	<u>72,636</u>	<u>178,522</u>
Bank charges	–	4,057	–	224	–	4,281
	<u>–</u>	<u>6,904</u>	<u>72,636</u>	<u>175,899</u>	<u>72,636</u>	<u>182,803</u>

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 5.8% (2005: 4.2%) and nil (2005: 5.3%) to expenditure on qualifying assets in continuing and discontinued operations respectively.

5. PROFIT BEFORE TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:						
Amortisation of intangible asset (included under administrative expenses)	–	–	661	428	661	428
Depreciation of property, plant and equipment	7,364	9,740	48,012	158,312	55,376	168,052
Release of prepaid lease payments	81	–	1,508	2,474	1,589	2,474
Share of tax of associates (included in share of results of associates)	5,736	–	514	3,573	6,250	3,573
and after crediting:						
Rental income, net of outgoings of approximately HK\$1,451,000 (2005: HK\$2,781,000)	<u>13,831</u>	<u>8,660</u>	<u>–</u>	<u>–</u>	<u>13,831</u>	<u>8,660</u>

6. TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The charge comprises:						
PRC Enterprise Income Tax						
– current year	157,670	62,855	3,040	41,376	160,710	104,231
– under (over) provision in respect of in prior years	48	–	–	(6,312)	48	(6,312)
PRC Land Appreciation Tax	6,886	–	–	–	6,886	–
	<u>164,604</u>	<u>62,855</u>	<u>3,040</u>	<u>35,064</u>	<u>167,644</u>	<u>97,919</u>
Deferred taxation	251,876	36,117	–	–	251,876	36,117
	<u>416,480</u>	<u>98,972</u>	<u>3,040</u>	<u>35,064</u>	<u>419,520</u>	<u>134,036</u>

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

The tax rate applicable to the PRC subsidiaries ranges from 15% to 33%.

Pursuant to the relevant laws and regulations in the PRC, certain of the Company's PRC subsidiaries are entitled to exemption from PRC enterprise income tax for the first two years commencing from their first profit-making year of operation and thereafter, these PRC subsidiaries will be entitled to a 50% relief from PRC enterprise income tax for the following three years. The reduced tax rate for the relief period ranges from 12% to 16.5%. PRC enterprise income tax has been provided for after taking these tax incentives into account.

PRC land appreciation tax ("LAT") is levied at progressive rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures. According to local rules issued by the Shenzhen Government, property developers in Shenzhen are required to file for and pay LAT for sales contracts signed since 1 November 2005. Since the Group's property development projects are located in Shenzhen and thus the LAT for the Group has been accrued based on this local statutory requirement. However, it should be noted that this local practice may not be consistent with requirements under national rules which may override local rules and practice.

7. DISCONTINUED OPERATIONS

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

	1.1.2006 to 13.4.2006 HK\$'000	1.1.2005 to 31.12.2005 HK\$'000
Profit for the period/year from discontinued operations is analysed as follows:		
(Loss) profit of gas fuel business and electricity supplies operations for the period/year	(4,002)	368,611
Gain on disposal/partial disposal of gas fuel business and electricity supplies operations	277,143	40,794
Gain on group restructuring exercise	–	180,401
Loss on deemed disposal of subsidiaries	(2,105)	–
	<u>271,036</u>	<u>589,806</u>

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

		1.1.2006 to 13.4.2006 HK\$'000	1.1.2005 to 31.12.2005 HK\$'000
	<i>Notes</i>		
Turnover	3	1,002,389	3,616,231
Cost of sales		(792,270)	(2,776,348)
Gross profit		210,119	839,883
Other income		37,042	109,680
Discount on acquisition of subsidiaries/additional interest of a subsidiary		23,920	15,169
Distribution costs		(20,867)	(56,849)
Administrative expenses		(60,063)	(242,594)
Other expenses		(4,540)	(14,608)
Gain on disposal/partial disposal of subsidiaries		277,143	40,794
Gain on group restructuring exercise		–	180,401
Loss on deemed disposal of subsidiaries		(2,105)	–
Gain on disposal of available-for-sale investments		–	116,191
Share of results of associates		(176)	20,829
Changes in fair value of derivative financial instruments		(113,761)	(208,127)
Finance costs	4	(72,636)	(175,899)
Profit before taxation	5	274,076	624,870
Taxation	6	(3,040)	(35,064)
Profit for the period/year		271,036	589,806
Attributable to:			
Equity holders of the Company		317,905	385,281
Minority interests		(46,869)	204,525
		271,036	589,806

8. DIVIDENDS

	2006 HK\$'000	2005 HK\$'000
Dividends recognised as distribution during the year:		
Interim – HK\$0.03 (2005: HK\$0.03) per share	85,713	70,544
2005 special interim – HK\$0.033 (2006: nil) per share	–	77,598
2005 final – HK\$0.035 (2004: HK\$0.03) per share	99,768	70,429
Special dividend, by way of a distribution in species of shares of a subsidiary	952,884	–
	1,138,365	218,571

On 22 March 2006, the board declared a special interim dividend by way of a distribution in respect of Enerchina shares held by the Company in proportion of 5 Enerchina shares for every 10 shares held by the shareholders of the Company. A total of 1,422,214,344 Enerchina shares with the aggregate market value worths HK\$952,884,000 were distributed to shareholders of the Company on 13 April 2006.

The final dividend of HK\$0.035 (2005: HK\$0.035) per share and a bonus issue of one new share of HK\$0.10 credited as fully paid for every eight shares held has been proposed by the directors and are subject to approval by the shareholders in the forthcoming annual general meeting.

9. EARNINGS PER SHARE

For continuing and discontinued operations

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

	2006 HK\$'000	2005 HK\$'000
Earnings for the purposes of basic earnings per share, being profit for the year attributable to equity holders of the Company	962,431	670,909
Effect of dilutive potential shares:		
Adjustment to the share of results of subsidiaries based on dilution of their earnings per share	(127)	(1,250)
Earnings for the purposes of diluted earnings per share	<u>962,304</u>	<u>669,659</u>
	Number of shares	
	2006	2005
Weighted average number of shares for the purposes of basic earnings per share	2,831,549,256	2,360,969,665
Effect of dilutive potential shares:		
Share options	37,219,728	23,816,091
Weighted average number of shares for the purposes of diluted earnings per share	<u>2,868,768,984</u>	<u>2,384,785,756</u>

From continuing operations

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

	2006 HK\$'000	2005 HK\$'000
Profit for the year attributable to equity holders of the Company	962,431	670,909
Less: Profit for the year attributable to equity holders of the Company from discontinued operations	(317,905)	(385,281)
Earnings for the purposes of basic and diluted earnings per share from continuing operations	<u>644,526</u>	<u>285,628</u>

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

From discontinued operations

Basic earnings per share for the discontinued operations is HK11.23 cents per share (2005: HK16.32 cents per share) and diluted earnings per share for the discontinued operations is HK11.08 cents per share (2005: HK16.10 cents per share), based on the profit for the year attributable to equity holders of the Company from the discontinued operations for basic and diluted earnings per share of HK\$317,905,000 (2005: HK\$385,281,000) and HK\$317,778,000 (2005: HK\$384,031,000) respectively. The denominators used are the same as those detailed above for both basic and diluted earnings per share.

10. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of HK\$1,216,000 (2005: HK\$651,495,000), the aged analysis of which is as follows:

	2006 HK\$'000	2005 HK\$'000
Trade debtors	1,216	651,495
Other receivables	39,722	904,439
	<u>40,938</u>	<u>1,555,934</u>
Aged:		
0 to 90 days	653	645,366
91 to 180 days	163	1,054
181 to 360 days	306	1,815
over 360 days	94	3,260
	<u>1,216</u>	<u>651,495</u>

The fair values of the Group's trade and other receivables at 31 December 2006 approximates to the corresponding carrying amounts.

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$386,389,000 (2005: HK\$319,014,000), the aged analysis of which is as follows:

	2006 HK\$'000	2005 HK\$'000
Aged:		
0 to 90 days	357,951	285,304
91 to 180 days	14,700	11,626
181 to 360 days	2,209	2,990
over 360 days	11,529	19,094
	<u>386,389</u>	<u>319,014</u>

The fair values of the Group's trade and other payables at 31 December 2006 approximates to the corresponding carrying amounts.

BUSINESS REVIEW

In April 2006, the Group reorganised to focus its businesses in property development, investment and property management by declaring a special interim dividend to be satisfied by way of a distribution in specie of the shares of Enerchina Holdings Limited ("Enerchina", stock code: 622) held by the Company ("Enerchina shares"). The distribution in specie was in the proportion of 5 Enerchina shares for every 10 shares held by the shareholders of the Company on 22 March 2006. The relevant resolutions in respect of this special dividend were passed on 10 April 2006, reducing the shareholding of the Group in Enerchina from 74.79% to 45.39%. As such, the results and performance of Enerchina is accounted for in the Group's annual financial statements under the equity accounting method.

For the year ended 31 December 2006, the Group achieved remarkable results with turnover of HK\$2,326.7 million, representing an increase of 102% as compared to the restated turnover of 2005. Gross profit increased to HK\$1,215.2 million for the year ended 31 December 2006, an increase of 160% as compared to the restated gross profit of 2005. Profit for the year attributable to equity holders of the Company increased to HK\$962.4 million, representing an increase of 43% as compared to 2005. Basic earnings per share were HK33.99 cents, representing an increase of 20% as compared to 2005.

The outstanding performance is attributable to the strong contribution from the Group's property sales, namely, the sale of units in *The Mangrove West Coast* in Shenzhen, and the gain on disposal of part of the electricity generation and gas fuel businesses.

Property Sales

For the year ended 31 December 2006, the Group recorded a turnover of HK\$2,239.6 million from property sales, representing an increase of 102% as compared to 2005. The Group sold a total of approximately 97,559 square metres in gross floor area during the year as compared to 139,600 square metres for 2005. Property sales in 2006 were mainly derived from the sale of *The Mangrove West Coast* whilst 2005 property sales were mainly derived from the sale of *The Oasis*. *The Mangrove West Coast* is a development project in Shenzhen with a total gross floor area of approximately 249,591 square metres and 1,302 units which was completed and ready for occupancy in June 2006.

Gross profit increased by 159% to HK\$1,161.7 million in 2006 as compared to HK\$448.4 million in 2005 as a result of the significantly higher contribution margin and average selling price of *The Mangrove West Coast* as compared to that of *The Oasis*. The average selling price for *The Mangrove West Coast* was approximately RMB25,315 per square metre and the average selling price for *The Oasis* was approximately RMB9,206 per square metre. There was a significant increase in the average selling price of *The Mangrove West Coast* from RMB21,875 per square metre in 2005 to RMB28,340 per square metre in 2006, representing an increase of approximately 30% or RMB6,465 per square metre.

Property Rental

For the year ended 31 December 2006, turnover from the Group's rental properties was HK\$15.3 million, representing an increase of 34% as compared to 2005. The investment properties consist of mainly retail space in Sinolink Garden with a total gross floor areas of 23,337 square metres and approximately 3,280 parking spaces.

Properties Under Development

As at 31 December 2006, the Group has the following properties under development:

- (1) Sinolink Garden Phase Five, *The Oasis Plaza*, is a development project with a total site area of 40,786 square metres and a total gross floor area of 226,231 square metres. The Group intends to develop this development project into a residential and commercial complex. We have recently signed on Multiplex Cinema Ltd as our anchor tenant. The construction works have commenced during the year and is expected to be completed by the second half of 2008;
- (2) Shanghai Bund de Rockefeller Group or Rock Bund, is a joint development project with the Rockefeller Group International Inc.. The project has a total site area of 18,000 square metres and total gross floor area of 94,080 square metres. The Group intends to redevelop this historical site into an upscale mixed-use neighborhood, with residential, commercial, retail, offices and hotel facilities. This development project is currently under planning and design. It is expected to be completed before the 2010 Shanghai World Expo and initial contacts with anchor tenants have already commenced.

Major Associates

Following the distribution in specie in April 2006, Enerchina and Panva Gas Holdings Limited ("Panva Gas", stock code: 1083) have become the major associates of the Group.

For the year ended 31 December 2006, the electricity generation business of Enerchina recorded a turnover of HK\$1,161.3 million, a decrease of 10% and sold 1,946 million kwh of electricity, representing a decrease of 13% as compared to 2005. The decrease was mainly due to the technical malfunction of one of our power generating unit, which was shut down for repairs from July through to December 2006. The manufacturer of this generating unit has completed the repairs and all the power generating units are functioning normally in the first quarter of 2007. We have commenced the claims procedures with both our insurance provider and the manufacturer to recover the loss as a result of the breakdown. As the final claims have not been finalised and received yet, we have not included the claims amount for the year ended 31 December 2006.

The year 2006 saw continued challenges for the electricity generation business as its direct operating expenses continued to increase due to the escalating fuel cost, putting Enerchina's power generation business under enormous pressure. Through the efforts of the management in improving productivity and strengthening fuel procurement and inventory control, the gross profit margin of power generation for the year increased slightly by 2.1% as compared to 2005. At present, Enerchina is continuing with conversion works on the existing power plants to add natural gas as an alternative fuel source to heavy oil, in an effort to reduce the cost of generating electricity. The conversion works is expected to be completed in 2007.

For the year ended 31 December 2006, the gas fuel business in Panva Gas recorded a turnover of HK\$2,642.9 million, an increase of 13.7% over 2005. The gas fuel business was further divided into sale of piped gas, gas pipeline construction and the sale of Liquefied Petroleum Gas. Turnover contribution from each of these activities amounted to HK\$374.3 million, HK\$331.2 million, and HK\$1,900.8 million, accounting for 14.2%, 12.5%, and 71.9%, respectively, of Panva Gas's turnover. The rapid growth of the piped gas business underlines Panva Gas's shift towards a utility business model with the sale of piped gas becoming a significant source of income.

It's gross profit decreased by 41.3% to HK\$404.7 million and the loss attributable to shareholders amounted to HK\$256.3 million. The net loss was due to the loss in fair value on the two interest rate swaps of approximately HK\$124.2 million, the increase in interest expenses of approximately HK\$4.4 million, the increase in the distribution and administrative expenses of approximately HK\$172.5 million and a fewer number of new piped gas user connections recorded during the year when compared to 2005.

On 4 December 2006, Panva Gas and Hong Kong & China Gas (China) Limited ("HKCG") announced that Panva Gas has agreed to acquire the entire issued share capital of each of the eight companies held by HKCG (collectively the "Target Companies"), which hold equity interests in ten PRC companies that are engaged in piped gas fuel businesses. Panva Gas also agreed that it would take assignment of the outstanding loans due from the Target Companies to HKCG or its associates, being approximately HK\$568.1 million, together with all interest accrued thereon, if any. In consideration of the acquisition (which includes taking assignment of the shareholder loans), Panva Gas agreed to issue approximately 773 million new shares to HKCG, which represented 43.97% of the enlarged issued share capital of Panva Gas. The resolutions related to the agreement were approved at the extraordinary general meeting of Panva Gas and the special general meeting of Enerchina and the completion of the agreement took place on 1 March 2007, upon which HKCG became the single largest shareholder of Panva Gas and Enerchina's shareholding in Panva Gas was reduced from 57.94% to 32.47%.

In order to maintain the public float of Panva Gas at the minimum level of 25%, on the same date, Enerchina placed down 33,918,400 shares in Panva Gas at the placing price of HK\$3.77, raising HK\$126.1 million. The placement further reduced Enerchina's shareholding in Panva Gas to 30.54%.

PROSPECTS

In 2006, China maintained its rapid pace of economic expansion with GDP growth reaching 10.7%. This strong growth accompanied by moderate inflation is expected to continue in 2007. During the year, the Chinese government introduced and implemented several rounds of new austerity measures on the property market in relation to the supply of land, financing, tax collections and industry regulation, aiming to further curtail the surging property prices, property speculation and investment activities. These measures are expected to be implemented in 2007. The Group believes that these measures will not have an adverse impact on the overall property market in the medium to long term as the market is supported by solid fundamentals and strong underlying demand.

The Group remains committed to its long term development strategy in the first tier cities of the PRC, and will continue to expand its portfolio in line with its strategy. We see the effects of the austerity measures as an opportunity to accelerate our growth by capitalizing on our “Sinolink” brand name and business model. The Group is also planning to increase its investment property portfolio so as to secure a stable income stream and position the Group for capital appreciation in the future.

In 2007, the Group will continue the sale of *The Mangrove West Coast* in Shenzhen. The prospects for this exceptional and distinctive project are positive given the continuing economic growth, rising disposable income and scarce supply of new high quality properties in Shenzhen. We expect demand and average selling prices to continue to rise in 2007.

Our other projects, including our first venture in Shanghai, *Rock Bund*, and *The Oasis Plaza* in Shenzhen, are progressing well, and we will continue to enhance returns by seeking new investment opportunities in these and other cities.

Overall, the Group remains positive and confident about the property market and its prospects in the PRC. We believe that our established brand name, innovative and quality designs, experienced management and effective project management team will enable us to meet the new challenges and seize new opportunities ahead.

We remain positive on the prospects of our strategic investments in Enerchina and Panva Gas, despite a challenging year in 2006. Together with HKCG, Panva Gas will be able to strengthen its market position and become the leading piped gas operator in the PRC. Panva Gas will also benefit from the financial strength, management experience and operational and technical expertise of HKCG and achieve potential operational synergies. We expect Enerchina to benefit in its capacity as shareholder of Panva Gas and ultimately generate substantial contributions to the Group. The Group will seek to capitalize on its valuation and enhance returns to our shareholders.

FINANCIAL REVIEW

The Group's total borrowings decreased from HK\$3,811.8 million as at 31 December 2005 to HK\$492.5 million as at 31 December 2006. The net decrease is mainly due to repayment of bank and other loans of HK\$668.9 million and the de-consolidation of the energy and gas fuel businesses since April 2006. The net cash to equity ratio (i.e total debt less cash and bank deposits over shareholders' equity) was 1%. Bank borrowings are used to finance the property development projects and are mainly at floating interest rates.

Total assets pledged in securing these loans have a net book value of HK\$624.1 million as at 31 December 2006. The borrowings of the Group are denominated in RMB. As the entire operation of the Group is carried out in the PRC, substantial receipts and payments in relation to operation are denominated in RMB. No financial instruments were used for hedging purpose; however, the Board is evaluating and closely monitoring the potential impact of RMB appreciation and interest rates movement on the Group.

The Group's cash and cash equivalents amounted to HK\$515.9 million (including pledged deposits) as at 31 December 2006 are mostly denominated in RMB, Hong Kong dollars and US dollars.

CAPITAL MARKET EVENT

On 25 January 2006, the Company entered into a Placing and Subscription Agreement under which 189,456,448 shares were placed to various independent placees at the Placing Price of HK\$2.34, and raised HK\$425.8 million, net of expenses from this placing to finance the Group's existing property development activities, and for general working capital purposes.

Capital Commitments

As at 31 December 2006, the Group has capital commitments in respect of the acquisition of properties under development amounted to HK\$760.1 million and in respect of unpaid capital contribution of investment projects amounted to HK\$91.9 million.

Contingent Liabilities

Guarantees given to banks as security for the mortgage loans arranged for the purchases of the Group's properties amounted to HK\$165.6 million.

FINAL DIVIDEND AND BONUS ISSUE OF SHARES

The Board has recommended the payment of a final dividend for the year ended 31 December 2006 of HK\$0.035 per share of HK\$0.10 each in the capital of the Company (the "**Share**") amounting to HK\$100,579,804.08 to shareholders whose names appear on the register of members of the Company on Wednesday, 23 May 2007. Upon approval by the shareholders of the Company at the forthcoming annual general meeting of the Company ("AGM") to be held on Wednesday, 23 May 2007, the final dividend will be paid on or before Thursday, 31 May 2007.

The Board has also recommended a bonus issue of new Shares (the "**Bonus Shares**") to shareholders of the Company on the basis of one new Share for every eight existing Shares held by the shareholders whose names appear on the register of members of the Company on Wednesday, 23 May 2007 (the "Proposed Bonus Issue"). The Bonus Shares will be issued and credited as fully paid and will rank pari passu with the then issued Shares in all respects with effect from the date of issue, except that they are not entitled to the proposed final dividend for the year ended 31 December 2006 as mentioned above.

The Proposed Bonus Issue is conditional upon: (i) the passing of the relevant ordinary resolution to approve the Proposed Bonus Issue at the AGM; and (ii) the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting or agreeing to grant the listing of and permission to deal in the Bonus Shares to be issued pursuant to the Proposed Bonus Issue.

Subject to fulfillment of the above conditions, certificates for the Bonus Shares are expected to be despatched to shareholders on or about Thursday, 31 May 2007. A notice of AGM enclosed in a circular of the Company containing, among other things, ordinary resolution to approve the Proposed Bonus Issue will be despatched to shareholders of the Company on or about Monday, 30 April 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 18 May 2007 to Wednesday, 23 May 2007, both days inclusive, during which period no share transfer will be effected. In order to qualify for the final dividend and the Proposed Bonus Issue, 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 Thursday, 17 May 2007.

Employees and Remuneration Policies

As at 31 December 2006, the Group employed approximately 791 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 benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme adopted by the Group.

PURCHASES, SALE OR REDEMPTION OF LISTED SHARES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the year ended 31 December 2006.

CORPORATE GOVERNANCE

During the year, the Company complied with the code provisions as set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange except that members of the independent board were unable to attend the special general meeting of the Company held on 10 April 2006 due to other business commitment at the time. This does not meet with the second sentence of the code provision E.1.2 of the Code which provides that the chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a transaction that is subject to independent shareholders' approval.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 31 December 2006, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

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

The annual results of the Group for the year ended 31 December 2006 had been audited by the Company's auditors, Deloitte Touche Tohmatsu, and had been reviewed by the Audit Committee.

APPRECIATION

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

By Order of the Board
Tang Yui Man Francis
Chief Executive Officer

Hong Kong, 19 April 2007

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

Executive Directors:

Ou Yaping (*Chairman*)
Tang Yui Man Francis (*Chief Executive Officer*)
Chen Wei
Law Sze Lai

Independent Non-executive Directors:

Davin A. Mackenzie
Tian Jin
Xin Luo Lin

* *for identification purpose only*

Website: <http://www.irasia.com/listco/hk/sinolink>

Please also refer to the published version of this announcement in South China Morning Post.