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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)

## 2012 INTERIM RESULTS ANNOUNCEMENT

### FINANCIAL HIGHLIGHTS

*For the six months ended 30 June 2012*

- Turnover down 21% to HK\$162.2 million
- Gross Profit down 32% to HK\$88.2 million
- Profit attributable to owners of the Company down 26% to HK\$286.7 million
- Basic Earnings Per Share down 26% to HK8.10 cents

\* *for identification purpose only*

The board of directors (the “Board”) of Sinolink Worldwide Holdings Limited (the “Company”) announced the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2012.

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2012**

		<b>Six months ended</b>	
		<b>30.6.2012</b>	<b>30.6.2011</b>
	<i>NOTES</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Turnover	3	<b>162,205</b>	204,270
Cost of sales		<b>(73,993)</b>	(74,689)
Gross profit		<b>88,212</b>	129,581
Other income		<b>213,905</b>	166,314
Selling expenses		<b>(1,863)</b>	(6,296)
Administrative expenses		<b>(38,376)</b>	(37,997)
Increase in fair value of investment properties	10	<b>300,832</b>	228,844
Gain on derivative components of convertible bonds	16	<b>884</b>	39,934
(Loss) gain from changes in fair value of investments held for trading		<b>(27,328)</b>	22,848
Share of results of associates		<b>(58,723)</b>	13,483
Finance costs	4	<b>(1,483)</b>	(10,561)
Profit before taxation		<b>476,060</b>	546,150
Taxation	5	<b>(130,794)</b>	(121,433)
Profit for the period	6	<b>345,266</b>	424,717
Attributable to:			
Owners of the Company		<b>286,698</b>	387,793
Non-controlling interests		<b>58,568</b>	36,924
		<b>345,266</b>	424,717
		<b>HK cents</b>	<b>HK cents</b>
Earnings per share	8		
Basic		<b>8.10</b>	10.95
Diluted		<b>8.04</b>	9.28

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2012**

	<b>Six months ended</b>	
	<b>30.6.2012</b>	30.6.2011
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Profit for the period	<u><b>345,266</b></u>	<u>424,717</u>
Other comprehensive (expense) income		
Exchange differences arising on translation	<b>(22,859)</b>	92,124
Share of translation reserve of associates	<u><b>(2,750)</b></u>	<u>2,532</u>
Other comprehensive (expense) income for the period	<u><b>(25,609)</b></u>	<u>94,656</u>
Total comprehensive income for the period	<u><b>319,657</b></u>	<u><b>519,373</b></u>
Total comprehensive income attributable to:		
Owners of the Company	<b>265,569</b>	462,908
Non-controlling interests	<u><b>54,088</b></u>	<u>56,465</u>
	<u><b>319,657</b></u>	<u><b>519,373</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2012

	NOTES	30.6.2012 HK\$'000 (unaudited)	31.12.2011 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	9	300,746	239,717
Prepaid lease payments		71,957	119,635
Investment properties	10	2,463,313	2,000,423
Interests in associates		97,596	159,069
Available-for-sale investments		13,761	13,761
Loan receivable	11	2,312,554	2,142,895
		<u>5,259,927</u>	<u>4,675,500</u>
Current assets			
Stock of properties	12	707,748	684,292
Trade and other receivables, deposits and prepayments	13	49,954	144,030
Prepaid lease payments		1,318	2,140
Amounts due from an associate	14	259,333	75,590
Investments held for trading		175,522	175,159
Pledged bank deposits	21	604	606
Bank balances and cash		4,143,012	4,312,385
		<u>5,337,491</u>	<u>5,394,202</u>
Current liabilities			
Trade and other payables, deposits received and accrued charges	15	699,754	495,426
Amounts due to associates	14	17,178	–
Taxation payable		855,403	778,633
Borrowings – amount due within one year		18,405	161,652
Convertible bonds	16	25,372	25,456
		<u>1,616,112</u>	<u>1,461,167</u>
Net current assets		<u>3,721,379</u>	<u>3,933,035</u>
Total assets less current liabilities		<u>8,981,306</u>	<u>8,608,535</u>
Non-current liabilities			
Borrowings – amount due after one year		220,858	221,948
Deferred taxation		296,193	217,389
		<u>517,051</u>	<u>439,337</u>
		<u>8,464,255</u>	<u>8,169,198</u>
Capital and reserves			
Share capital	17	354,111	354,111
Reserves		7,111,191	6,845,622
Equity attributable to owners of the Company		<u>7,465,302</u>	<u>7,199,733</u>
Non-controlling interests		<u>998,953</u>	<u>969,465</u>
		<u>8,464,255</u>	<u>8,169,198</u>

## NOTES

### 1. GENERAL

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

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

The condensed consolidated financial statements have been prepared in accordance with 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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

- amendments to HKFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets; and
- amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

#### **Amendments to HKAS 12**

Under the amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets, investment properties that are measured using the fair value model in accordance with HKAS 40 “Investment Property” are presumed to be recovered through sale for the purposes of measuring deferred tax, unless the presumption is rebutted in certain circumstances.

As at 30 June 2012, the Group had investment properties amounting to HK\$2,463,313,000 (31.12.2011: HK\$2,000,423,000). The Group and its associate measure its investment properties using the fair value model. As a result of the application of amendments to HKAS 12, the directors reviewed the Group’s investment properties portfolio which are all located in the People’s Republic of China (“PRC”) and concluded that the investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, the presumption set out in the amendments to HKAS 12 is rebutted. The Group and the associate continue to recognise deferred taxation on change of fair value of investment properties based on the tax consequences of recovering the entire investment properties through use. Hence, the application of the amendments to HKAS 12 has had no effect on the Group’s financial performance and financial position in the current and prior periods.

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

### 3. SEGMENT INFORMATION

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

#### Six months ended 30 June 2012

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Total for reportable segment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
TURNOVER							
External sales	44,067	49,476	52,732	146,275	15,930	-	162,205
Inter-segment sales	-	-	-	-	1,107	(1,107)	-
	<u>44,067</u>	<u>49,476</u>	<u>52,732</u>	<u>146,275</u>	<u>17,037</u>	<u>(1,107)</u>	<u>162,205</u>
RESULT							
Segment result	<u>10,299</u>	<u>345,072</u>	<u>6,070</u>	<u>361,441</u>	<u>8,845</u>	<u>-</u>	370,286
Other income							213,905
Unallocated corporate expenses							(21,481)
Gain on derivative components of convertible bonds							884
Loss from changes in fair value of investments held for trading							(27,328)
Share of results of associates							(58,723)
Finance costs							<u>(1,483)</u>
Profit before taxation							<u>476,060</u>

Six months ended 30 June 2011

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

Inter-segment sales are charged at prevailing market prices.

Segment result represents the profit earned by each segment without allocation of central administration costs, directors' salaries, share of results of associates, changes in fair value on investments held for trading and derivative components of convertible bonds 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	
	30.6.2012	30.6.2011
	HK\$'000	HK\$'000
Interest on bank borrowings wholly repayable within five years	9,865	11,264
Effective interest expense on convertible bonds	800	9,355
Others	38	—
	<u>10,703</u>	<u>20,619</u>
Less: Amount capitalised to property under construction	(5,532)	(6,035)
Amount capitalised to investment properties under construction	(3,688)	(4,023)
	<u>(3,688)</u>	<u>(4,023)</u>
	<u><u>1,483</u></u>	<u><u>10,561</u></u>

#### 5. TAXATION

	Six months ended	
	30.6.2012	30.6.2011
	HK\$'000	HK\$'000
The charge comprises:		
Current tax		
Hong Kong Profits Tax		
Underprovision in prior years	65	—
PRC Enterprise Income Tax	25,524	26,975
PRC land appreciation tax	184	47,377
Withholding tax on distribution of earnings of PRC subsidiaries	24,893	—
	<u>50,666</u>	<u>74,352</u>
Deferred taxation	80,128	47,081
	<u><u>130,794</u></u>	<u><u>121,433</u></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 Group, which were established and principally operated in the Shenzhen Special Economic Zone, is calculated at the rate of 25% (six months ended 30 June 2011: 24%) of their assessable profits for the six months ended 30 June 2012 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 land appreciation tax (“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 rates 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>30.6.2012</b>	<b>30.6.2011</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	<b>4,413</b>	3,990
Release of prepaid lease payments	<b>51</b>	49
Exchange loss	<b>2,108</b>	—
and after crediting:		
Interest income (included in other income) from:		
– listed senior notes classified as investment held for trading	<b>1,286</b>	—
– bank deposits	<b>42,242</b>	19,117
– loan receivable	<b>169,659</b>	146,489
Exchange gain	<b>—</b>	<b>3,760</b>

## 7. DIVIDENDS

No dividends were paid, declared and proposed by the Company during the interim period. The directors have determined that no dividend will be paid in respect of the current interim period (six months ended 30 June 2011: 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>30.6.2012</b>	30.6.2011
	<b>HK\$'000</b>	HK\$'000
Earnings for the purpose of basic earnings per share, being profit for the period attributable to owners of the Company	<b>286,698</b>	387,793
Effect of dilutive potential ordinary shares:		
Gain on derivative components of convertible bonds	<b>(884)</b>	(39,934)
Interest on convertible bonds	<b>800</b>	9,355
	<u><b>286,614</b></u>	<u>357,214</u>
Earnings for the purpose of diluted earnings per share	<u><b>286,614</b></u>	<u>357,214</u>
	<b>Number of shares</b>	
	<b>30.6.2012</b>	30.6.2011
Weighted average number of shares for the purpose of basic earnings per share	<b>3,541,112,832</b>	3,541,112,832
Effect of dilutive potential ordinary shares:		
Convertible bonds	<u><b>22,727,273</b></u>	<u>309,090,909</u>
Weighted average number of shares for the purpose of diluted earnings per share	<u><b>3,563,840,105</b></u>	<u>3,850,203,741</u>

The computation of diluted earnings per share for the six months ended 30 June 2012 and 30 June 2011 did not assume the exercise of the Company's outstanding options because the exercise prices of these options were higher than the average market price of shares for the six months ended 30 June 2012 and 30 June 2011.

## 9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group incurred HK\$66,884,000 (six months ended 30 June 2011: HK\$37,197,000) on property, plant and equipment which included additions of property under construction of HK\$63,516,000 (six months ended 30 June 2011: HK\$34,860,000).

## 10. INVESTMENT PROPERTIES

	Completed investment properties <i>HK\$'000</i>	Investment properties under construction <i>HK\$'000</i>	Total <i>HK\$'000</i>
FAIR VALUE			
At 1 January 2012	1,869,297	131,126	2,000,423
Exchange realignment	(9,912)	(645)	(10,557)
Transfer from prepaid lease payments	–	47,851	47,851
Construction costs incurred	–	124,764	124,764
Transfer	303,096	(303,096)	–
Increase in fair value of investment properties	<u>300,832</u>	<u>–</u>	<u>300,832</u>
At 30 June 2012	<u><u>2,463,313</u></u>	<u><u>–</u></u>	<u><u>2,463,313</u></u>

The investment properties under construction were completed during the current interim period. Included in the construction costs incurred of HK\$124,764,000, an amount of HK\$99,247,000 was not yet paid and the corresponding payable was included as an other payable as at 30 June 2012.

The fair values of the completed investment properties as at 30 June 2012 and 31 December 2011 have been arrived at on the basis of a valuation carried out on those dates by Messrs. DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group, and are the members of the Hong Kong Institute of Surveyors. The valuation of investment properties of HK\$2,463,313,000 (31.12.2011: HK\$1,869,297,000) were arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions or, where appropriate, by considering the capitalised income to be derived from the existing tenancies and the reversionary potential of the properties.

## 11. LOAN RECEIVABLE

	30.6.2012 <i>HK\$'000</i>	31.12.2011 <i>HK\$'000</i>
Shareholder's loan receivable	<u><u>2,312,554</u></u>	<u><u>2,142,895</u></u>

The amount represents shareholder's loan receivable from the Group's associate, Rockefeller Group Asia Pacific, Inc. ("RGAP"), for financing a property development project and property investment project in Shanghai, which carries a 20% coupon interest rate per annum and forms part of the net investment in RGAP. The amount is carried at amortised cost based on the estimated future cash flows that are expected to be received by the Group as well as the estimates of the timing of such receipts. The loan receivable including principal and interest is unsecured and 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 have reviewed the carrying amount of loan receivable of HK\$2,312,554,000 (31.12.2011: HK\$2,142,895,000) and considered that this amount is fully recoverable.

## 12. STOCK OF PROPERTIES

	30.6.2012 HK\$'000	31.12.2011 HK\$'000
Properties under development	659,616	618,432
Completed properties held for sale	48,132	65,860
	<u>707,748</u>	<u>684,292</u>

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

	30.6.2012 HK\$'000	31.12.2011 HK\$'000
Trade receivables	4,886	4,552
Other receivables, deposits and prepayments (Note)	45,068	139,478
	<u>49,954</u>	<u>144,030</u>

*Note:* At 31 December 2011, included in other receivables was an amount of RMB75,444,000 (equivalent to approximately HK\$93,026,000) paid to an independent third party for the development of intelligent community projects. The amount was fully refunded in January 2012.

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 date at the end of reporting period:

	30.6.2012 HK\$'000	31.12.2011 HK\$'000
Aged:		
0 to 90 days	3,803	3,593
91 to 180 days	650	578
Over 181 days	433	381
	<u>4,886</u>	<u>4,552</u>

## 14. AMOUNTS DUE FROM/TO ASSOCIATES

The amounts are unsecured, interest-free and repayable on demand.

## 15. TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

Included in trade and other payables, deposits received and accrued charges are trade payables of HK\$199,642,000 (31.12.2011: HK\$245,907,000) and receipt in advance from property sales of HK\$7,063,000 (31.12.2011: HK\$10,562,000).

The following is an aged analysis of trade payables at the end of the reporting period:

	30.6.2012 HK\$'000	31.12.2011 HK\$'000
Aged:		
0 to 90 days	56,061	88,627
91 to 180 days	7,732	12,182
181 to 360 days	17,158	26,845
Over 360 days	118,691	118,253
	<u>199,642</u>	<u>245,907</u>

## 16. CONVERTIBLE BONDS

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

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

The convertible bonds contain two components, liability component and conversion and early redemption option derivative components. The effective interest rate of the liability component is 6.85%. The conversion and early redemption option derivatives are measured at fair value with changes in fair value recognised in profit or loss.

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

	<b>Principal amount <i>HK\$'000</i></b>	<b>Carrying amount of liability component <i>HK\$'000</i></b>	<b>Conversion and early redemption option derivatives <i>HK\$'000</i></b>
At 1 January 2012	25,000	24,202	1,254
Interest charge	–	800	–
Change in fair value	–	–	(884)
At 30 June 2012	<u>25,000</u>	<u>25,002</u>	<u>370</u>

The fair values of the conversion and early redemption option derivatives are estimated based on the binomial option pricing model. Details of the assumptions of conversion and early redemption option derivatives are as follows:

<b>Date of valuation</b>	<b>30.6.2012</b>	<b>31.12.2011</b>
Share price ( <i>HK\$</i> )	<b>0.50</b>	0.58
Exercise price ( <i>HK\$</i> )	<b>1.10</b>	1.10
Expected volatility (expressed as a weighted average volatility used in the modeling under binomial option pricing model)	<b>36.14%</b>	41.99%
Maturity period	<b>0.2 year</b>	0.7 year
Conversion period	<b>0.2 year</b>	0.7 year

## 17. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount <i>HK\$'000</i></b>
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2012 and 30 June 2012	<u>6,000,000,000</u>	<u>600,000</u>
Issued and fully paid:		
At 1 January 2012 and 30 June 2012	<u>3,541,112,832</u>	<u>354,111</u>

## 18. RELATED PARTY TRANSACTIONS

Save as disclosed in elsewhere in the condensed consolidated financial statements, the Group had the following transactions with related parties during the period.

Name of related party	Nature of transaction	Six months ended	
		30.6.2012	30.6.2011
		HK\$'000	HK\$'000
Associates:			
RGAP	Interest income on shareholder's loan	169,659	146,489
Shanghai Bund de Rockefeller Group Master Development Co., Ltd.	Project management fee income	<u>13,098</u>	<u>13,098</u>

During the current interim period, the emoluments of key management personnel were HK\$6,196,000 (six months ended 30 June 2011: HK\$8,742,000).

## 19. CONTINGENT LIABILITIES

	30.6.2012 HK\$'000	31.12.2011 HK\$'000
Guarantees given to banks for the mortgage loans arranged for the purchases of the Group's properties	<b>64,553</b>	<b>74,640</b>

No financial liabilities were recorded as, in the opinion of the directors, the fair values of the financial guarantee contracts at initial recognition were not significant as at 30 June 2012 and 31 December 2011 and it is not probable that the counterparties would default on the relevant loans.

## 20. COMMITMENTS

	30.6.2012 HK\$'000	31.12.2011 HK\$'000
Capital commitments in respect of properties under construction and investment properties under construction:		
– contracted for but not provided in the condensed consolidated financial statements	<b>177,130</b>	<b>76,511</b>
– authorised but not contracted for	<b>101,554</b>	<b>546,495</b>
Commitments in respect of stock of properties under development:		
– contracted for but not provided in the condensed consolidated financial statements	<b>102,542</b>	<b>123,360</b>

## **21. PLEDGE OF ASSETS**

At 30 June 2012, bank deposits of HK\$604,000 (31.12.2011: HK\$606,000) and investment properties with an aggregate carrying amount of nil (31.12.2011: HK\$480,888,000) were pledged to banks to secure general banking facilities granted to the Group.



## MANAGEMENT DISCUSSION AND ANALYSIS

During the first half of 2012, the central government reaffirmed its determination to rein in and readjust the property market. On the one hand restrictions remained in place to curtail investment and speculative demand, on the other hand incentives were given to support a reasonable demand for self-use housing. Moreover, the government has increased preemptive adjustment and fine-tuning of monetary policy since the year-end of 2011, resulting in three rounds of deposit reserve ratio cuts and two rounds of lowering the deposit and lending rates. To some extent, these measures have improved the real estate market sentiment and lifted sales of homes.

For the six months ended 30 June 2012, the Group's turnover amounted to HK\$162.2 million, a decrease of 21% compared with the same period last year. Gross profit dropped by 32% to HK\$88.2 million. Profit attributable to owners of the Company fell by 26% to HK\$286.7 million. Basic earnings per share amounted to HK8.10 cents, a decline of 26% compared with the same period last year.

### Property Sales

During the period under review, the Group had only a small amount of properties available for sale, comprising the remaining units of *The Mangrove West Coast*. As such, the Group's turnover from property sales dropped to HK\$44.1 million, a decrease of 45% compared with the same period last year. The Group sold a total gross floor area ("GFA") of approximately 1,048 square meters during the period, which was 41% less compared to 1,766 square meters recorded a year ago. During the period, gross profit of property sales declined by 57% to HK\$23.0 million compared with the same period last year.

### Property Rental

For the six months ended 30 June 2012, total rental income amounted to HK\$49.5 million, an increase of 4% 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*

*Sinolink Tower*, the hotel and office complex of Sinolink Garden Phase Five located in Luowu district in Shenzhen, has a GFA of 50,000 square meters, of which hotel space occupies 30,000 square meters.

Following completion of decoration work at the elevator hall and lobby, the office complex's 20,000 square meters of space became ready and available for lease during the period under review.

As of to date, the office building has entered into seven lease contracts with tenants for 20% of its total leasable area. Moreover, a number of potential tenants have expressed lease interest.

The hotel section has completed the decoration work of its model apartment and is expected to commence operation in 2013 on schedule.

## **Properties Under Development**

As at 30 June 2012, the Group has the following properties under development:

1. *Rockbund*, located on the Bund in Shanghai, is an integrated property development project. 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, offices and cultural facilities. Some of the preserved heritage buildings have commenced operations since May 2010 with rental activities in progress. The entire project is expected to be completed in 2014.
2. *Ningguo Mansions*, the 13,599.6 square meter site with a plot ratio of 1.0 at Changning District in Shanghai, will be developed into 11 quadrate court houses, each with a GFA of 1,000 to 1,500 square meters. David Chipperfield Architects, a British architecture design company, is responsible for the construction and decoration design of the project. *Ningguo Mansions* is located in one of the most accessible and luxury living districts in Shanghai. The land is situated in a low density neighbourhood with luxury residential properties around, and is conveniently located being approximately 10 minutes from the airport and approximately 30 minutes from the city center by car.

## **MAJOR ASSOCIATE**

The Group recorded a share of loss of an associate, Rockefeller Group Asia Pacific, Inc., at an amount of HK\$58.7 million for the six months ended 30 June 2012, compared to a share of gain of the associate at an amount of HK\$13.5 million for the same period last year, due to change in the fair value of investment properties held by the associate.

### ***Rockbund***

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

During the period under review, *Rockbund* has made active progress with the leasing of its preserved heritage buildings. Over 100 retailers, food and beverage operators and office users have been in dialogues with the Group through an intensive series of marketing and promotion activities. As of to

date, nine corporations have entered into leasing agreements covering a total leasing area of 5,300 square meters, and a number of letters of intent have been signed with potential tenants.

The new buildings of *Rockbund* have commenced underground and part of the above ground works with satisfactory progress made during the period under review.

## **OTHER BUSINESSES**

Other businesses within the Group include property, facilities and project management provided by the Group's property management division. For the period ended 30 June 2012, the Group recorded revenue from other businesses of HK\$68.7 million, representing a decrease of 10% compared with the same period last year.

## **PROSPECTS**

Resolving to stay the course to keep the real estate sector under control, the central government is likely to opt for an increase in infrastructure investment as a preferred means of "steady growth". For the second half of 2012, the frequency and intensity in the fine-tuning of monetary policy will have a major impact on the real estate sector. What can be certain is that the regulatory and readjustment policy will remain in force in the housing sector to ward off worries that prices might rebound. As such, there will not be a substantial loosening of credit for the housing sector.

Under this macro environment, we have to remain patient and analyze the situations and problems timely and prudently. We are determined to keep abreast with the impact of governing policies on the real estate industry to seize opportunities of investment and development that may arise. Moreover, we will continue to explore new business models that can cope with the new trends to bring satisfactory returns to shareholders.

## **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\$407.8 million as at 31 December 2011 to HK\$264.3 million as at 30 June 2012. The total borrowings as at 30 June 2012 included bank loans of HK\$239.3 million and liability component of the convertible bonds of HK\$25.0 million. Gearing ratio as at 30 June 2012, calculated on the basis of total borrowings over shareholders' equity, was 3.5% compared to 5.7% as at 31 December 2011. 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\$0.6 million as at 30 June 2012. The borrowings of the Group are denominated in RMB and HKD. As the entire operation of the Group is carried out in the PRC, substantial receipts and payments in relation to operation are denominated in RMB. No financial instruments have been used for hedging purpose; however, the Board will continue to evaluate and closely monitor the potential impact of RMB and interest rates movements on the Group.

The Group's cash and cash equivalents amounted to HK\$4,143.6 million (including pledged deposits) as at 30 June 2012 and were mostly denominated in RMB, HKD and USD.

## **CONVERTIBLE BONDS**

As at 30 June 2012, the outstanding principal amount of the convertible bond was HK\$25 million, the convertible bond will be matured on 28 September 2012. Pursuant to the bond instrument, any bond which remains outstanding on the maturity date shall be redeemed by the Company at a redemption amount equal to the principal amount of the bond.

## **CAPITAL COMMITMENTS**

As at 30 June 2012, the Group had capital commitments in respect of properties under construction and commitments in respect of properties under development amounting to HK\$278.7 million and HK\$102.5 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\$64.6 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 2012 (2011: Nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2012, the Group employed approximately 842 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 2012.

## **CORPORATE GOVERNANCE**

During the period, the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (the “New Code”) (effective from 1 April 2012) set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), except as noted hereunder.

The independent non-executive directors, Dr. Xiang Bing and Mr. Xin Luo Lin, were unable to attend the annual general meeting of the Company held in May 2012 as provided for in code provision A.6.7 of the New Code as they had personal commitments.

## **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 2012, 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 2012 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**  
*Chief Executive Officer*

Hong Kong, 23 August 2012

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