

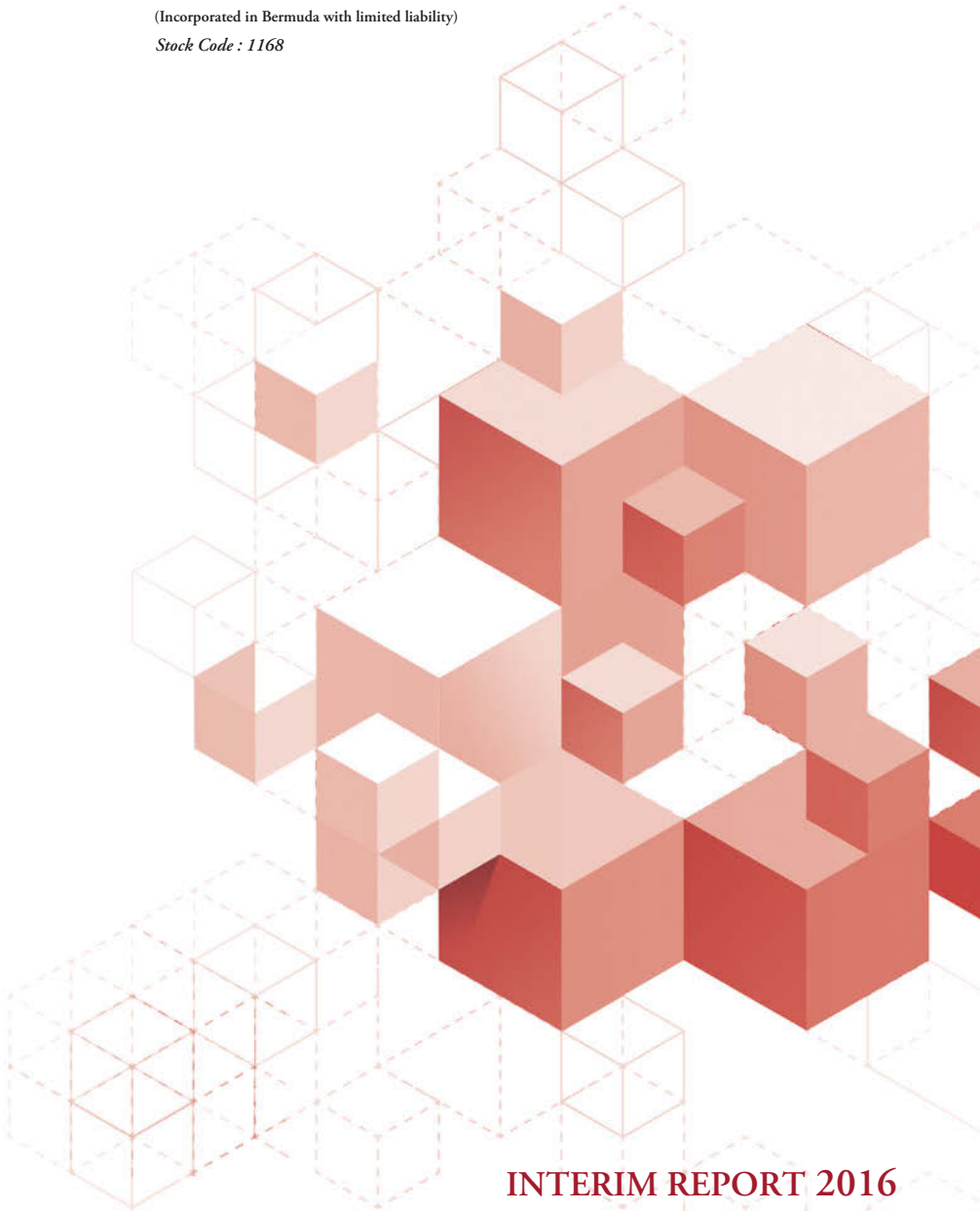


百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 1168



INTERIM REPORT 2016

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Tang Yui Man Francis (*Chairman*)
Xiang Ya Bo (*Chief Executive Officer*)
Chen Wei

Non-executive Directors

Ou Yaping
Ou Jin Yi Hugo
Law Sze Lai

Independent Non-executive Directors

Tian Jin
Xiang Bing
Xin Luo Lin

AUTHORISED REPRESENTATIVES

Tang Yui Man Francis
Xiang Ya Bo

COMPANY SECRETARY

Lo Tai On

AUDIT COMMITTEE

Tian Jin
Xiang Bing
Xin Luo Lin (*Chairman*)

NOMINATION COMMITTEE

Tang Yui Man Francis
Tian Jin (*Chairman*)
Xiang Bing
Xin Luo Lin

REMUNERATION COMMITTEE

Tang Yui Man Francis
Xiang Bing
Xin Luo Lin (*Chairman*)

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

28th Floor, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong
Telephone : (852) 2851 8811
Facsimile : (852) 2851 0970
Stock Code : 1168
Website : <http://www.sinolinkhk.com>

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

HONG KONG BRANCH SHARE TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Shops 1712 – 1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISORS

(*As to Hong Kong Law*)
Cleary Gottlieb Steen & Hamilton (Hong Kong)
Deacons
Norton Rose Fulbright Hong Kong
Peter C. Wong, Chow & Chow in association
with Guantao Law Firm (Hong Kong)
Tsang, Chan & Wong
Woo, Kwan, Lee & Lo

(*As to Bermuda Law*)
Conyers Dill & Pearman

PRINCIPAL BANKERS

Bank of China
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China
Ping An Bank

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FINANCIAL HIGHLIGHTS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

- Turnover up 1% to HK\$165.7 million
- Gross Profit up 9% to HK\$76.2 million
- Profit attributable to owners of the Company down 26% to HK\$10.9 million
- Basic Earnings Per Share down 26% to HK0.31 cents

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2016, the PRC's gross domestic product (GDP) expanded 6.7% year-on-year to RMB34,063.7 billion, and the domestic economy ran smoothly in general.

Looking from the three main industries, the primary industry maintained a low growth rate of 3.1%, whereas the secondary and tertiary industries showed increased and decreased growth rates respectively: during the process of capacity cutting, the growth rate of the secondary industry picked up by 0.3 percentage point to 6.1% thanks to the construction sector growth brought by investment in real estate and infrastructure, while the tertiary industry, propelled by the rapid growth in property sales but restrained by the high base rate in the finance sector in the same period last year, witnessed a slight drop in its growth rate of 0.1 percentage point.

Putting the real estate sector into perspective, in the first six months of 2016, total investment in real estate development amounted to RMB4,663.1 billion nationwide, a year-on-year increase of 6.1%, 0.9 percentage point lower than that in the first five months. Of the amount, investment in residential buildings was RMB3,114.9 billion, up 5.6%, 1.2 percentage points lower correspondingly, accounting for 66.8% of the total investment in real estate development.

In the second half of 2016, it is expected that positive fiscal policies and moderately easing monetary policies will continue to prevail, which is conducive to de-stocking in the industry as a whole; in terms of industry policies, the "Differentiated Policies Based on Cities" strategy will be more flexible – cities with relatively faster housing price growth will continue to adopt tighter measures, and high inventory level will lead to more promotion for property sales, such as "Preferential Tax", "Fiscal Subsidies", and "Household Registration Matching" policies, etc.

For the six months ended 30 June 2016, the Group's turnover amounted to HK\$165.7 million, a year-on-year increase of 1%. Gross profit amounted to HK\$76.2 million, a year-on-year increase of 9%. Profit attributable to owners of the Company amounted to HK\$10.9 million, a year-on-year decrease of 26%. Basic earnings per share amounted to HK0.31 cents, a year-on-year decrease of 26%.

PROPERTY RENTAL

For the six months ended 30 June 2016, total rental income amounted to HK\$78.7 million, a year-on-year decrease of 1%.

The rental income was mainly contributed by the commercial complexes of *The Vi City*, *Sinolink Garden Phase One to Four* and *Sinolink Tower*.

MANAGEMENT DISCUSSION AND ANALYSIS

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 approximately 50,000 square meters, of which hotel space occupies 30,000 square meters and office space occupies 20,000 square meters.

As at 30 June 2016, the occupancy rate of the *Sinolink Tower* office building was 85%, with tenants mainly engaging in jewelry, investment and real estate business.

O Hotel, the Group’s first charismatic hotel, has 188 rooms and suites, as well as a stylish restaurant, a specialty coffee shop, and premium high-end fitness club facilities. The Group always values quality over quantity in project development, and strives to create finest products, adopting a differentiated operation strategy.

O Hotel is a newly opened boutique hotel, representing the self-owned brand of the Company. We are keenly aware of the difficulties to build a hotel brand and the long time it may take, but we are confident that holding quality assets for a long term could boost their values to the highest level, and we are willing to wait patiently for the appreciation of our assets and the investment returns generated by the increase in operation profits.

PROPERTIES UNDER DEVELOPMENT

As at 30 June 2016, the following properties of the Group were 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 the historical site and structures into an upscale mixed-use community, with residential, commercial, retail, food and beverages, offices and cultural facilities. The preserved heritage buildings have commenced operation with leasing in progress. Structural works of the new building structures have been gradually completed, and the whole project is expected to be completed in 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

2. *Ningguo Mansions*

Located at Changning District in Shanghai, *Ningguo Mansions* is a residential development under construction works. The project, a 13,599.6 square meter site with a plot ratio of 1.0, will be developed into 11 court houses boasting a fusion of Chinese and Western features, 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, low-density and tranquil luxury living districts in Shanghai, *Ningguo Mansions* is approximately 10 minutes from the airport and approximately 30 minutes from the downtown 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 (except for units bought and furnished by the buyers) in the second half of 2016.

MAJOR ASSOCIATE

The Group recorded a share of loss of an associate, Rockefeller Group Asia Pacific, Inc. ("RGAP"), *Rockbund* project, at an amount of HK\$39.2 million for the six months ended 30 June 2016, a year-on-year decrease of 22%, mainly due to change in the fair value of investment properties held by the associate.

LOAN RECEIVABLE

This is an investment in RGAP in the name of shareholder's loan used for financing the *Rockbund* project, constituting part of the total investment of the Group in RGAP. As the loan receivable is in fact an investment, the Group has recognised its share of loss of RGAP in excess of the cost of investment against the loan receivable. This amount is carried at amortised cost based on the estimated future cash flows expected to be received by the Group as well as the estimated timing of such returns. The investment is unsecured and has no fixed term of repayment. The directors consider that the investment is long-term investment, which should be classified as non-current assets accordingly.

The directors of the Company assessed the recoverable amount of the investment amount taking into consideration the present value of the estimated future cash flows discounted at its original effective interest rate.

MANAGEMENT DISCUSSION AND ANALYSIS

The directors of the Company have reviewed the carrying amount of loan receivable of HK\$1,582,986,000 (31 December 2015: HK\$1,603,664,000), net of share of loss and other comprehensive expenses of associate allocated in excess of cost of investment of HK\$541,109,000 (31 December 2015: HK\$520,431,000) and amounts due from associates of HK\$147,758,000 (31 December 2015: HK\$138,871,000), and considered that these amounts are fully recoverable.

OTHER BUSINESSES

Other businesses within the Group include property, facilities and project management. For the six months ended 30 June 2016, the Group recorded revenue of HK\$87.1 million from other businesses, a year-on-year increase of 2%.

PROSPECTS

Looking into the second half of 2016, the PRC economy is still confronted with slowing growth, while potential barriers lying ahead will restrain the stable economic growth of the PRC, including the negative effects brought by industrial de-capacity, fast-falling private investments, the fallback in the growth rate of real estate sales and investment, as well as the sluggish foreign demand arising from the global economic downturn and regional instability. In the second half of the year, the Chinese economy is still faced with downside pressure, which requires fiscal, monetary and industrial policy support. Experiencing the “new norm” period featuring potential slowing growth and an urgent need to go through transformation and reforms, the domestic economy has adapted to the “L-shape” growth mode” in the “6 Era”. The Group will keep a close eye on changes in the “new norm” and the development of the “new economy” to look for business and investment opportunities and develop in line with the “new economy”.

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\$132.3 million as at 31 December 2015 to HK\$112.1 million as at 30 June 2016. Gearing ratio as at 30 June 2016, calculated on the basis of total borrowings over shareholders' equity, was 1.6% compared with 1.9% as at 31 December 2015. The Group is in a net cash position and bank borrowings are mainly loans with floating interest rates.

Total assets pledged for securing the above loans had a carrying value of HK\$517.6 million as at 30 June 2016. 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 purposes; however, the Board will continue to evaluate and closely monitor the potential impact of RMB and interest rates movements on the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's cash and bank balances amounted to HK\$3,097.5 million (including pledged bank deposits, structured deposits, short-term bank deposits and cash and cash equivalents) as at 30 June 2016, mostly denominated in RMB, HKD and USD.

CAPITAL COMMITMENTS

As at 30 June 2016, the Group had capital commitments of HK\$48.8 million in respect of properties under development.

CONTINGENT LIABILITIES

Guarantees given to banks as security for the mortgage loans arranged for the purchasers of the Group's properties amounted to HK\$39.5 million as at 30 June 2016.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 30 June 2016, the aggregate amount of financial assistance to associated companies by the Group in aggregate exceeded 8% of the assets ratios as defined in Rule 14.07(1) of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In accordance with the requirements under Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of the associated companies as at 30 June 2016 is presented as follows:

| | <i>HK\$'000</i> |
|-------------------------|------------------|
| Non-current assets | 5,206,039 |
| Current assets | 1,054,448 |
| Current liabilities | (4,813,536) |
| Non-current liabilities | (2,444,337) |
| | <hr/> |
| Net liabilities | (997,386) |
| | <hr/> <hr/> |

The Group's attributable interest in the associated companies as at 30 June 2016 comprised net liabilities of HK\$536,032,000.

The proforma combined statement of financial position of the associated companies has been prepared by combining their statement of financial position, after making adjustments to conform with the Group's significant accounting policies as 30 June 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2016 (2015: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2016, the Group employed approximately 839 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 2016.

CORPORATE GOVERNANCE

During the period, the Company has complied with the code provisions as set out in the Corporate Governance Code in Appendix 14 of the Listing Rules.

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 2016, all Directors have complied with the required standard set out in the Model Code.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2016 and this interim report had not been audited, but had been reviewed by the Company’s auditor, Deloitte Touche Tohmatsu and the Audit Committee.

APPRECIATION

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

By Order of the Board
SINOLINK WORLDWIDE HOLDINGS LIMITED
TANG Yui Man Francis
Chairman

Hong Kong, 23 August 2016

OTHER INFORMATION

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2016, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) Section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code, to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares of the Company

| Name of Directors | Capacity | Interest in shares | | | Total interest in shares | Interest in underlying shares pursuant to share options | Aggregate interest | Approximate percentage of the issued shares of the Company as at 30.6.2016 |
|----------------------|---|--------------------|-------------------------|-----------------|--------------------------|---|--------------------|--|
| | | Personal interest | Corporate interest | Family interest | | | | |
| Chen Wei | Beneficial owner | 13,500,000 | – | – | 13,500,000 | 3,000,000 | 16,500,000 | 0.46% |
| Law Sze Lai | Beneficial owner | 9,005,500 | – | – | 9,005,500 | – | 9,005,500 | 0.25% |
| Ou Yaping | Joint interest and interest of controlled corporation | – | 1,590,283,250 (Note) | 7,285,410 | 1,597,568,660 | – | 1,597,568,660 | 45.11% |
| Tang Yui Man Francis | Beneficial owner | 21,375,000 | – | – | 21,375,000 | 35,000,000 | 56,375,000 | 1.59% |
| Tian Jin | Beneficial owner | – | – | – | – | 2,000,000 | 2,000,000 | 0.05% |
| Xiang Ya Bo | Beneficial owner | – | – | – | – | 35,000,000 | 35,000,000 | 0.98% |
| Xiang Bing | Beneficial owner | – | – | – | – | 2,000,000 | 2,000,000 | 0.05% |
| Xin Luo Lin | Beneficial owner | – | – | – | – | 2,000,000 | 2,000,000 | 0.05% |

Note: These 1,590,283,250 shares of the Company are held by Asia Pacific Promotion Limited ("Asia Pacific"), a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Non-executive Director of the Company. Accordingly, Mr. Ou is deemed to be interested in the shares of the Company held by Asia Pacific under the SFO.

Save as disclosed above, as at 30 June 2016, none of the Directors and chief executive of the Company had, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation or any interests which are required to be entered into the register kept by the Company pursuant to Section 352 of the SFO.

OTHER INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATION

Pursuant to the Company's share option scheme adopted in 2012, the Company has granted to certain Directors of the Company options to subscribe for the shares of the Company, details of which as at 30 June 2016 were as follows:

| Name of Directors | Date of grant | Exercise period | Exercise price HK\$ | Number of shares subject to outstanding options as at 1.1.2016 | Granted during the period | Number of shares subject to outstanding options as at 30.6.2016 | Percentage of the issued shares of the Company as at 30.6.2016 |
|----------------------|---------------|-----------------------|------------------------|--|---------------------------|---|--|
| Chen Wei | 15.05.2015 | 15.11.2015-14.05.2025 | 1.37 | 1,500,000 | – | 1,500,000 | 0.04% |
| | | 15.05.2016-14.05.2025 | 1.37 | 1,500,000 | – | 1,500,000 | 0.04% |
| Tang Yui Man Francis | 15.05.2015 | 15.11.2015-14.05.2025 | 1.37 | 17,500,000 | – | 17,500,000 | 0.49% |
| | | 15.05.2016-14.05.2025 | 1.37 | 17,500,000 | – | 17,500,000 | 0.49% |
| Tian Jin | 15.05.2015 | 15.11.2015-14.05.2025 | 1.37 | 1,000,000 | – | 1,000,000 | 0.02% |
| | | 15.05.2016-14.05.2025 | 1.37 | 1,000,000 | – | 1,000,000 | 0.02% |
| Xiang Ya Bo | 15.05.2015 | 15.11.2015-14.05.2025 | 1.37 | 17,500,000 | – | 17,500,000 | 0.49% |
| | | 15.05.2016-14.05.2025 | 1.37 | 17,500,000 | – | 17,500,000 | 0.49% |
| Xiang Bing | 15.05.2015 | 15.11.2015-14.05.2025 | 1.37 | 1,000,000 | – | 1,000,000 | 0.02% |
| | | 15.05.2016-14.05.2025 | 1.37 | 1,000,000 | – | 1,000,000 | 0.02% |
| Xin Luo Lin | 15.05.2015 | 15.11.2015-14.05.2025 | 1.37 | 1,000,000 | – | 1,000,000 | 0.02% |
| | | 15.05.2016-14.05.2025 | 1.37 | 1,000,000 | – | 1,000,000 | 0.02% |

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. These options represent personal interest held by the Directors as beneficial owners.

Other than the share option scheme of the Company mentioned below, at no time during the period was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive of the Company, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

OTHER INFORMATION

DISCLOSURE OF CHANGE OF DIRECTOR'S INFORMATION

Pursuant to rule 13.51B(1) of the Listing Rules, the changes and updated Director's information are as follows:

Mr. Tang Yui Man Francis resigned as an authorised representative of Enerchina Holdings Limited ("Enerchina"), a listed company in Hong Kong, with effect from 15 June 2016.

Mr. Xiang Ya Bo resigned as an executive director and ceased to act as a member of the remuneration committee, an authorised representative, an agent for the service of process in Hong Kong of Enerchina with effect from 15 June 2016.

Dr. Xiang Bing resigned as an independent non-executive director and ceased to act as a member of the audit committee, remuneration committee and nomination committee of Enerchina with effect from 1 June 2016.

Mr. Xin Luo Lin resigned as a non-executive director of Enerchina with effect from 1 June 2016.

SHARE OPTION SCHEME OF THE COMPANY

A share option scheme was adopted by shareholders of the Company on 17 May 2012 (the "2012 Share Option Scheme"), under which the Board may, at its discretion, offer any employees of the Group or any directors of the Company or any of its subsidiaries options to subscribe for shares of the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years from the date of its adoption. Movement of options granted under the 2012 Share Option Scheme were set out below.

Details of specific categories of options are as follows:

| Option type | Date of grant | Exercise period | Exercise price HK\$ |
|-------------|---------------|-----------------------|------------------------|
| 2015A | 15.05.2015 | 15.11.2015-14.05.2025 | 1.37 |
| | 15.05.2015 | 15.05.2016-14.05.2025 | 1.37 |
| 2015B | 15.05.2015 | 15.11.2015-14.05.2025 | 1.37 |
| | 15.05.2015 | 15.05.2016-14.05.2025 | 1.37 |
| | 15.05.2015 | 15.11.2016-14.05.2025 | 1.37 |

OTHER INFORMATION

The following table discloses movements in the Company's share options granted under the 2012 Share Option Scheme during the period:

| | Option types | Outstanding at 1.1.2016 | Exercised during the period | Lapsed during the period | Outstanding at 30.6.2016 |
|------------------------------|--------------|----------------------------|-----------------------------------|--------------------------------|-----------------------------|
| <i>Category 1: Directors</i> | | | | | |
| Chen Wei | 2015A Option | 3,000,000 | - | - | 3,000,000 |
| Tang Yui Man Francis | 2015A Option | 35,000,000 | - | - | 35,000,000 |
| Tian Jin | 2015A Option | 2,000,000 | - | - | 2,000,000 |
| Xiang Ya Bo | 2015A Option | 35,000,000 | - | - | 35,000,000 |
| Xiang Bing | 2015A Option | 2,000,000 | - | - | 2,000,000 |
| Xin Luo Lin | 2015A Option | <u>2,000,000</u> | <u>-</u> | <u>-</u> | <u>2,000,000</u> |
| Total for Directors | | <u>79,000,000</u> | <u>-</u> | <u>-</u> | <u>79,000,000</u> |
| <i>Category 2: Employees</i> | | | | | |
| | 2015B Option | <u>40,000,000</u> | <u>-</u> | <u>(3,000,000)</u> | <u>37,000,000</u> |
| Total for employees | | <u>40,000,000</u> | <u>-</u> | <u>(3,000,000)</u> | <u>37,000,000</u> |
| All categories | | <u>119,000,000</u> | <u>-</u> | <u>(3,000,000)</u> | <u>116,000,000</u> |

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. During the period, no options were granted, exercised or cancelled under the 2012 Share Option Scheme.
3. During the period, 3,000,000 options were lapsed under the 2012 Share Option Scheme.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS

At 30 June 2016, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors, the following shareholder(s) had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long positions and short positions in shares of the Company

| Name of shareholder | Capacity/ Nature of interest | Interest in shares | Approximate percentage of the issued shares of the Company at 30.6.2016 |
|----------------------------|--|--------------------------------|--|
| Asia Pacific | Beneficial owner/ Beneficial interest | 1,590,283,250 (Long) (Note) | 44.90% |

Note: Asia Pacific, a company incorporated in the British Virgin Islands, is wholly-owned by Mr. Ou Yaping, Non-executive Director of the Company. Mr. Ou's interests in shares of the Company had been disclosed under the section headed "Directors' Interests or Short Positions in Shares and Underlying Shares" above.

Save as disclosed above, as at 30 June 2016, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

To The Board of Directors of Sinolink Worldwide Holdings Limited
(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Sinolink Worldwide Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 16 to 42, which comprise the condensed consolidated statement of financial position as of 30 June 2016 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 August 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

| | NOTES | Six months ended | |
|--|-------|---|---|
| | | 30.6.2016 <i>HK\$'000</i> (unaudited) | 30.6.2015 <i>HK\$'000</i> (unaudited) |
| Turnover | 3 | 165,719 | 164,604 |
| Cost of sales | | (89,476) | (94,857) |
| Gross profit | | 76,243 | 69,747 |
| Other income | 4 | 71,799 | 72,485 |
| Selling expenses | | (942) | (1,536) |
| Administrative expenses | | (57,401) | (70,921) |
| Increase in fair value of investment properties | 11 | 78,385 | 33,417 |
| Fair value (loss) gain on financial assets at fair value through profit or loss and derivative financial instruments | | (51,971) | 96,197 |
| Impairment loss on loan receivable | 13 | - | (79,000) |
| Share of results of associates | | (39,239) | (50,339) |
| Finance costs | 5 | (2,807) | (6,959) |
| Profit before taxation | | 74,067 | 63,091 |
| Taxation | 6 | (39,919) | (30,973) |
| Profit for the period | 7 | 34,148 | 32,118 |
| Attributable to: | | | |
| Owners of the Company | | 10,854 | 14,748 |
| Non-controlling interests | | 23,294 | 17,370 |
| | | 34,148 | 32,118 |
| | | <i>HK cents</i> | <i>HK cents</i> |
| Earnings per share | 9 | | |
| Basic | | 0.31 | 0.42 |
| Diluted | | 0.31 | 0.42 |

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016

| | Six months ended | |
|--|-------------------------|-------------|
| | 30.6.2016 | 30.6.2015 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Profit for the period | 34,148 | 32,118 |
| Other comprehensive (expense) income | | |
| Items that will not be reclassified to profit or loss: | | |
| Exchange differences arising on translation | (126,740) | 86 |
| Share of translation reserve of associates | 18,561 | (293) |
| Other comprehensive expense for the period | (108,179) | (207) |
| Total comprehensive (expense) income for the period | (74,031) | 31,911 |
| Total comprehensive (expense) income attributable to: | | |
| Owners of the Company | (79,546) | 14,509 |
| Non-controlling interests | 5,515 | 17,402 |
| | (74,031) | 31,911 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

| | NOTES | 30.6.2016 HK\$'000 (unaudited) | 31.12.2015 HK\$'000 (audited) |
|--|-------|--------------------------------------|-------------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 10 | 421,782 | 466,283 |
| Prepaid lease payments | | 62,989 | 64,908 |
| Investment properties | 11 | 2,555,282 | 2,528,361 |
| Amounts due from associates | 12 | 147,758 | 138,871 |
| Interests in associates | | – | – |
| Available-for-sale investments | | 153,586 | 155,974 |
| Other receivables | 6 | 158,399 | 122,649 |
| Loan receivable | 13 | 1,582,986 | 1,603,664 |
| | | <u>5,082,782</u> | <u>5,080,710</u> |
| Current assets | | | |
| Stock of properties | 14 | 857,860 | 851,991 |
| Trade and other receivables, deposits and prepayments | 15 | 42,657 | 64,759 |
| Prepaid lease payments | | 1,257 | 1,282 |
| Investments held for trading | 16 | 508,299 | 389,655 |
| Short-term bank deposits | | 1,604,190 | 530,465 |
| Structured deposits | 17 | 452,631 | – |
| Pledged bank deposits | 23 | 612 | 624 |
| Cash and cash equivalents | | 1,040,083 | 2,745,617 |
| | | <u>4,507,589</u> | <u>4,584,393</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

| | NOTES | 30.6.2016 HK\$'000 (unaudited) | 31.12.2015 HK\$'000 (audited) |
|---|-------|--------------------------------------|-------------------------------------|
| Current liabilities | | | |
| Trade and other payables, deposits received and accrued charges | 18 | 539,936 | 543,874 |
| Derivative financial instruments | | 14,353 | – |
| Taxation payable | | 678,057 | 698,813 |
| Borrowings – due within one year | | 35,146 | 35,859 |
| | | <u>1,267,492</u> | <u>1,278,546</u> |
| Net current assets | | <u>3,240,097</u> | <u>3,305,847</u> |
| Total assets less current liabilities | | <u>8,322,879</u> | <u>8,386,557</u> |
| Non-current liabilities | | | |
| Borrowings – due after one year | | 76,959 | 96,450 |
| Deferred taxation | | 369,320 | 354,736 |
| | | <u>446,279</u> | <u>451,186</u> |
| Net assets | | <u>7,876,600</u> | <u>7,935,371</u> |
| Capital and reserves | | | |
| Share capital | 19 | 354,111 | 354,111 |
| Reserves | | 6,469,524 | 6,533,810 |
| Equity attributable to owners of the Company | | 6,823,635 | 6,887,921 |
| Non-controlling interests | | 1,052,965 | 1,047,450 |
| Total Equity | | <u>7,876,600</u> | <u>7,935,371</u> |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2016

| | Attributable to owners of the Company | | | | | | | | Non-controlling interests | |
|---|---------------------------------------|---------------|---------------------|--------------------|---------------------|----------------------|-------------------|-----------|---------------------------|-----------|
| | Share capital | Share premium | Translation reserve | General reserves | Contributed surplus | Share option reserve | Retained earnings | Total | Total | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 (Note) | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 January 2016 (audited) | 354,111 | 1,824,979 | 566,308 | 182,497 | 367,782 | 65,628 | 3,526,616 | 6,887,921 | 1,047,450 | 7,935,371 |
| Profit for the period | - | - | - | - | - | - | 10,854 | 10,854 | 23,294 | 34,148 |
| Exchange differences arising on translation | - | - | (108,961) | - | - | - | - | (108,961) | (17,779) | (126,740) |
| Share of translation reserve of associates | - | - | 18,561 | - | - | - | - | 18,561 | - | 18,561 |
| Total comprehensive (expense) income for the period | - | - | (90,400) | - | - | - | 10,854 | (79,546) | 5,515 | (74,031) |
| Share option lapsed | - | - | - | - | - | (1,817) | 1,817 | - | - | - |
| Recognition of equity settled share-based payments | - | - | - | - | - | 15,260 | - | 15,260 | - | 15,260 |
| At 30 June 2016 (unaudited) | 354,111 | 1,824,979 | 475,908 | 182,497 | 367,782 | 79,071 | 3,539,287 | 6,823,635 | 1,052,965 | 7,876,600 |
| At 1 January 2015 (audited) | 354,111 | 1,824,979 | 893,278 | 175,457 | 367,782 | - | 3,943,112 | 7,558,719 | 1,099,774 | 8,658,493 |
| Profit for the period | - | - | - | - | - | - | 14,748 | 14,748 | 17,370 | 32,118 |
| Exchange differences arising on translation | - | - | 54 | - | - | - | - | 54 | 32 | 86 |
| Share of translation reserve of associates | - | - | (293) | - | - | - | - | (293) | - | (293) |
| Total comprehensive (expense) income for the period | - | - | (239) | - | - | - | 14,748 | 14,509 | 17,402 | 31,911 |
| Transfers | - | - | - | 7,106 | - | - | (7,106) | - | - | - |
| Recognition of equity settled share-based payments | - | - | - | - | - | 15,181 | - | 15,181 | - | 15,181 |
| At 30 June 2015 (unaudited) | 354,111 | 1,824,979 | 893,039 | 182,563 | 367,782 | 15,181 | 3,950,754 | 7,588,409 | 1,117,176 | 8,705,585 |

Note: The general reserves represent the enterprise expansion fund and general reserve fund set aside by certain subsidiaries in accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"), which are not available for distribution.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

| | Six months ended | |
|---|---|---|
| | 30.6.2016 <i>HK\$'000</i> (unaudited) | 30.6.2015 <i>HK\$'000</i> (unaudited) |
| Net cash used in operating activities | | |
| Operating cash flows before movements in working capital | 42,532 | 50,939 |
| Increase in investment held for trading | (118,644) | (663,639) |
| Increase in derivative financial instruments | 14,353 | – |
| Other movements in working capital | 12,295 | (49,365) |
| | <hr/> | <hr/> |
| Cash used in operations | (49,464) | (662,065) |
| Taxation paid | (25,852) | (91,516) |
| Purchase of tax reserve certificate | (35,750) | (26,000) |
| | <hr/> | <hr/> |
| | (111,066) | (779,581) |
| Net cash (used in) from investing activities | | |
| Interest received | 46,787 | 69,671 |
| Dividend received | 2,527 | 1,721 |
| Placement of short-term bank deposits | (1,615,720) | – |
| Withdrawal of short-term bank deposits | 527,945 | – |
| Placement of structured deposits | (459,800) | – |
| Purchase of property, plant and equipment | (2,142) | (10,911) |
| Placement of deposit for purchase of property, plant and equipment | – | (19,995) |
| Receipts of investment in entrusted loans | – | 40,188 |
| Purchase of available-for-sale investment | – | (3,470) |
| Other investing cash flows | (8,887) | (6,950) |
| | <hr/> | <hr/> |
| | (1,509,290) | 70,254 |
| Cash used in financing activities | | |
| Repayment of borrowings | (17,844) | (19,983) |
| Interest paid | (2,807) | (6,959) |
| | <hr/> | <hr/> |
| | (20,651) | (26,942) |
| Net decrease in cash and cash equivalents | (1,641,007) | (736,269) |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

| | Six months ended | |
|--|-------------------------|------------------|
| | 30.6.2016 | 30.6.2015 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Cash and cash equivalents at beginning of the period | 2,745,617 | 3,856,012 |
| Effect of foreign exchange rate changes | <u>(64,527)</u> | <u>(125)</u> |
| Cash and cash equivalents at end of the period representing, | | |
| – bank balances and cash | 790,752 | 2,991,752 |
| – deposits in brokers' house | <u>249,131</u> | <u>127,866</u> |
| | <u>1,040,083</u> | <u>3,119,618</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

1. GENERAL

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2015, except for the following.

A financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as fair value through profit or loss (“FVTPL”) upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 “Financial instruments: Recognition and measurement” permits the entire combined contract (asset or liability) to be designated as at FVTPL.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. *PRINCIPAL ACCOUNTING POLICIES (Cont'd)*

The structured deposits are designated as financial assets at FVTPL at initial recognition. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognition in profit or loss. The net gain or loss recognised in the profit or loss excludes any interest earned on the financial assets and is included in “fair value (loss) gain on financial assets at fair value through profit or loss and derivative financial instruments” line item. Fair value is determined in the manner described in note 17.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair values at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the accounting period beginning on or after 1 January 2016.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. TURNOVER AND SEGMENT INFORMATION

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

Segment information

Six months ended 30 June 2016 (unaudited)

| | Property development HK\$'000 | Property investment HK\$'000 | Property management HK\$'000 | Total for reportable segments HK\$'000 | Others HK\$'000 | Consolidated HK\$'000 |
|--|-------------------------------------|------------------------------------|------------------------------------|---|--------------------|--------------------------|
| TURNOVER | | | | | | |
| External sales | - | 78,651 | 62,358 | 141,009 | 24,710 | 165,719 |
| RESULT | | | | | | |
| Segment result | (1,088) | 145,986 | 12,727 | 157,625 | (28,122) | 129,503 |
| Other income | | | | | | 71,799 |
| Unallocated corporate expenses | | | | | | (33,218) |
| Fair value loss on financial assets at fair value through profit or loss and derivative financial instruments | | | | | | (51,971) |
| Share of results of associates | | | | | | (39,239) |
| Finance costs | | | | | | (2,807) |
| Profit before taxation | | | | | | 74,067 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. TURNOVER AND SEGMENT INFORMATION (Cont'd)

Segment information (Cont'd)

Six months ended 30 June 2015 (unaudited)

| | Property development HK\$'000 | Property investment HK\$'000 | Property management HK\$'000 | Total for reportable segments HK\$'000 | Others HK\$'000 | Consolidated HK\$'000 |
|--|-------------------------------------|------------------------------------|------------------------------------|---|--------------------|--------------------------|
| TURNOVER | | | | | | |
| External sales | - | 79,419 | 62,797 | 142,216 | 22,388 | 164,604 |
| RESULT | | | | | | |
| Segment result | (1,396) | 87,963 | 9,376 | 95,943 | (25,575) | 70,368 |
| Other income | | | | | | 72,485 |
| Unallocated corporate expenses | | | | | | (39,661) |
| Fair value gain on financial assets at fair value through profit or loss | | | | | | 96,197 |
| Impairment loss on loan receivable | | | | | | (79,000) |
| Share of results of associates | | | | | | (50,339) |
| Finance costs | | | | | | (6,959) |
| Profit before taxation | | | | | | 63,091 |

Segment result represents the profit earned/loss incurred by each segment without allocation of other income, unallocated corporate expenses, impairment loss on loan receivable, share of results of associates, fair value gain/loss on financial assets at fair value through profit or loss and derivative financial instruments 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 operating and reportable segments is disclosed as it is not regularly provided to the executive directors for review.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. OTHER INCOME

Other income comprises:

| | Six months ended | |
|--|-------------------------|-------------|
| | 30.6.2016 | 30.6.2015 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Dividends from listed securities | 2,527 | 1,721 |
| Gain on disposal of property, plant and equipment, net | – | 205 |
| Net exchange gain (Note) | 21,779 | – |
| Interest income on bank deposits | 44,022 | 65,672 |
| Interest income on listed senior notes classified as investment held for trading | 2,425 | 116 |
| Interest income on entrusted loans receivable | – | 3,612 |
| Others | 1,046 | 1,159 |
| | 71,799 | 72,485 |

Note: The net exchange gain mainly arose on the translation of the loan receivable due from Rockefeller Group Asia Pacific, Inc. ("RGAP"), an associate of the Group, denominated in USD.

5. FINANCE COSTS

| | Six months ended | |
|-----------------------------|-------------------------|-------------|
| | 30.6.2016 | 30.6.2015 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Interest on bank borrowings | 2,807 | 6,959 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. TAXATION

| Six months ended | |
|------------------|-------------|
| 30.6.2016 | 30.6.2015 |
| HK\$'000 | HK\$'000 |
| (unaudited) | (unaudited) |

The charge comprises:

| | | |
|---------------------------|---------------|-------------|
| Current tax | | |
| PRC Enterprise Income Tax | 17,948 | 17,562 |
| Deferred taxation | 21,971 | 13,411 |
| | <hr/> | <hr/> |
| | 39,919 | 30,973 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

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 2015: 25%) of their assessable profits for the six months ended 30 June 2016 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.

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 account the dividends to be distributed from profits earned by the subsidiaries in the PRC starting from 1 January 2008 under the relevant tax rules and regulations of the PRC that requires withholding tax with tax rate ranging from 5% to 10% upon the distribution of such profits to the shareholders.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. TAXATION (Cont'd)

Since prior years, Hong Kong Inland Revenue Department (“IRD”) queried against a subsidiary of the Group regarding the chargeability of notional interest income received from an associate of the Group in the tax returns for the years of assessment 2005/06 to 2011/12. During the six months ended 30 June 2016, the IRD has issued estimated/additional assessments demanding final tax to the subsidiary of the Company for the years of assessment 2009/2010 to 2012/2013 (together with the previous assessments raised by the IRD, the “Assessments”). The Group purchased additional tax reserve certificate of HK\$35,750,000 against the Assessments raised in the current interim period for the years of assessment 2009/2010 to 2012/2013. Up to 30 June 2016, the IRD has issued Assessments for the years of assessment 2006/2007 to 2012/2013 and the Group has purchased tax reserve certificates of approximately HK\$134,750,000 (31 December 2015: HK\$99,000,000) for conditional standover order of objection against the notices of Assessments for the years of assessment 2006/2007 to 2012/2013 and the amount is presented as “other receivables” in the Group’s condensed consolidated statement of financial position. Having taken advice from tax representatives, the directors of the Company are of the view that there were ample grounds to contest the tax positions of the subsidiary of the Group for the relevant years of assessments and hence it is not probable that an outflow of resources will be required to settle this obligation and thus no provision is recognised.

Also, since prior years, IRD queried against another subsidiary of the Group regarding the offshore income on the transactions between group entities in the tax returns for the year of assessment 2007/2008. Up to 30 June 2016, the Group has purchased tax reserve certificate of approximately HK\$23,649,000 (31 December 2015: HK\$23,649,000) for conditional standover order of objection and the amount is presented as “other receivables” in the Group’s condensed consolidated statement of financial position. Having taken advice from tax representatives, the directors of the Company are of the view that there were ample grounds to contest the tax positions of the subsidiary of the Group for the relevant year of assessment and hence it is not probable that an outflow of resources will be required to settle this obligation and thus no provision is recognised.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. PROFIT FOR THE PERIOD

| | Six months ended | |
|---|------------------|-----------------|
| | 30.6.2016 | 30.6.2015 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (unaudited) |
| Profit for the period has been arrived at after charging (crediting): | | |
| Depreciation of property, plant and equipment | 38,220 | 36,696 |
| Release of prepaid lease payments | 638 | 679 |
| Net exchange loss | – | 8,552 |
| Fair value loss (gain) on financial assets at fair value through profit or loss | 56,164 | (96,197) |
| Fair value gain on derivative financial instruments | (4,193) | – |
| Share-based payments | 15,260 | 15,181 |

8. DIVIDENDS

No dividends were paid, declared and proposed by the Company during the interim period (six months ended 30 June 2015: nil). The directors have determined that no dividend will be paid in respect of the current interim period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. EARNINGS PER SHARE

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

| | Six months ended | |
|---|----------------------|---------------|
| | 30.6.2016 | 30.6.2015 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Earnings for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share | 10,854 | 14,748 |
| | 3,541,112,832 | 3,541,112,832 |
| | 3,541,112,832 | 3,541,112,832 |

The computation of diluted earnings per share for both periods has not assumed the exercise of the Company's share options as the exercise price was higher than the average market price of the Company's share during the periods.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of approximately HK\$2,142,000 (six months ended 30 June 2015: HK\$10,911,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. INVESTMENT PROPERTIES

| | <i>HK\$'000</i> |
|---|-------------------------|
| FAIR VALUE | |
| At 1 January 2016 (audited) | 2,528,361 |
| Exchange realignment | (51,464) |
| Increase in fair value of investment properties | <u>78,385</u> |
| At 30 June 2016 (unaudited) | <u><u>2,555,282</u></u> |
| Unrealised gain on property revaluation included in profit or loss | <u><u>78,385</u></u> |

The fair values of the investment properties as at 30 June 2016 and 31 December 2015 have been arrived at on the basis of a valuation carried out on those dates by Messrs. DTZ Cushman & Wakefield Limited, independent qualified professional valuers not connected with the Group, and are the members of the Hong Kong Institute of Surveyors.

The fair value of investment properties was determined by making reference to comparable sales evidence as available in the relevant market, or where appropriate by the investment method by capitalizing the net income derived from the existing tenancies with allowance for the reversionary income potential of the properties.

There has been no change from the valuation technique used in the prior year.

12. AMOUNTS DUE FROM ASSOCIATES

The amounts are unsecured, interest-free and repayable on demand. The directors of the Company do not expect that the repayment will take place within twelve months from the end of the reporting period, and hence the amounts are classified as a non-current assets. The directors of the Company have assessed the recoverability of the amounts due from the Group's associate, namely RGAP, together with the loan receivable from RGAP amounting to HK\$1,582,986,000 as at 30 June 2016 (31 December 2015: HK\$1,603,664,000). Please refer to note 13 for impairment assessment. In the opinion of the directors of the Company, it is still expected that the amount will be fully recoverable.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. LOAN RECEIVABLE

| | 30.6.2016 HK\$'000 (unaudited) | 31.12.2015 HK\$'000 (audited) |
|--|--------------------------------------|-------------------------------------|
| Shareholder's loan receivable, with principal amount and interest receivable in aggregate of USD533,299,000 (31 December 2015: USD513,757,000) less cumulative impairment loss of HK\$2,008,974,000 (31 December 2015: HK\$1,857,521,000) recognised | 2,124,095 | 2,124,095 |
| Less: Share of loss and other comprehensive expenses of associate in excess of cost of investment | <u>(541,109)</u> | <u>(520,431)</u> |
| | <u>1,582,986</u> | <u>1,603,664</u> |

The amount represents a shareholder's loan receivable from RGAP for financing a 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 its share of loss of RGAP in excess of the cost of investment against the loan receivable. 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 assessed the recoverable amount of the loan receivable (including the interest receivable from the loan receivable) taking into consideration the present value of the estimated future cash flows discounted at its original effective interest rate.

During the six months ended 30 June 2016, after netting off with the interest income recognised by the Group of HK\$151,453,000 (six months ended 30 June 2015: HK\$150,620,000), no further impairment loss (six months ended 30 June 2015: HK\$79,000,000) is recognised in the condensed consolidated profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. LOAN RECEIVABLE (Cont'd)

The directors of the Company have reviewed the carrying amount of loan receivable of HK\$1,582,986,000 (31 December 2015: HK\$1,603,664,000) net of accumulated impairment loss of HK\$2,008,974,000 (31 December 2015: HK\$1,857,521,000) and net of share of loss and other comprehensive expenses of associate allocated in excess of cost of investment of HK\$541,109,000 (31 December 2015: HK\$520,431,000) and amounts due from associates of HK\$147,758,000 (31 December 2015: HK\$138,871,000), and considered that these amounts are fully recoverable.

14. STOCK OF PROPERTIES

| | 30.6.2016 HK\$'000 (unaudited) | 31.12.2015 <i>HK\$'000</i> (audited) |
|------------------------------|---|--|
| Properties under development | 857,860 | 851,991 |

As at 30 June 2016, properties under development of HK\$857,860,000 (31 December 2015: HK\$851,991,000) represent the carrying amount of the properties expected to be completed within one year from the end of the reporting period.

15. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | 30.6.2016 HK\$'000 (unaudited) | 31.12.2015 <i>HK\$'000</i> (audited) |
|--|---|--|
| Trade receivables | 2,588 | 5,282 |
| Interest receivables | 10,226 | 11,247 |
| Amount due from investee companies | 8,416 | 6,414 |
| Receivables from disposal of investment held for trading | 3,936 | 25,235 |
| Other receivables, deposits and prepayments | 17,491 | 16,581 |
| | 42,657 | 64,759 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Cont'd)

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

| | 30.6.2016 HK\$'000 (unaudited) | 31.12.2015 <i>HK\$'000</i> (audited) |
|----------------|---|--|
| Aged: | | |
| 0 to 60 days | 2,165 | 4,837 |
| 61 to 180 days | 292 | 362 |
| Over 180 days | 131 | 83 |
| | 2,588 | 5,282 |

16. INVESTMENTS HELD FOR TRADING

| | 30.6.2016 HK\$'000 (unaudited) | 31.12.2015 <i>HK\$'000</i> (audited) |
|--|---|--|
| Investments held for trading, at fair value: | | |
| – Equity securities listed in Hong Kong | 152,786 | 232,213 |
| – Equity securities listed in the PRC | 68,519 | 90,286 |
| – Equity securities listed in the United States of America | 74,972 | 31,113 |
| – Senior notes listed in Hong Kong | 71,262 | – |
| – Senior notes listed overseas | 140,760 | 36,043 |
| | 508,299 | 389,655 |

The fair value of the above listed equity securities and senior notes were determined based on the quoted market bid prices of the listed securities available on the relevant exchanges. The increase in carrying amount is mainly due to additional investments made in the current interim period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. STRUCTURED DEPOSITS

The Group entered into investment contracts of structured investment products with banks in the PRC. The bank guaranteed 100% of the invested capital and returns of which are determined by reference to the change in certain exchange rates or interest rates quoted in the market. The structured deposits are designated as financial assets at FVTPL at initial recognition.

Major terms of the structured deposits at the end of the reporting period are as follows:

At 30 June 2016

| Principal amount | Maturity (Note i) | Annual coupon rate | Notes |
|------------------|----------------------|--------------------|-------|
| RMB50,000,000 | December 2016 | from 1.5% to 4.0% | (ii) |
| RMB337,000,000 | November 2016 | from 1.1% to 2.9% | (iii) |

Notes:

- (i) All the deposits are subject to the option for early termination by issuing banks.
- (ii) The annual coupon rate is dependent on whether the spot rate for conversion of Australian dollar for US\$ as prevailing in the international foreign exchange market falls within ranges as specified in the relevant agreements during the period from inception date to maturity date of the relevant agreements.
- (iii) The annual coupon rate is dependent on whether 3 month London Inter Bank Offered Rate for deposits in US\$ fell within ranges as specified in the relevant agreements during the period from inception date to maturity date of the relevant agreements.

The structured deposits were stated at fair value and were determined by reference to the quoted redemption price provided by the counterparty banks.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

| | 30.6.2016 HK\$'000 (unaudited) | 31.12.2015 HK\$'000 (audited) |
|--|---|-------------------------------------|
| Trade payables | 61,570 | 47,717 |
| Other payables for construction work | 248,447 | 268,223 |
| Deposits and receipts in advance for rental and management fee | 122,387 | 109,087 |
| Payroll payables | 11,495 | 18,795 |
| Other tax payables | 20,179 | 19,666 |
| Salaries payables and staff welfare payables | 34,963 | 35,708 |
| Other payables and accrued charges | 40,895 | 44,678 |
| | 539,936 | 543,874 |

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

| | 30.6.2016 HK\$'000 (unaudited) | 31.12.2015 HK\$'000 (audited) |
|-----------------|---|-------------------------------------|
| Aged: | | |
| 0 to 90 days | 29,511 | 9,469 |
| 91 to 180 days | 1,471 | 7,639 |
| 181 to 360 days | 12,126 | 3,248 |
| Over 360 days | 18,462 | 27,361 |
| | 61,570 | 47,717 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE CAPITAL

| | Number of shares | Amount HK\$'000 |
|------------------------------------|---------------------|--------------------|
| Ordinary shares of HK\$0.10 each | | |
| Authorised: | | |
| At 1 January 2016 and 30 June 2016 | 6,000,000,000 | 600,000 |
| Issued and fully paid: | | |
| At 1 January 2016 and 30 June 2016 | 3,541,112,832 | 354,111 |

20. RELATED PARTY TRANSACTIONS

Save as disclosed 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 | |
|--|----------------------------------|--------------------------------------|--------------------------------------|
| | | 30.6.2016 HK\$'000 (unaudited) | 30.6.2015 HK\$'000 (unaudited) |
| Associate: | | | |
| Shanghai Bund de Rockefeller Group Master Development Co., Ltd. | Project management fee income | 13,098 | 13,098 |

During the current interim period, the emoluments of key management personnel were HK\$17,173,000 (six months ended 30 June 2015: HK\$17,278,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

21. CONTINGENT LIABILITIES

| | 30.6.2016 HK\$'000 (unaudited) | 31.12.2015 HK\$'000 (audited) |
|--|---|-------------------------------------|
| Guarantees given to banks for the mortgage loans arranged for the purchasers of the Group's properties | <u>39,482</u> | <u>43,064</u> |

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

22. COMMITMENTS

| | 30.6.2016 HK\$'000 (unaudited) | 31.12.2015 HK\$'000 (audited) |
|--|---|-------------------------------------|
| Commitments in respect of properties under development for sale: – contracted for but not provided in the condensed consolidated financial statements | <u>48,837</u> | <u>65,325</u> |

23. PLEDGE OF ASSETS

At 30 June 2016, bank deposits of HK\$612,000 (31 December 2015: HK\$624,000) and investment properties with an aggregate carrying amount of HK\$516,959,000 (31 December 2015: HK\$519,093,000) were pledged to banks to secure general banking facilities granted to the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24. SHARE-BASED PAYMENTS

A share option scheme was adopted by shareholders of the Company on 17 May 2012 (the “2012 Share Option Scheme”), under which the board of directors may, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years. On 15 May 2015, the Group granted 79,000,000 share options to the directors of the Company and 40,000,000 share options to the employees of the Group with exercise period from 15 May 2015 to 15 May 2025.

The table below discloses movement of the Company’s share options held by the directors and the employees:

| | Number of share options |
|--|------------------------------------|
| At 1 January 2016 (audited) | 119,000,000 |
| Lapsed during the period | <u>(3,000,000)</u> |
| At 30 June 2016 (unaudited) | <u>116,000,000</u> |
| Exercisable at the end of the reporting period | <u>106,000,000</u> |

In relation to the options granted to directors of the Company, 50% of the options will vest six months after the grant date and remaining 50% of the options will vest twelve months after the grant date. In relation to the options granted to employees, 50% of the options will vest six months after the grant date, 25% of the options will vest twelve months after the grant date and remaining 25% of the options will vest eighteen months after the grant date. The share option is exercisable from the completion of vesting period to 14 May 2025 with exercise price of HK\$1.37.

The fair value of each tranche of the share options granted to the directors of the Company determined at the date of grant using the Binomial model was approximately HK\$28,303,000 and HK\$28,361,000, respectively. The fair value of each tranche of share options granted to the employees determined at the date of grant using the Binomial model were approximately HK\$12,807,000, HK\$6,475,000 and HK\$6,589,000, respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

24. SHARE-BASED PAYMENTS (Cont'd)

The following assumptions were used to calculate the fair values of share options:

15 May 2015

| | |
|------------------------------|----------|
| Grant date share price | HK\$1.37 |
| Exercise price | HK\$1.37 |
| Expected life | 10 years |
| Expected volatility (note a) | 47.63% |
| Risk-free rate (note b) | 1.723% |
| Dividend yield (note c) | 0% |

Notes:

- (a) Expected volatility is estimated by reference to the historical daily share price volatility of the Company over a historical period of 10 years.
- (b) Risk-free rate is determined by reference to the yield of 10-year Hong Kong government bonds.
- (c) Dividend yield is estimated by reference to the historical dividend yield of the Company.

During the six months ended 30 June 2016, total share-based payments of HK\$15,260,000 (30 June 2015: HK\$15,181,000) has been recognised in the profit or loss and recorded in administrative expense. The corresponding amount of HK\$15,260,000 (30 June 2015: HK\$15,181,000) has been credited to share option reserve.

25. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

25. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Cont'd)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Cont'd)

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| Financial assets | Fair value as at | | Fair value hierarchy | Valuation techniques and key input(s) |
|---|--------------------------------------|-------------------------------------|----------------------|---|
| | 30.6.2016 HK\$'000 (unaudited) | 31.12.2015 HK\$'000 (audited) | | |
| Investment in listed equity securities held for trading | Assets: 296,277 | Assets: 353,612 | Level 1 | Quoted bid prices in an active market |
| Investment in listed senior notes | Assets: 212,022 | Assets: 36,043 | Level 2 | Recent transaction prices |
| Gross-settled option contracts linked with listed equity securities | Liabilities: 14,353 | – | Level 3 | Quoted prices from financial institutions |
| Structured deposits | Assets: 452,631 | – | Level 3 | Quoted prices from financial institutions |

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated statement of financial position approximate their fair values.