



百仕達控股有限公司 *

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

2002 INTERIM RESULTS

FINANCIAL HIGHLIGHTS For the six months ended 30 June 2002

- Group Turnover down 6.65 % to HK\$686.2 million
- Profit attributable to shareholders up 129.06% to HK\$151.6 million
 - Earnings Per Share up 113.89% to HK8.47 cents
 - Proposed Interim dividend of HK\$0.03 per share

INTERIM RESULTS

The Board of Directors (the “Board”) of Sinolink Worldwide Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the six months ended 30 June 2002, together with the comparative figures of the corresponding period in 2001 as follows:

Condensed Consolidated Income Statement

	NOTES	Six months ended 30.6.2002 HK\$'000 (unaudited)	30.6.2001 HK\$'000 (unaudited)
Turnover	2	686,193	735,043
Cost of sales		(508,144)	(644,841)
Gross profit		178,049	90,202
Other revenue		2,321	1,492
Distribution costs		(22,970)	(16,052)
Administrative expenses		(57,478)	(43,539)
Other operating expenses		(984)	(3,651)
Profit from operations		98,938	28,452
Interest income		4,490	12,799
Finance costs		(1,826)	(3,290)
Gain on disposal of subsidiaries	4	111,860	44,466
Share of results of associates		(19,687)	(263)
Profit before taxation		193,775	82,164
Taxation	5	(5,022)	(4,335)
Profit before minority interests		188,753	77,829
Minority interests		(37,153)	(11,646)
Net profit for the period		151,600	66,183
Earnings per share	7		
Basic		HK8.47 cents	HK3.96 cents

Diluted		<u>HK8.15 cents</u>	<u>HK3.74 cents</u>
		<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend declared of HK3.0 cents (2001: HK3.0 cents) per share	6	<u>55,483</u>	<u>60,639</u>

1. ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties and investments in securities.

The condensed consolidated financial statements have been prepared in accordance with Statement of Standard Accounting Practice 25 "Interim financial reporting" ("SSAP 25") issued by the Hong Kong Society of Accountants ("HKSA").

In the current period, the Company has adopted, for the first, time, the following new and revised Statements of Standard Accounting Practice issued by the HKSA:

SSAP 1 (Revised)	Presentation of financial statements
SSAP 11 (Revised)	Foreign currency translation
SSAP 15 (Revised)	Cash flow statements
SSAP 33	Discontinuing operations
SSAP 34	Employee benefits

The adoption of the above standards has resulted in a change in the format of presentation of the cash flow statement and the statement of changes in equity, but has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual audited financial statements for the year ended 31 December 2001.

2. SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to profit from operations for the six months ended 30 June 2002 is as follows:

30.6.2002	Continuing operations			Discontinuing operation	Eliminations	Consolidated
	Sale of completed properties/development	Gas fuel	Other business activities	Electricity supply operations		
	properties HK\$'000	HK\$'000	activities HK\$'000	operations HK\$'000	HK\$'000	HK\$'000
REVENUE						
External	134,539	499,340	11,840	40,474	—	686,193
Inter-segment	—	—	4,771	—	(4,771)	—
Total revenue	<u>134,539</u>	<u>499,340</u>	<u>16,611</u>	<u>40,474</u>	<u>(4,771)</u>	<u>686,193</u>
SEGMENT RESULT	<u>21,761</u>	<u>90,713</u>	<u>311</u>	<u>2,179</u>	<u>—</u>	114,964
Other revenue						2,321
Unallocated corporate expenses						(18,347)
Profit from operations						<u>98,938</u>

30.6.2001	Continuing operations			Discontinuing operation	Eliminations	Consolidated
	Sale of completed properties/development	Gas fuel	Other business activities	Electricity supply operations		
	properties HK\$'000	HK\$'000	activities HK\$'000	operations HK\$'000	HK\$'000	HK\$'000
REVENUE						
External	140,354	518,417	9,881	66,391	—	735,043
Inter-segment	—	—	5,097	—	(5,097)	—
Total revenue	<u>140,354</u>	<u>518,417</u>	<u>14,978</u>	<u>66,391</u>	<u>(5,097)</u>	<u>735,043</u>
SEGMENT RESULT	<u>17,596</u>	<u>8,937</u>	<u>1,967</u>	<u>3,097</u>	<u>—</u>	31,597
Other revenue						1,492
Unallocated corporate expenses						(4,637)
Profit from operations						<u>28,452</u>

Note: Other business activities include income from decoration, interior design work and property management services.

The Group's turnover and profit from operations are substantially derived from the People's Republic of China ("PRC").

3. DEPRECIATION AND AMORTISATION

During the period, depreciation of HK\$18,464,000 (2001: HK\$19,531,000) was charged in respect of the Group's property, plant and equipment and amortisation of HK\$2,314,083 (2001: HK\$215,460) was charged in respect of the Group's goodwill. HK\$868,183 (2001: HK\$144,697) was released in respect of the Group's negative goodwill.

4. GAIN ON DISPOSAL OF SUBSIDIARIES

	30.6.2002 <i>HK\$'000</i>	30.6.2001 <i>HK\$'000</i>
Gain on partial disposal of interest in a subsidiary	111,860	44,183
Gain on disposal of a subsidiary	<u>—</u>	<u>283</u>
	<u>111,860</u>	<u>44,466</u>

Gain on partial disposal of interest in a subsidiary represented gain arising on the disposal of shares of Panva Gas Holdings Limited ("Panva Gas") to a third party.

5. TAXATION

	Six months ended 30.6.2002 <i>HK\$'000</i>	30.6.2001 <i>HK\$'000</i>
The charge comprises:		
Profit for the period		
PRC, excluding Hong Kong	<u>5,022</u>	<u>4,335</u>

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

Pursuant to relevant laws and regulations in the PRC, certain of the Group's PRC subsidiaries established in the PRC are exempted from paying income tax for the first two years starting from their first profitable year of operation, followed by a 50% reduction from the third to fifth year. Provision for PRC income tax is provided for with reference to the applicable tax rates on the estimated assessable profits of those subsidiaries for the period.

Deferred taxation has not been provided for in the financial statements as there were no significant timing differences arising during the period or at the balance sheet date.

6. DIVIDENDS

On 12 April 2001, the Company distributed a special interim dividend by way of dividend in specie of 15,200,000 shares of Panva Gas Holdings Limited ("PANVA shares") in the proportion of 20 PANVA shares for every 2,000 share of the Company held. No special interim dividend during the period.

The directors have resolved to declare an interim dividend of HK\$0.03 per share (2001: HK\$0.03 per share and 1 for 10 bonus share) in respect of the six months ended 30 June 2002. The interim dividend is payable on or before 11 October 2002 to Shareholders whose names appear on the register of members of the Company on 7 October 2002.

7. EARNINGS PER SHARE

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

	Six months ended	
	30.6.2002	30.6.2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings for the purposes of basic earnings per share	151,600	66,183
Effect of dilutive potential shares:		
Interest on convertible note	<u>412</u>	<u>1,368</u>
Earnings for the purposes of diluted earnings per share	<u>152,012</u>	<u>67,551</u>
Weighted average number of shares for the purposes of		
basic earnings per share	1,790,403,000	1,672,000,000
Effect of dilutive potential ordinary shares:		
Convertible note	46,470,000	134,592,000
Share options	<u>27,618,000</u>	<u>—</u>
Weighted average number of shares for the purposes of		
diluted earnings per share	<u>1,864,491,000</u>	<u>1,806,592,000</u>

BUISNESS REVIEW AND PROSPECTS

For the six months ended 30 June 2002, the Group recorded a turnover of approximately HK\$686,193,000, representing a slight decrease of approximately 6.65% compared to the corresponding period in 2001. Gross profit increased to approximately HK\$178,049,000 for the six months ended 30 June 2002, a substantial increase of approximately 97.39% when compared to the corresponding period last year. The increase in gross profit was mainly attributable to the significant progress of the Group's gas fuel business, in particular the Group's city piped gas business and the significant increase in market share in the retail sector. Profit attributable to shareholders increased significantly to HK\$151,600,000 representing an increase of approximately 129.06% from the corresponding period last year.

Property Development

The Group recorded a turnover of approximately HK\$134,539,000 for the property development business during the six months ended 30 June 2002, which is approximately the same as that recorded for the corresponding period last year. The turnover was mainly derived from the sale of Sinolink Garden Phase Three, Mandarin House, which is currently in its final stages of construction and the occupation permit is expected to be obtained in November this year.

During the period, the Group has commenced the construction of Sinolink No.8 (百仕達8號), a property development situated within the grounds of Sinolink Garden. Sinolink No. 8 is a 230 unit development covering a total gross floor area ("GFA") of 33,300 square metres and a 2,500 square metres commercial development. As at 30 June 2002, the foundation of Sinolink No. 8 has been completed and the first 26 storey are expected to be completed by the end of the year. The property is expected to commence sales before the end of this year.

The initial design phase has already been completed for Mangrove West Coast and construction is expected to commence by October of this year. The total investment for the Mangrove West Coast is budgeted at around RMB1.5 billion (including land cost of RMB780 million) for the construction of 1,303 units covering a GFA of approximately 249,300 square metres, a club house (GFA of approximately 3,000 square metres), and a kindergarten (GFA of approximately 3,000 square metres).

Sinolink Garden Phase Four, “The Oasis”, is currently in its initial design phase and is expected to commence construction before the end of this year. The Oasis has a total site area of 94,176 square metres and a GFA of approximately 387,800 square metres.

During the period, the Group was awarded a tender for a piece of land in one of China’s up and coming resort area, Dameisha (大梅沙) in Shenzhen. The cost of the land was approximately RMB50,168,000 for a total site area of approximately 18,600 square metres with a GFA of approximately 22,000 square metres. The project is expected to house a five star resort hotel with 130 rooms and a 7,000 square metres shopping complex.

Gas Fuel Business

For the six months ended 30 June 2002, the Group’s Gas Fuel business recorded a turnover of approximately HK\$499,340,000, representing a slight decrease of approximately 3.68% compared to the same period last year. The decrease in the turnover was mainly caused by the reduced sales price in the LP Gas, which on averages decreased by approximately 28% when compared to the corresponding period last year. However, the actual volume of LP Gas sold during the period was substantially higher when compared to the same period last year. The gross profit margin increased substantially from 6.78% for the six months ended 30 June 2001 to 24.22% for the six months ended 30 June 2002. The increase in the gross profit margin is a direct reflection of the Group’s dedication in expanding the higher return retail business and in the significant progress of the Group’s city piped gas business.

The Group’s retail end-user customers increased to approximately 1,376,000 households as at 30 June 2002. Of this amount, approximately 1,325,000 households use gas in cylinders and approximately 51,000 households use piped gas, representing an increase of approximately 175,000 households and approximately 31,000 households respectively from the year-end figures.

With the city piped gas supply at such a low penetration rate in the PRC at present, the Group is planning to focus much of its efforts in the development of city piped gas projects through mergers and acquisitions. As the Group believes that piped gas will co-exist with cylinders, as demonstrated in other developed countries, the Group will continue to develop its cylinder retail business.

Electricity Generation

The disposal of the Group’s electricity business was completed in May of this year and prior to the disposal, the electricity business recorded a turnover of approximately HK\$40,474,000, which is approximately the same as that recorded for the corresponding period last year.

The electricity generation business is now carried out by the Group's 29.99% owned associated company, SilverNet Group Limited ("SilverNet"), a company listed on main board of the Stock Exchange of Hong Kong Limited. The Group now has a clearly defined structure with the Company focusing on the property development and investment holding, Panva Gas focusing on the gas fuel business, and SilverNet focusing on the electricity generation business.

FINANCIAL POSITION

The Group's total borrowings decreased from approximately HK\$920,960,000 as at 31 December 2001 to approximately HK\$781,544,000 as at 30 June 2002. The proportion of borrowings due within one year to total borrowings also decreased from approximately 44.53% to approximately 24.20% and a long term borrowings to equity ratio of 39.71%. Borrowings are mainly used to finance the property development projects of the Group and are all borrowed at fixed interest rates.

Total assets pledged in securing these loans have a net book value of approximately HK\$232,705,000 as at 30 June 2002. Bank borrowings of the Group are denominated in RMB and as the entire operation of the Group is carried out in the PRC, all receipts and payments in relation to operation are denominated in RMB. In this respect the Group is not exposed to any foreign exchange exposure risk. No financial instruments were used for hedging purpose.

The Group's cash and cash equivalents amounted to approximately HK\$547,739,000 as at 30 June 2002 are mostly denominated in RMB, Hong Kong dollars and US dollars.

CONTINGENT LIABILITIES

On 17 May 1996, a legal claim in the amount of approximately HK\$13,585,000 was brought against Sinolink Worldwide (HK) Company Limited ("Sinolink Worldwide (HK)") by a third party for charter hire charges overdue. After consultation with the legal adviser in relation to this litigation, the claim would not have any material adverse effect on the financial position of the Group. In addition, an indemnity has been given by the controlling shareholder of the Company to the Group in respect of the claim. No provision for loss has therefore been made by the Group in respect of the outstanding claim.

Guarantees given to banks as security for the mortgage loans arranged for the purchases of the Group's properties amounted to approximately HK\$162,323,000 (31 December 2001: HK\$122,026,000).

Corporate guarantee given to a bank to secure general banking facilities granted to a subsidiary as at 30 June 2002 was HK\$579,046,000 (31 December 2001: HK\$594,500,000)

EMPLOYEES AND REMUNERATION POLICIES

There were no material changes to the Group's employees and remuneration policies from that disclosed in the annual report of the Company for the year ended 31 December 2001.

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.

INTERIM DIVIDENDS

The Directors have resolved to declare an interim dividend of HK\$0.03 per share (2001: HK\$0.03 per share and 1 for 10 bonus share) in respect of the six months ended 30 June 2002. The interim dividend is payable on or before 11 October 2002 to shareholders whose names appear on the register of members of the Company on 7 October 2002.

CLOSURE OF REGISTER OR MEMBERS

The register of members will be closed from 4 October 2002 to 7 October 2002, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed interim dividend, all completed transfer forms with share certificates must be lodged with the Company's Hong Kong Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Thursday, 3 October 2002.

PUBLICATION OF INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The full announcement of interim results of the Group, containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, will be published on The Stock Exchange of Hong Kong Limited's website www.hkex.com.hk.

By Order of the Board
Ou Yaping
Chairman

Hong Kong, 18 September 2002

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