



百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1168)

2004 INTERIM RESULTS

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2004

- Group Turnover up 8.5% to HK\$945.5 million
- Gross Profit up 10.9% to HK\$209.5 million
- Net Profit amounted to HK\$67.0 million
- Earnings Per Share amounted to HK\$0.0292
- Proposed Interim Dividend of HK\$0.015 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 (collectively the “Group”) for the six months ended 30 June 2004, together with the comparative figures of the corresponding period in 2003 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended	
		30.6.2004	30.6.2003
		(unaudited)	(unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Turnover	4	945,476	871,311
Cost of sales		(735,960)	(682,379)
Gross profit		209,516	188,932
Other operating income		10,674	12,919
Distribution costs		(34,433)	(22,216)
Administrative expenses		(63,551)	(52,266)
Other operating expenses		(3,657)	(3,913)
Profit from operations		118,549	123,456
Finance costs		(6,467)	(3,834)
Loss on deemed disposal arising from dilution of interest in a subsidiary		(3,917)	–
Gain on disposal of a subsidiary		3,898	–
Share of results of associates		12,211	6,626
Profit before taxation		124,274	126,248
Taxation	6	(9,334)	(4,653)
Profit after taxation		114,940	121,595
Minority interests		(47,890)	(44,577)
Net profit for the period		<u>67,050</u>	<u>77,018</u>
Earnings per share	8		
– Basic		<u>HK2.92 cents</u>	<u>HK3.47 cents</u>
– Diluted		<u>HK2.90 cents</u>	<u>HK3.40 cents</u>
Interim dividend declared of HK1.5 cents (2003: HK3.0 cents) per share		<u>34,781</u>	<u>55,564</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2004

1. GENERAL

The Company was incorporated in Bermuda as an exempt company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its ultimate holding company is Asia Pacific Promotion Limited, a private limited company incorporated in the British Virgin Islands (the “BVI”)

The principal activities of the Group are property development and sale and distribution of liquefied petroleum gas and natural gas (“Gas fuel”) and construction of gas pipelines.

The condensed financial statements have been prepared in accordance with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Statement of Standard Accounting Practice No. 25 (“SSAP 25”) “Interim Financial Reporting”.

2. 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 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 2003.

3. PRIOR PERIOD ADJUSTMENTS

Pursuant to the agreement dated 4 December 2003 in relation to the placing of certain shares in a subsidiary, Panva Gas Holdings Limited (“Panva Gas”), a gain on partial disposal has been recognised in the income statement for the year ended 31 December 2003. The entire sale proceeds of the placing of shares was then applied for the subscription of the same amount of shares which was approved on 5 January 2004. Subsequently, the board of directors considered that these transactions should be accounted for as one transaction in view of their nature. Accordingly, it resulted in an adjustment to reduce net profit for the year ended 31 December 2003 amounted to approximately HK\$148 million and a corresponding reduction of the opening balance of the accumulated profit as at 1 January 2004. The effect of such change had no impact on the net profit for the six months period ended 30 June 2004.

In addition, an adjustment has been made to goodwill arising on the conversion of convertible note into Panva Gas shares and resulted in a decrease in goodwill and other payables of approximately HK\$63 million as at 31 December 2003.

4. SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to profit from operations for the six months ended 30 June 2004 is as follows:

30 June 2004

	Property development HK\$'000	Gas fuel business HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER					
External	83,217	848,634	13,625	–	945,476
Inter-segment	–	–	4,771	(4,771)	–
Total	83,217	848,634	18,396	(4,771)	945,476
SEGMENT RESULT	10,592	126,463	2,691	–	139,746
Other operating income					10,702
Unallocated corporate expenses					(31,899)
Profit from operations					118,549

30 June 2003

	Property development HK\$'000	Gas fuel business HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER					
External	155,228	702,990	13,093	–	871,311
Inter-segment	–	–	4,771	(4,771)	–
Total	155,228	702,990	17,864	(4,771)	871,311
SEGMENT RESULT	17,384	116,878	2,141	–	136,403
Other operating income					12,919
Unallocated corporate expenses					(25,866)
Profit from operations					123,456

Notes: Others 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"). Accordingly, no geographical segment information is presented.

5. DEPRECIATION AND AMORTISATION

During the period, depreciation of HK\$19,932,000 (2003: HK\$15,212,000) was charged in respect of the Group's property, plant and equipment and amortization of HK\$852,000 (2003: HK\$609,000) was charged to administrative expenses in respect of the Group's goodwill. HK\$284,000 (2003: HK\$1,027,000) was released in respect of the Group's negative goodwill. Unrealised holding loss on investments in securities of HK\$4,110,000 and gain on disposal of investments in securities of HK\$889,000 was charged or credited to the income statement for the six months ended 30 June 2003.

6. TAXATION

	Six months ended	
	30.6.2004	30.6.2003
	HK\$'000	HK\$'000
Charge for the period PRC, excluding Hong Kong	<u>9,334</u>	<u>4,653</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 Company'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 per cent. 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.

7. INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.015 per share (2003: HK\$0.03 per share) in respect of six months ended 30 June 2004. The interim dividend is payable on or before 21 October 2004 to shareholders whose names appear on the register of members of the Company on 15 October 2004.

8. EARNINGS PER SHARE

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

	Six months ended	
	30.6.2004	30.6.2003
	HK\$'000	HK\$'000
Earnings for the purpose of basic earnings per share	67,050	77,018
Effect of dilutive potential shares:		
Interest on convertible note	<u>–</u>	<u>384</u>
Earnings for the purpose of diluted earnings per share	<u>67,050</u>	<u>77,402</u>
	Number of shares	
	30.6.2004	30.6.2003
Weighted average number of shares for the purpose of basic earnings per share	2,299,340,261	2,219,364,656
Effect of dilutive potential shares:		
Share options	16,315,955	2,352,358
Convertible note	<u>–</u>	<u>51,000,000</u>
Weighted average number of shares for the purpose of diluted earnings per share	<u>2,315,656,216</u>	<u>2,272,717,014</u>

BUSINESS REVIEW AND PROSPECTS

For the six months ended 30 June 2004, the Group recorded a turnover of HK\$945,476,000, representing an increase of 8.5% as compared to the same period last year. Gross profit increased to HK\$209,516,000 for the six months ended 30 June 2003, an increase of 10.9% as compared to the same period last year. The increase in gross profit was mainly attributable to the significant progress of the Group's gas fuel business but was partly offset by the decrease in property sales. Net profit amounted to HK\$67,050,000, representing a decrease of 12.9% from the corresponding period last year.

Property Development

For the six months ended 30 June 2004, the Group recorded a turnover of HK\$83,217,000 for the property development business, representing a decrease of 46.4% as compared to the same period last year. The Group sold a total floor area of approximately 12,200 square metres during the period as compared to 24,600 square metres for the same period last year. The decrease in turnover was mainly attributable to the fact that the available gross floor area for sale was from the remaining units of Sinolink Garden Phase Three, *The Mandarin House* and *Sinolink No. 8*, while Sinolink Garden Phase Four western district, *The Oasis* only commenced presale in the second half of 2004. The turnover was mainly derived from the sales of *The Mandarin House* and *Sinolink No. 8*, which accounted for 54.7% and 45.3% respectively of the total property sales for the period. The average selling prices for *The Mandarin House* and *Sinolink No. 8* were RMB7,296 and RMB8,542 per square metre respectively which increase slightly as compared to the same period last year.

As at 30 June 2004, the Group has the following properties under development:

- Sinolink Garden Phase Four western district, *The Oasis* is a 1,322 units development covering a total gross floor area of 140,868 square metres and a 20,619 square metres commercial development. With Jusco as a major anchor tenant, the project also concentrates in the development of medium size properties. This construction works of the whole project is expected to complete by September 2005. Subsequent to the period end, *The Oasis* commenced presale and has received favourable results.
- *The Mangrove West Coast* is a development project with a total site area of 75,102 square metres and total gross floor area of approximately 249,300 square metres. This residential development project has completed close to half of its development as at 30 June 2004. Pre-sale schedule is under planning.

During the period under review, the Group sold its 82% equity interest held in a development project in Dameisha, Shenzhen to independent third parties for a consideration of HK\$66,188,000, resulting in a gain on disposal of HK\$3,898,000. As the project has been designated as a resort development, and after taking into account of the slow progress in the development of the surrounding infrastructure, the Company decided that the project will not generate the return it had planned for, thus sold the project when the Company was approached by the independent third parties.

In the second half of 2004, the Group expects an increase in the gross floor area available for sale due to the launch of *The Oasis*. With the positive response from the presale of *The Oasis*, the Group expects the sales of properties to improve. On the macro side, the PRC government imposed several control measures to adjust its economy. The Board believes these macro- austerity measures had not directly impacted on the property development business of the Group. In fact, the demand for medium size properties continue to prosper in the Shenzhen property market and the Group's development project, *The Oasis*, just fits this trend and demand. Moving ahead, the Group will continue to seek its expansion in the property development business by actively exploring other projects which offer premium value to home buyers.

Gas Fuel Business

For the six months ended 30 June 2004, Panva Gas, the Group's Gas Fuel business, recorded a turnover of HK\$848,634,000, representing an increase of 20.7% compared to the same period last year. Turnover for wholesale, retail and gas pipeline construction businesses all contributed to the increase with increases of 15.8%, 24.2%, and 28.7% respectively compared to the same period last year.

The gross profit increased by 17.2% compared to the same period last year. The increase in the gross profit is mainly attributable to the growth of the piped gas business and the net profit rose by 14.9% to HK\$95,356,000.

In the first half of 2004, two additional piped gas projects have been secured by Panva Gas, namely, a 90% equity joint venture in Yuechi Panva Gas Company Limited and 100% equity interest in Cangxi Panva Gas Company Limited, both located in the Sichuan Province, the PRC. Both projects are principally engaged in the supply of natural gas, the construction of natural gas pipelines and the sale of natural gas and Liquefied Petroleum Gas ("LP Gas") appliances and have exclusive rights to own and operate the city pipeline networks in their respective cities for a period of 30 years. As a result of these acquisitions, the Group has further increased its market share and strengthened its competitiveness in the piped natural gas sector in Sichuan, which significantly enhanced the Group's economies-of-scale benefits and competitive advantages.

On 8 January 2004, the Group completed the top-up placing arrangement which commenced in December 2003 by subscribing 155,200,000 new shares of Panva Gas bringing its interests in Panva Gas to 63.59%.

In the second half of 2004, Panva Gas will continue to strengthen its piped gas development business in the southwestern, southern, eastern and northeastern PRC regions and strive to secure more high quality piped gas projects. At the same time, Panva Gas will also continue to invest in and actively expand its retail and wholesale businesses of LP Gas.

Subsequent to the period end, on 27 August 2004, Panva Gas through its wholly owned subsidiary entered into an agreement to acquire 48% equity interest in Changchun Gas Holdings Limited ("Changchun Gas"), a company incorporated in the PRC and located in the province of Jilin, for a consideration of HK\$354.4 million. The principal business of Changchun Gas includes the operation of the piped gas network in the city of Changchun, including the construction of the main trunk, sub-branch networks and the connection into individual households, the supply of piped gas to industrial, commercial and residential users, and the processing, transportation, storage, wholesale, retail and logistic services of coal gas, natural gas and LP Gas and related services.

Electricity Generation

The electricity generation business is carried out by the Group's associated company, Enerchina Holdings Limited ("Enerchina"), which in turn owns 70% equity interest in Fuhuade Power Plant located in Dapeng Town, Shenzhen.

On 19 April 2004, Enerchina completed an open offer of shares on the basis two offer shares for every existing share held. The Company through its wholly owned subsidiary, acted as the underwriter of the open offer and raised approximately HK\$600.5 million. As such, the Group's equity interest in Enerchina was increased from 33.70% to 37.10%.

During the six months ended 30 June 2004, Fuhuade Power Plant achieved a total power output of 645.3 million kilowatt hour, of which 633.5 million kilowatt hour were sold on grid, generating a turnover of HK\$364,675,000, representing a growth of 94.2% compared to the same period last year. The increase in output was mainly attributed to the increase in installed capacity upon the completion of the second combined cycle generating unit in May 2003.

In the second half of 2004, the Group expects its third combined cycle generating unit to complete its construction and commences production in September 2004 as scheduled. In response to the strong demand for electricity in the PRC, the Group is also conducting feasibility studies towards switching to the utilization of natural gas as fuel and to further expand its capacity by exploring new projects in the markets to ensure the Group can maintain a high growth rate in this business.

FINANCIAL POSITION

The Group's total borrowings increased from HK\$1,234,711,000 as at 31 December 2003 to HK\$1,312,616,000 as at 30 June 2004. The increase is mainly due to the increase in bank and other loans raised by Panva Gas for the expansion of piped gas business. The proportion of borrowings due within one year to total borrowings increased slightly from 54.2% to 55.8% and a long term borrowings to equity ratio of 26.2%. Bank borrowings are mainly used to finance the property development projects of the Group and the convertible note and bonds are used for the expansion Gas Fuel business. With the exception of one Hong Kong Dollar denominated bank loan which is tied to Hong Kong Inter-bank Best Offer Rate, are all other borrowings are at fixed interest rates.

Total assets pledged in securing these loans have a net book value of HK\$279,413,000 as at 30 June 2004. With the exception of the convertible bonds which is denominated in United States Dollars and a Hong Kong Dollar denominated bank loan mentioned above, all other borrowings of the Group are denominated in RMB. As the entire operation of the Group is carried out in the PRC, substantial receipts and payments in relation to operation are denominated in RMB. No financial instruments were used for hedging purpose; however, the Board is evaluating and closely monitoring the potential impact of RMB appreciation and interest rate movement and the instruments that could minimize such potential impact on the Group.

The Group's cash and cash equivalents amounted to HK\$1,004,274,000 as at 30 June 2004 are mostly denominated in RMB, Hong Kong dollars and US dollars.

CAPITAL COMMITMENTS

At 30 June 2004, the Group has capital commitments in respect of properties under development and interest in subsidiaries not provided in the financial statements amounted to HK\$1,232.7 million and HK\$135.8 million respectively.

CONTINGENT LIABILITIES

Guarantees given to banks as security for the mortgage loans arranged for the purchases of the Group's properties amounted to HK\$13,796,000.

EMPLOYEES AND REMUNERATION POLICIES

At 30 June 2004, the Group employed approximately 3,886 full time employees. The Group recognizes the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other Various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option schemes adopted by the Group.

PURCHASES, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2004.

CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information that would reasonably indicates that the Company is not, or was not at any time during the period, in compliance with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange except that non-executive directors are not appointed for specific terms, but are subject to retirement by rotation and re-election at annual general meeting in accordance with the Company's Bye-laws.

AUDIT COMMITTEE

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

The interim results of the Group for the six months ended 30 June 2004 had not been audited, but had been reviewed by the Company’s auditors, Deloitte Touche Tohmatsu and the Audit Committee.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.015 per share (2003: HK\$0.03) in respect of the six months ended 30 June 2004. The interim dividend is payable on or before 21 October 2004 to shareholders whose names appear on the register of members of the Company on 15 October 2004.

CLOSURE OF REGISTER OR MEMBERS

The register of members will be closed from 11 October 2004 to 15 October 2004, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all completed transfer forms with share certificates must be lodged with the Company’s Hong Kong Branch Share 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 8 October 2004.

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 Listing Rules (in force prior to 31 March 2004 and applicable to this announcement under the transitional arrangement), will be published on the Stock Exchange’s website www.hkex.com.hk in due course.

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

At the date of this announcement, the Board comprises of:

Executive Directors:

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

Independent Non-executive Directors:

Li Zhi Xiang
Xin Luo Lin
Davin A. Mackenzie

Hong Kong, 17 September 2004

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

* *For identification purpose only*