

CORPORATE INFORMATION

Board of Directors

Executive directors

Mr. Ou Yaping (*Chairman*)

Mr. Tang Yui Man, Francis
(*Chief Executive Officer*)

Mr. Chen Wei

Mr. Law Sze Lai

Independent non-executive directors

Mr. Li Zhi Xiang

Mr. Davin A. Mackenzie

Mr. Xin Luo Lin

Company Secretary

Mr. Lo Tai On

Registered Office

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Head Office and Principal Place of Business

28th Floor, Vicwood Plaza

199 Des Voeux Road Central

Hong Kong

Telephone : (852) 2851 8811

Fascimile : (852) 2851 0970

Stock Code: 1168

Website : <http://www.sinolinkhk.com>

<http://www.irasia.com/>

listco/hk/sinolink

<http://www.panva-gas.com>

Auditors

Deloitte Touche Tohmatsu

Certified Public Accountants

26th Floor

Wing On Centre

111 Connaught Road Central

Hong Kong

Principal Share Registrar and Transfer Office

Butterfield Fund Services

(Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke

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

183 Queen's Road East

Wanchai

Hong Kong

Legal Advisors

(As to Hong Kong Law)

Woo, Kwan, Lee & Lo

Tsang, Chan & Wong

(As to Bermuda Law)

Conyers Dill & Pearman

(As to the PRC Law)

Haiwen & Partners

Principal Bankers

Bank of China, Hong Kong Branch

Industrial and Commercial Bank of
China (Asia) Ltd.

Bank of China, Shenzhen Branch

Industrial and Commercial Bank of
China, Shenzhen Branch

CONTENTS

Financial Highlights	2
Management Discussion and Analysis	2
Other Information	8
Independent Review Report	18
Condensed Consolidated Income Statement	19
Condensed Consolidated Balance Sheet	20
Condensed Consolidated Statement of Changes in Equity	21
Condensed Consolidated Cash Flow Statement	22
Notes to the Condensed Financial Statements	23

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:

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
- Interim dividend declared of HK\$0.015 per share

MANAGEMENT DISCUSSION & ANALYSIS

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. The construction works of this 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 Holdings Limited ("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, 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 Renminbi ("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.

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.

APPRECIATION

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

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

Hong Kong, 17 September 2004

OTHER INFORMATION

Directors' Interests or Short Positions in Shares and in Share Options

At 30 June 2004, the interests and short positions of the Directors and chief executive of the Company in the shares and debentures of the Company and the shares and debentures of any associated corporation of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required pursuant to: (a) divisions 7, 8, and 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 for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

(a) 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 Company's issued share capital
		Personal interest	Family interest	Corporate interest				
Chen Wei	Beneficial owner	-	-	-	-	6,400,000	6,400,000	0.28%
Law Sze Lai	Beneficial owner	7,200,000	-	-	7,200,000	7,200,000	14,400,000	0.62%
Ou Yaping	Beneficial owner and interest of controlled corporation	-	6,475,920	1,494,222,000 (Note 1)	1,500,697,920	-	1,500,697,920	64.74%

Note:

- These shares are held by Asia Pacific Promotion Limited ("Asia Pacific"), a company incorporated in the British Virgin Islands, which is legally and beneficially owned by Mr. Ou Yaping, chairman of the Company.

Details of the Directors' interests in share options granted by the Company are set out under the heading "Directors' Rights to Acquire Shares".

(b) Directors' Interests or Short Positions in Shares in Associated Corporations

Name of Directors	Name of associated corporations	Capacity	Nature of interest	Total interest in shares Long position/ (short position)	Interest in underlying shares pursuant to share options	Aggregate Interest/ (short position)	Approximate percentage of the issued share capital of the associated corporations
Chen Wei	Panva Gas	Beneficial owner	Personal	4,160,000	5,040,000	9,200,000	0.98%
Tang Yui Man Francis	Enerchina	Beneficial owner	Personal	–	22,880,000	22,880,000	1.00%
	Panva Gas	Beneficial owner	Personal	5,440,000	960,000	6,400,000	0.68%
Ou Yaping	Enerchina	Beneficial owner and Interest of controlled corporation	Corporate	849,038,775 (Note 1)	2,288,000	851,326,775	37.2%
	Panva Gas	Beneficial owner and Interest of controlled corporation	Corporate	604,871,587 (Note 2) (38,461,538) (Note 3)	3,600,000	608,471,587 (38,461,538)	64.58% (4.08%)

Notes:

- The 849,038,775 shares represent the aggregate of: (i) 571,887,966 shares held by the Company. (ii) 277,150,809 shares held by Smart Orient Investments Limited (“Smart Orient”), a wholly-owned subsidiary of the Company. Mr. Ou is deemed under the SFO to be interested in these shares.
- The 604,871,587 shares represent the aggregate of: (i) 429,298,462 shares held by Kenson Investment Limited (“Kenson”), a wholly-owned subsidiary of the Company. 64.46% interests of the Company are held by Asia Pacific. Mr. Ou is the sole beneficial owner of Asia Pacific. Mr. Ou is deemed under the SFO to be interested in these shares; (ii) 6,081,600

shares held by Asia Pacific directly. The entire issued share capital of Asia Pacific are legally and beneficially held by Mr. Ou; and (iii) 169,491,525 shares held by Supreme All Investments Limited (“Supreme All”). 100% interests of Supreme All are held by the Company. Mr. Ou is deemed under the SFO to be interested in these shares.

3. Kenson is under an obligation to transfer 38,461,538 shares to Hutchison International Limited (“Hutchison International”) upon full exchange of a HK\$125,000,000 redeemable note (the “Note”) held by Hutchison International in accordance with the terms and conditions of the Note.

Directors’ Right to Acquire Shares

(a) *Interest in Option to Subscribe for Shares of the Company*

Pursuant to the Company’s share option scheme, the Company has granted options to subscribe for Company’s shares in favour of certain Directors, the details of which are as follows:

Name of Directors	Date of grant	Exercise period	Exercise price HK\$	Number of shares subject to outstanding options at 1.1.2004	Adjusted issue of shares after bonus	Exercised during the period	Number of Company Shares subject to outstanding options at 30.6.2004	Approximate percentage of the Company’s issued share capital
Chen Wei	14.03.2002	01.09.2002 to 01.09.2004	0.56	6,000,000	1,200,000	7,200,000	–	–
	14.03.2002	01.12.2002 to 01.12.2005	0.56	6,000,000	1,200,000	800,000	6,400,000	0.28%
Law Sze Lai	14.03.2002	01.09.2002 to 01.09.2004	0.56	6,000,000	1,200,000	7,200,000	–	–
	14.03.2002	01.12.2002 to 01.12.2005	0.56	6,000,000	1,200,000	–	6,000,000	0.31%
Tang Yui Man Francis	14.03.2002	01.09.2002 to 01.09.2004	0.56	1,900,000	380,000	2,280,000	–	–
	14.03.2002	01.12.2002 to 01.12.2005	0.56	1,900,000	380,000	2,280,000	–	–

Note:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. The number of share options outstanding at beginning of year and the exercise prices have been adjusted to reflect the effect of bonus issue of shares during the period. Exercise price before adjustment is HK\$0.67 and exercise price after adjustment is HK\$0.56.
3. These options represent personal interest held by the directors as beneficial owner.

Save as disclosed above, at no time during the period, the directors, chief executives (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company or any of its associated corporations required to be disclosed pursuant to the SFO.

(b) *Interest in Options to Subscribe for Shares of Associated Corporations*

Name of Directors	Name of associated corporations	Date of grant	Exercisable period	Exercise price HK\$	Number of shares options held
Chen Wei	Panva Gas	04.04.2001	01.01.2003 – 03.04.2011	0.475	1,800,000
		04.04.2001	01.01.2004 – 03.04.2011	0.475	1,800,000
		13.11.2001	13.11.2002 – 13.02.2007	0.940	1,440,000
Tang Yui Man Francis	Enerchina	09.06.2004	09.06.2004 – 08.06.2014	0.440	22,880,000
	Panva Gas	13.11.2001	13.11.2002 – 13.02.2007	0.940	960,000
Ou Yaping	Panva Gas	09.06.2004	09.06.2004 – 08.06.2014	0.440	2,288,000
		04.04.2001	01.01.2003 – 03.04.2011	0.475	1,800,000
		04.04.2001	01.01.2004 – 03.04.2011	0.475	1,800,000

Note:

The vesting period of the share options is from the date of grant until the commencement of the exercise period.

Arrangements to Purchase Shares of Debentures

Other than the option holdings disclosed above, at no time the period was the Company, its holdings company, or any or its subsidiaries or fellow subsidiaries, party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of share in, or debenture of, the Company or any other body corporate, and neither the directors nor the chief executive, 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.

Save as disclosed above, none of the directors, chief executives nor their respective associates (as defined in the Listing Rules) had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations.

Substantial Shareholders

At 30 June 2004, 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 shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long positions and short position in shares and underlying shares in the Company

Name of Shareholders Capacity		Interest in shares Long positions/(short position)		Total interest in shares	Approximate percentage of the Company's issued share capital
		Family interest	Corporate interest		
Asia Pacific	Beneficial owner	–	1,494,222,000	1,494,222,000 (Note 1)	64.46%
Ou Yaping	Beneficial owner and interest of controlled corporation	6,475,920	1,494,222,000 (Note 1)	1,500,697,920	64.74%

Note:

- These Shares are held by Asia Pacific, a company incorporated in the British Virgin Islands, which is legally and beneficially owned by Mr. Ou Yaping, chairman of the Company.

Save as disclosed above, no person had registered an interest in the share capital of the Company that was required to be disclosed under Divisions 2 and 3 of Part XV of the SFO and the Listing Rules.

Save for the shareholders as disclosed herein, the Directors are not aware of any persons who, at 30 June 2004, were entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

Share Option Schemes of the Group

The following table discloses movements in the Company's share options during the period:

Category 1: Directors

	Option types	Outstanding at 1.1.2004	Adjusted after bonus issue of shares	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2004
Chen Wei	2002A	12,000,000	2,400,000	–	8,000,000	–	6,400,000
Law Sze Lai	2002A	12,000,000	2,400,000	–	7,200,000	–	7,200,000
Tang Yui Man							
Francis	2002A	3,800,000	760,000	–	4,560,000	–	–
Total directors		27,800,000	5,560,000	–	19,760,000	–	13,600,000

Category 2: Employees

Option types	Outstanding at 1.1.2004	Adjusted after bonus issue of shares	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2004
2001B	550,000	110,000	–	–	–	660,000
2002A	6,800,000	300,000	–	4,900,000	–	2,200,000
2004	–	5,080,000	25,400,000	–	–	30,480,000
Total employees	7,350,000	5,490,000	25,400,000	4,900,000	–	33,340,000
All categories	35,150,000	11,050,000	25,400,000	24,660,000	–	46,940,000

Details of specific categories of options are as follows:

Option types	Date of grant	Exercise period	Exercise price before adjustment HK\$	Exercise price after adjustment HK\$
2001B	09.10.2001	03.04.2002 – 03.04.2005	0.33	0.28
	09.10.2001	03.10.2002 – 03.10.2005	0.33	0.28
	09.10.2001	30.12.2002 – 30.12.2005	0.33	0.28
2002A	14.03.2002	01.09.2002 – 01.09.2004	0.67	0.56
	14.03.2002	01.12.2002 – 01.12.2005	0.67	0.56
	14.03.2002	01.01.2003 – 01.01.2005	0.67	0.56
2004	01.01.2004	01.06.2004 – 31.05.2008	0.91	0.76
	01.01.2004	01.01.2005 – 31.05.2008	0.91	0.76
	01.01.2004	01.06.2005 – 31.05.2008	0.91	0.76

Notes:

1. The vesting period of the share options is from the date of the grant until the commencement of the exercise period.
2. The closing price of the Company's shares immediately before 1 January 2004 the date of grant of the 2004 options was HK\$0.758 (before bonus issue of share adjustment was HK\$0.91).
3. The weighted average closing price of the Company share immediately before the dates on which the options were exercised on 26 February 2004, 4 June 2004 and 14 June 2004 were HK\$0.963, HK\$0.915 and HK\$0.914 respectively.
4. During the period, 25,400,000 shares granted under the share option scheme approved by the shareholders of the Company on 23 May 2002 were adjusted to 30,480,000 shares to reflect the effect of bonus issue of share.
5. During the period, no options were cancelled or lapsed under the share option schemes.

The Directors believe that any statement regarding the value of options granted during the period will not be meaningful to shareholders, taking into account the unique business nature of the Group and its potential for future expansion and that comparable data required for calculation of the value of the options will not be representative of the Group.

No charge is recognized in the income statement in respect of the value of share options granted during the period.

Share Options of Panva Gas

Movements of the share options of Panva Gas, which have been granted under the Panva Gas Pre-Listing share option scheme (the “Panva Pre-Listing Options”) and Panva Gas share option scheme (the “Panva Scheme”) both approved by sole shareholder on 4 April 2001, during the period are set out below:–

Category 1: Directors

Option types		Outstanding at 1.1.2004	Appointed as director during the period	Retired as director during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2004
Chen Wei	Panva Pre-Listing Options	3,600,000	–	–	–	–	3,600,000
	Panva Scheme	1,440,000	–	–	–	–	1,440,000
Lai Wen Guang	Panva Pre-Listing Options	2,400,000	–	1,600,000	800,000	–	–
	Panva Scheme	960,000	–	960,000	–	–	–
Lau Shi Wa	Panva Pre-Listing Options	1,200,000	–	600,000	600,000	–	–
Li Fujun	Panva Pre-Listing Options	2,400,000	–	–	280,000	–	2,120,000
	Panva Scheme	480,000	–	–	–	–	480,000
Ou Yaping	Panva Pre-Listing Options	3,600,000	–	–	–	–	3,600,000
Shen Lian Jin	Panva Pre-Listing Options	–	600,000	–	300,000	–	300,000
Tang Yui Man							
Francis	Panva Scheme	960,000	–	–	–	–	960,000
Total Directors		17,040,000	600,000	3,160,000	1,980,000	–	12,500,000

Category 2: Employees

Option types		Outstanding at 1.1.2004	Appointed as director during the period	Retired as director during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2004
	Panva Pre-Listing Options	7,440,000	600,000	2,200,000	3,790,000	–	5,250,000
	Panva Scheme	6,984,000	–	960,000	2,183,000	–	5,761,000
Total Employees		14,424,000	600,000	3,160,000	5,973,000	–	11,011,000
All categories		31,464,000	–	–	7,953,000	–	23,511,000

Details of specific categories of options are as follows:

Option type	Date of grant	Exercise period	Exercise price HK\$
Panva Pre-Listing	04.04.2001	01.01.2003 – 03.04.2011	0.475
Options	04.04.2001	01.01.2004 – 03.04.2011	0.475
Panva Scheme	13.11.2001	13.02.2002 – 13.02.2007	0.940
	13.11.2001	13.05.2002 – 13.02.2007	0.940
	13.11.2001	13.11.2002 – 13.02.2007	0.940

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. The weighted average closing price of the shares in Panva Gas immediately before the date on which the options were exercised were HK\$4.01 and HK\$3.82.
3. During the period, no options were granted, cancelled or lapsed under the share option schemes of Panva Gas.

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 indicate 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.

Deloitte.

德勤

INDEPENDENT REVIEW REPORT

To the Board of Directors of Sinolink Worldwide Holdings Limited

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 19 to 34.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report, 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.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards No. 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2004.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

17 September 2004

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2004

	Notes	Six months ended	
		30.6.2004 HK\$'000 (unaudited)	30.6.2003 HK\$'000 (unaudited)
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 expenses		(34,433)	(22,216)
Administrative expenses		(63,551)	(52,266)
Other operating expenses		(3,657)	(3,913)
Profit from operations	5	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 before minority interests		114,940	121,595
Minority interests		(47,890)	(44,577)
Net profit for the period		67,050	77,018
Interim dividend declared of HK1.5 cents (2003: HK3.0 cents) per share	7	34,781	55,564
Earnings per share	8		
Basic		HK2.92 cents	HK3.47 cents
Diluted		HK2.90 cents	HK3.40 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2004

	<i>NOTES</i>	30.6.2004 HK\$'000 (unaudited)	31.12.2003 HK\$'000 (audited and restated)
Non-current assets			
Property, plant and equipment	9	853,375	668,403
Intangible asset		9,411	9,662
Goodwill	10	29,543	21,443
Negative goodwill		(16,189)	(18,022)
Interests in associates		423,154	184,552
Investments in securities		84,005	83,917
		1,383,299	949,955
Current assets			
Stock of properties		1,776,936	1,639,994
Inventories		33,638	36,417
Trade and other receivables	11	631,939	619,385
Amount due from an associate		–	75,000
Amounts due from minority shareholders		–	11,246
Investments in securities		126	50,126
Bank balances and cash		1,004,274	1,309,473
		3,446,913	3,741,641
Current liabilities			
Trade and other payables	12	267,323	327,912
Tax liabilities		55,761	61,156
Amounts due to minority shareholders		8,665	6,523
Borrowings – due within one year	13	732,601	669,056
		1,064,350	1,064,647
Net current assets		2,382,563	2,676,994
Total assets less current liabilities		3,765,862	3,626,949
Non-current liabilities			
Borrowings – due after one year	13	580,015	565,655
		3,185,847	3,061,294
Minority interests		975,569	874,556
		2,210,278	2,186,738
Capital and reserves			
Share capital	14	231,816	191,104
Reserves		1,978,462	1,995,634
		2,210,278	2,186,738

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2004

	Share capital HK\$'000	Share premium account HK\$'000	Properties revaluation account HK\$'000	Translation reserve HK\$'000	Goodwill reserve HK\$'000	General reserve HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1 January 2003	184,944	332,402	8,851	(6,215)	2,591	60,031	781	367,782	628,049	1,579,216
Exchange rate adjustment not recognised in the income statement	-	-	-	(724)	-	-	-	-	-	(724)
Shares issued at premium	6,160	38,457	-	-	-	-	-	-	-	44,617
Addition during the year	-	-	-	122	-	483	-	-	-	605
Realised on disposal of subsidiaries	-	-	(64)	(19)	-	(75)	32	-	-	(126)
Realised on partial disposal of a subsidiary – restated	-	-	(335)	87	41	(295)	(152)	-	-	(654)
Realised on disposal of associates	-	-	(5,323)	(309)	-	(3,165)	(58)	-	-	(8,855)
Transfer from profit and loss account	-	-	-	-	-	958	-	-	(958)	-
Profit for the year – restated	-	-	-	-	-	-	-	-	629,935	629,935
Dividend	-	-	-	-	-	-	-	-	(57,276)	(57,276)
At 1 January 2004 – restated	191,104	370,859	3,129	(7,058)	2,632	57,937	603	367,782	1,199,750	2,186,738
Exchange rate adjustment not recognised in the income statement	-	-	-	4	-	-	-	-	-	4
Shares issued at premium	2,406	11,540	-	-	-	-	-	-	-	13,946
Bonus issue	38,306	(38,306)	-	-	-	-	-	-	-	-
Transfer from profit and loss account	-	-	-	-	-	260	-	-	(260)	-
Profit for the period	-	-	-	-	-	-	-	-	67,050	67,050
Dividend	-	-	-	-	-	-	-	-	(57,460)	(57,460)
At 30 June 2004	231,816	344,093	3,129	(7,054)	2,632	58,197	603	367,782	1,209,080	2,210,278
At 1 January 2003	184,944	332,402	8,851	(6,215)	2,591	60,031	781	367,782	628,049	1,579,216
Exchange rate adjustment not recognised in the income statement	-	-	-	(701)	-	-	-	-	-	(701)
Shares issued at premium	50	116	-	-	-	-	-	-	-	166
Share issue expenses	-	(1,084)	-	-	-	-	-	-	-	(1,084)
Issue expenses on convertible bonds	-	(10,233)	-	-	-	-	-	-	-	(10,233)
Addition during the period	-	-	-	-	20	-	(88)	-	-	(68)
Transfer from profit and loss account	-	-	-	-	-	(309)	-	-	309	-
Profit for the period	-	-	-	-	-	-	-	-	77,018	77,018
At 30 June 2003	184,994	321,201	8,851	(6,916)	2,611	59,722	693	367,782	705,376	1,644,314

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2004

	Six months ended	
	30.6.2004	30.6.2003
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash (used in) from operating activities	<u>(159,216)</u>	<u>102,108</u>
Net cash used in investing activities	<u>(189,989)</u>	<u>(96,048)</u>
Net cash from financing activities		
Proceeds from issue of convertible bonds	–	389,750
Repayment of convertible note	–	(40,800)
Other financing cash flows	<u>44,006</u>	<u>(30,590)</u>
	<u>44,006</u>	<u>318,360</u>
(Decrease) increase in cash and cash equivalents	(305,199)	324,420
Bank balances and cash at beginning of the period	1,309,473	470,641
Effect of foreign exchange rate changes	–	(994)
Bank balances and cash at end of the period	<u><u>1,004,274</u></u>	<u><u>794,067</u></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 the 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 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

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 consolidated 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 with a corresponding reduction of the opening balance of the accumulated profits as at 1 January 2004. In addition, the Group’s other reserves and minority interests as at 31 December 2003 was increased by approximately HK\$1 million and HK\$170 million respectively while the trade and other payables as at 31 December 2003 was decreased by approximately HK\$23 million. The effect of such change had no impact on the net profit for the six months period ended 30 June 2004.

3. **Prior Period Adjustments** *(Continued)*

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

4. **Segment Information**

For management purposes, the Group is currently organised into three operating divisions – property development, gas fuel business and others. These divisions are the basis on which the Group reports its primary 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	Gas fuel business	Others (Note)	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER					
External	83,217	848,634	13,625	–	945,476
Inter-segment	–	–	4,771	(4,771)	–
	<u>83,217</u>	<u>848,634</u>	<u>18,396</u>	<u>(4,771)</u>	<u>945,476</u>
Total	<u>83,217</u>	<u>848,634</u>	<u>18,396</u>	<u>(4,771)</u>	<u>945,476</u>
SEGMENT RESULT	<u>10,592</u>	<u>126,463</u>	<u>2,691</u>	<u>–</u>	<u>139,746</u>
Other operating income					10,674
Unallocated corporate expenses					(31,871)
Profit from operations					<u>118,549</u>

4. Segment Information (Continued)

30 June 2003

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

Note: Others include income from decoration, interior design work and property management services.

Inter-segment sales are charged at normal commercial terms.

The Group's turnover and profit from operations are substantially derived from operation in 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 (six months ended 30.6.2003: HK\$15,212,000) was charged in respect of the Group's property, plant and equipment and amortisation of HK\$852,000 (six months ended 30.6.2003: HK\$609,000) was charged to administrative expenses in respect of the Group's goodwill. HK\$284,000 (six months ended 30.6.2003: HK\$1,027,000) was released in respect of the Group's negative goodwill.

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. Dividend

The directors have resolved to declare an interim dividend of HK1.5 cents per share (six months ended 30.6.2003: HK3.0 cents 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	—	384
	<u> </u>	<u> </u>
Earnings for the purpose of diluted earnings per share	67,050	77,402
	<u> </u>	<u> </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 ordinary shares:		
Share options	16,315,955	2,352,358
Convertible note	—	51,000,000
	<u> </u>	<u> </u>
Weighted average number of shares for the purpose of diluted earnings per share	2,315,656,216	2,272,717,014
	<u> </u>	<u> </u>

Notes:

- The computation of diluted earnings per share does not assume the conversion of the subsidiary's outstanding convertible bonds for the six months ended 30 June 2004 as the conversion of those convertible bonds is anti-dilutive.
- The computation of basic and diluted earnings per share for the six months ended 30 June 2003 has been adjusted for the effect of bonus issue during the period.

9. Movements in Property, Plant and Equipment

**Property,
plant and
equipment**
HK\$'000

COST OR VALUATION

At 1 January 2004	780,045
Acquisition of subsidiaries	88,361
Additions	125,265
Disposals	(11,298)

At 30 June 2004	982,373
-----------------	---------

DEPRECIATION

At 1 January 2004	111,642
Provided for the period	19,932
Eliminated on disposals	(2,576)

At 30 June 2004	128,998
-----------------	---------

NET BOOK VALUE

At 30 June 2004	853,375
-----------------	---------

At 31 December 2003	668,403
---------------------	---------

10. Goodwill

HK\$'000

At 1 January 2004	
– as originally stated	84,551
– prior period adjustment	(63,108)

– as restated	21,443
Addition	8,952
Amortisation	(852)

At 30 June 2004	29,543
-----------------	--------

11. Trade and Other Receivables

The Group has a policy of allowing an average credit period ranging from 0 to 180 days to its customers. However, for the properties customers, general credit terms of up to 5 years are also allowed by the Group. Included in trade and other receivables are trade receivables of HK\$138,234,000 (31.12.2003: HK\$193,176,000), the aged analysis of which is as follows:

	30.6.2004	31.12.2003
	HK\$'000	HK\$'000
Aged:		
0 to 90 days	88,667	136,789
91 to 180 days	24,713	47,109
181 to 360 days	21,037	3,743
Over 360 days	3,817	5,535
	138,234	193,176

12. Trade and Other Payables

Included in trade and other payables are trade payables of HK\$76,115,000 (31.12.2003: HK\$126,235,000), the aged analysis of which is as follows:

	30.6.2004	31.12.2003
	HK\$'000	HK\$'000
Aged:		
0 to 90 days	54,076	108,256
91 to 180 days	4,421	2,203
181 to 360 days	1,041	1,836
Over 360 days	16,577	13,940
	76,115	126,235

13. Borrowings

	30.6.2004	31.12.2003
	HK\$'000	HK\$'000
Bank loans		
– secured	209,682	219,953
– unsecured	595,862	516,770
Other loans		
– unsecured	10,056	972
Convertible note	125,000	125,000
Convertible bonds	372,016	372,016
	<u>1,312,616</u>	<u>1,234,711</u>
The maturity of the above loans is as follows:		
On demand or within one year	732,601	669,056
More than one year but not exceeding two years	205,379	191,020
More than two years but not exceeding five years	374,636	374,635
	<u>1,312,616</u>	<u>1,234,711</u>
Less: Amount due within one year shown under current liabilities	(732,601)	(669,056)
Non-current portion	<u>580,015</u>	<u>565,655</u>

The amount of HK\$125,000,000 of the convertible note being the exchangeable note issued by a subsidiary of the Company, would be exchangeable into shares of Panva Gas from the date of issue up to the second anniversary of the date of issue. The outstanding unconverted principal amount of the note will be redeemed on 31 October 2004 at par. Interest is payable at 2% per annum.

The convertible bonds were issued on 23 April 2003 by a subsidiary of the Company. The bonds are convertible into shares of the Panva Gas on or after 7 June 2003 and up to 9 April 2008. The outstanding unconverted principal amount of the bonds will be redeemed on 23 April 2008 at 108.119%. Interest of 2% is payable per annum.

14. Share Capital

	30.6.2004	31.12.2003
	HK\$'000	HK\$'000
Shares of HK\$0.10 each		
<i>Authorised:</i>		
4,800,000,000 shares of HK\$0.10 each	480,000	480,000
<i>Issued and fully paid:</i>		
2,318,162,240 shares		
(31.12.2003: 1,911,035,200)		
of HK\$0.10 each	231,816	191,104

A summary of the movement in the issued capital of the Company is as follows:

	No. of shares	HK\$'000
At 1 January 2004	1,911,035,200	191,104
Share options exercised	24,060,000	2,406
Bonus issue	383,067,040	38,306
At 30 June 2004	2,318,162,240	231,816

Note: On 6 March 2004, the Company issued 383,067,040 shares of HK\$0.1 each in the Company as bonus issue of shares on the basis of two new shares of HK\$0.1 each for every ten existing shares held by the shareholders of the Company by the way of capitalisation of the sum of HK\$38,306,000 standing to the credit of the share premium account of the Company.

15. Related Party Transactions

The following is a summary of significant related party transactions carried out during the period:

	Six months ended	
	30.6.2004	30.6.2003
	HK\$'000	HK\$'000
Skillful Assets Limited (<i>Note a & b</i>)		
– Rental paid thereto (<i>Note c</i>)	498	498
Enerchina Holdings Limited (<i>Note a</i>)		
– Interest received therefrom (<i>Note d</i>)	152	2,640
– Office expenses paid thereto (<i>Note e</i>)	394	–

Notes:

- a. Transactions with these related parties are regarded as connected transactions as set out in Chapter 14 of the Listing Rules.
- b. A company controlled by Mr. Ou Yaping and of which Mr. Ou Yaping is a director.
- c. Rental expenses were determined by the directors based on the directors' estimates of fair market value.
- d. The interest income was determined in accordance with the loan agreement.
- e. The office expenses were determined with reference to actual costs incurred.

16. Contingent Liabilities

	THE GROUP	
	30.6.2004	31.12.2003
	HK\$'000	HK\$'000
Guarantees given to banks as security for the mortgage loans arranged for the purchasers of the Group's properties	13,796	17,256

17. Capital Commitments

	30.6.2004	31.12.2003
	HK\$'000	HK\$'000
Commitments in respect of properties under development:		
– authorised but not contracted for	502,190	881,292
– contracted for but not provided in the financial statements	730,532	538,266
	1,232,722	1,419,558
Commitments in respect of interest in subsidiaries contracted for but not provided in the financial statements	135,847	186,361
	1,368,569	1,605,919

18. Pledge of Assets

The Group has pledged its land held under medium term leases included in the stock of properties, having a net book value of approximately HK\$217,247,000 (31 December 2003: HK\$388,030,000), to secure general banking facilities granted to a subsidiary of the Company.

In addition, the Group had pledged property, plant and equipment having a net book value of approximately HK\$62,166,000 (31 December 2003: HK\$43,963,000) to secure bank loans granted to the subsidiaries of the Company.

19. Post Balance Sheet Events

On 27 August 2004, the Group entered into a sale and purchase agreement with Changchun Municipality State-owned Assets Administrative Bureau ("Party A"), a local government authority responsible for the administration of the state owned assets within the city of Changchun and an independent third party ("Party B") whereby the Group and Party B shall acquire 48% and 2% of the equity interest in Changchun Gas Holdings Limited from Party A at total considerations of approximately HK\$354,724,000 and HK\$14,780,000 respectively.

20. Acquisition of subsidiaries

During the period, the Group acquired 90% and 100% of the issued share capital of Yuechi Panva Gas Company Limited and Daiyi Panva Gas Company Limited respectively for an aggregate cash consideration of approximately HK\$47 million. These subsidiaries are engaged in the gas fuel business. These transactions have been accounted for using the purchase method of accounting.

The effect of the acquisition is summarised as follows:

	<i>HK\$'000</i>
Net assets acquired	37,821
Goodwill arising on acquisition	8,952
	<u>46,773</u>
Cash consideration	<u>46,773</u>
Net cash outflow arising on acquisition	
Cash consideration	46,773
Bank balances and cash acquired	(2,146)
	<u>44,627</u>

The subsidiaries acquired during the period contributed HK\$37,520,000 to the Group's turnover and HK\$23,158,000 to the Group's profit from operations.

21. Disposal of a Subsidiary

During the period, the Group disposed of 深圳湖心島實業有限公司, a subsidiary of the Company and was engaged in property development. The effect of the disposal is summarised as follows:

	<i>HK\$'000</i>
Net assets disposed of	48,663
Gain on disposal	3,898
	<u>52,561</u>
Cash consideration	<u>52,561</u>
Net cash inflow arising on disposal	
Cash consideration	<u>52,561</u>

The subsidiary disposed of during the period did not have any significant impact on the Group's turnover and profit from operations.