百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1168)

2005 INTERIM RESULTS

FINANCIAL HIGHLIGHTS
For the six months ended 30 June 2005

- **Turnover increased by 68.3% to HK$1,591.2 million**
- **Gross profit increased by 63.7% to HK$343.0 million**
- **Profit attributable to shareholders increased by 371.8% to HK$328.7 million**
- **Earnings per share increased by 362.7% to HK14.02 cents**
- **Interim dividend declared of HK3.0 cents per share and Special interim dividend declared of HK3.3 cents 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 2005, together with the comparative figures of the corresponding period in 2004 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2005

		Six months ended	
		30.6.2005	30.6.2004
	NOTES	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited and restated)
Turnover	*3*	**1,591,212**	945,476
Cost of sales		**(1,248,203)**	(735,960)
Gross profit		**343,009**	209,516
Other operating income		**56,279**	9,708
Distribution expenses		**(47,631)**	(34,433)
Administrative expenses		**(142,525)**	(61,821)
Other operating expenses		**(4,051)**	(3,657)
Finance costs	*4*	**(69,003)**	(6,467)
Gain on group restructuring exercise	*5*	**180,401**	–
Gain on partial disposal of a subsidiary		**40,658**	–
Gain on disposal of available-for-sale investments	*6*	**110,075**	–
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		**28,561**	14,191
Profit before taxation	*7*	**495,773**	127,018
Taxation	*8*	**(16,733)**	(9,334)
Net profit for the period		**479,040**	117,684
Attributable to:			
Equity holders of the parent		**328,652**	69,657
Minority interests		**150,388**	48,027
		479,040	117,684
Interim dividend declared of HK3.0 cents (2004: HK1.5 cents) per share		**70,544**	34,781
Special interim dividend declared of HK3.3 cents (2004: nil) per share		**77,598**	–
	9	**148,142**	34.781
Earnings per share	*10*		
Basic		**HK14.02 cents**	HK3.03 cents
Diluted		**HK13.72 cents**	HK2.80 cents

CONDENSED CONSOLIDATED BALANCE SHEET
At 30 June 2005

	30.6.2005 HK$'000 (unaudited)	31.12.2004 HK$'000 (audited and restated)
Non-current assets		
Property, plant and equipment	**2,554,390**	2,291,243
Intangible asset	**9,132**	9,160
Goodwill	**291,467**	252,849
Interests in associates	**454,030**	70,795
Investments in securities	**–**	146,099
Available-for-sale investments	**261,495**	–
Prepaid lease payments	**81,975**	74,574
Pledged bank deposits	**136,568**	77,950
Long-term receivables	**24,459**	–
	3,813,516	2,922,670
Current assets		
Stock of properties	**2,553,526**	2,308,648
Inventories	**223,374**	102,102
Trade and other receivables	**1,065,434**	870,798
Prepaid lease payments	**2,530**	2,314
Amounts due from minority shareholders	**28,064**	28,064
Investments in securities	**–**	49,576
Investments held for trading	**69,587**	–
Pledged bank deposits	**82,193**	72,467
Bank balances and cash	**2,871,718**	3,468,306
	6,896,426	6,902,275
Current liabilities		
Trade and other payables	**1,868,313**	1,009,211
Taxation payable	**73,535**	63,589
Amounts due to minority shareholders	**22,560**	30,773
Borrowings – amount due within one year	**1,418,844**	811,559
Derivative financial instruments	**111,458**	–
	3,494,710	1,915,132
Net current assets	**3,401,716**	4,987,143
Total assets less current liabilities	**7,215,232**	7,909,813
Non-current liabilities		
Borrowings – amount due after one year	**2,684,463**	3,521,065
Net assets	**4,530,769**	4,388,748
Capital and reserves		
Share capital	**234,972**	233,345
Reserves	**2,449,006**	2,234,560
Equity attributable to equity holders of the parent	**2,683,978**	2,467,905
Minority interests	**1,846,791**	1,920,843
Total equity	**4,530,769**	4,388,748

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2005

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 principal activities of the Group are property development, sale and distribution of liquefied petroleum gas and natural gas ("Gas Fuel"), construction of gas pipelines and electricity supplies.

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 (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

2. PRINCIPAL ACCOUNTING POLICES

The condensed financial statements have been prepared under the historical cost basis except for certain financial instruments which are measured at fair values.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the annual financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2004 except as described below.

HKAS 16 Property, Plant and Equipment

The Group has changed its accounting policy and elected for the leasehold buildings of the Group to be stated at cost less accumulated depreciation rather than at their revalued amount. As the value of the properties within the Group has not experienced any material fluctuations in the past, the Group believes that by stating its building at cost would reflect a more accurate position to user of the financial statements. Comparative figures have been restated.

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the condensed presentation of the condensed consolidated income statement, condensed consolidated balance sheet and the consolidated statement of changes in equity. In particular, the presentation of minority interests and share of tax of associates have been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current or prior accounting periods are prepared and presented.

HKAS 17 Leases

The adoption of HKAS 17 has resulted in a change in accounting policy relating to leasehold land. Leasehold land and buildings were previously carried at valuation less accumulated depreciation. In accordance with the provisions of HKAS 17, a lease of land and building should be split into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interest in the land element and the building element of the lease at the inception of the lease. The lease premium for land is stated at cost and amortised over the period of the lease. If the allocation between the land and buildings elements cannot be made reliably, the leasehold interests in land continue to be accounted for as property, plant and equipment.

HKAS 32 Financial Instruments: Disclosure and Presentation

HKAS 39 Financial Instruments: Recognition and Measurement

The adoption of HKAS 32 and HKAS 39 has resulted in changes in accounting policies for recognition, measurement, derecognition and disclosure of financial instruments.

Financial Instruments

Convertible bonds

HKAS 32 requires an issuer of a compound financial instrument (that contains both financial liability and equity components) to separate the compound financial instrument into its liability and equity components on its initial recognition and to account for these components separately. In subsequent periods, the liability component is carried at amortised cost using the effective interest method. The principal impact of HKAS 32 on the Group is in relation to convertible bonds issued by the Group that contain both liability and equity components. Previously, convertible loan notes were classified as liabilities on the balance sheet. Because HKAS 32 requires retrospective application, comparative figures have been restated. Comparative profit for 2004 has been restated in order to reflect the increase in effective interest on the liability component.

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

By 31 December 2004, the Group classified and measured its debt and equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 (SSAP 24). Under SSAP 24, investments in debt or equity securities are classified as "investments in securities" and "other investments" as appropriate. "Investments in securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealised gains or losses included in the profit or loss. From 1 January 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". The classification depends on the purpose for which the assets are acquired. "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less impairment.

Financial assets and financial liabilities other than debt and equity securities

From 1 January 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "financial liabilities other than financial liabilities at fair value through profit or loss (other financial liabilities)". "Other financial liabilities" are carried at amortised cost using the effective interest method.

Derivatives and hedging

By 31 December 2004, interest rate swaps entered into for hedging purposes were accounted for on an accrual basis and were included in the related category of income and expense in the income statement on the same basis as that arising from the underlying hedging transactions.

From 1 January 2005 onwards, all derivatives that are within the scope of HKAS 39 are required to be carried at fair value at each balance sheet date regardless of whether they are deemed as held for trading or designated as effective hedging instruments. Under HKAS 39, derivatives (including embedded derivatives separately accounted for from the host contracts) are deemed as held-for-trading financial assets or financial liabilities, unless they qualify and are designated as effective hedging instruments. The corresponding adjustments on changes in fair values would depend on whether the derivatives are designated as effective hedging instruments, and if so, the nature of the item being hedged. For derivatives that are deemed as held for trading, changes in fair values of such derivatives are recognised in the profit or loss for the period in which they arise.

The Group has applied the relevant transitional provisions in HKAS 39. From 1 January 2005 onwards, the Group has applied hedge accounting in accordance with HKAS 39 to account for such hedges. For derivatives that are not held for hedging purposes, on 1 January 2005, the Group recognised the difference between the previous carrying amount recognised on the balance sheet and the fair value on 1 January 2005, amounting to HK$70.4 million, in the Group's accumulated profits.

HKFRS 2 Share-based Payment

In the current period, the Group has applied HKFRS 2 Share-based Payment which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of directors' and employees' share options of the Company determined at the date of grant of the share options over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. The Group has applied HKFRS 2 to share options granted on or after 1 January 2005. In relation to share options granted before 1 January 2005, the Group has not applied HKFRS 2 to share options granted on or before 7 November 2002 and share options that were granted after 7 November 2002 and had vested before 1 January 2005 in accordance with the relevant transitional provisions. However, the Group is still required to apply HKFRS 2 retrospectively to share options that were granted after 7 November 2002 and had not yet vested on 1 January 2005. Comparative figures have been restated.

HKFRS 3 Business Combinations

The Group resolved to early adopted HKFRS 3 for business combinations with agreement date entered on or after 1 January 2002. The adoption of HKFRS 3 has resulted in a change in accounting policy for goodwill and negative goodwill. Prior to this, goodwill was amortised on a straight line basis over a period of not exceeding 20 years and assessed for the impairment at each balance sheet date. Negative goodwill was presented as a deduction from assets and released to income based on an analysis of the circumstances from which the balance resulted.

In accordance with the transitional provisions of HKFRS 3, the Group ceased amortization of goodwill from 1 January 2002 onwards and goodwill will be tested for impairment at least annually of in the financial year in which the acquisition takes place. The Group has derecognised all negative goodwill previously presented as a deduction from assets with a corresponding increase to accumulated profit.

Hong Kong Interpretation 3 Pre-completion Contracts for the Sale of Development Properties ("HK-Int 3")

Previously, the Group applied the stage of completion method to recognise revenue from pre-completion contracts for the sale of development properties. In the current period, the Group has, for the first time, applied HK-Int 3 which clarifies that the use of stage of completion method to recognise revenue from pre-completion contracts for the sale of development properties is not appropriate. Under HK-Int 3, revenue arising from pre-completion contracts for the sale of development properties is recognised only when all of the criteria specified in paragraph 14 of HKAS 18 Revenue are met. The Group has elected to early adopt the requirements of HK-Int 3 to pre-completion contracts for the sale of development properties entered into on or after 1 January 2004. Accordingly, comparative figures have been restated.

The effects of the changes in the accounting policies described above on the results for the current and prior period are as follows:

	Six months ended	
	30.6.2005	30.6.2004
	HK$'000	*HK$'000*
Expenses in relation to share options granted to employees	**(22,047)**	(483)
Decrease in amortisation and depreciation of property, plant and equipment	**20**	20
Decrease in amortisation of goodwill	**8,177**	2,194
Decrease in release of negative goodwill to consolidated income statement	**(692)**	(965)
Increase in negative fair value of derivatives	**2,014**	–
Increase in share of results of associates	**–**	1,978
Effect of the application of HK-Int3	**(218,651)**	–
Decrease (increase) in minority interests' share of results for the period	**40,096**	(137)
(Decrease) increase in net profit for the period	**(191,083)**	2,607

The cumulative effects of the application of the new HKFRSs as at 31 December 2004 are summarised below:

	HK$'000
Balance sheet items	
Decrease in property, plant and equipment	(83,011)
Increase in prepaid lease payments	76,888
Increase in goodwill	72,729
Decrease in negative goodwill	40,125
Increase in interests in associates	118
Increase in stock of properties	226,033
Increase in trade and other payables	(327,407)
Decrease in taxation payable	15,881
Decrease in borrowings – amount due after one year	49,077
Changes in equity	
Increase in accumulated profits	12,183
Increase in convertible bonds reserve	28,261
Decrease in asset revaluation reserve	(2,881)
Increase in employee share-based compensation reserve	3,104
Decrease in goodwill reserve	(2,632)
Increase in minority interests	32,398

The financial effects of the application of the new HKFRSs to the Group's equity at 1 January 2004 are summarized below:

	HK$'000
Increase in accumulated profits	48,725
Decrease in goodwill reserve	(2,632)
Increase in convertible bonds reserve	30,988
Decrease in asset revaluation reserve	(3,129)
Increase in minority interests	20,998

An amount of HK$77,950,000 was reclassified from bank balances and cash to non-current pledged bank deposits during the period.

3. SEGMENT INFORMATION

For management purposes, the Group is currently organised into three operating divisions-property development, gas fuel business and electricity supplies. 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 2005 is as follows:

Six months ended 30 June 2005

	Property Development *HK$'000*	Gas Fuel Business *HK$'000*	Electricity Suplies *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
TURNOVER						
External	28,621	958,053	589,101	15,437	–	1,591,212
Inter-segment	–	–	–	1,684	(1,684)	–
Total	28,621	958,053	589,101	17,121	(1,684)	1,591,212
SEGMENT RESULT	(7,975)	207,455	87,602	4,127	–	291,209
Other operating income						56,279
Unallocated corporate expenses						(142,407)
Finance costs						(69,003)
Gain on group restructuring exercise						180,401
Gain on partial disposal of a subsidiary	–	–	40,658	–	–	40,658
Gain on disposal of available-for-sale investments						110,075
Share of results of associates	–	28,561	–	–	–	28,561
Profit before taxation						495,773
Taxation						(16,733)
Net profit for the period						479,040

Six months ended 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	126,806	2,691	–	140,089
Other operating income					9,708
Unallocated corporate expenses					(30,484)
Finance costs					(6,467)
Loss on deemed disposal arising from dilution of interest in a subsidiary	–	(3,917)	–	–	(3,917)
Gain on disposal of subsidiaries	3,898	–	–	–	3,898
Share of results of associates					14,191
Profit before taxation					127,018
Taxation					(9,334)
Net profit for the period					117,684

Inter-segment sales are charged at prevailing market prices.

As over 90% of the consolidated turnover is derived from the People's Republic of China ("PRC"), an analysis of the consolidated turnover by geographical location is not presented.

4. FINANCE COSTS

	Six months ended **30.6.2005** *HK$'000*	30.6.2004 *HK$'000*
Interest on:		
Bank and other borrowings wholly repayable within five years	**47,935**	17,308
Bank and other borrowings not wholly repayable within five years	**69,141**	–
Amortisation of direct issuance costs of guaranteed senior notes	**3,312**	–
Amortisation of premium payable on redemption of convertible bonds	**2,924**	–
	123,312	17,308
Net interest (receivable) payable on interest rate swaps	**(43,806)**	12
	79,506	17,320
Less: Amount capitalised to properties under development	**(7,649)**	(10,950)
Amount capitalised to construction in progress	**(7,014)**	–
	64,843	6,370
Others	**4,160**	97
	69,003	6,467

5. GAIN ARISING ON GROUP RESTRUCTURING EXERCISE

During the period, the Group carried out a group restructuring exercise of which the Group disposed its entire interest in Panva Gas Holdings Limited ("Panva Gas") of 58.45% to a non-wholly owned subsidiary, Enerchina Holdings Limited ("Enerchina"), at a consideration of 2,540,915,880 new shares of Enerchina which was settled by the allotment and issued credited as fully paid to the Group. A gain of approximately HK$180,401,000 was resulted from the above group restructuring exercise.

6. GAIN ON DISPOSAL OF AVAILABLE-FOR-SALE INVESTMENTS

During the period, the Group disposed of its 41% equity interests in Xin Hua Control Engineering Company Limited ("Xin Hua Control") which is classified as available-for-sale investment and certain other available-for-sale investments. The gain on disposal is completed as follow:

	HK$'000
Net assets disposal of:	
Investments	83,188
Dividend receivable	3,475
Other receivable	191
	86,854
Gain on disposal	110,075
Cash consideration	196,929

Included in cash consideration is the long-term receivable of HK$24,459,000 bearing prevailing market interest rate which will be released to the Group in 2006.

7. PROFIT BEFORE TAXATION

	Six months ended 30.6.2005 HK$'000	30.6.2004 HK$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**72,225**	18,765
Amortisation of prepaid lease payments	**1,259**	726
Share of tax of associates (included in share of results of associates)	**5,336**	–
and after crediting:		
Interest income	**27,882**	3,062
Fair value changes on investments held-for-trading	**5,414**	–

8. TAXATION

	Six months ended 30.6.2005 HK$'000	30.6.2004 HK$'000
Charge for the period		
PRC income tax	**16,733**	9,334

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

The tax rate applicable for all PRC subsidiaries ranges from 15% to 33%.

Pursuant to the relevant laws and regulations in the PRC, certain of the Company's PRC subsidiaries are entitled to exemption from PRC enterprise income tax for the first two years commencing from their first profit-making year of operation and thereafter, these PRC subsidiaries will be entitled to a 50% relief from PRC enterprise income tax for the following three years. The reduced tax rate for the relief period ranges from 12% to 16.5%. PRC enterprise income tax for the period has been provided for after taking these tax incentives into account.

9. DIVIDENDS

The directors have resolved to declare an interim dividend of HK3 cents (2004: HK1.5 cents) per share and a special interim dividend of HK3.3 cents (2004: nil) per share in respect of six months ended 30 June 2005. The interim dividend and the special interim dividend are payable on or before 14 October 2005 to shareholders whose names appear on the register of members of the Company on 7 October 2005.

10. EARNINGS PER SHARE

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

	Six months ended 30.6.2005 HK$'000	30.6.2004 HK$'000
Earnings for the purpose of basic earnings per share	**328,652**	69,657
Adjustment to the share of result of subsidiaries based on dilution of their earnings per share	**(5,882)**	(4,783)
Earnings for the purpose of diluted earnings per share	**322,770**	64,874

	Number of shares	
	30.6.2005	30.6.2004
Weighted average number of shares for the purpose of basic earnings per share	**2,344,964,505**	2,299,340,261
Effect of dilutive potential ordinary shares:		
Share options	**7,343,098**	14,327,267
Weighted average number of shares for the purpose of diluted earnings per share	**2,352,307,603**	2,313,667,528

11. CONTINGENT LIABILITIES

	30.6.2005	31.12.2004
	HK$'000	*HK$'000*
Guarantees given to banks for the mortgage loans arranged for the purchasers of the Group's properties	**463,816**	261,484

12. CAPITAL COMMITMENTS

	30.6.2005	31.12.2004
	HK$'000	*HK$'000*
Commitments in respect of properties under development:		
– authorised but not contracted for	**181,520**	296,004
– contracted for but not provided in the financial statements	**406,041**	381,359
	587,561	677,363
Capital expenditure in respect of unpaid capital contribution of investment projects		
– contracted for but not provided in the financial statements	**34,520**	526,008
Capital expenditure in respect of the acquisition of property, Plant and equipment		
– contracted for but not provided in the financial statements	**97,416**	191,488
	719,497	1,394,859

13. PLEDGE OF ASSETS

At 30 June 2005, the Group has pledged bank deposit of HK$218,761,000 (31 December 2004: HK$150,417,000) and its land held under medium term leases included in the stock of properties, with an aggregate carrying amount of approximately HK$245,075,000 (31 December 2004: HK$441,956,000) to secure general banking facilities granted to a subsidiary of the Company.

In addition, the Group had pledged property, plant and equipment with an aggregate carrying amount of approximately HK$406,217,000 (31 December 2004: HK$56,472,000) to secure bank loans granted to the subsidiaries of the Company.

BUSINESS REVIEW

For the six months ended 30 June 2005, the Group achieved satisfactory results with increased contributions from both gas fuel business and electricity generating business. The Group recorded a turnover of HK$1,591.2 million, representing an increase of 68.3% as compared to the same period last year. Gross profit increased to HK$343.0 million, an increase of 63.7% as compared to the same period last year. Profit attributable to shareholders increased to HK$328.7 million, representing an increase of 371.8% as compared to the corresponding same period. Earnings per share were HK14.02 cents.

Strong performance was mainly contributed by the Group's gas fuel business, which continued to show significant progress and the consolidation of the electricity generating business and gain from non-operational activities. The property development business recorded a segment loss for the period as no new development projects were completed during the period under review and the loss was mainly derived from the fixed overheads.

Previously, the Group applied the stage of completion method to recognise revenue from pre-completion contracts for the sale of development properties. In the current period, the Group has, for the first time, applied HK-Int 3 which only allowed the use of completion method to recognize revenue from pre-completion contracts for the sale of development properties. The Group has elected to retrospectively apply the requirements of HK-Int 3 to pre-completion contracts for the sales of development properties entered into on or after 1 January 2004.

Overview on the Property Development Business and Outlook

For the six months ended 30 June 2005, the Group recorded a turnover of HK$28.6 million for the property development business, representing a decrease of 65.6% as compared to the same period last year. The Group sold a total floor area of approximately 3,846 square metres during the period as compared to 12,200 square metres for the same period last year and was mainly derived from the sales of the remaining units of *The Mandarin House* and *Sinolink No.8.*

As at 30 June 2005, the Group has the following properties under development:

(1) 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 development is expected to be completed by September 2005. The average selling price for the period was RMB8,565 per square metre, an increase of approximately 6.6% as compared to 2004 with a total of 105,800 square metres presold since July 2004;

(2) *The Mangrove West Coast* is a 1,301 units development project with a total gross floor area of approximately 249,300 square metres. This residential development project has completed its structural part of the development and expects to be completed in the first half of 2006. Its presale has commenced since May 2005. The average selling price for the period was RMB20,600 per square metre with a total of 19,800 square metres presold since May 2005;

(3) Sinolink Garden Phase Five eastern district, is a development project with a total site area of 40,786 square metres and total gross floor area of 228,574 square metres. This development project is currently under planning and expects to commence construction works at the beginning of 2006 and completed in the second half of 2008.

With the Group's real estate developments located in the city of Shenzhen of the PRC, the operating results in the property development business continued to benefit from the fast-growing economy of this special economic zone. In the first half of 2005, the property prices in Shenzhen continued to rise at a steady rate the despite the fact that the PRC government had taken several measures to adjust its economy, which include raising the mortgage interest rate and also raised the ceiling for deposit for mortgages to 30%. The annual supply of land in Shenzhen is controlled at a level of 12,000,000 square metres with only 800,000 square metres been the residential land, representing total supply of around 6%. With the scare supply of land in prime locations, the Group believes the properties prices in Shenzhen will continue to rise steadily.

In addition, the closer economic ties between Shenzhen and Hong Kong and the continued rise on household income and their affordability ratio locally, all contributed to the acceleration of foreign and local investors to invest in Shenzhen properties. In addition, the continued influx of hot money from overseas investing in fixed assets on speculation to benefit from the expected further revaluation of Renminbi ("RMB") also trigger them to invest in the PRC property markets especially through investing in prime locations and high quality properties. *The Mangrove West Coast* since its presale had attracted about 50% foreign investors to buy our properties. To seize this opportunities, the Group is actively seeking its expansions in the property development business by exploring any new potential projects in Shenzhen capable of generating good returns and value to our shareholders.

In the second half of 2005, the Group will reap a significant amount of sales from the presold units of *The Oasis*, which has obtained its occupancy permit in September 2005. As at period end date, the Group had accumulated sales over 75% of the residential units of *The Oasis* and over 8% of the residential units of *The Mangrove West Coast*. The Group expects to achieve its planned sales of the remaining 25% of *The Oasis* and will not sell more than 40% of *The Mangrove West Coast* in 2005 so as to capture the anticipated upward trend of the Shenzhen property markets.

Overview on Electricity Generation Business and Outlook

For the six months ended 30 June 2005, the Group's electricity generation business operated through Enerchina, recorded turnover of HK$589.1 million, an increase of 61.5% and sold 1,022.3 million kwh of electricity, representing an increase of 61.4% as compared to 633.5 million kwh over the same period last year. This remarkable performance was the result of the increase in power generation due to increased capacity, the strong demand for electricity in the Guangdong Province and the continuation of implementing effective cost control by the management especially on the fuel supply. In June 2005, Enerchina Group was currently equipped with a total installed capacity of 665,000 kilowatts an increase of 2.2 times over the installed capacity of last period.

Enerchina expects the current price level of crude oil will sustain for a period of time due to the uncertainties encountered in the oil producing regions and the un-equilibrium price of supply and demand. Going forward, the management will continue to implement various remedial measures in order to minimize the fluctuation of fuel costs. Enerchina is also in discussion with Shenzhen Power Supply Bureau on various measures in order to compensate part or all of the increased fuel costs. In the immediate term, Enerchina is actively pursuing to convert using heavy oil to natural gas as our primary source of fuel to generate electricity at the power plant as natural gas and is expecting to be significantly cheaper source of fuel with substantial less pollution.

In the first half of 2005, Enerchina had completed a disposal of its 41.0% equity interest in Xin Hua Control for a consideration of US$23.5 million, which was equivalent to approximately HK$182.8 million and recorded a gain of HK$95.9 million from the disposal. Xin Hua Control is principally engaged in the business of manufacture and sale of control systems for power plants and large scale manufacturing plants. The directors of Enerchina are of the view that the disposal is the sale of non-core business and it is in the interest of Enerchina.

As the installed capacity increased, Enerchina expects the power output to further increase in the second half of 2005. Enerchina will continue to strengthen its remedial policies to mitigate the effect of the rising fuel costs. In addition, Enerchina will endeavour to reduce operating costs and enhance overall efficiency.

Looking ahead, Enerchina sees the power sector in the PRC as a challenge. Despite the fact that the demand for electricity in the Guangdong Province as well as the PRC would continue to be strong, the future heavy oil price is still a major determinant of Enerchina's power sector profitability and Enerchina considers that the heavy oil price may further increase if the price of crude oil continues to rise. Therefore, Enerchina has already planned to convert the fuel consumption of the power plant from heavy oil to natural gas, a significantly cheaper and cleaner source of fuel. In addition, a significant expansion plan has been put in place to increase the power generation capacity from Enerchina's exiting total installed capacity of 665,000 kilowatts to 1,450,000 kilowatts.

Enerchina will continue to explore the opportunities to expand into the coal gasification business and the clean energy sector of the PRC. With the extensive gas distribution network of Panva Gas in the PRC, the management strongly believes it will provide synergies and logistic support for the development of Enerchina's possible future coal gasification business in the PRC.

Overview on Gas Fuel Business and Outlook

For the six months ended 30 June 2005, the Group's gas fuel business, operated by Panva Gas, recorded a turnover of HK$958.1 million, an increase of 12.9% over the same period last year. Gross profit grew by 31.3% to HK$225.0 million and profit attributable to shareholders increased by 34.0% to HK$128.2 million.

The gas fuel business was further divided into wholesale and retail of LP Gas, the sale of piped gas and gas pipeline development business. The turnover contribution from each of these activities amounted to HK$418.8 million, HK$256.1 million, HK$55.0 million and HK$199.2 million, accounting for 43.7%, 26.7%, 5.7% and 20.8% respectively to the Panva Gas's turnover.

The PRC economy remained in good shape during the first half of 2005, showing high growth with low inflation. According to a report of the People's Bank of China, the PRC is expected to record a growth of 9.2% in gross domestic product for the first six months. It is anticipated that rapid growth will be phasing over to solid growth as the PRC enters into a new stage of economic expansion. A solidly growing economy will provide good conditions for the Group's gas fuel business to accelerate its development

With the PRC's rising need for energy infrastructure development and the PRC Government's strong efforts to transform the state-owned gas enterprises, more opportunities are emerging on the horizon for the Panva Gas Group's expansion of city gas businesses. The Panva Gas Group is accelerating its new project development in the PRC. Following last year's conclusion of projects in Qiqihar, Changchun and Anshan in the three northeastern PRC provinces, the Panva Gas Group early this year commenced discussions in more than 10 premium PRC cities of large and medium size on joint venture opportunities. It is expected that some of these projects will be concluded in the second half of this year, which will further increase the Group's economies-of-scale and competitive advantages. In another focal region, the southwestern PRC region, the Panva Gas Group apart from concluding the Jianyang project also entered into discussions with gas operators in Chongqing and other cities in Sichuan province during the first half. The Panva Gas Group looks forward to satisfactory results from these discussions in the second half of the year. Besides the northeastern and southwestern PRC regions, the Panva Gas Group also negotiated for selective projects in the northern and southern PRC regions during the first half and made solid progress.

Moreover, the Panva Gas group is discussing LP Gas projects in several large and medium sized cities in order to further strengthen its leading position in the LP Gas market in the PRC. The Panva Gas group is hopeful that some of these provincial city gas projects will be concluded in the second half of the year.

Panva Gas continued to make progress in the Sichuan province with one new project acquired in the city of Jianyang for a total consideration of RMB28.5 million. Upon the completion of the acquisition, the Group will be granted an exclusive right to operate natural gas business in Jianyang city for 30 years.

The PRC is making further efforts to reform its economic system. In 2005, the State Council Office of Northeast Revitalization published the "Implementation Opinions on the Further Opening of the Northeastern Industrial Base to Foreign Investment", pursuant to which certain sectors in the northeastern PRC region will be further opened up to foreign investment. These sectors included the development and operation of city gas, heat and water pipelines, where the restrictions on foreign equity investments will be relaxed, to the extent that foreign investors might hold controlling interests upon approval by the PRC authorities. In February 2005, the State Council released a new policy paper on "Encouraging, Supporting and Guiding the Development of the Non-State Sector" which lowers the threshold for private businesses' entry into sectors the State previously monopolised. This coincided with the formation of the first non-State oil enterprise in the PRC, providing ample evidence that the market economy of the PRC is gradually becoming more sophisticated. Such favourable conditions provide good opportunities for the Group in new project development.

The Panva Gas Group at this stage is adhering equal importance to corporate management and new project development, and focusing on the parallel expansion of piped gas business and LP Gas business. As far as corporate management is concerned, the Panva Gas Group is making realignments and enhancements for its new acquired enterprises, targeting at their specific needs that arise from the differences in geographic characteristics and individual circumstances. With regard to new project development, the Panva Gas Group will continue to increase its penetration in the target cities in Sichuan province and northeastern PRC region, while seeking for quality projects in the northern, eastern and southern PRC regions on a selective basis.

FINANCIAL REVIEW

The Group's total borrowings decreased from HK$4,332.6 million as at 31 December 2004 to HK$4,103.3 million as at 30 June 2005. The net decrease is mainly due to repayment of bank and other loans. The proportion of borrowings due within one year to total borrowings increased from 18.7% to 34.6% and a long term borrowings to equity ratio of 100.0%. Bank borrowings are mainly used to finance the property development projects and the construction of power plants and the convertible note, convertible bonds and the guaranteed senior notes are used for the expansion gas fuel business. The borrowings are mainly at floating interest rates.

Total assets pledged in securing these loans have a net book value of HK$651.3 million as at 30 June 2005. The borrowings of the Group are denominated in RMB, United States Dollars and Hong Kong Dollars. 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 except for the interest rate swaps entered into by Panva Gas Group to hedge the senior notes; 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$3,090.5 million as at 30 June 2005 are mostly denominated in RMB, Hong Kong dollars and US dollars.

Major and Capital Market Events

On 3 December 2004, the Group increased its stake in Enerchina from 37.1% to 50.1% by purchasing another 13.0% from independent third parties. At the same time, an unconditional general offer was made and closed on 18 January 2005 with the Group's holding further increased to 63.38%.

During the period, the Company made several placements on Enerchina's shares to various independent third parties and altogether raised HK$250.6 million from the placings for working capital of the Group.

On 24 June 2005, Goodunited Holdings Limited, an indirect wholly owned subsidiary of Enerchina, seized the opportunity to maximize the benefit from its electricity operations by entering into an agreement with Shenzhen Huishen Electric Power Company Limited ("Shenzhen Huishen") to purchase 30% registered capital of Shenzhen Fuhuade Electric Power Co., Limited, an indirect wholly owned subsidiary of Enerchina from Shenzhen Huishen for a total consideration of RMB250 million. The acquisition was completed on 29 July 2005.

Group Reorganisation

On 7 April 2005, the Board of the Company had reached an agreement with the Board of Enerchina, whereby the Company agreed to sell its stake of 58.45% interest in Panva Gas to Enerchina for a consideration HK$1,753.0 million payable in issuing new shares of Enerchina at HK$0.69 per share. Both the board of Sinolink and Enerchina consider that Panva Gas will provide a long term and reliable income base for Enerchina and as Enerchina itself is already a subsidiary of Sinolink, after completion of the acquisition, Panva Gas remain as the Company's subsidiary. The re-organisation was completed on 2 June 2005.

Subsequent to the acquisition, the Group through Enerchina had made various on-market purchases aggregated to 19,935,000 shares of Panva Gas for a total consideration of HK$62.3 million, equivalent to an average of HK$3.126 per share, representing approximately 2.1% of the issued share capital of Panva Gas. As the results of the acquisition and the various on-market purchases, the Group is currently holding approximately 60.6% shareholding interest in Panva Gas.

Capital Commitments

As at 30 June 2005, the Group has capital commitments in respect of the acquisition of properties under development amounted to HK$587.6 million, in respect of acquisition of property, plant and equipment amounted to HK$97.4 million and in respect of unpaid capital contribution of investment projects amounted to HK$34.5 million.

Contingent Liabilities

Guarantees given to banks as security for the mortgage loans arranged for the purchases of the Group's properties amounted to HK$463.8 million.

A supplier filed an arbitration in August 2003 against Fuhuade Power Plant claiming for additional contract price in the amount of HK$28 million. The arbitration is still in progress and the outcome of such cannot be ascertained. No provision for the amount claimed has been made by the Group as at 30 June 2005. Save as the outstanding arbitration, the Group has no material contingent liabilities as at 30 June 2005.

INTERIM DIVIDEND AND SPECIAL INTERIM DIVIDEND

The Board has revolved to declare an interim dividend of HK3.0 cents (2004: HK1.5 cents) per share and a special interim dividend of HK3.3 cents (2004: nil) per share in respect of the six months ended 30 June 2005. The interim dividend and special interim dividend are payable on or before 14 October 2005 to shareholders whose names appear on the register of members of the Company on 7 October 2005.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Tuesday, 4 October 2005 to Friday, 7 October 2005 (both dates inclusive), during which period no transfer of shares will be registered. In order to qualify for the interim dividend and special interim dividend, all completed transfer forms together with relevant share certificates must be lodged with the Company's Hong Kong Branch Transfer Office. Computershare Hong Kong Investor Services Limited, Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Monday, 3 October, 2005.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2005, the Group employed approximately 4,532 employees for its principal activities. 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 scheme adopted by the Group.

PURCHASES, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the six months ended 30 June 2005.

CORPORATE GOVERNANCE

On 1 January 2005, the Code of Best Practices was replaced by the Code on Corporate Governance Practices ("Code") contained in Appendix 14 to the Listing Rules. The Company adopted all the code provisions in the Code as its own code on corporate governance practices.

During the period, the Company complied with the code provisions as set out in the Code except that the chairman and other members of the audit committee were unable to attend the annual general meeting of the Company held on 18 May 2005 because they were out of Hong Kong at that time for business commitment. This does not meet with the first sentence of the code provision E.1.2 of the Code which provides that the chairman of the board should arrange for chairman of audit committee or another member of the committee or their appointed delegate to be available to answer questions at the annual general meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the six months ended 30 June 2005, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has an audit committee ("Audit Committee") which was established in accordance with the requirements of the 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 is Messrs. Xin Luo Lin, Davin A. Mackenzie and Tian Jin. 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 2005 had not been audited, but had been reviewed by the Company's auditors, Deloitte Touche Tohmatsu and the Audit Committee.

APPRECIATION

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

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

Hong Kong, 14 September 2005

As at the date of this announcement, the Board comprises:

Executive Directors:
OU Yaping *(Chairman)*
TANG Yui Man Francis *(Chief Executive Officer)*
CHEN Wei
LAW Sze Lai

Independent Non-executive Directors:
XIN Luo Lin
Davin A. MACKENZIE
TIAN Jin

* *For identification purpose only*

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