



百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

INTERIM
REPORT 2005



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. Davin A. Mackenzie

Mr. Xin Luo Lin

Mr. Tian Jin

Audit Committee

Mr. Xin Luo Lin

Mr. Davin A. Mackenzie

Mr. Tian Jin

Company Secretary

Mr. Lo Tai On

Auditors

Deloitte Touche Tohmatsu

Certified Public Accountants

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111 Connaught Road Central

Hong Kong

Registered Office

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

[http://www.irasia.com/
listco/hk/sinolink](http://www.irasia.com/listco/hk/sinolink)

<http://www.enerchina.com.hk>

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

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) Limited

Bank of China (Shenzhen) Limited

Hang Seng Bank Limited

Industrial and Commercial Bank of
China (Asia) Ltd.

Industrial and Commercial Bank of
China, Shenzhen Branch

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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:

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

MANAGEMENT DISCUSSION & ANALYSIS

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 Hong Kong Interpretation 3 (“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 earlier adopt 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 gross 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 People's Republic of China ("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 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 scarce 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 of 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 these 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 Holdings Limited ("Enerchina"), recorded a 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 Engineering Company Limited ("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 existing 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 Holdings Limited ("Panva Gas" or "Panva Gas Group") 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 Liquefied Petroleum Gas ("LP Gas"), the sale of piped gas and gas pipelines 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 is looking 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 Panva Gas 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 any 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 and LP Gas businesses. 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 the Sichuan province and the 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 of gas fuel business. The borrowings are mainly at floating interest rates.

Other than pledged bank deposits, 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 the 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 financial 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 remains 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 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 Shenzhen Fuhuade Electric Power Co., Limited 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 had no material contingent liabilities as at 30 June 2005.

INTERIM DIVIDEND AND SPECIAL INTERIM DIVIDEND

The Board has resolved 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, Shops 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 of the Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 are 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

OTHER INFORMATION

Directors' Interests or Short Positions in Shares and underlying shares

At 30 June 2005, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company (the "Share") 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 and Underlying Shares

Name of Directors	Capacity	Interest in Shares			Interest in underlying Shares pursuant to share options	Aggregate interest	Approximate percentage of issued share capital of the Company as at 30.6.2005
		Family interest	Corporate interest	Total			
Chen Wei	Beneficial owner	-	-	-	12,000,000	12,000,000	0.51%
Law Sze Lai	Beneficial owner	-	-	-	8,000,000	8,000,000	0.34%
Davin A. Mackenzie	Beneficial owner	-	-	-	2,000,000	2,000,000	0.09%
Ou Yaping	Joint interest and interest of controlled corporation	6,475,920	1,374,222,000 (Note)	1,380,697,920	-	1,380,697,920	58.76%
Tang Yui Man Francis	Beneficial owner	-	-	-	19,000,000	19,000,000	0.81%
Xin Luo Lin	Beneficial owner	-	-	-	2,000,000	2,000,000	0.09%

Note:

These 1,380,697,920 Shares are held by Asia Pacific Promotion Limited ("Asia Pacific"), a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, 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 and Underlying Shares of Associated Corporations

Name of Directors	Name of associated corporations	Capacity	Total interest in shares/ (short positions)	Interest in underlying shares pursuant to share options	Aggregate interest/ (short positions)	Approximate percentage of the issued share capital of the associated corporations as at 30.6.2005
Chen Wei	Panva Gas	Beneficial owner	4,160,000	8,040,000	12,200,000	1.29%
Law Sze Lai	Enerchina	Beneficial owner	510,000	–	510,000	0.01%
Davin A. Mackenzie	Enerchina	Beneficial owner	–	2,288,000	2,288,000	0.05%
Ou Yaping	Panva Gas	Interest of controlled corporation and beneficial owner	569,305,587 (19,230,769) (Note 1)	3,600,000 –	572,905,587 (19,230,769)	60.80% (2.04%)
	Enerchina	Interest of controlled corporation and beneficial owner	3,617,895,635 (Note 2)	2,288,000	3,620,183,635	74.92%
Tang Yui Man Francis	Panva Gas	Beneficial owner	5,440,000	3,960,000	9,400,000	1.00%
	Enerchina	Beneficial owner	–	22,880,000	22,880,000	0.47%
Xin Luo Lin	Enerchina	Beneficial owner	–	2,288,000	2,288,000	0.05%

Notes:

1. The 569,305,587 Shares of Panva Gas represent (i) 394,732,462 Shares held by Kenson Investment Limited ("Kenson") and 169,491,525 Shares held by Supreme All Investments Limited ("Supreme All"). Kenson and Supreme All are a wholly-owned subsidiary of Enerchina. 74.88% interests of Enerchina are held by the company and 58.48% interests of the Company are held by Asia Pacific; and (ii) 5,081,600 Shares held by Asia Pacific directly. As Asia Pacific is wholly-owned by Mr. Ou Yaping, he is deemed under the SFO to be interested in these shares.

Kenson is under an obligation to transfer 19,230,769 Shares of Panva Gas to Hutchison International Limited ("Hutchison International") upon full exchange of a HK\$62,500,000 redeemable note of Panva Gas (the "Note") held by Hutchison International in accordance with the terms and conditions of the Note.

2. The 3,617,895,635 Shares of Enerchina represent the aggregate of: (i) the 3,393,905,282 Shares held by the Company; and (ii) the 223,990,353 Shares held by Smart Orient Investments Limited, a wholly-owned subsidiary of the Company. Mr. Ou Yaping through his wholly-owned company, Asia Pacific, interests in approximately 58.48% of the existing issued share capital of the Company and is therefore deemed under the SFO to be interested in all the shares in which the Company is interested.

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

Directors' Right to Acquire Shares

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

Pursuant to the Company's share option schemes, the Company has granted options to subscribe for the Company 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 1.1.2005	Exercised during the period	Granted during the period	Number of Shares outstanding options at 30.6.2005	Approximate percentage of issued share capital of the Company at 30.6.2005
Chen Wei	14.03.2002	01.12.2002-01.12.2005	0.560	6,400,000	6,400,000	0	0	0%
	13.01.2005	31.12.2005-24.05.2008	1.126	0	0	3,600,000	3,600,000	0.15%
	13.01.2005	30.06.2006-24.05.2012	1.126	0	0	3,600,000	3,600,000	0.15%
	13.01.2005	31.12.2006-24.05.2012	1.126	0	0	4,800,000	4,800,000	0.21%
Law Sze Lai	13.01.2005	31.12.2005-24.05.2012	1.126	0	0	2,400,000	2,400,000	0.10%
	13.01.2005	30.06.2006-24.05.2012	1.126	0	0	2,400,000	2,400,000	0.10%
	13.01.2005	31.12.2006-24.05.2012	1.126	0	0	3,200,000	3,200,000	0.14%
Davin A. Mackenzie	13.01.2005	31.12.2005-24.05.2012	1.126	0	0	600,000	600,000	0.03%
	13.01.2005	30.06.2006-24.05.2012	1.126	0	0	600,000	600,000	0.03%
	13.01.2005	31.12.2006-24.05.2012	1.126	0	0	800,000	800,000	0.03%
Tang Yui Man	13.01.2005	31.12.2005-24.05.2012	1.126	0	0	5,700,000	5,700,000	0.24%
Francis	13.01.2005	30.06.2006-24.05.2012	1.126	0	0	5,700,000	5,700,000	0.24%
	13.01.2005	31.12.2006-24.05.2012	1.126	0	0	7,600,000	7,600,000	0.32%
Xin Luo Lin	13.01.2005	31.12.2005-24.05.2012	1.126	0	0	600,000	600,000	0.03%
	13.01.2005	30.06.2006-24.05.2012	1.126	0	0	600,000	600,000	0.03%
	13.01.2005	31.12.2006-24.05.2012	1.126	0	0	800,000	800,000	0.03%

Notes:

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

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

Name of Sinolink Directors	Name of associated corporations	Date of grant	Exercise period	Exercise price HK\$	Number of shares options held at 1.1.2005 and 30.6.2005	Approximate percentage of the issued share capital of the associated corporation at 30.6.2005
Chen Wei	Panva Gas	04.04.2001	01.01.2003-03.04.2011	0.475	1,800,000	0.19%
		04.04.2001	01.01.2004-03.04.2011	0.475	1,800,000	0.19%
		13.11.2001	13.11.2002-13.02.2007	0.940	1,440,000	0.15%
		19.11.2004	31.12.2005-30.03.2011	3.500	900,000	0.10%
		19.11.2004	31.12.2006-30.03.2011	3.500	900,000	0.10%
		19.11.2004	31.12.2007-30.03.2011	3.500	1,200,000	0.13%
Davin A. Mackenzie	Enerchina	20.10.2004	20.10.2005-19.10.2015	0.500	2,288,000	0.05%
Ou Yaping	Panva Gas	04.04.2001	01.01.2003-03.04.2011	0.475	1,800,000	0.19%
		04.04.2001	21.01.2004-03.04.2011	0.475	1,800,000	0.19%
	Enerchina	09.06.2004	09.06.2004-08.06.2014	0.440	2,288,000	0.05%
Tang Yui Man Francis	Panva Gas	13.11.2001	13.11.2002-13.02.2007	0.940	960,000	0.10%
		19.11.2004	31.12.2005-30.03.2011	3.500	900,000	0.10%
		19.11.2004	31.12.2006-30.03.2011	3.500	900,000	0.10%
		19.11.2004	31.12.2007-30.03.2011	3.500	1,200,000	0.13%
	Enerchina	09.06.2004	09.06.2004-08.06.2014	0.440	22,880,000	0.47%
Xiu Luo Lin	Enerchina	09.06.2004	09.06.2004-08.06.2014	0.440	2,288,000	0.05%

Notes:

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

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 required to be disclosed pursuant to the SFO.

Arrangements to Purchase Shares or Debentures

Other than the share option schemes of the Group as disclosed herein, 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.

Substantial Shareholders

At 30 June 2005, 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 the 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 Positions in Shares and Underlying Shares of the Company

Name of shareholders	Capacity	Interest in shares	Approximate percentage of Sinolink's issued share capital at 30.6.2005
Asia Pacific	Beneficial owner	1,374,222,000 (Note 1)	58.48%
Value Partners Limited	Investment manager	120,000,000 (Note 2)	5.11%
Cheah Cheng Hye	Interest of controlled corporation	120,000,000 (Note 2)	5.11%
Pope Asset Management, LLC	Investment manager	116,958,800	4.98%

Notes:

1. The 1,374,222,000 Shares are held by Asia Pacific, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, chairman of the Company.
2. These 120,000,000 Shares are held by Value Partners Limited, a company which is held by 32.77% by Mr. Cheah Cheng Hye. Accordingly, Mr. Cheah Cheng Hye is deemed to be interested in these Shares.

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, as at 30 June 2005, 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

(a) Share Options of the Company

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

Category 1: Directors

	Option type	Outstanding at 1.1.2005	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2005
Chen Wei	2002A	6,400,000	–	(6,400,000)	–	–
	2005	–	12,000,000	–	–	12,000,000
Law Sze Lai	2002A	–	8,000,000	–	–	8,000,000
Davin A. Mackenzie	2005	–	2,000,000	–	–	2,000,000
Tang Yui Man Francis	2005	–	19,000,000	–	–	19,000,000
Xin Luo Lin	2005	–	2,000,000	–	–	2,000,000
Total directors		6,400,000	43,000,000	(6,400,000)	–	43,000,000

Category 2: Employees

	Outstanding at 1.1.2005	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2005
2004	24,850,000	–	(9,870,000)	(750,000)	14,230,000
2005	–	61,800,000	–	(1,000,000)	60,800,000
Total for employees	24,850,000	61,800,000	(9,870,000)	(1,750,000)	75,030,000
All categories	31,250,000	104,800,000	(16,270,000)	(1,750,000)	118,030,000

Details of specific categories of options granted are as follows:

Option type	Date of grant	Exercise period	Exercise price HK\$
2002A	14.03.2002	01.12.2002-01.12.2005	0.560
2004	01.01.2004	01.06.2004-31.05.2008	0.760
	01.01.2004	01.01.2005-31.05.2008	0.760
	01.01.2004	01.06.2005-31.05.2008	0.760
	01.01.2004	01.01.2005-31.05.2008	0.760
	01.01.2004	01.01.2006-31.05.2008	0.760
2005	13.01.2005	31.12.2005-24.05.2012	1.126
	13.01.2005	30.06.2006-24.05.2012	1.126
	13.01.2005	31.12.2006-24.05.2012	1.126

Notes:

- The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- The closing price of the Company shares immediately before 13 January 2005, the date of grant of the 2005 options was HK\$1.12.
- The weighted average closing price of the Company share immediately before the dates on which the options were exercised on 4 January 2005, 13 January 2005, 19 January 2005, 14 February 2005, 21 February 2005, 8 March 2005, 15 April 2005, 19 May 2005 and 7 June 2005 were HK\$1.14, HK\$1.09, HK\$1.12, HK\$1.20, HK\$1.27, HK\$1.17, HK\$1.45, HK\$1.30 and HK\$1.32.
- During the period, 104,800,000 share options granted under the share option schemes approved by the shareholders of the Company on 24 May 2002.
- During the period, 1,750,000 share options were lapsed under the share option schemes. No share options were cancelled under the share option schemes.
- The fair value of the options granted under the relevant share option scheme in the current period measured at the date of grant (13 January 2005) totalled approximately HK\$32,358,930. The following significant assumptions were used to derive the fair value using the Black-Scholes option pricing model:

Expected volatility:	50% based on historical volatility
Expected dividend yield:	4.9% based on historical dividends
Expected life:	4.5 years from grant date
Risk free interest rate:	2.6% being the approximate yield of 5-year Exchange Fund Note on the grant date

The Black-Scholes options pricing model was developed to estimate the fair value of traded options which do not have vesting restrictions and are fully transferable. This pricing model requires the input of highly subjective assumptions including the volatility of the share price. As the Company's options are different from traded options and because changes in subjective input assumptions can materially affect the fair value estimate in the directors opinion the model does not necessarily provide a reliable single measure of the fair value of the share options.

All the options forfeited before expiry of the options will be treated as lapsed options under the relevant share option scheme.

Based on the closing price of the Company's share on the date of grant and the above assumptions the computed fair value under the options granted during the period was approximately HK\$0.31 per option share.

(b) Share Options of Enerchina

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

Directors	Option type	Outstanding	Resigned as	Cancelled	Outstanding
		at 1.1.2005	director during the period	during the period	at 30.6.2005
Davin A. Mackenzie	2002 Scheme	2,288,000	—	—	2,288,000
Ou Yaping	2002 Scheme	2,288,000	—	—	2,288,000
Tang Yui Man Francis	2002 Scheme	22,880,000	—	—	22,880,000
Xin Luo Lin	2002 Scheme	2,288,000	—	—	2,288,000
Other directors	1993 Scheme	26,250,000	—	—	26,250,000
	2002 Scheme	32,168,000	(5,000,000)	—	27,168,000
Total Directors		<u>88,162,000</u>	<u>(5,000,000)</u>	<u>—</u>	<u>83,162,000</u>
Other participant	2002 Scheme	—	5,000,000	—	5,000,000
Total employees	2002 Scheme	<u>26,900,000</u>	<u>—</u>	<u>(2,100,000)</u>	<u>24,800,000</u>
All categories		<u>115,062,000</u>	<u>—</u>	<u>(2,100,000)</u>	<u>112,962,000</u>

Details of specific category of options of Enerchina granted are as follows:

Option type	Date of grant	Exercise period	Exercise price after adjustment HK\$
1993 Scheme	24.05.2000	24.05.2000-23.05.2010	0.55
2002 Scheme	09.06.2004	09.06.2004-08.06.2014	0.44
	09.06.2004	09.06.2005-08.06.2014	0.44
	09.06.2004	09.06.2006-08.06.2014	0.44
	09.06.2004	09.12.2006-08.06.2014	0.44
	20.10.2004	20.10.2005-19.10.2015	0.50

Notes:

1. The vesting period of the share options is from the date of the grant until the commencement of exercise period.
2. During the period, no share option was granted, exercised and lapsed under the share option schemes.
3. 2,100,000 share options of Enerchina were cancelled on 18 January 2005 as the result of the open offer.

(c) Share Options of Panva Gas

Movements of the share options, which have been granted under the Pre-Listing Share Option Scheme ("Pre-Listing Options") and Share Option Schemes of Panva Gas which were approved by sole shareholder on 4 April 2001 and granted in 2001 ("2001 Options") and in 2004 ("2004 Options"), during the period are set out below:

Category 1: Directors

		Outstanding	Lapsed Outstanding	
		at 1.1.2005	during the period	at 30.6.2005
Option types				
Chen Wei	Pre-Listing Options	3,600,000	—	3,600,000
	2001 Options	1,440,000	—	1,440,000
	2004 Options	3,000,000	—	3,000,000
Ou Yaping	Pre-Listing Options	3,600,000	—	3,600,000
Tang Yui Man, Francis	2001 Options	960,000	—	960,000
	2004 Options	3,000,000	—	3,000,000
Other directors	Pre-Listing Options	2,420,000	—	2,420,000
	2001 Options	480,000	—	480,000
	2004 Options	6,400,000	—	6,400,000
Total Directors		24,900,000	—	24,900,000

Category 2: Employees

	Pre-Listing Options	4,250,000	—	4,250,000
	2001 Options	5,689,000	(440,000)	5,249,000
	2004 Options	8,800,000	—	8,800,000
Total Employees		18,739,000	(440,000)	18,299,000
All categories		43,639,000	(440,000)	43,199,000

Details of specific category of options of Panva Gas are as follows:

Option type	Date of grant	Exercise period	Exercise price HK\$
Pre-listing Options	04.04.2001	01.01.2003-30.04.2011	0.475
	04.04.2001	01.01.2004-30.04.2011	0.475
2001 Options	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
2004 Options	19.11.2004	31.12.2005-30.03.2011	3.500
	19.11.2004	31.12.2006-30.03.2011	3.500
	19.11.2004	31.12.2007-30.03.2011	3.500

Notes:

1. The vesting period of the share options is from the date of the grant until the commencement of the exercise period.
2. During the period, no share option of Panva Gas was granted, exercised and cancelled under the share option schemes.
3. 440,000 share options of Panva Gas were lapsed during the period.



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 22 to 44.

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 Hong Kong Accounting Standard 34 "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 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 the Group's 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 2005.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

14 September 2005

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2005

	NOTES	Six months ended	
		30.6.2005 HK\$'000 (Unaudited)	30.6.2004 HK\$'000 (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
Dividends	9		
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	–
		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

	NOTES	30.6.2005 HK\$'000 (unaudited)	31.12.2004 HK\$'000 (audited and restated)
Non-current assets			
Property, plant and equipment	11	2,554,390	2,291,243
Intangible asset		9,132	9,160
Goodwill		291,467	252,849
Interests in associates	12	454,030	70,795
Investments in securities		—	146,099
Available-for-sale investments	13	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	14	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	15	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	16	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	16	2,684,463	3,521,065
Net assets		4,530,769	4,388,748
Capital and reserves			
Share capital	17	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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2005

	Attributable to equity holders of the parent													
	Share capital	Share premium	Asset revaluation reserve	Translation reserve	Employee share-based compensation reserve	Goodwill reserve	Capital reserve	General reserve	Contributed surplus	Convertible bonds reserve	Accumulated profits	Total	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2004	191,104	370,859	3,129	(7,058)	-	2,632	603	57,937	367,782	-	1,199,750	2,186,738	874,556	3,061,294
As originally stated	-	-	-	-	-	(2,632)	-	-	-	-	48,725	73,952	20,998	94,950
Effects of changes in accounting policies	-	-	(3,129)	-	-	-	-	-	-	30,988	-	-	-	-
As restated	191,104	370,859	-	(7,058)	-	-	603	57,937	367,782	30,988	1,248,475	2,260,690	895,554	3,156,244
Exchange difference arising on translation of overseas operations	-	-	-	(2,017)	-	-	-	-	-	-	-	(2,017)	(1,365)	(3,382)
Recognition of equity-settled share based payments	-	-	-	-	3,258	-	-	-	-	-	-	3,258	1,520	4,778
Net (expenses)/income recognised directly in equity	-	-	-	(2,017)	3,258	-	-	-	-	-	-	1,241	155	1,396
Realised on partial disposal of interest in subsidiaries	-	-	-	227	(154)	-	(57)	(219)	-	(2,727)	-	(2,930)	-	(2,930)
Net profit for the year	-	-	-	-	-	-	-	-	-	-	277,935	277,935	141,474	419,409
Total recognised income (expenses) for the year	-	-	-	(1,790)	3,104	-	(57)	(219)	-	(2,727)	277,935	276,246	141,629	417,875
Bonus issue of shares	38,306	(38,306)	-	-	-	-	-	-	-	-	-	-	-	-
Shares issued at premium	3,935	19,275	-	-	-	-	-	-	8,456	-	-	23,210	-	23,210
Transfer	-	-	-	-	-	-	-	8,456	-	-	(8,456)	-	-	-
Disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(31)	(31)
Acquired on acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	787,606	787,606

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2005

	Attributable to equity holders of the parent													
	Share capital HK\$'000	Share premium HK\$'000	Asset revaluation reserve HK\$'000	Translation reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Goodwill reserve HK\$'000	Capital reserve HK\$'000	General reserve HK\$'000	Contributed surplus HK\$'000	Convertible bonds reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
Capital contribution from minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	50,630	50,630
Changes in minority interests on deemed partial disposal of interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	78,709	78,709
Reduction in minority interests on acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(1,472)	(1,472)
Dividends	-	-	-	-	-	-	-	-	-	-	(92,241)	(92,241)	-	(92,241)
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(31,782)	(31,782)
At 31 December 2004	233,345	351,828	-	(8,848)	3,104	-	546	66,174	367,782	28,261	1,425,713	2,467,005	1,920,813	4,388,748
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	(70,354)	(70,354)	(42,011)	(112,365)
At 1 January 2005 - as restated	233,345	351,828	-	(8,848)	3,104	-	546	66,174	367,782	28,261	1,355,359	2,397,551	1,878,832	4,276,383

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2005

	Attributable to equity holders of the parent												
	Share capital	Share premium	Asset revaluation reserve	Translation reserve	Employee share-based compensation reserve	Goodwill	Capital reserve	General reserve	Contributed surplus	Convertible bonds reserve	Accumulated profits	Total	Minority interests
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2004	233,345	351,828	-	(8,888)	3,104	-	546	66,174	367,782	28,261	1,435,713	2,467,905	1,920,843
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	(70,354)	(70,354)	(42,011)
At 1 January 2005 – as restated	233,345	351,828	-	(8,888)	3,104	-	546	66,174	367,782	28,261	1,355,359	2,397,551	1,878,832
Exchange difference arising on translation of overseas operations recognised directly in equity	-	-	-	(676)	-	-	-	-	-	-	-	(676)	(480)
Net profit for the period	-	-	-	-	-	-	-	-	-	-	328,652	328,652	150,388
Total recognised income (expenses) for the period	-	-	-	(676)	-	-	-	-	-	-	328,652	327,976	149,908
Transfers	-	-	-	-	-	-	-	257	-	-	(257)	-	-
Shares issued at premium	1,627	9,458	-	-	-	-	-	-	-	-	-	11,085	-
Acquired on acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	9,866
Partial disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	46,840
Recognition of equity – settled share base payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Reduction in minority interests on acquisition of additional interest in a subsidiary	-	-	-	-	17,784	-	-	-	-	-	-	17,784	4,263
Reduction of minority interests on group restructuring	-	-	-	-	-	-	-	-	-	-	-	-	(21,739)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	(180,401)
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(70,418)	(70,418)	-
At 30 June 2005	234,972	361,286	-	(9,524)	20,888	-	546	66,431	367,782	28,261	1,613,336	2,685,978	1,864,791
													4,550,769

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2005

	Attributable to equity holders of the parent										Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Asset revaluation reserve HK\$'000	Translation reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Goodwill reserve HK\$'000	Capital reserve HK\$'000	General reserve HK\$'000	Contributed surplus HK\$'000	Convertible bonds reserve HK\$'000	
At 1 January 2004	191,104	370,859	3,129	(7,058)	-	2,632	603	57,937	367,782	-	3,061,294
As originally stated	-	-	(3,129)	-	-	(2,632)	-	-	-	30,988	94,950
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
As restated	191,104	370,859	-	(7,058)	-	-	603	57,937	367,782	30,988	3,156,244
Exchange difference arising on translation of overseas operations recognised directly in equity	-	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-
Total recognised income for the period	-	-	-	-	-	-	-	-	-	-	-
Bonus issue of shares	38,306	(38,306)	-	-	-	-	-	-	-	-	-
Shares issued at premium	2,406	11,510	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	260	-	-	-
Recognition of equity-settled share based payments	-	-	-	-	483	-	-	-	-	-	-
Capital contribution from minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Acquired on acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Changes in minority interests on deemed partial disposal of interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-
Reduction in minority interests on acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-
Dividend paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2004	231,816	344,093	-	(7,054)	483	-	603	58,197	367,782	30,988	3,284,024

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2005

	Six months ended	
	30.6.2005	30.6.2004
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash from (used in) operating activities	462,308	(159,216)
Net cash used in investing activities		
Cash paid for acquisition of property, plant and equipment	(276,157)	(125,266)
Cash paid for acquisition of an associate	(354,724)	–
Cash paid for acquisition of subsidiaries	(49,813)	–
Cash paid for partial acquisition of an associate	–	(228,623)
Repayment of an associate	–	75,000
Cash paid for the acquisition of available-for-sale investments	(198,584)	–
Proceeds from disposal of available-for-sale investments	172,470	–
Other investing cash flows	2,527	88,900
	(704,281)	(189,989)
Net cash from (used in) financing activities		
Dividend paid to shareholders	(70,418)	(57,460)
Dividend paid by a subsidiary to minority shareholders	(40,778)	(3,684)
Proceeds from issue of new shares	11,085	13,946
New borrowings	607,285	46,733
Repayment of borrowings	(853,577)	(3,517)
Other financing cash flows	(8,212)	47,988
	(354,615)	44,006
Decrease in cash and cash equivalents	(596,588)	(305,199)
Bank balances and cash at beginning of the period	3,468,306	1,309,473
Bank balances and cash at end of the period	2,871,718	1,004,274

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 POLICIES

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.

2. **PRINCIPAL ACCOUNTING POLICES** *(Continued)*

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.

2. PRINCIPAL ACCOUNTING POLICES *(Continued)*

Classification and measurement of financial assets and financial liabilities *(Continued)*

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.

2. **PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

Derivatives and hedging *(Continued)*

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 profits.

2. **PRINCIPAL ACCOUNTING POLICES** *(Continued)*

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	<u>(191,083)</u>	<u>2,607</u>

2. PRINCIPAL ACCOUNTING POLICES (Continued)

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

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
	<u>49,077</u>

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
	<u>32,398</u>

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
	<u>20,998</u>

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	Gas Fuel Business	Electricity Supplies	Others	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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

3. SEGMENT INFORMATION (Continued)

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)	–
	<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>126,806</u>	<u>2,691</u>	<u>–</u>	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					<u>14,191</u>
Profit before taxation					127,018
Taxation					<u>(9,334)</u>
Net profit for the period					<u>117,684</u>

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	30.6.2004
	HK\$'000	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	—
	<u>123,312</u>	<u>17,308</u>
Net interest (receivable) payable on interest rate swaps	(43,806)	12
	<u>79,506</u>	<u>17,320</u>
Less: Amount capitalised to properties under development	(7,649)	(10,950)
Amount capitalised to construction in progress	(7,014)	—
	<u>64,843</u>	<u>6,370</u>
Others	4,160	97
	<u>69,003</u>	<u>6,467</u>

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 of 58.45% in Panva Gas Holdings Limited ("Panva Gas") 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 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
	<hr/>
	86,854
Gain on disposal	110,075
	<hr/>
Cash consideration	196,929
	<hr/>

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	30.6.2004
	HK\$'000	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	—
	<u>27,882</u>	<u>3,062</u>

8. TAXATION

	Six months ended	
	30.6.2005	30.6.2004
	HK\$'000	HK\$'000
Charge for the period		
PRC income tax	16,733	9,334
	<u>16,733</u>	<u>9,334</u>

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 HK3.0 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	30.6.2004
	HK\$'000	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)
	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. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$283,171,000 (2004: HK\$213,626,000) on acquisition of property, plant and equipment.

12. INTERESTS IN ASSOCIATES

During the period, the Group acquired a 48% equity interest in Changchun Gas Holdings Limited ("Changchun Gas Holdings") at a total consideration of HK\$354,724,000. Changchun Gas Holdings and its subsidiaries are principally engaged in the production and/or distribution of natural gas, coal gas, LP Gas, metallurgical coke and coke oil.

13. AVAILABLE-FOR-SALE INVESTMENTS

During the period, the Group acquired certain investments amounting to HK\$198,584,000. These investments represent debentures and certain listed and unlisted securities in Hong Kong and the PRC.

14. 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\$455,073,000 (31.12.2004: HK\$306,885,000), the aged analysis of which is as follows:

	30.6.2005 HK\$'000	31.12.2004 HK\$'000
Aged:		
0 to 90 days	444,864	303,752
91 to 180 days	2,128	841
181 to 360 days	2,161	1,798
Over 360 days	5,920	494
	<u>455,073</u>	<u>306,885</u>

15. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$241,535,000 (31.12.2004: HK\$105,381,000), the aged analysis of which is as follows:

	30.6.2005 HK\$'000	31.12.2004 HK\$'000
Aged:		
0 to 90 days	211,466	74,595
91 to 180 days	11,736	6,482
181 to 360 days	3,687	9,258
Over 360 days	14,646	15,046
	<u>241,535</u>	<u>105,381</u>

16. BORROWINGS

During the period, the Group obtained new bank and other borrowings of the amount of HK\$607,285,000 which bear interest at prevailing market interest rate. The Group also made repayment of bank and other borrowings of HK\$853,577,000 during the period.

17. SHARE CAPITAL

	30.6.2005 HK\$'000	31.12.2004 HK\$'000
Shares of HK\$0.10 each		
<i>Authorised:</i>		
4,800,000,000 shares of HK\$0.10 each	<u>480,000</u>	<u>480,000</u>
<i>Issued and fully paid:</i>		
2,349,722,240 shares (31.12.2004: 2,333,452,240) of HK\$0.10 each	<u>234,972</u>	<u>233,345</u>

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

	No. of shares	HK\$'000
At 1 January 2005	2,333,452,240	233,345
Issue of shares on exercise of share options	<u>16,270,000</u>	<u>1,627</u>
At 30 June 2005	<u>2,349,722,240</u>	<u>234,972</u>

18. RELATED PARTY TRANSACTIONS

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

	Six months ended 30.6.2005 HK\$'000	30.6.2004 HK\$'000
Skillful Assets Limited (<i>Notes a & b</i>)		
– Rental paid thereto	498	498
Enerchina Holdings Limited (<i>Note a</i>)		
– Interest received therefrom	–	152
– Office expenses paid thereto	<u>–</u>	<u>394</u>

Notes:

- Transactions with these related parties are regarded as connected transactions as set out in Chapter 14 of the Listing Rules.
- A company controlled by Mr. Ou Yaping and of which Mr. Ou Yaping is a director.

19. 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

20. 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

21. PLEDGE OF ASSETS

At 30 June 2005, the Group has pledged bank deposits 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.

22. ACQUISITION OF SUBSIDIARIES

During the period, the Group acquired 70% and 100% of the registered capital of Pengshan Panva Gas Co., Ltd. ("Pengshan Panva") and Jianyang Panva Gas Co., Ltd. ("Jianyang Panva"), respectively and 70% of the registered capital of Beijing Zhonglian Far East Engineering & Project Management Consulting Services Co., Limited ("Beijing Zhonglian") for an aggregate cash consideration of approximately HK\$58 million. These transactions have been accounted for by the acquisition method of accounting.

	HK\$'000
Net assets acquired:	
Non-current assets	61,000
Current assets	27,774
Non-current liabilities	(12,004)
Current liabilities	(37,015)
	<hr/>
Net assets acquired	39,755
Minority interests	(9,866)
Goodwill arising on acquisition	28,369
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Cash consideration	58,258
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Net cash outflow arising on acquisition:	
Cash consideration	58,258
Bank balances and cash acquired	(8,445)
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Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	49,813
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- * The acquiree's carrying amount of net assets before combination approximates to its fair value. Accordingly, no fair value adjustments are required.

The goodwill arising on the acquisition are principally attributable to the anticipated profitability of sales and distribution of Gas Fuel and related product of the Group and the gas pipeline construction operations and consulting services.

The subsidiaries acquired during the period contributed HK\$36,668,000 to the Group's turnover and HK\$19,817,000 to the Group's profit before taxation for the period between the date of acquisition and 30 June 2005.