



百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock code: 1168

2006 INTERIM RESULTS

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2006

- Turnover from continuing operations up 3,900% to HK\$1,763.9 million
- Gross Profit from continuing operations up 4,859% to HK\$922.3 million
- Profit for the period attributable to equity holders of the Company up 112% to HK\$696.1 million
- Basic Earnings Per Share up 77% to HK24.81 cents
- Declared an interim dividend of HK3 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 2006, together with the comparative figures of the corresponding period in 2005 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2006

		Six months ended	
	<i>NOTES</i>	30.6.2006	30.6.2005
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(unaudited)</i>	<i>(unaudited and restated)</i>
Continuing operations			
Turnover	3	1,763,921	44,058
Cost of sales		<u>(841,613)</u>	<u>(25,496)</u>
Gross profit		922,308	18,562
Other income		127,516	4,182
Distribution costs		(49,368)	(24,730)
Administrative expenses		(56,568)	(58,421)
Other expenses		(453)	(241)
Share of results of associates		(182,112)	—
Finance costs	4	<u>—</u>	<u>(7,295)</u>
Profit (loss) before taxation	5	761,323	(67,943)
Taxation	6	<u>(313,545)</u>	<u>(678)</u>
Profit (loss) for the period from continuing operations		447,778	(68,621)
Discontinued operations			
Profit for the period from discontinued operations	7	<u>260,929</u>	<u>547,661</u>
Profit for the period		<u><u>708,707</u></u>	<u><u>479,040</u></u>
Attributable to:			
Equity holders of the Company		696,054	328,652
Minority interests		<u>12,653</u>	<u>150,388</u>
		<u><u>708,707</u></u>	<u><u>479,040</u></u>
Dividends paid	8	<u><u>1,052,652</u></u>	<u><u>70,418</u></u>
Earnings (loss) per share			
From continuing and discontinued operations	9		
Basic		<u>HK24.81 cents</u>	<u>HK14.02 cents</u>
Diluted		<u>HK24.40 cents</u>	<u>HK13.72 cents</u>
From continuing operations	9		
Basic		<u>HK13.59 cents</u>	<u>HK(2.77) cents</u>
Diluted		<u>HK13.37 cents</u>	<u>N/A</u>

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2006

	30.6.2006 <i>HK\$'000</i> <i>(unaudited)</i>	31.12.2005 <i>HK\$'000</i> <i>(audited)</i>
Non-current assets		
Property, plant and equipment	44,185	3,094,885
Prepaid lease payments	4,818	122,088
Investment properties	481,756	481,756
Intangible asset	—	8,969
Goodwill	—	397,077
Interests in associates	781,094	465,738
Available-for-sale investments	2,930	192,301
Pledged bank deposits	—	202,916
Loan receivables	<u>1,164,807</u>	<u>348,026</u>
	<u>2,479,590</u>	<u>5,313,756</u>
Current assets		
Stock of properties	2,083,052	2,350,345
Inventories	—	192,001
Trade and other receivables	36,405	1,555,934
Prepaid lease payments	81	3,694
Amount due from an associate	15,280	—
Investments held for trading	—	154,499
Pledged bank deposits	52,884	82,229
Bank balances and cash	<u>819,616</u>	<u>2,152,484</u>
	<u>3,007,318</u>	<u>6,491,186</u>
Current liabilities		
Trade and other payables	750,476	2,113,227
Taxation payable	286,182	123,360
Amounts due to minority shareholders	—	30,343
Derivative financial instruments	—	332,970
Borrowings - amount due within one year	<u>257,582</u>	<u>1,188,708</u>
	<u>1,294,240</u>	<u>3,788,608</u>
Net current assets	<u>1,713,078</u>	<u>2,702,578</u>
Total assets less current liabilities	<u>4,192,668</u>	<u>8,016,334</u>
Non-current liabilities		
Borrowings - amount due after one year	331,094	2,623,078
Deferred taxation	<u>36,117</u>	<u>36,117</u>
	<u>367,211</u>	<u>2,659,195</u>
Net assets	<u>3,825,457</u>	<u>5,357,139</u>
Capital and reserves		
Share capital	285,412	263,491
Reserves	<u>3,255,358</u>	<u>3,178,477</u>
Equity attributable to equity holders of the Company	3,540,770	3,441,968
Equity component of convertible bonds of a listed subsidiary	—	48,350
Equity component of share option reserve of listed subsidiaries	—	20,717
Minority interests	<u>284,687</u>	<u>1,846,104</u>
Total equity	<u>3,825,457</u>	<u>5,357,139</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

1. GENERAL

The Company is a public limited company incorporated in Bermuda as an exempt company with its shares 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 and property investment. In prior period, the Group was also engaged in sale and distribution of liquefied petroleum gas and natural gas (“Gas Fuel”), and construction of gas pipelines and supply of electricity operation. These operations were discontinued in the current period.

The condensed consolidated 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 consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2005 except as described below.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs has resulted in changes to the Group’s accounting policies in the following areas:

Financial guarantee contracts

In the current period, the Group has applied HKAS 39 and HKFRS 4 (Amendments) Financial guarantee contracts which is effective for annual periods beginning on or after 1 January 2006.

A financial guarantee contract is defined by HKAS 39 Financial Instruments: Recognition and Measurement as “a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument”.

The Group acts as the issuer of the financial guarantee contracts

Prior to 1 January 2006, financial guarantee contracts were not accounted for in accordance with HKAS 39 and those contracts were disclosed as contingent liabilities. A provision for financial guarantee was only recognised when it was probable that an outflow of resources would be required to settle the financial guarantee obligation and the amount can be estimated realisably.

Upon the application of these amendments, a financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

The adoption of this amendment has had no material effect on the results and presentation in the Group's interim financial statements.

The Group has not early applied the following new standard, amendment and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standard, amendment or interpretations will have no material impact on the results and financial position of the Group.

HKAS 1 (Amendment)	Capital disclosures ¹
HKFRS 7	Financial instruments: Disclosures ¹
HK(IFRIC) - INT 7	Applying the restatement approach under HKAS 29 "Financial Reporting in Hyperinflationary Economies" ²
HK(IFRIC) - INT 8	Scope of HKFRS 2 ³
HK(IFRIC) - INT 9	Reassessment of Embedded Derivatives ⁴

¹ Effective for annual periods beginning on or after 1 January 2007.

² Effective for annual periods beginning on or after 1 March 2006.

³ Effective for annual periods beginning on or after 1 May 2006.

⁴ Effective for annual periods beginning on or after 1 June 2006.

3. SEGMENT INFORMATION

For management purposes, the Group is currently organised into two operating divisions - property development and property investment. These divisions are the basis on which the Group reports its primary segment information.

In the prior period, the Group was also involved in gas fuel business and electricity supplies. These operations were discontinued on 13 April 2006.

Segment information about these businesses is presented below.

Six months ended 30 June 2006

	Continuing operations					Discontinued operations			Consolidated HK\$'000
	Property development	Property investment	Others	Eliminations	Sub- total	Gas fuel business	Electricity supplies	Sub-total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
TURNOVER									
External	1,722,661	6,601	34,659	—	1,763,921	657,071	345,318	1,002,389	2,766,310
Inter-segment	—	—	864	(864)	—	—	—	—	—
Total	<u>1,722,661</u>	<u>6,601</u>	<u>35,523</u>	<u>(864)</u>	<u>1,763,921</u>	<u>657,071</u>	<u>345,318</u>	<u>1,002,389</u>	<u>2,766,310</u>
SEGMENT RESULT	<u>816,256</u>	<u>5,879</u>	<u>19,324</u>	<u>—</u>	841,459	<u>108,606</u>	<u>33,410</u>	142,016	983,475
Other income					127,516			31,189	158,705
Discount on acquisition of subsidiaries and additional interest of a subsidiary					—			12,998	12,998
Unallocated corporate expenses					(25,540)			(13,085)	(38,625)
Gain on disposal of subsidiaries					—	—	—	279,205	279,205
Loss on deemed disposal of subsidiaries					—	(2,098)	—	(2,098)	(2,098)
Share of results of associates					(182,112)			(176)	(182,288)
Changes in fair value of derivative financial instruments					—			(113,761)	(113,761)
Finance costs					—			(71,923)	(71,923)
Profit before taxation					761,323			264,365	1,025,688
Taxation					(313,545)			(3,436)	(316,981)
Profit for the period					<u>447,778</u>			<u>260,929</u>	<u>708,707</u>

Six months ended 30 June 2005

	Continuing operations				Discontinued operations			Consolidated HK\$'000
	Property development	Others	Eliminations	Sub-total	Gas fuel business	Electricity supplies	Sub-total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
TURNOVER								
External	28,621	15,437	—	44,058	958,053	589,101	1,547,154	1,591,212
Inter-segment	—	1,684	(1,684)	—	—	—	—	—
Total	<u>28,621</u>	<u>17,121</u>	<u>(1,684)</u>	<u>44,058</u>	<u>958,053</u>	<u>589,101</u>	<u>1,547,154</u>	<u>1,591,212</u>
SEGMENT RESULT	<u>(7,975)</u>	<u>4,127</u>	<u>—</u>	<u>(3,848)</u>	<u>152,282</u>	<u>87,602</u>	239,884	236,036
Other income				4,182	—	—	52,097	56,279
Unallocated corporate expenses				(60,982)	—	—	(26,252)	(87,234)
Gain on group restructuring exercise				—			180,401	180,401
Gain on partial disposal of subsidiaries				—	—	40,658	40,658	40,658
Gain on disposal of available- for-sale investments				—			110,075	110,075
Share of results of associates				—			28,561	28,561
Change in fair value of derivative financial instruments				—			(4,833)	(4,833)
Finance costs				(7,295)			(56,875)	(64,170)
Profit before taxation				(67,943)			563,716	495,773
Taxation				(678)			(16,055)	(16,733)
Profit for the period				<u>(68,621)</u>			<u>547,661</u>	<u>479,040</u>

Inter-segment sales are charged at prevailing market prices.

4. FINANCE COSTS

	Continuing operations		Discontinued operations		Consolidated	
	Six months ended		Six months ended		Six months ended	
	30.6.2006	30.6.2005	30.6.2006	30.6.2005	30.6.2006	30.6.2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on:						
Bank and other borrowings wholly repayable within five years	14,089	10,852	18,236	34,133	32,325	44,985
Senior notes	—	—	32,702	66,849	32,702	66,849
Convertible bonds	—	—	4,195	6,645	4,195	6,645
	<u>14,089</u>	<u>10,852</u>	<u>55,133</u>	<u>107,627</u>	<u>69,222</u>	<u>118,479</u>
Net interest payable (receivable) on interest rate swaps	—	—	16,790	(43,806)	16,790	(43,806)
	<u>14,089</u>	<u>10,852</u>	<u>71,923</u>	<u>63,821</u>	<u>86,012</u>	<u>74,673</u>
Less: Amount capitalised to properties under development for sale	(14,089)	(7,649)	—	—	(14,089)	(7,649)
Amount capitalised to construction in progress	—	—	—	(7,014)	—	(7,014)
	—	3,203	71,923	56,807	71,923	60,010
Bank charges	—	4,092	—	68	—	4,160
	<u>—</u>	<u>7,295</u>	<u>71,923</u>	<u>56,875</u>	<u>71,923</u>	<u>64,170</u>

5. PROFIT (LOSS) BEFORE TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	Six months ended		Six months ended		Six months ended	
	30.6.2006	30.6.2005	30.6.2006	30.6.2005	30.6.2006	30.6.2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit (loss) before taxation has been arrived at after charging:						
Depreciation of property, plant and equipment	4,629	4,666	49,431	67,559	54,060	72,225
Release of prepaid lease payments	11	—	1,048	1,259	1,059	1,259
Share of tax of associates (included in share of results of associates)	1,796	—	514	5,336	2,310	5,336
and after crediting:						
Interest income (included in other income)	124,557	360	10,203	27,522	134,760	27,882
Fair value changes on investments held-for-trading	—	—	17,476	5,414	17,476	5,414
	<u>—</u>	<u>—</u>	<u>17,476</u>	<u>5,414</u>	<u>17,476</u>	<u>5,414</u>

6. TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	Six months ended		Six months ended		Six months ended	
	30.6.2006	30.6.2005	30.6.2006	30.6.2005	30.6.2006	30.6.2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Charge for the period						
PRC income tax	<u>313,545</u>	<u>678</u>	<u>3,436</u>	<u>16,055</u>	<u>316,981</u>	<u>16,733</u>

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

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 is ranging from 12% to 16.5%. PRC enterprise income tax for the period has been provided for after taking these tax incentives into account.

PRC land appreciation tax is levied at progressive rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

7. DISCONTINUED OPERATIONS

On 22 March 2006, the Board of the Company declared a special interim dividend to be satisfied by way of a distribution in specie of shares of Enerchina Holdings Limited ("Enerchina") held by the Company in the proportion of 5 Enerchina shares for every 10 shares held by the shareholders of the Company. Following the distribution in specie on 13 April 2006, whereby bringing the shareholding of the Company in Enerchina from 74.79% to 45.39%, Enerchina became an associate of the Company after the distribution. Accordingly, certain comparative figures were restated so as to reflect the results for the discontinued operations.

	1.1.2006	1.1.2005
	to	to
	13.4.2006	30.6.2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
The profit for the period from the discontinued operations is analysed as follows:		
(Loss) profit of gas fuel business and electricity supplies operations for the period	(16,178)	326,602
Gain on disposal/partial disposal of gas fuel business and electricity supplies operations	279,205	40,658
Gain on group restructuring exercise	—	180,401
Loss on deemed disposal of subsidiaries	<u>(2,098)</u>	<u>—</u>
	<u>260,929</u>	<u>547,661</u>

The results of the gas fuel business and electricity supplies operations for the period from 1 January 2006 to 13 April 2006, which have been included in the condensed consolidated income statement were as follows:

		1.1.2006	1.1.2005
		to	to
	<i>Notes</i>	13.4.2006	30.6.2005
		<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	3	1,002,389	1,547,154
Cost of sales		<u>(792,270)</u>	<u>(1,222,707)</u>
Gross profit		210,119	324,447
Other income		31,189	52,097
Discount on acquisition of subsidiaries and additional interest of a subsidiary		12,998	—
Distribution costs		(20,850)	(22,901)
Administrative expenses		(55,079)	(84,105)
Other expenses		(5,259)	(3,809)
Gain on disposal/partial disposal of subsidiaries		279,205	40,658
Gain on group restructuring exercise		—	180,401
Loss on deemed disposal of subsidiaries		(2,098)	—
Gain on disposal of available-for-sale investments		—	110,075
Share of results of associates		(176)	28,561
Finance costs	4	(71,923)	(56,875)
Changes in fair value of derivative financial instruments		<u>(113,761)</u>	<u>(4,833)</u>
Profit before taxation	5	264,365	563,716
Taxation	6	<u>(3,436)</u>	<u>(16,055)</u>
Profit for the period		<u>260,929</u>	<u>547,661</u>
Attributable to:			
Equity holders of the Company		314,718	393,556
Minority interests		<u>(53,789)</u>	<u>154,105</u>
		<u>260,929</u>	<u>547,661</u>

During the period, Enerchina contributed HK\$571 million (2005: HK\$28 million) to the Group's net operating cash flows, paid HK\$477 million (2005: contributed HK\$1,252 million) in respect of investing activities and paid HK\$200 million (2005: HK\$120 million) in respect of financing activities.

8. DIVIDENDS

	Six months ended	
	30.6.2006	30.6.2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Ordinary shares:		
2005 final, paid - HK3.5 cents (2004 final, paid: HK3 cents) per share	99,768	70,418
Special interim dividend in specie (2005: nil) - (note)	<u>952,884</u>	<u>—</u>
	<u>1,052,652</u>	<u>70,418</u>

The directors have resolved to declare an interim dividend of HK3 cents (2005: HK3 cents) per share in respect of six months ended 30 June 2006. No special interim dividend in cash (2005: HK3.3 cents per share) is declared for the six months ended 30 June 2006. The interim dividend should be paid to the shareholders of the Company whose names appear in the Register of Members on 20 October 2006.

Note: On 22 March 2006, the Board declared a special interim dividend to be satisfied by way of a distribution in respect of Enerchina shares held by the Company in the proportion of 5 Enerchina shares for every 10 shares held by the shareholders of the Company. A total of 1,422,214,344 Enerchina shares with aggregate market value worth of HK\$952,884,000 were distributed to the shareholders of the Company on 13 April 2006.

9. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	Six months ended	
	30.6.2006	30.6.2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings for the purpose of basic earnings per share, being profit for the period attributable to equity holders of the Company	696,054	328,652
Effect of dilutive potential shares:		
Adjustment to the share of results of subsidiaries based on dilution of their earnings per share	<u>(122)</u>	<u>(5,882)</u>
Earnings for the purpose of diluted earnings per share	<u>695,932</u>	<u>322,770</u>
	Number of shares	
	30.6.2006	30.6.2005
Weighted average number of shares for the purpose of basic earnings per share	2,805,895,523	2,344,964,505
Effect of dilutive potential ordinary shares:		
Share options	<u>45,988,814</u>	<u>7,343,098</u>
Weighted average number of shares for the purpose of diluted earnings per share	<u>2,851,884,337</u>	<u>2,352,307,603</u>

From continuing operations

The calculation of the basic and diluted earnings (loss) per share from continuing operations attributable to the equity holders of the Company is based on the following data:

	Six months ended	
	30.6.2006	30.6.2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period attributable to equity holders of the Company	696,054	328,652
Less: Profit for the period attributable to equity holders of the Company from discontinued operations	<u>(314,718)</u>	<u>(393,556)</u>
Earnings (loss) for the purposes of basic and diluted earnings per share from continuing operations	<u>381,336</u>	<u>(64,904)</u>

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share.

From discontinued operations

Basic earnings per share for the discontinued operations is HK11.22 cents per share (2005: HK16.78 cents per share) and diluted earnings per share for the discontinued operations is HK11.03 cents per share (2005: HK16.48 cents per share), based on the profit for the period attributable to equity holders of the Company from the discontinued operations for basic and diluted earnings per share of HK\$314,718,000 (2005: HK\$393,556,000) and HK\$314,596,000 (2005: HK\$387,674,000) respectively. The denominators used are the same as those detailed above for both basic and diluted earnings per share.

10. TRADE AND OTHER RECEIVABLES

The Group has a policy of allowing an average credit period ranging from 0 to 180 days to its customers. Included in trade and other receivables are trade receivables of HK\$1,201,000 (31.12.2005: HK\$651,495,000), the aged analysis of which is as follows:

	30.6.2006	31.12.2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Aged:		
0 to 90 days	516	645,366
91 to 180 days	433	1,054
181 to 360 days	202	1,815
Over 360 days	<u>50</u>	<u>3,260</u>
	<u>1,201</u>	<u>651,495</u>

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$249,790,000 (31.12.2005: HK\$319,014,000), the aged analysis of which is as follows:

	30.6.2006	31.12.2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Aged:		
0 to 90 days	232,476	285,304
91 to 180 days	2,882	11,626
181 to 360 days	641	2,990
Over 360 days	<u>13,791</u>	<u>19,094</u>
	<u>249,790</u>	<u>319,014</u>

BUSINESS REVIEW

During the first half of 2006, the Group reorganized its corporate structure to specialize in property development and investment, project and property management businesses by declaring a special interim dividend to be satisfied by way of a distribution in specie of the shares of Enerchina Holdings Limited (“Enerchina shares”) held by the Company in the proportion of 5 Enerchina shares for every 10 shares held by the shareholders of the Company on 22 March 2006. The relevant resolution in respect of this special dividend was passed on 10 April 2006, whereby bringing the shareholding of the Group in Enerchina from 74.79% to 45.39%. As such, the results and performance of Enerchina being accounted for in the Group’s interim financial statements under the equity accounting method.

For the six months ended 30 June 2006, the Group achieved remarkable results with turnover of HK\$1,763.9 million, representing an increase of 3,900% as compared to the restated turnover of the same period last year. Gross profit increased to HK\$922.3 million for the six months ended 30 June 2006, an increase of 4,859% as compared to the restated gross profit of the same period last year. Profit for the period attributable to equity holders of the Company increased to HK\$696.1 million, representing an increase of 112% as compared to the corresponding same period. Basic earnings per share were HK24.81 cents, representing an increase of 77% as compared to the same period last year.

The outstanding performance is attributed from the contributions of the Group's property sales, which shows record revenue from sales of *The Mangrove West Coast* and gain on disposal of electricity generation and gas fuel businesses as a result of the distribution in specie announced on 22 March 2006.

Property Sales

For the six months ended 30 June 2006, the Group recorded a turnover of HK\$1,722.7 million for property sales, representing an increase of 5,923% as compared to the same period last year. The Group sold a total floor area of approximately 79,152 square metres during the period as compared to 3,846 square metres for the same period last year and was mainly derived from the sales of *The Mangrove West Coast*. *The Mangrove West Coast* is a 1,302 units development project with a total gross floor area of approximately 255,857 square metres. This residential development project has received its certificate of completion from the Municipal Government in June 2006.

Gross profit increased by 6,638% to HK\$896.2 million in 2006 from HK\$13.3 million in 2005 due to significant increase in sales upon completion of *The Mangrove West Coast* in first half of 2006 and no development properties were completed in the first half of 2005 and the increase in average selling price in 2006 over the same period last year. The average selling price for *The Mangrove West Coast* is approximately RMB21,875 per square metre in 2005 and RMB27,903 per square metre for the first half of 2006, representing an increase of approximately 28% or RMB6,028 per square metre.

Property Rental

For the six months ended 30 June 2006, turnover of the Group's property rental was HK\$6.6 million, representing an increase of 100% as compared to the same period last year. The investment properties consist of mainly shopping malls in Sinolink Garden with total gross floor areas of 23,337 square metres.

As at 30 June 2006, the Group has the following properties under development:

- (1) Sinolink Garden Phase Five eastern district, *The Oasis Plaza*, is a development project with a total site area of 40,786 square metres and total gross floor area of 228,574 square metres. The Group intends to develop this development project into a residential and commercial areas. We have also recently invited Multiplex Cinema Ltd as our anchor tenant. The construction works have commenced at the first quarter of 2006 and will be completed by second half of 2008;

- (2) Shanghai Bund de Rockefeller Group or *Rock Bund*, is a joint development project the Group entered into with the Rockefeller Group International Inc. in November 2005. The project has a total site area of 18,000 square metres and total gross floor area of 94,080 square metres. The Group intends to redevelop this historical site into an upscale mixed-use neighborhood, with residential, commercial, retail, offices and hotel facilities. This development project is currently under planning and designing works. It is expected to commence construction works in the middle of 2007 and to be completed by 2009.

Major Associates

Following the distribution in specie in April 2006, Enerchina and Panva Gas Holdings Limited (“Panva Gas”) become the major associates of the Group.

For the six months ended 30 June 2006, the electricity generation business in Enerchina recorded turnover of HK\$727.6 million, an increase of 24% and sold 1244.7 million kwh of electricity, representing an increase of 22% as compared to the same period last year. This improved 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.

The direct operating expenses attributable to electricity supplies continued to increase due to the escalating fuel cost, which was primary direct operating expense and put the Enerchina’s power generation business under enormous pressure. Despite the fact that the management of Enerchina had contributed a lot of efforts towards improving productivity and continued to strengthening of fuel procurement and inventory control in order to minimize the impact of higher fuel cost, the gross profit margin of power generation for the period was decreased by 6% as compared to last period. In the second half of 2006, the management of Enerchina will continue to carry out conversion works on the existing power plants by adding natural gas to the current fuel base of heavy oil to generate electricity in order to reduce costs.

For the six months ended 30 June 2006, gas fuel business in Panva Gas recorded a turnover of HK\$1,243.9 million, an increase of 29.8% over the same period last year. This increase continued as its new project development continued to accelerate in the first half of 2006 and gained major breakthrough and achievement. On the piped gas front, it further strengthened its strategic position in Sichuan and the northeastern PRC region while increased its market penetration in Guangdong. A total of two projects were secured during the first half of 2006 engaging in LP Gas and piped gas distribution and gas pipeline construction in Hangzhou and Fuxin respectively.

PROSPECTS

In the first half of 2006, the Chinese government introduced and implemented another round of new austerity measures on the property market in relation to the supplies of land, financings, tax collections and industry regulation, aiming to further curtail the surging property prices, property speculation and investment activities. The Group believes the pace

of development of the property market is expected to moderate out following these measures but will not have adverse impact on the overall market demand in the medium to long run. These measures create a healthier and a more sustainable growth prospects for the long term real-estate market.

The Group remains committed to its long term development strategy in the first tier cities of the PRC, and will continue to expand its portfolio according to this strategies. With the major focus in property development and investment, we will also look into a sizeable investment property portfolio in order to secure a stable income streams as well as capital appreciation for the Group in the future and thus create and enhance value for our shareholders.

In the second half of 2006, the Group will continue the sales of *The Mangrove West Coast* in Shenzhen. The prospects for this exceptional and distinctive property in Shenzhen is positive given continuing economic growth, rising disposable income and scare supply of new high quality properties in Shenzhen. Together with our strong sales and marketing team, we believe that the demand will continue to grow.

Our first venture in Shanghai, *Rock Bund* is progressing well, and we will continue to enhance our business growth by seeking new investment opportunities in this market and other first tier cities.

Overall, the Group remains positive and confident about the property market and its prospects in the PRC.

Our investments in Enerchina and Panva Gas will remain to be our strategic holdings despite the recent difficult conditions in operations of both the power generating and gas fuel businesses. The Group sees the underlying value of these investments and when opportunities arise, will seek to capitalize on its valuation and enhance returns to our shareholders.

FINANCIAL REVIEW

The Group's total borrowings decreased from HK\$3,811.8 million as at 31 December 2005 to HK\$588.7 million as at 30 June 2006. The net decrease is mainly due to the de-consolidation of the energy and gas fuel businesses since April 2006. The net cash to equity ratio (i.e total debt less cash and bank deposits over shareholders' equity) was 8%. Bank borrowings are mainly used to finance the property development projects. The borrowings are mainly at floating interest rates.

Total assets pledged in securing these loans have a net book value of HK\$570.6 million as at 30 June 2006. The borrowings of the Group are denominated in RMB. As the entire operation of the Group is carried out in the PRC, substantial receipts and payments in relation to operation are denominated in RMB. No financial instruments were used for hedging purpose; however, the Board is evaluating and closely monitoring the potential impact of RMB appreciation and interest rate movement and the instruments that could minimize such potential impact on the Group.

The Group's cash and cash equivalents amounted to HK\$872.5 million (including pledged deposits) as at 30 June 2006 are mostly denominated in RMB, Hong Kong dollars and US dollars.

CAPITAL MARKET EVENT

On 25 January 2006, the Company entered into another Placing and Subscription Agreement under which 189,456,448 shares were placed to various independent places at the Placing Price of HK\$2.34, and raised HK\$425.8 million, net of expenses from this placing to finance the Group's existing property development activities, and for general working capital purposes.

Capital Commitments

As at 30 June 2006, the Group has capital commitments in respect of the acquisition of properties under development amounted to HK\$814 million and in respect of unpaid capital contribution of investment projects amounted to HK\$266.6 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\$472 million.

In the opinion of the directors, the fair values of the financial guarantee contracts were not significant as at 30 June 2006 and no financial liabilities were recorded.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK3 cents (2005: HK3 cents) per share in respect of the six months ended 30 June 2006. No special interim dividend in cash (2005: HK3.3 cents) per share is declared for the six months ended 30 June 2006. The interim dividend are payable on or before 25 October 2006 to shareholders whose names appear on the register of members of the Company on 20 October 2006.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Monday, 16 October 2006 to Friday, 20 October 2006 (both dates inclusive), during which period no transfer of shares will be registered. In order to qualify for the 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 Friday, 13 October 2006.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2006, the Group employed approximately 792 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 2006.

CORPORATE GOVERNANCE

During the period, the Company complied with the code provisions as set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 to the Listing Rules except that the members of the independent board were unable to attend the special general meeting of the Company held on 10 April 2006 because they were having their business commitment at the time of such meeting. This does not meet with the second sentence of the code provision E.1.2 of the Code which provides that the chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a transaction that is subject to independent shareholders' approval.

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 2006, 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 Listing Rules 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 2006 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
Ou Yaping
Chairman

Hong Kong, 26 September 2006

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

Davin A. Mackenzie

Tian Jin

Xin Luo Lin

* *For identification purpose only*

Please also refer to the published version of this announcement in South China Morning Post.