



百仕達控股有限公司

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 1168

百仕達

Interim Report 2006



CORPORATE INFORMATION

Board of Directors

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

Authorised Representatives

Ou Yaping

Law Sze Lai

Qualified Accountant

Tiong Check Hiong, Jacqueline

Company Secretary

Lo Tai On

Audit Committee

Davin A. Mackenzie

Tian Jin

Xin Luo Lin (*Chairman*)

Remuneration Committee

Davin A. Mackenzie

Ou Yaping

Xin Luo Lin (*Chairman*)

Auditors

Deloitte Touche Tohmatsu

Certified Public Accountants

35th Floor, One Pacific Plaza

88 Queensway

Hong Kong

Registered Office

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head Office and Principal Place of Business

28th Floor, Vicwood Plaza

199 Des Voeux Road Central

Hong Kong

Telephone : (852) 2851 8811

Fascimile : (852) 2851 0970

Stock Code : 1168

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

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

Principal Share Registrar and Transfer Office

Butterfield Fund Services (Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke, HM 08

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

Hopewell Centre

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 Branch

Hang Seng Bank Limited

Industrial and Commercial Bank of China (Asia) Ltd.

Industrial and Commercial Bank of China, Shenzhen Branch

CONTENTS	Page
Financial Highlights	2
Management Discussion and Analysis	2
Other Information	8
Independent Review Report	18
Condensed Consolidated Income Statement	19
Condensed Consolidated Balance Sheet	20
Condensed Consolidated Statement of Changes in Equity	22
Condensed Consolidated Cash Flow Statement	25
Notes to the Condensed Consolidated Financial Statements	26

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

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 1,244.7 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 scarce 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 placees 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.

Disclosure pursuant to Rule 13.22 of the Listing Rules

As at 30 June 2006, the aggregate amount of financial assistance to an associate by the Group amounted to HK\$1,180,087,000 which exceeded 8% of the assets ratios as defined in Rule 14.07(1) of the Listing Rules.

An unaudited balance sheet of the associated company as at 30 June 2006 are presented as follows:

	<i>HK\$'000</i>
Non-current assets	739,263
Current assets	365,646
Current liabilities	(15,303)
Non-current liabilities	(1,223,107)
	<hr/>
Net liabilities	(133,501)
	<hr/> <hr/>

The Group's attributable interest in the associated company as at 30 June 2006 comprised net liabilities of HK\$133,501,000. According to the investment agreement dated 30 November 2005, the Group is committed to finance all the funding of the associated company up to US\$169 million and share its net liabilities.

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) has 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

OTHER INFORMATION

Directors' and Chief Executive's Interests or Short Positions in Shares and Share Options

At 30 June 2006, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company (the "Share"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required by: (a) divisions 7 to 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			Total interest in Shares	Interest in underlying Shares pursuant to share options	Aggregate interest	Approximate percentage of issued share capital of the Company at 30.6.2006
		Personal interest	Corporate interest	Family interest				
Chen Wei	Beneficial owner	3,600,000	—	—	3,600,000	8,400,000	12,000,000	0.42%
Law Sze Lai	Beneficial owner	2,400,000	—	—	2,400,000	5,600,000	8,000,000	0.28%
Davin A. Mackenzie	Beneficial owner	—	—	—	—	2,000,000	2,000,000	0.07%
Ou Yaping	Joint interest and interest of controlled corporation	—	1,384,514,000 (Note)	6,475,920	1,390,989,920	—	1,390,989,920	48.74%
Tang Yui Man Francis	Beneficial owner	5,700,000	—	—	5,700,000	13,300,000	19,000,000	0.67%
Tian Jin	Beneficial owner	—	—	—	—	2,000,000	2,000,000	0.07%
Xin Luo Lin	Beneficial owner	—	—	—	—	2,000,000	2,000,000	0.07%

Note: These 1,384,514,000 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 in associated corporations*

Name of Directors	Name of associated corporations	Capacity	Interest in shares Long positions / (short positions)			Total interest in shares	Interest in underlying shares pursuant to share options	Aggregate interest/ (short positions)	Approximate percentage of the issued share capital of the associated corporation at 30.6.2006
			Personal interest	Corporate interest	Family interest				
Chen Wei	Panva Gas	Beneficial owner	2,160,000	—	—	2,160,000	8,040,000	10,200,000	1.08%
Davin A. Mackenzie	Enerchina	Beneficial owner	—	—	—	—	2,288,000	2,288,000	0.05%
Law Sze Lai	Enerchina	Beneficial owner	1,710,000	—	—	1,710,000	—	1,710,000	0.04%
Ou Yaping	Enerchina	Beneficial owner, interest of controlled corporations and joint interest	—	2,882,792,295 (Note 1)	3,237,960	2,886,030,255	2,288,000	2,888,318,255	59.71%
	Panva Gas	Beneficial owner and interest of controlled corporations	—	575,806,587 (Note 2)	—	575,806,587	3,600,000	579,406,587	61.33%
			—	(19,230,769) (Note 3)	—	(19,230,769)	—	(19,230,769)	(2.04%)
	Asia Pacific	Beneficial owner	2	—	—	2	—	2	100.00%
Tang Yui Man	Enerchina	Beneficial owner	—	—	—	—	22,880,000	22,880,000	0.47%
Francis	Panva Gas	Beneficial owner	3,440,000	—	—	3,440,000	3,960,000	7,400,000	0.78%
Xin Luo Lin	Enerchina	Beneficial owner	—	—	—	—	2,288,000	2,288,000	0.05%

Notes:

1. The 2,882,792,295 shares in Enerchina represent the aggregate of: (i) 1,971,690,942 shares held by Sinolink and 223,990,353 shares held by Smart Orient Investments Limited (“Smart Orient”). Smart Orient is the wholly-owned subsidiary of the Company and 48.51% interests of the Company are held by Asia Pacific; and (ii) 687,111,000 shares held by Asia Pacific directly. As Asia Pacific is owned by Mr. Ou Yaping, he is deemed under the SFO to be interested in such 2,882,792,295 shares of Enerchina.
2. The 575,806,587 shares in Panva Gas represent the aggregate of (i) 401,233,462 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 wholly-owned subsidiaries of Enerchina. 45.39% interests of Enerchina were held by the Company as at 30 June 2006 and 48.51% interests of the Company are held by Asia Pacific; and (ii) 5,081,600 shares of Panva Gas held by Asia Pacific directly. As Asia Pacific is owned by Mr. Ou Yaping, he is deemed under the SFO to be interested in such 575,806,587 shares in Panva Gas.
3. 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 exchangeable redeemable note of Panva Gas (the “Note”) held by Hutchison International in accordance with the terms and conditions of the Note.

Details of the directors’ interests in share options granted by the associated corporations are set out under the heading “Directors’ rights to acquire Shares”.

Directors' Right to Acquire Shares

(a) Interest in options to subscribe for Shares

Pursuant to the Company's share option schemes, the Company has granted to certain directors of the Company options to subscribe for Shares, details of which as at 30 June 2006 were as follows:

Name of Directors	Date of grant	Exercise period	Exercise price HK\$	Number of Shares subject to outstanding options at 1.1.2006	Number of Shares subject to outstanding options at 30.6.2006	Approximate percentage of issued share capital of the Company at 30.6.2006
Chen Wei	13.01.2005	31.12.2005-24.05.2012	1.126	3,600,000	—	—
	13.01.2005	30.06.2006-24.05.2012	1.126	3,600,000	3,600,000	0.13%
	13.01.2005	31.12.2006-24.05.2012	1.126	4,800,000	4,800,000	0.17%
Law Sze Lai	13.01.2005	31.12.2005-24.05.2012	1.126	2,400,000	—	—
	13.01.2005	30.06.2006-24.05.2012	1.126	2,400,000	2,400,000	0.08%
	13.01.2005	31.12.2006-24.05.2012	1.126	3,200,000	3,200,000	0.11%
Davin A. Mackenzie	13.01.2005	31.12.2005-24.05.2012	1.126	600,000	600,000	0.02%
	13.01.2005	30.06.2006-24.05.2012	1.126	600,000	600,000	0.02%
	13.01.2005	31.12.2006-24.05.2012	1.126	800,000	800,000	0.03%
Tang Yui Man Francis	13.01.2005	31.12.2005-24.05.2012	1.126	5,700,000	—	—
	13.01.2005	30.06.2006-24.05.2012	1.126	5,700,000	5,700,000	0.20%
	13.01.2005	31.12.2006-24.05.2012	1.126	7,600,000	7,600,000	0.29%
Tian Jin	22.01.2006	31.12.2006-24.05.2012	2.370	—	600,000	0.02%
	22.01.2006	30.06.2007-24.05.2012	2.370	—	600,000	0.02%
	22.01.2006	31.12.2007-24.05.2012	2.370	—	800,000	0.03%
Xin Luo Lin	13.01.2005	31.12.2005-24.05.2012	1.126	600,000	600,000	0.02%
	13.01.2005	30.06.2006-24.05.2012	1.126	600,000	600,000	0.02%
	13.01.2005	31.12.2006-24.05.2012	1.126	800,000	800,000	0.03%

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 represent personal interest held by the Directors as beneficial owners.
3. During the period, 2,000,000 options were granted to a Director and 11,700,000 options were exercised by the Directors and no options held by the Directors were lapsed or cancelled.

(b) Interest in options to subscribe for shares of associated corporations

Name of Directors	Name of associated corporation	Date of grant	Exercise period	Exercise price HK\$	Approximate percentage of the issued share capital of the associated corporation at		
					Number of shares options held at 1.1.2006	Number of shares options held at 30.6.2006	30.6.2006
Chen Wei	Panva Gas	04.04.2001	01.01.2003-03.04.2011	0.475	1,800,000	1,800,000	0.19%
		04.04.2001	01.01.2004-03.04.2011	0.475	1,800,000	1,800,000	0.19%
		13.11.2001	13.11.2002-13.02.2007	0.940	1,440,000	1,440,000	0.15%
		19.11.2004	31.12.2005-30.03.2011	3.500	900,000	900,000	0.10%
		19.11.2004	31.12.2006-30.03.2011	3.500	900,000	900,000	0.10%
		19.11.2004	31.12.2007-30.03.2011	3.500	1,200,000	1,200,000	0.13%
Davin A. Mackenzie	Enerchina	20.10.2004	20.10.2005-19.10.2015	0.500	2,288,000	2,288,000	0.05%
Ou Yaping	Enerchina	09.06.2004	09.06.2004-08.06.2014	0.440	2,288,000	2,288,000	0.05%
		04.04.2001	01.01.2003-03.04.2011	0.475	1,800,000	1,800,000	0.19%
		04.04.2001	01.01.2004-03.04.2011	0.475	1,800,000	1,800,000	0.19%
Tang Yui Man Francis	Enerchina	09.06.2004	09.06.2004-08.06.2014	0.440	22,880,000	22,880,000	0.47%
		13.11.2001	13.11.2002-13.02.2007	0.940	960,000	960,000	0.10%
		19.11.2004	31.12.2005-30.03.2011	3.500	900,000	900,000	0.10%
		19.11.2004	31.12.2006-30.03.2011	3.500	900,000	900,000	0.10%
		19.11.2004	31.12.2007-30.03.2011	3.500	1,200,000	1,200,000	0.13%
Xiu Luo Lin	Enerchina	09.06.2004	09.06.2004-08.06.2014	0.440	2,288,000	2,288,000	0.05%

Notes:

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

Save as disclosed above, at no time during the period, the Directors, chief executives (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for Shares (warrants or debentures of the Company, if applicable) 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 during the period was the Company, its holdings company, or any of its subsidiaries or fellow subsidiaries, party to any arrangements to enable the Directors 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.

Share Option Scheme

The Company operates a share option scheme, the 2002 Share Option Scheme under which the Board may, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated in the scheme. The 2002 Share Option Scheme was approved by the shareholders on 24 May 2002 and have a life of 10 years.

Details of specific categories of share options are as follows:

Option types	Date of grant	Exercise period	Exercise price HK\$
2004 Options	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	01.01.2006 - 31.05.2008	0.760
2005 Options	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
2006 Options	22.01.2006	31.12.2006 - 24.05.2012	2.370
	22.01.2006	30.06.2007 - 24.05.2012	2.370
	22.01.2006	31.12.2007 - 24.05.2012	2.370
	14.02.2006	28.02.2007 - 24.05.2012	2.485
	14.02.2006	31.07.2007 - 24.05.2012	2.485
	14.02.2006	28.02.2008 - 24.05.2012	2.485
	30.06.2006	30.06.2007 - 24.05.2012	1.410
	30.06.2006	31.12.2007 - 24.05.2012	1.410
	30.06.2006	30.06.2008 - 24.05.2012	1.410

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

Directors	Option type	Outstanding at 1.1.2006	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2006
Chen Wei	2005 Options	12,000,000	—	(3,600,000)	—	8,400,000
Law Sze Lai	2005 Options	8,000,000	—	(2,400,000)	—	5,600,000
Davin A. Mackenzie	2005 Options	2,000,000	—	—	—	2,000,000
Tang Yui Man Francis	2005 Options	19,000,000	—	(5,700,000)	—	13,300,000
Tian Jin	2006 Options	—	2,000,000	—	—	2,000,000
Xin Luo Lin	2005 Options	2,000,000	—	—	—	2,000,000
Total for Directors		43,000,000	2,000,000	(11,700,000)	—	33,300,000
Employees						
Contracted	2004 Options	9,040,000	—	(5,560,000)	—	3,480,000
employees	2005 Options	60,800,000	—	(12,490,000)	(350,000)	47,960,000
in aggregate	2006 Options	—	5,800,000	—	(2,000,000)	3,800,000
Total for employees		69,840,000	5,800,000	(18,050,000)	(2,350,000)	55,240,000
All categories		112,840,000	7,800,000	(29,750,000)	(2,350,000)	88,540,000

Notes:

1. The vesting period of the share options is from the date of the grant until the commencement of the exercise period.
2. The closing price of the Company's shares immediately before the date of grant of the 2006 options, i.e. 22 January 2006, 14 February 2006 and 30 June 2006 were HK\$2.25, HK\$2.4 and HK\$1.41 respectively.
3. The weighted average closing share price immediately before the date of exercise of share options was HK\$2.31.
4. During the period, 7,800,000 options were granted and 29,750,000 options were exercised under the share option scheme of the Company.
5. During the period, 2,350,000 options were lapsed under the share option scheme. No options were cancelled under the share option scheme.

6. The fair value of the options granted under the share option scheme in the current period measured at the date of grant (22 January 2006, 14 February 2006 and 30 June 2006) totalled approximately HK\$2,848,000 (2005: HK\$32,358,930). The following significant assumptions were used to derive the fair value using the Black-Scholes option pricing model:

Expected volatility	:	39% - 46% based on historical volatility
Expected dividend yield	:	4.04% - 4.69% based on historical dividends
Expected life	:	4.5 years from grant date
Risk free interest rate	:	3.43% - 3.92% 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 Shares on the date of grant and the above assumptions the computed fair value under the options granted during the period was at a range of approximately HK\$0.50 to HK\$0.67 per option share.

Substantial Shareholders

At 30 June 2006, the register of substantial shareholders (other than the Directors or chief executives of the Company disclosed above) maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long positions and short positions in Shares and underlying Shares

Name of shareholders	Capacity	Interest in Shares	Approximate percentage of the Company's issued share capital at 30.6.2006
Asia Pacific	Beneficial owner	1,384,514,000 (Note)	48.51%
The Children's Investment Fund Management (UK) LLP	Investment manager	159,384,000	5.58%
The Children's Investment Master Fund	Beneficial owner	159,384,000	5.58%

Note: The 1,384,514,000 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.

Save as disclosed above, no person had registered an interest in the share capital of the Company that was required to be disclosed under Division 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 2006, 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.

Deloitte.**德勤****INDEPENDENT REVIEW REPORT**

TO THE BOARD OF DIRECTORS OF SINOLINK WORLDWIDE HOLDINGS LIMITED

Introduction

We have been instructed by Sinolink Worldwide Holdings Limited (the “Company”) to review the interim financial report set out on pages 19 to 42.

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 2006.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
26 September 2006

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2006

	NOTES	Six months ended 30.6.2006 HK\$'000 (unaudited)	30.6.2005 HK\$'000 (unaudited and restated)
Continuing operations			
Turnover	3	1,763,921	44,058
Cost of sales		(841,613)	(25,496)
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	—	(7,295)
Profit (loss) before taxation	5	761,323	(67,943)
Taxation	6	(313,545)	(678)
Profit (loss) for the period from continuing operations		447,778	(68,621)
Discontinued operations			
Profit for the period from discontinued operations	7	260,929	547,661
Profit for the period		708,707	479,040
Attributable to:			
Equity holders of the Company		696,054	328,652
Minority interests		12,653	150,388
		708,707	479,040
Dividends paid	8	1,052,652	70,418
Earnings (loss) per share			
From continuing and discontinued operations			
Basic	9	HK24.81 cents	HK14.02 cents
Diluted		HK24.40 cents	HK13.72 cents
From continuing operations			
Basic	9	HK13.59 cents	HK(2.77) cents
Diluted		HK13.37 cents	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2006

	NOTES	30.6.2006 HK\$'000 (unaudited)	31.12.2005 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	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	11	781,094	465,738
Available-for-sale investments		2,930	192,301
Pledged bank deposits		—	202,916
Loan receivables	12	1,164,807	348,026
		2,479,590	5,313,756
Current assets			
Stock of properties		2,083,052	2,350,345
Inventories		—	192,001
Trade and other receivables	13	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		819,616	2,152,484
		3,007,318	6,491,186
Current liabilities			
Trade and other payables	14	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	15	257,582	1,188,708
		1,294,240	3,788,608
Net current assets		1,713,078	2,702,578
Total assets less current liabilities		4,192,668	8,016,334

	NOTES	30.6.2006 HK\$'000 (unaudited)	31.12.2005 HK\$'000 (audited)
Non-current liabilities			
Borrowings – amount due after one year	15	331,094	2,623,078
Deferred taxation		36,117	36,117
		<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	16	285,412	263,491
Reserves		3,255,358	3,178,477
		<u>3,540,770</u>	<u>3,441,968</u>
Equity attributable to equity holders of the Company			
Equity component of convertible bonds of a listed subsidiary		—	48,350
Equity component of share option reserve of listed subsidiaries		—	20,717
Minority interests		284,687	1,846,104
		<u>284,687</u>	<u>1,846,104</u>
Total equity		<u>3,825,457</u>	<u>5,357,139</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2006

	Attributable to equity holders of the Company										Equity component of convertible bonds of a listed subsidiary	Equity component of share option reserve of listed subsidiaries	Minority interests	Total
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Share option reserve HK\$'000	Capital reserve HK\$'000	General reserve HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	Total HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2005	233,345	351,828	(8,848)	965	546	66,174	367,782	1,355,359	2,367,151	48,350	3,813	1,857,069	4,276,383	
Exchange differences arising on translation of foreign operations recognised directly in equity	—	—	49,426	—	—	—	—	—	49,426	—	—	43,650	93,076	
Profit for the year	—	—	—	—	—	—	—	670,909	670,909	—	—	316,357	987,266	
Total recognised income for the year	—	—	49,426	—	—	—	—	670,909	720,335	—	—	360,007	1,080,342	
Issue of shares on the exercise of share options	2,146	13,493	—	(609)	—	—	—	—	15,030	—	—	—	15,030	
Issue of shares in placing and subscription arrangement	28,000	518,000	—	—	—	—	—	—	546,000	—	—	—	546,000	
Expenses incurred in connection with issue of shares	—	(11,466)	—	—	—	—	—	—	(11,466)	—	—	—	(11,466)	
Changes in minority interests on deemed/partial disposal of interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	—	49,638	49,638	
Reduction in minority interests on acquisition of additional interests in subsidiaries	—	—	—	—	—	—	—	—	—	—	—	(196,742)	(196,742)	
Reduction in minority interests on group restructuring	—	—	—	—	—	—	—	—	—	—	—	(180,401)	(180,401)	
Acquired on acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	26,473	26,473	
Transfers	—	—	—	—	—	2,879	—	(2,879)	—	—	—	—	—	
Recognition of equity-settled share based payments	—	—	—	23,338	—	—	—	151	23,489	—	16,904	—	40,393	
Dividends	—	—	—	—	—	—	—	(218,571)	(218,571)	—	—	—	(218,571)	
Dividends paid to minority shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	(69,940)	(69,940)	
At 31 December 2005	263,491	871,855	40,578	23,694	546	69,053	367,782	1,804,969	3,441,968	48,350	20,717	1,846,104	5,357,139	

Attributable to equity holders of the Company

	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Share option reserve HK\$'000	Capital reserve HK\$'000	General reserve HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Equity component of convertible bonds of a listed subsidiary HK\$'000	Equity component of share option reserve of listed subsidiaries HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 January 2006	263,491	871,855	40,578	23,694	546	69,053	367,782	1,804,969	3,441,968	48,350	20,717	1,846,104	5,357,139
Exchange differences arising on translation of foreign operations recognised directly in equity	—	—	(1,056)	—	—	—	—	—	(1,056)	—	—	(18)	(1,074)
Realised on deemed disposal of interests in subsidiaries	—	—	(79)	—	—	—	—	—	(79)	—	—	—	(79)
Realised on partial disposal of interests in subsidiaries (note 22)	—	—	(8,588)	—	—	—	—	—	(8,588)	—	—	—	(8,588)
Profit for the period	—	—	—	—	—	—	—	696,054	696,054	—	—	12,653	708,707
Total recognised income (expenses) for the period	—	—	(9,723)	—	—	—	—	696,054	686,331	—	—	12,635	698,966
Issue of shares on the exercise of share options	2,975	36,807	—	(8,319)	—	—	—	—	31,463	—	—	—	31,463
Issue of shares in placing and subscription arrangement	18,946	424,382	—	—	—	—	—	—	443,328	—	—	—	443,328
Expenses incurred in connection with issue of shares	—	(17,520)	—	—	—	—	—	—	(17,520)	—	—	—	(17,520)
Acquired on acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	70,658	70,658
Recognition of equity-settled share based payments	—	—	—	7,852	—	—	—	—	7,852	—	4,846	—	12,698
Changes on disposal of subsidiaries (note 22)	—	—	—	—	—	—	—	—	—	(48,350)	(25,563)	(1,607,253)	(1,681,166)
Reduction in minority interests on acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	—	(4,499)	(4,499)
Transfers	—	—	—	—	(215)	(4,042)	—	4,257	—	—	—	—	—
Changes in minority interests on deemed disposal of interests in subsidiaries	—	—	—	—	—	—	—	—	—	—	—	4,470	4,470
Capital contribution from minority shareholders	—	—	—	—	—	—	—	—	—	—	—	5,758	5,758
Dividends	—	—	—	—	—	—	—	(1,052,652)	(1,052,652)	—	—	—	(1,052,652)
Dividends paid to minority shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	(43,186)	(43,186)
At 30 June 2006	285,412	1,315,524	30,855	23,227	331	65,011	367,782	1,452,628	3,540,770	—	—	284,687	3,825,457

Attributable to equity holders of the Company

	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Share option reserve HK\$'000	Capital reserve HK\$'000	General reserve HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Equity component of convertible bonds of a listed subsidiary HK\$'000	Equity component of share option reserve of listed subsidiaries HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 January 2005	233,345	351,828	(8,848)	965	546	66,174	367,782	1,355,359	2,367,151	48,350	3,813	1,857,069	4,276,383
Exchange difference arising on translation foreign operations recognised directly in equity	—	—	(676)	—	—	—	—	—	(676)	—	—	(480)	(1,156)
Profit for the period	—	—	—	—	—	—	—	328,652	328,652	—	—	150,388	479,040
Total recognised income (expenses) for the period	—	—	(676)	—	—	—	—	328,652	327,976	—	—	149,908	477,884
Transfers	—	—	—	—	—	257	—	(257)	—	—	—	—	—
Share issued at premium	1,627	9,458	—	—	—	—	—	—	11,085	—	—	—	11,085
Acquired on acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	9,866	9,866
Change in minority interests on partial disposal of interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	—	46,840	46,840
Recognition of equity-settled share based payments	—	—	—	11,669	—	—	—	—	11,669	—	10,378	—	22,047
Reduction in minority interests on acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	—	(21,739)	(21,739)
Reduction of minority interests on group restructuring	—	—	—	—	—	—	—	—	—	—	—	(180,401)	(180,401)
Dividends	—	—	—	—	—	—	—	(70,418)	(70,418)	—	—	—	(70,418)
Dividends paid to minority shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	(40,778)	(40,778)
At 30 June 2005	234,972	361,286	(9,524)	12,634	546	66,431	367,782	1,613,336	2,647,463	48,350	14,191	1,820,765	4,530,769

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2006

		Six months ended	
	<i>NOTES</i>	30.6.2006	30.6.2005
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Net cash from operating activities		827,729	462,308
Net cash used in investing activities			
Cash paid for acquisition of property, plant and equipment		(52,963)	(276,157)
Net cash outflow in respect of disposal of subsidiaries	22	(1,232,408)	—
Cash paid for acquisition of an associate		(184,261)	(354,724)
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	21	(189,722)	(49,813)
Advance to an associate		(739,915)	—
Cash paid for the acquisition of available-for-sale investments		(1,919)	(198,584)
Proceeds from disposal of available-for-sale investments		—	172,470
Other investing cash flows		8,019	2,527
		<u>(2,393,169)</u>	<u>(704,281)</u>
Net cash from (used in) financing activities			
Dividend paid to shareholders		(99,768)	(70,418)
Dividend paid by a subsidiary to minority shareholders		(43,186)	(40,778)
Proceeds from issue of new shares		457,271	11,085
New borrowings		392,451	607,285
Repayment of borrowings		(482,951)	(853,577)
Other financing cash flows		8,783	(8,212)
		<u>232,600</u>	<u>(354,615)</u>
Decrease in cash and cash equivalents		(1,332,840)	(596,588)
Cash and cash equivalents at beginning of the period		2,152,484	3,468,306
Effect of foreign exchange rate changes		(28)	—
Cash and cash equivalents at end of the period, representing by bank balances and cash		<u>819,616</u>	<u>2,871,718</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”).

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 (see note 7).

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”.

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

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
HK(IFRIC) – INT 10	Interim financial reporting and impairment ⁵

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.

⁵ Effective for annual periods beginning on or after 1 November 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			
	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Eliminations HK\$'000	Sub-total HK\$'000	Gas fuel business HK\$'000	Electricity supplies HK\$'000	Sub-total HK\$'000	Consolidated 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>	<u>841,459</u>	<u>108,606</u>	<u>33,410</u>	<u>142,016</u>	<u>983,475</u>
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>

3. SEGMENT INFORMATION (Cont'd)

Six months ended 30 June 2005

	Continuing operations				Discontinued operations			
	Property development HK\$'000	Others HK\$'000	Eliminations HK\$'000	Sub-total HK\$'000	Gas fuel business HK\$'000	Electricity supplies HK\$'000	Sub-total HK\$'000	Consolidated 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>	<u>239,884</u>	<u>236,036</u>
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)
	<u>—</u>	<u>3,203</u>	<u>71,923</u>	<u>56,807</u>	<u>71,923</u>	<u>60,010</u>
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	49,299	67,559	53,928	72,225
Release of prepaid lease payments	—	—	1,048	1,259	1,048	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> </u>	<u> </u>	<u> </u>	<u> </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	313,545	678	3,436	16,055	316,981	16,733
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </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 to 13.4.2006 HK\$'000	1.1.2005 to 30.6.2005 HK\$'000
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	22	279,205	40,658
Gain on group restructuring exercise		—	180,401
Loss on deemed disposal of subsidiaries		(2,098)	—
		260,929	547,661

7. DISCONTINUED OPERATIONS (Cont'd)

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 to 13.4.2006 HK\$'000	1.1.2005 to 30.6.2005 HK\$'000
	Notes		
Turnover	3	1,002,389	1,547,154
Cost of sales		(792,270)	(1,222,707)
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	22	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		(113,761)	(4,833)
Profit before taxation	5	264,365	563,716
Taxation	6	(3,436)	(16,055)
Profit for the period		260,929	547,661
Attributable to:			
Equity holders of the Company		314,718	393,556
Minority interests		(53,789)	154,105
		260,929	547,661

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.

The carrying amounts of the assets and liabilities of Enerchina at the date of disposal are disclosed in note 22.

8. DIVIDENDS

	Six months ended	
	30.6.2006	30.6.2005
	HK\$'000	HK\$'000
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)	952,884	—
	<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
	HK\$'000	HK\$'000
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	(122)	(5,882)
Earnings for the purpose of diluted earnings per share	<u>695,932</u>	<u>322,770</u>

9. EARNINGS (LOSS) PER SHARE (Cont'd)

From continuing and discontinued operations (Cont'd)

	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	45,988,814	7,343,098
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
	HK\$'000	HK\$'000
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	(314,718)	(393,556)
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. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$52,963,000 (2005: HK\$276,157,000) on acquisition of property, plant and equipment.

11. INTERESTS IN ASSOCIATES

On 22 March 2006, the Company declared a special interim dividend to be satisfied by way of distribution in specie of shares of Enerchina held by the Company in the proportion of 5 Enerchina shares for every 10 shares of the Company. Following the distribution in specie on 13 April 2006, the equity interest in Enerchina was reduced to 45.39% and Enerchina became an associate of the Company. The interests in associates transferred from partial disposal of Enerchina were HK\$986,219,000 (note 22).

12. LOAN RECEIVABLES

	30.6.2006 HK\$'000	31.12.2005 HK\$'000
Shareholder's loan receivable		
Principal (<i>note</i>)	1,048,202	323,567
Interest receivable	116,605	—
Long-term receivable (note 22)	—	24,459
	<u>1,164,807</u>	<u>348,026</u>

Note: The amount represents shareholder's loan receivable from the Company's associate, Rockefeller Group Asia Pacific, Inc. ("RGAP"), for financing a property development project in Shanghai, which carries simple interest rate at 20% per annum on the total agreed financing amount of US\$169 million (equivalent to approximately HK\$1,310 million) irrespective of what amount has actually been advanced to RGAP. The loan is unsecured and not repayable within the next twelve months. The effective interest rate for the loan is 15.74% with reference to the best estimate of the management of the Company that the amount will be repayable in 2009 from the sales proceeds of the above property development project.

13. 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 HK\$'000	31.12.2005 HK\$'000
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	50	3,260
	<u>1,201</u>	<u>651,495</u>

14. 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 HK\$'000	31.12.2005 HK\$'000
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	13,791	19,094
	<u>249,790</u>	<u>319,014</u>

15. BORROWINGS

During the period, the Group obtained new bank and other borrowings of the amount of HK\$392,451,000 which bear interest at fixed interest rate at a range of 2.0%-6.4% per annum. The Group also made repayment of bank and other borrowings of HK\$482,951,000 during the period.

16. SHARE CAPITAL

	30.6.2006 HK\$'000	31.12.2005 HK\$'000
Shares of HK\$0.10 each		
Authorised:		
4,800,000,000 shares of HK\$0.10 each	<u>480,000</u>	<u>480,000</u>
Issued and fully paid:		
2,854,118,688 shares (31.12.2005: 2,634,912,240) of HK\$0.10 each	<u>285,412</u>	<u>263,491</u>

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

	No. of shares	HK\$'000
At 1 January 2006	2,634,912,240	263,491
Issue of shares on exercise of share options	29,750,000	2,975
Issue of shares on placing and subscription arrangement	189,456,448	18,946
At 30 June 2006	<u>2,854,118,688</u>	<u>285,412</u>

17. RELATED PARTY TRANSACTIONS

Save as disclosed in note 12 in the condensed consolidated financial statements, the Group had the following transactions with related parties during the period.

Name of related party	Nature of transaction	Notes	Six months ended	
			30.6.2006 HK\$'000	30.6.2005 HK\$'000
Rockefeller Group Asia Pacific, Inc. ("RGAP")	Shareholder's loan interest income	a	116,605	—
Shanghai Rockefeller Group d' Bund Master Development Co., Ltd. ("Shanghai Rockefeller")	Project management fee income	a	15,280	—
Skillful Assets Limited	Rental	b	498	498
Enerchina	Office expenses paid	c	474	—
Panva Gas Holdings Limited ("Panva Gas")	Office expenses paid	c	488	—
Mr. Chen Wei	Sales of properties	d	4,587	—
Powerjoy Limited	Sales of properties	e	9,321	—
Ms Law Ling	Sales of properties	f	4,914	—
Ms Law Sze	Sales of properties	f	4,900	—
Mr. Lu Yungang	Sales of properties	g	2,779	—
Plot Holdings Limited	Sales of properties	h	5,557	—

Notes:

- RGAP and Shanghai Rockefeller are associates of the Group.
- A company controlled by Mr. Ou Yaping, a director of the Company and of which Mr. Ou Yaping is a director.
- Enerchina and Panva Gas have become associates of the Group from 13 April 2006 onwards.
- Mr. Chen is an executive director of the Company.
- Powerjoy Limited is a company owned by Mr. Xiang Ya Bo and his spouse Ms Wu Hang Wa. Mr. Xiang Ya Bo is an executive director of Enerchina, an associate company of the Company.
- Ms Law Ling and Ms Law Sze are the daughters of Mr. Law Sze Lai, an executive director of the Company.
- Mr. Lu Yungang is an independent non-executive director of Enerchina, an associate company of the Company.
- Plot Holdings Limited, a company owned by Mr. Ou Yafei, the brother of Mr. Ou Yaping, the director of the Company.

18. CONTINGENT LIABILITIES

	30.6.2006	31.12.2005
	HK\$'000	HK\$'000
Guarantees given to banks for the mortgage loans arranged for the purchasers of the Group's properties	471,965	703,997

No financial liabilities were recorded as, in the opinion of the directors, the fair values of the financial guarantee contracts were not significant as at 30 June 2006 and 31 December 2005.

19. COMMITMENTS

	30.6.2006	31.12.2005
	HK\$'000	HK\$'000
Commitments in respect of properties under development:		
- contracted for but not provided in the financial statements	512,465	594,269
- authorised but not contracted for	301,519	—
	813,984	594,269
Capital expenditure in respect of unpaid capital contribution of investment projects		
- contracted for but not provided in the financial statements	266,552	1,132,715
	1,080,536	1,726,984

20. PLEDGE OF ASSETS

At 30 June 2006, bank deposit of HK\$52,884,000 (31.12.2005: HK\$285,145,000); land held under medium term leases included in the stock of properties under development for sale with an aggregate carrying amount of approximately HK\$253,851,000 (31.12.2005: HK\$253,851,000) and investment property with an aggregate carrying amount of HK\$316,699,000 (31.12.2005: nil) were pledged to banks to secure general banking facilities granted to the Group. In addition, at 31 December 2005, other property, plant and equipment with an aggregate carrying amount of approximately HK\$852,295,000 (30.6.2006: nil) were also pledged to banks to secure general banking facilities granted to the Group. The pledged bank deposits carry prevailing market interest rate. The fair value of pledged bank deposits at 30 June 2006 approximates to the corresponding carrying amount.

21. ACQUISITION OF SUBSIDIARIES

On 1 January 2006, the Group acquired 61.67%, 90% and 80% equity interest in Qiqihar Panva Gas Co., Ltd. ("Qiqihar"), Chaoyang Panva Gas Co., Ltd. and Tieling Panva Gas Co., Ltd., respectively at an aggregated consideration of HK\$182,583,000. On 1 March 2006, the Group acquired 100% equity interests in 深圳北科蘭光能源系統技術有限公司 ("Beike Lan Guang Group") at a consideration of HK\$119,770,000. These transactions have been accounted for by the acquisition method of accounting.

The net assets acquired, being the fair value, in the transaction, and the goodwill on acquisition or discount arising, are as follows:

	Acquirees' carrying amount before combination HK\$'000	Fair value adjustments HK\$'000	Fair value HK\$'000
Net assets acquired:			
Property, plant and equipment	455,955	—	455,955
Prepaid lease payments	38,554	—	38,554
Intangible assets	—	37,171	37,171
Inventories	13,841	—	13,841
Trade receivables, other receivables, deposits and prepayments	92,181	—	92,181
Bank balances and cash	74,022	—	74,022
Trade payables, other payables and accrued charges	(229,087)	—	(229,087)
Borrowings	(120,625)	—	(120,625)
Deferred taxation	—	(12,266)	(12,266)
Net assets acquired	<u>324,841</u>	<u>24,905</u>	349,746
Minority interests			(70,658)
Goodwill arising on acquisition			31,764
Discount on acquisition			(8,499)
			<u>302,353</u>
Satisfied by:			
Cash consideration			263,744
Other payables			19,948
Available-for-sale investment			18,661
			<u>302,353</u>
Net cash outflow arising on acquisition:			
Cash consideration			263,744
Bank balances and cash acquired			(74,022)
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries			<u>189,722</u>

21. ACQUISITION OF SUBSIDIARIES *(Cont'd)*

The goodwill arising on the acquisition of Beike Lan Guang Group is attributable to the anticipated profitability of sales and distribution of Gas Fuel and related products of the Group's gas fuel business and the gas pipeline construction operations. The discount on acquisition of HK\$8,499,000 is attributable to the 61.67% equity interest in Qiqihar.

The subsidiaries acquired during the period were under the Group's discontinued operations in gas fuel business which contributed HK\$41,020,000 to the Group's turnover and loss of HK\$2,924,000 to the Group's profit before taxation in discontinued operations for the period between the date of acquisition and 13 April 2006 (date of discontinuation of the Group's gas fuel business).

If the acquisition had been completed on 1 January 2006, total group revenue from discontinued operations for the period from 1 January 2006 to 13 April 2006 would have been HK\$1,010,165,000, and profit for the period from discontinued operations would have been HK\$258,971,000. The pro forma information is for illustrative purposes only and is not necessarily an indicative of the revenue and results of the Group in discontinued operations that actually would have been achieved had the acquisition been completed on 1 January 2006, nor is it intended to be a projection of future results.

The fair value of the intangible assets acquired, which related to the exclusive operating right for city pipeline network, has been determined on a provisional basis, awaiting the receipt of professional valuations.

22. DISPOSAL OF SUBSIDIARIES

As referred to in note 7, on 13 April 2006, the Group discontinued its gas fuel business and electricity supplies operations at the time of disposal of its subsidiary, Enerchina. The net assets of Enerchina at the date of disposal were as follows:

	Notes	13.4.2006 HK\$'000
Property, plant and equipment		3,488,555
Prepaid lease payments		164,202
Intangible assets		46,033
Goodwill		367,288
Interests in associates		645,555
Available-for-sale investments		172,630
Pledged bank deposits		282,727
Long-term receivables	12	24,459
Inventories		228,568
Trade and other receivables		1,301,749
Investments held for trading		171,975
Bank balances and cash		1,232,408
Trade and other payables		(1,055,327)
Loan from a minority shareholder of a subsidiary		(30,908)
Taxation payable		(81,774)
Deferred taxation		(12,266)
Borrowings		(3,226,194)
Derivatives financial instruments		(431,413)
Equity component of convertible bonds		(48,350)
Equity component of share option reserve		(25,563)
Minority interests		(1,607,253)
Net assets disposed of		1,607,101
Attributable goodwill		61,385
		<hr/>
Transferred to interests in associates	11	1,668,486 (986,219)
		<hr/>
Translation reserve realised		682,267 (8,588)
		<hr/>
Gain on disposal	7	673,679 279,205
		<hr/>
Total consideration		952,884
		<hr/>
Satisfied by:		
Special interim dividend in specie	8	952,884
		<hr/>
Net cash outflow arising on disposal:		
Bank balances and cash disposed of		(1,232,408)
		<hr/>

The impact of Enerchina on the Group's results and cash flows in the current and prior periods is disclosed in note 7.