

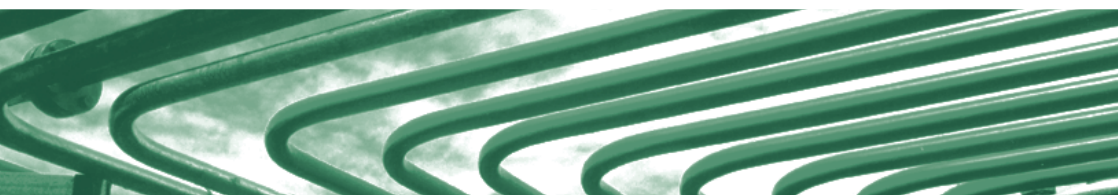


**Panva Gas Holdings Limited**

**百江燃氣控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

The **2<sup>nd</sup>** Quarterly Report  
**2005**



## CORPORATE INFORMATION

### Board of Directors

#### **Executive Directors**

Mr. Ou Yaping (*Chairman*)  
Mr. Tang Yui Man Francis (*Vice Chairman*)  
Mr. Chen Wei (*Managing Director*)  
Mr. Li Fujun  
Mr. Shen Lian Jin  
Mr. Zhang Keyu

#### **Non-executive Directors**

Mr. Fok Kin-ning, Canning  
Mr. To Chi Keung, Simon (*alternate director to Mr. Fok Kin-ning, Canning*)

#### **Independent Non-executive Directors**

Mr. Cheung Hon Kit  
Mr. Ge Ming  
Mr. Li Xiao Ru

### Authorised Representatives

Mr. Ou Yaping  
Mr. Tang Yui Man Francis

### Compliance Officer

Mr. Li Fujun

### Qualified Accountant

Mr. Yu Man To, Gerald  
*MBA, CPA (Aust.), CPA*

### Company Secretary

Mr. Lo Tai On

### Audit Committee

Mr. Cheung Hon Kit  
Mr. Ge Ming  
Mr. Li Xiao Ru

### Registered Office

Ugland House  
P.O. Box 309 GT  
George Town  
Grand Cayman  
Cayman Islands  
British West Indies

### Head Office and Principal Place of Business

28th Floor, Vicwood Plaza  
199 Des Voeux Road Central  
Hong Kong  
Telephone : (852) 2851 8425  
Facsimile : (852) 2851 0970  
Stock Code : 8132

### Auditors

Deloitte Touche Tohmatsu  
Certified Public Accountants  
26th Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong

### Principal Share Registrar and Transfer Office

Butterfield Bank (Cayman) Limited  
Butterfield House  
68 Fort Street  
P.O. Box 705  
George Town  
Grand Cayman  
Cayman Islands  
British West Indies

### Hong Kong Branch Share Registrar

Computershare Hong Kong Investor  
Services Limited  
46th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### Hong Kong Branch Share Transfer Office

Computershare Hong Kong Investor  
Services Limited  
Shops 1712-1716, 17th Floor  
183 Queen's Road East  
Wanchai  
Hong Kong

### Legal Advisers

*(As to Hong Kong Law)*  
Woo, Kwan, Lee & Lo

*(As to Cayman Islands Law)*  
Maples and Calder Asia

*(As to the PRC Law)*  
Haiwen & Partners

### Principal Bankers

Industrial & Commercial Bank of  
China (Asia) Ltd.  
Hang Seng Bank Limited  
Bank of China, Shenzhen Branch  
Nanyang Commercial Bank Ltd.,  
Hong Kong Branch

### Websites

[www.panva-gas.com](http://www.panva-gas.com)  
[www.irasia.com/listco/hk/panvagass](http://www.irasia.com/listco/hk/panvagass)

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

**The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.**

*The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*This report, for which the directors of Panva Gas Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to Panva Gas Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

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The board of directors (the “Board”) of Panva Gas Holdings Limited (the “Company”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2005.

### **FINANCIAL HIGHLIGHTS**

- The Group’s turnover increased to approximately HK\$958 million representing an increase of 12.89% from the same period last year.
- Gross profit increased to approximately HK\$225 million representing an increase of approximately 31.28% from the same period last year.
- Net profit attributable to shareholders increased to approximately HK\$128 million representing an increase of approximately 34.01% from the same period last year.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **REVIEW OF OPERATIONS**

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

For the six months ended 30 June 2005, the Group recorded a turnover of approximately HK\$958,053,000, an increase of 12.89% over the same period last year. Gross profit grew by 31.28% to approximately HK\$225,036,000. Profit attributable to shareholders increased by 34.01% to approximately HK\$128,249,000.

### **Wholesale of LP Gas**

Wholesale of LP Gas comprises the sale of LP Gas in bulk and in cylinders to wholesale customers by tank lorries and tank vessels. Confronted by the rising costs of LP Gas in the PRC during the first half of 2005, the Group through further realigning its resources and increasing its economies-of-scale advantages has effectively alleviated the operating risks brought by the rising costs of LP Gas. As a result, the LP Gas wholesale business maintained solid development. For the six months ended 30 June 2005, the turnover decreased slightly by 10.71% to approximately HK\$418,779,000, accounting for approximately 43.71% of the Group’s total turnover. The decrease was mainly due to a supplier of the Group underwent a biannual maintenance overhaul resulting in less LP Gas available for sale during the period.

## REVIEW OF OPERATIONS *(Cont'd)*

### Retail of LP Gas

This business comprises the direct sale of LP Gas in cylinders to end-user customers. For the six months ended 30 June 2005, turnover derived from the business grew by 41.35% to approximately HK\$256,117,000, accounting for approximately 26.73% of the Group's total turnover. The growth was a result of an increase in the volume and price of LP Gas.

### Sale of Piped Gas

This business comprises the direct sale of piped LP Gas and piped natural gas to end-user households. Turnover of the business increased by 62.97% to approximately HK\$54,997,000, accounting for approximately 5.74% of the Group's aggregate turnover derived from the gas fuel businesses during the period. The increase was a result of additional households connected as well as a general increase in the consumption of piped gas.

### Gas Pipeline Development

The Group's gas pipeline development business mainly includes the construction and maintenance of piped gas stations and networks, through which the Group provides direct connection of piped gas to end-user households and receives a connection fee. For the six months ended 30 June 2005, the Group received approximately HK\$199,197,000 in connection fee, an increase of approximately 34.13% over the same period last year, accounting for approximately 20.79% of the Group's total turnover.

### New Project Development

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

## REVIEW OF OPERATIONS *(Cont'd)*

### New Project Development *(Cont'd)*

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

### Sichuan Jianyang Project

The Group through its wholly-owned subsidiary Panriver Investments Company Limited entered into an acquisition agreement with Jianyang Development Bureau to acquire 100% equity interest in Jianyang Natural Gas Company for a consideration of RMB28,500,000. Lezhi Panva Gas Co., Ltd., another wholly-owned subsidiary of the Group, has taken up a 10% interest in Jianyang Natural Gas Company which was renamed as Jianyang Panva Gas Company Limited ("Jianyang Panva Gas"). As part of the acquisition, Jianyang Panva Gas was granted an exclusive right to operate natural gas business in Jianyang city for 30 years.

Jianyang occupies an area of approximately 2,215 square kilometres, with a population of approximately 1,430,000 and connectable natural gas households of approximately 376,000. Located in the western part of Sichuan Basin, Jianyang is 55 kilometres from Chengdu, the provincial capital of Sichuan, and adjacent to the state-endorsed Chengdu Economic and Technological Development Zone. As such, Jianyang is well positioned to benefit from the eastern and southern developments of Chengdu. Armed with provincial-class tourism, economic and technological development zones, Jianyang is a city with highly promising prospects in the Chengdu Plain Economic Circle. Its prime location, outstanding competitive advantages, strong economic infrastructure and well-integrated strengths provide a favourable market for natural gas development.

Jianyang Panva Gas is principally engaged in the provision of natural gas, with ancillary businesses that include the design and installation of natural gas facilities, the repair and maintenance of natural gas utensils, the retail of natural gas equipment and parts, and the retail of building materials.

## REVIEW OF OPERATIONS *(Cont'd)*

### Financial Position

The Group continued to enjoy a healthy financial position. As at 30 June 2005, the Group's cash and bank balances amounted to approximately HK\$1,480,787,000, which were mostly denominated in Renminbi, Hong Kong dollars and the United States dollars.

As at 30 June 2005, the Group's short-term bank loans and other borrowings amounted to approximately HK\$1,897,103,000, of which approximately HK\$1,859,263,000 arose from the issue of guaranteed senior notes in September 2004 and the Group's issue of 5-year convertible bonds in April 2003. The Group ended the period under review with a current ratio of approximately 5.8 times and a gearing ratio of approximately 21.8% (net debt to equity). Total assets pledged in securing these bank loans had a net book value of approximately HK\$56,145,000 as at 30 June 2005. The strong financial position enables the Group to undertake new development projects.

### Employees and Remuneration Policies

As at 30 June 2005, the Group had 3,693 full time employees, an increase of 14.12% from the end of last year. Approximately 99% of the Group's full time employees are located in the PRC. The Group remunerates its employees based on individual's performance and capability. On top of promotion opportunities and other incentives (including grant of share options), the Group also provides its staff with various training opportunities. The Group has also developed a systematic staff development programme to facilitate the Group's further advancement in technology and management.

### Contingent Liabilities

The Group has no material contingent liabilities as at the balance sheet date.

### Group Restructuring

On 7 April 2005, the Board was informed by Sinolink Worldwide Holdings Limited ("Sinolink"), the controlling shareholder of the Company, that Sinolink agreed to sell, and Enerchina Holdings Limited ("Enerchina") agreed to purchase, a 58.45% interest in the Company. The purchase was completed on 2 June 2005 and Enerchina became the controlling shareholder of the Company. Enerchina is a subsidiary of Sinolink and the shares of Enerchina are listed on the Main Board of the Stock Exchange.



## PROSPECTS

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

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

By Order of the Board  
**Chen Wei**  
*Managing Director*

Hong Kong, 12 August 2005

**OTHER INFORMATION****DISCLOSURE OF INTERESTS****Directors' Interests or short positions in Shares and in share options**

At 30 June 2005, the interests and short positions of the Directors of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which require notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO); or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to rules 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of Directors	Interest in Shares			Interest in underlying Shares pursuant to share options	Aggregate interest/ (Short positions)	Approximate percentage of the Company's issued share capital
	Beneficial owner	Long positions/(Short positions) Interest of interest of controlled corporation	Total interest in Shares			
Chen Wei	4,160,000	—	4,160,000	8,040,000	12,200,000	1.29%
Cheung Hon Kit	—	—	—	800,000	800,000	0.08%
Ge Ming	—	—	—	800,000	800,000	0.08%
Li Fujun	1,000,000	—	1,000,000	2,600,000	3,600,000	0.38%
Li Xiao Ru	—	—	—	800,000	800,000	0.08%
Ou Yaping	—	569,305,587 (19,230,769)	569,305,587 (19,230,769)	3,600,000 —	572,905,587 (19,230,769)	60.80% (2.04%)
		(Note)				
Shen Lian Jin	—	—	—	2,300,000	2,300,000	0.24%
Tang Yui Man Francis	5,440,000	—	5,440,000	3,960,000	9,400,000	1.00%
Zhang Keyu	—	—	—	2,000,000	2,000,000	0.21%

*Note:*

The 569,305,587 Shares represent (i) 394,732,462 Shares held by Kenson Investment Limited ("Kenson"), a wholly-owned subsidiary of Enerchina. 74.88% interests of Enerchina are held by Sinolink. 58.48% interests of Sinolink are held by Asia Pacific Promotion Limited ("Asia Pacific"). Mr. Ou is the sole beneficial owner of Asia Pacific. Mr. Ou is deemed under the SFO to be interested in these Shares; (ii) 5,081,600 Shares held by Asia Pacific directly. The entire issued share capital of Asia Pacific is legally and beneficially held by Mr. Ou; and (iii) 169,491,525 Shares held by Supreme All Investments Limited ("Supreme All"). 100% interests of Supreme All are held by Enerchina. Mr. Ou is deemed under the SFO to be interested in these Shares.

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

**DISCLOSURE OF INTERESTS** (Cont'd)

Details of the directors' interests in share options granted by the Company are set out under the heading "Directors' rights to acquire Shares" below.

**Directors' rights to acquire Shares**

Pursuant to the Company's share option schemes, the Company has granted to certain directors of the Company options to subscribe the Shares, details of which are as follows:

Name of Directors	Date of grant	Exercisable period	Exercise price HK\$	Number of	Approximate percentage of the Company's issued share capital
				Shares subject to outstanding options as at 1.1.2005 and 30.6.2005	
Chen Wei	04.04.2001	01.01.2003 - 03.04.2011	0.475	1,800,000	0.19%
	04.04.2001	01.01.2004 - 03.04.2011	0.475	1,800,000	0.19%
	13.11.2001	13.11.2002 - 13.02.2007	0.940	1,440,000	0.15%
	19.11.2004	31.12.2005 - 30.03.2011	3.500	900,000	0.10%
	19.11.2004	31.12.2006 - 30.03.2011	3.500	900,000	0.10%
	19.11.2004	31.12.2007 - 30.03.2011	3.500	1,200,000	0.13%
Cheung Hon Kit	19.11.2004	31.12.2005 - 30.03.2011	3.500	240,000	0.03%
	19.11.2004	31.12.2006 - 30.03.2011	3.500	240,000	0.03%
	19.11.2004	31.12.2007 - 30.03.2011	3.500	320,000	0.03%
Ge Ming	19.11.2004	31.12.2005 - 30.03.2011	3.500	240,000	0.03%
	19.11.2004	31.12.2006 - 30.03.2011	3.500	240,000	0.03%
	19.11.2004	31.12.2007 - 30.03.2011	3.500	320,000	0.03%
Li Fujun	04.04.2001	01.01.2003 - 03.04.2011	0.475	920,000	0.10%
	04.04.2001	01.01.2004 - 03.04.2011	0.475	1,200,000	0.13%
	13.11.2001	13.11.2002 - 13.02.2007	0.940	480,000	0.05%

**DISCLOSURE OF INTERESTS** (Cont'd)**Directors' rights to acquire Shares** (Cont'd)

Name of Directors	Date of grant	Exercisable period	Exercise price HK\$	Number of Shares subject to outstanding options as at 1.1.2005 and 30.6.2005	Approximate percentage of the Company's issued share capital
Li Xiao Ru	19.11.2004	31.12.2005 - 30.03.2011	3.500	240,000	0.03%
	19.11.2004	31.12.2006 - 30.03.2011	3.500	240,000	0.03%
	19.11.2004	31.12.2007 - 30.03.2011	3.500	320,000	0.03%
Ou Yaping	04.04.2001	01.01.2003 - 03.04.2011	0.475	1,800,000	0.19%
	04.04.2001	01.01.2004 - 03.04.2011	0.475	1,800,000	0.19%
Shen Lian Jin	04.04.2001	01.01.2004 - 03.04.2001	0.475	300,000	0.03%
	19.11.2004	31.12.2005 - 30.03.2011	3.500	600,000	0.06%
	19.11.2004	31.12.2006 - 30.03.2011	3.500	600,000	0.06%
	19.11.2004	31.12.2007 - 30.03.2011	3.500	800,000	0.08%
Tang Yui Man Francis	13.11.2001	13.11.2002 - 13.02.2007	0.940	960,000	0.10%
	19.11.2004	31.12.2005 - 13.02.2007	3.500	900,000	0.10%
	19.11.2004	31.12.2006 - 30.03.2011	3.500	900,000	0.10%
	19.11.2004	31.12.2007 - 30.03.2011	3.500	1,200,000	0.13%
Zhang Keyu	19.11.2004	31.12.2005 - 30.03.2011	3.500	600,000	0.06%
	19.11.2004	31.12.2006 - 30.03.2011	3.500	600,000	0.06%
	19.11.2004	31.12.2007 - 30.03.2011	3.500	800,000	0.08%

**DISCLOSURE OF INTERESTS** (Cont'd)**Directors' rights to acquire Shares** (Cont'd)

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. During the period, no options were granted to or exercised by the directors and no option held by the directors was lapsed or cancelled.
3. These options represent personal interest held by the directors as beneficial owner.

**Interests in shares in associated corporations**

Name of Directors	Name of associated corporations	Interest of controlled corporations	Interest in shares		Interest in underlying shares pursuant to share options	Aggregate interest	Approximate percentage of the issued share capital of the associated corporation
			Family interest	Total interest in shares			
Chen Wei	Sinolink	—	—	—	12,000,000	12,000,000	0.51%
Ou Yaping	Sinolink	1,374,222,000 (Note 1)	6,475,920	1,380,697,920	—	1,380,697,920	58.76%
	Enerchina	3,617,895,635 (Note 2)	—	3,617,895,635	2,288,000	3,620,183,635	74.92%
Shen Lian Jin	Sinolink	—	—	—	3,000,000	3,000,000	0.13%
Tang Yui Man Francis	Sinolink	—	—	—	19,000,000	19,000,000	0.81%
	Enerchina	—	—	—	22,880,000	22,880,000	0.47%
Zhang Keyu	Sinolink	—	—	—	2,000,000	2,000,000	0.09%

Notes:

1. These shares are held by Asia Pacific, a company incorporated in the British Virgin Islands, which is legally and beneficially owned by Mr. Ou Yaping, Chairman of the Company.
2. The 3,617,895,635 shares in Enerchina represent the aggregate of: (i) the 3,393,905,282 shares held by Sinolink (Mr. Ou Yaping through his wholly-owned company, Asia Pacific, holds approximately 58.48% of the existing issued share capital of Sinolink and is therefore deemed to be interested in all the shares in which Sinolink is interested); and (ii) the 223,990,353 shares held by Smart Orient Investments Limited ("Smart Orient"). 100% interests of Smart Orient are held by Sinolink. Mr. Ou is deemed under the SFO to be interested in these shares.

**DISCLOSURE OF INTERESTS** (Cont'd)**Interests in options to subscribe for shares of associated corporations**

Name of Directors	Name of associated corporations	Date of grant	Exercise period	Exercise price HK\$	Number of	Approximate
					Share subject to outstanding options as at 1.1.2005 and 30.6.2005	percentage of the issued share capital of the associated corporation
Chen Wei	Sinolink	28.12.2004	31.12.2005 - 24.05.2012	1.126	3,600,000	0.15%
		28.12.2004	30.06.2006 - 24.05.2012	1.126	3,600,000	0.15%
		28.12.2004	31.12.2006 - 24.05.2012	1.126	4,800,000	0.20%
Ou Yaping	Enerchina	09.06.2004	09.06.2004 - 08.06.2014	0.440	2,288,000	0.05%
Shen Lian Jin	Sinolink	28.12.2004	31.12.2005 - 24.05.2012	1.126	900,000	0.04%
		28.12.2004	30.06.2006 - 24.05.2012	1.126	900,000	0.04%
		28.12.2004	31.12.2006 - 24.05.2012	1.126	1,200,000	0.05%
Tang Yui Man Francis	Sinolink	28.12.2004	31.12.2005 - 24.05.2012	1.126	5,700,000	0.24%
		28.12.2004	30.06.2006 - 24.05.2012	1.126	5,700,000	0.24%
		28.12.2004	31.12.2006 - 24.05.2012	1.126	7,600,000	0.32%
	Enerchina	09.06.2004	09.06.2004 - 08.06.2014	0.440	22,880,000	0.47%
Zhang Keyu	Sinolink	28.12.2004	31.12.2005 - 24.05.2012	1.126	600,000	0.03%
		28.12.2004	30.06.2006 - 24.05.2012	1.126	600,000	0.03%
		28.12.2004	31.12.2006 - 24.05.2012	1.126	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 owner.

Save as disclosed above, none of the Directors or chief executives or their respective associates (as defined in the GEM Listing Rules) had any interests or short positions in Shares, underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which require notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO); or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to rules 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS

At 30 June 2005, the following person(s) or corporations, other than the Directors or chief executives of the Company as disclosed above, had an interest in the Shares and underlying Shares of the Company which were recorded in the register of interests required to be kept by the Company under Section 336 of the SFO:

### Long positions and short positions in Shares and underlying Shares in the Company

Name of shareholders	Capacity	Interest in Shares Long positions/ (short positions)	Interest in underlying Shares pursuant to the Note/ debentures	Aggregate interest/ (short positions)	Approximate percentage of the Company's issued share capital
Asia Pacific	Interest of controlled corporation and beneficial owner	569,305,587 (19,230,769) <i>(Note 1)</i>	—	569,305,587 (19,230,769)	60.42% (2.04%)
Sinolink	Interest of controlled corporation	564,223,987 (19,230,769) <i>(Note 1)</i>	—	564,223,987 (19,230,769)	59.88% (2.04%)
Enerchina	Interest of controlled corporation	564,223,987 (19,230,769) <i>(Note 1)</i>	—	564,223,987 (19,230,769)	59.88% (2.04%)
Kenson	Beneficial owner	394,732,462 (19,230,769) <i>(Note 1)</i>	—	394,732,462 (19,230,769)	41.89% (2.04%)
Deutsche Bank Aktiengesellschaft	Beneficial owner and securities interest in Shares	24,394,282	48,081,000	72,475,282	7.69%
Hutchison International Limited	Beneficial owner	38,461,538	19,230,769	57,692,307 <i>(Note 2)</i>	6.12%
Hutchison Whampoa Limited	Interest of controlled corporation	38,461,538	19,230,769	57,692,307 <i>(Note 2)</i>	6.12%
Cheung Kong (Holdings) Limited	Interest of controlled corporation	38,461,538	19,230,769	57,692,307 <i>(Note 3)</i>	6.12%

**SUBSTANTIAL SHAREHOLDERS** (Cont'd)**Long positions and short positions in Shares and underlying Shares in the Company** (Cont'd)

Name of shareholders	Capacity	Interest in Shares Long positions/ (short positions)	Interest in underlying Shares pursuant to the Note/ debentures	Aggregate interest/ (short positions)	Approximate percentage of the Company's issued share capital
Li Ka-Shing Unity Trustee Company Limited	Trustee	38,461,538	19,230,769	57,692,307 (Note 3)	6.12%
Li Ka-Shing Unity Trustcorp Limited	Trustee and beneficiary of a trust	38,461,538	19,230,769	57,692,307 (Note 3)	6.12%
Lai Ka-Shing Unity Trustee Corporation Limited	Trustee and beneficiary of a trust	38,461,538	19,230,769	57,692,307 (Note 3)	6.12%
Li Ka-shing	Interest of controlled corporation and as founder of discretionary trusts	38,461,538	19,230,769	57,692,307 (Note 3)	6.12%
Value Partners Limited	Investment manager	48,000,000 (Note 4)	—	48,000,000	5.09%
Cheah Cheng Hye	Interest of controlled corporation	48,000,000 (Note 4)	—	48,000,000	5.09%

*Notes:*

1. Enerchina is interested in the entire issued share capital of Kenson. Therefore, by virtue of Section 310 of Part XV of the SFO, the 394,732,462 Shares in which Kenson is shown as being interested are included in and duplicate with interest in Shares held by Enerchina, Sinolink and Asia Pacific. Mr. Ou Yaping is the sole beneficial shareholder of Asia Pacific. Mr. Ou Yaping is deemed under Part XV of the SFO to have an interest in the Shares held by Kenson. In addition, 169,491,525 Shares held by Supreme All, a wholly-owned subsidiary of Enerchina. Therefore, Sinolink is deemed to be interested in 564,223,987 Shares.

Kenson is under an obligation to transfer 19,230,769 Shares to Hutchison International upon full exchange of the Note held by Hutchison International in accordance with the terms and conditions of the Note.



## SUBSTANTIAL SHAREHOLDERS (Cont'd)

### Long positions and short positions in Shares and underlying Shares in the Company (Cont'd)

- Hutchison International is interested in 38,461,538 Shares and in the Note which is exchangeable into existing Shares at the exchange price of HK\$3.25 (subject to adjustment) per share. Upon full exchange of the Note at the initial exchange price, Hutchison International shall be entitled to 19,230,769 Shares and is accordingly interested in an aggregate of 57,692,307 Shares.

Hutchison International is a wholly owned subsidiary of Hutchison Whampoa Limited ("Hutchison Whampoa"). By virtue of Part XV of the SFO, Hutchison Whampoa is deemed to be interested in 57,692,307 Shares.

- Certain subsidiaries of Cheung Kong (Holdings) Limited ("Cheung Kong") are entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of Hutchison Whampoa.

Li Ka-Shing Unity Holdings Limited, of which each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital, owns the entire issued share capital of Li Ka-Shing Unity Trustee Company Limited ("TUT1"). TUT1 as trustee of The Li Ka-Shing Unity Trust, together with certain companies which TUT1 as trustee of The Li Ka-Shing Unity Trust is entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, hold more than one-third of the issued share capital of Cheung Kong.

In addition, Li Ka-Shing Unity Holdings Limited also owns the entire issued share capital of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1") and Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust ("DT2"). Each of TDT1 and TDT2 holds units in The Li Ka-Shing Unity Trust.

By virtue of the SFO, each of Mr. Li Ka-shing, being the settlor and may being regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, TDT1, TDT2, TUT1 and Cheung Kong is deemed to be interested in the 38,461,538 Shares and in the Note representing 19,230,769 underlying Shares both held by Hutchison International.

- These 48,000,000 Shares are held by Value Partners Limited, a company which is held by 31.82% by Mr. Cheah Cheng Hye. Accordingly, Mr. Cheah Cheng Hye is deemed to be interested in these Shares.

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

Save for the shareholders as disclosed herein, the directors are not aware of any persons who, as at 30 June 2005, were entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

**SHARE OPTIONS**

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

	Option types	Outstanding at 1.1.2005	Lapsed during the period	Outstanding at 30.6.2005
<b>Category 1: Directors</b>				
Chen Wei	Pre-Listing Options	3,600,000	—	3,600,000
	2001 Options	1,440,000	—	1,440,000
	2004 Options	3,000,000	—	3,000,000
Cheung Hon Kit	2004 Options	800,000	—	800,000
Ge Ming	2004 Options	800,000	—	800,000
Li Fujun	Pre-Listing Options	2,120,000	—	2,120,000
	2001 Options	480,000	—	480,000
Li Xiao Ru	2004 Options	800,000	—	800,000
Ou Yaping	Pre-Listing Options	3,600,000	—	3,600,000
Shen Lian Jin	Pre-Listing Options	300,000	—	300,000
	2004 Options	2,000,000	—	2,000,000
Tang Yui Man, Francis	2001 Options	960,000	—	960,000
	2004 Options	3,000,000	—	3,000,000
Zhang Keyu	2004 Options	2,000,000	—	2,000,000
Total Directors		<u>24,900,000</u>	<u>—</u>	<u>24,900,000</u>
<b>Category 2: Employees</b>				
	Pre-Listing Options	4,250,000	—	4,250,000
	2001 Options	5,689,000	(440,000)	5,249,000
	2004 Options	8,800,000	—	8,800,000
Total Employees		<u>18,739,000</u>	<u>(440,000)</u>	<u>18,299,000</u>
All categories		<u><u>43,639,000</u></u>	<u><u>(440,000)</u></u>	<u><u>43,199,000</u></u>

**SHARE OPTIONS** (Cont'd)

Details of specific categories of options are as follows:

<b>Option types</b>	<b>Date of grant</b>	<b>Exercise period</b>	<b>Exercise price HK\$</b>
Pre-Listing Options	04.04.2001	01.01.2003 - 03.04.2011	0.475
	04.04.2001	01.01.2004 - 03.04.2011	0.475
2001 Options	13.11.2001	13.02.2002 - 13.02.2007	0.940
	13.11.2001	13.05.2002 - 13.02.2007	0.940
	13.11.2001	13.11.2002 - 13.02.2007	0.940
2004 Options	19.11.2004	31.12.2005 - 30.03.2011	3.500
	19.11.2004	31.12.2006 - 30.03.2011	3.500
	19.11.2004	31.12.2007 - 30.03.2011	3.500

Notes:

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

**COMPETING INTERESTS**

Mr. FOK Kin-ning, Canning, non-executive director of the Company, is also the group managing director of Hutchison Whampoa Limited and the co-chairman of Husky Energy Inc.. The core businesses of Hutchison Whampoa Limited include energy and Husky Energy Inc. is engaged in integrated oil and gas business. Such businesses may compete, or is likely to compete, either directly or indirectly, with the business of the Group.

**AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference which deal clearly with its authority and duties in compliance with Rules 5.28 to 5.30 of the GEM Listing Rules. The audit committee has 3 members comprising 3 independent non-executive directors, Messrs. Cheung Hon Kit, Ge Ming and Li Xiao Ru. The audit committee's principal duties are the review and supervision of the Company's financial reporting process and internal control systems, including a general review of the unaudited financial report for the six months ended 30 June 2005. In carrying out this review, the audit committee has obtained explanations from management.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the code provision regarding securities transactions by directors as set out in rules 5.48 to 5.67 of the GEM Listing Rules during the relevant accounting period. Having made specific enquiry, all directors have complied with the required standard of dealings set out therein.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

In the opinion of the directors, during the relevant accounting period, the Company complied with the code on corporate governance practices (the "Code") as set out in the Appendix 15 to the GEM Listing Rules except that the chairman and other members of the audit committee were unable to attend the annual general meeting of the Company held on 21 April 2005 because they were out of Hong Kong at that time for their personal business commitment. This constitutes a deviation from the first sentence of the code provision E.1.2 of the Code.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

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### INDEPENDENT REVIEW REPORT

To the Board of Directors of Panva Gas Holdings Limited

(incorporated in the Cayman Islands with limited liability)

#### Introduction

We have been instructed by Panva Gas Holdings Limited (the “Company”) to review the interim financial report set out on pages 20 to 36.

#### Respective responsibilities of directors and auditors

The Rules Governing the Listing of Securities on the Growth Enterprise Market of 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 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. 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 the Statement of Auditing Standards 700 (“SAS 700”) “Engagements to Review Interim Financial Reports” issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

#### Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2005.

Without modifying our review conclusion, we draw to your attention that the condensed consolidated income statement for each of the three-month periods ended 30 June 2005 and 2004 disclosed in the interim financial report have not been reviewed in accordance with SAS 700.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong, 12 August 2005

**CONDENSED CONSOLIDATED INCOME STATEMENT***For the three and six months ended 30 June 2005*

	Notes	Six months ended 30 June		Three months ended 30 June	
		2005 <i>HK\$'000</i> (unaudited)	2004 <i>HK\$'000</i> (restated)	2005 <i>HK\$'000</i> (unaudited)	2004 <i>HK\$'000</i> (restated)
Turnover	3	<b>958,053</b>	848,634	<b>489,790</b>	437,396
Cost of sales		<b>(733,017)</b>	(677,218)	<b>(373,857)</b>	(346,736)
Gross profit		<b>225,036</b>	171,416	<b>115,933</b>	90,660
Other operating income		<b>28,592</b>	4,681	<b>11,472</b>	649
Distribution expenses		<b>(22,901)</b>	(19,440)	<b>(11,326)</b>	(9,793)
Administrative expenses		<b>(60,160)</b>	(35,232)	<b>(29,495)</b>	(17,959)
Other operating expenses		<b>(823)</b>	(1,574)	<b>(496)</b>	(410)
Profit from operations		<b>169,744</b>	119,851	<b>86,088</b>	63,147
Finance costs		<b>(37,860)</b>	(5,155)	<b>(23,006)</b>	(2,395)
Share of results of associates		<b>28,561</b>	—	<b>22,956</b>	—
Profit before taxation	4	<b>160,445</b>	114,696	<b>86,038</b>	60,752
Taxation	5	<b>(16,055)</b>	(6,206)	<b>(11,658)</b>	(4,364)
Net profit for the period		<b>144,390</b>	108,490	<b>74,380</b>	56,388
Attributable to:					
Equity holders of the parent		<b>128,249</b>	95,699	<b>70,086</b>	49,348
Minority interests		<b>16,141</b>	12,791	<b>4,294</b>	7,040
		<b>144,390</b>	108,490	<b>74,380</b>	56,388
		<b><i>HK cents</i></b>	<i>HK cents</i>	<b><i>HK cents</i></b>	<i>HK cents</i>
Earnings per share	6				
— Basic		<b>13.61</b>	10.24	<b>7.44</b>	5.24
— Diluted		<b>12.75</b>	9.44	<b>6.99</b>	4.83

**CONDENSED CONSOLIDATED BALANCE SHEET**

As at 30 June 2005

	Notes	30.6.2005 HK\$'000 (unaudited)	31.12.2004 HK\$'000 (audited) (restated)
<b>Non-current assets</b>			
Property, plant and equipment	7	1,226,129	1,019,782
Intangible assets		9,132	9,160
Goodwill		46,449	24,485
Interests in associates	8	454,030	70,795
Investments in securities		—	10,415
Available-for-sale investments	9	208,999	—
Prepaid lease payments		44,028	36,150
Pledged bank deposits		136,568	77,950
		<b>2,125,335</b>	<b>1,248,737</b>
<b>Current assets</b>			
Inventories		59,241	39,677
Trade receivables	10	235,426	187,451
Other receivables, deposits and prepayments		483,665	401,905
Prepaid lease payments		1,482	1,266
Bank balances and cash		1,344,219	2,096,553
		<b>2,124,033</b>	<b>2,726,852</b>
<b>Current liabilities</b>			
Trade payables	11	79,318	24,076
Other payables and accrued charges		177,428	131,443
Taxation		53,881	47,020
Amounts due to minority shareholders		21,687	16,495
Borrowings - amount due within one year	12	35,688	29,420
		<b>368,002</b>	<b>248,454</b>
Net current assets		<b>1,756,031</b>	<b>2,478,398</b>
Total assets less current liabilities		<b>3,881,366</b>	<b>3,727,135</b>
<b>Non-current liabilities</b>			
Borrowings - amount due after one year	12	1,861,415	1,871,927
Derivative financial instruments		106,168	—
		<b>1,967,583</b>	<b>1,871,927</b>
Net assets		<b>1,913,783</b>	<b>1,855,208</b>
<b>Capital and reserves</b>			
Share capital	13	94,225	94,225
Reserves		1,463,991	1,427,957
Equity attributable to equity holders of the parent		1,558,216	1,522,182
Minority interests		355,567	333,026
Total equity		<b>1,913,783</b>	<b>1,855,208</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2005

Attributable to equity holders of the parent

	Share capital HK\$'000 (unaudited)	Share premium HK\$'000 (unaudited)	Exchange reserve HK\$'000 (unaudited)	Asset revaluation reserve HK\$'000 (restated)	Employee share-based compensation reserve HK\$'000 (unaudited)	Capital reserve HK\$'000 (unaudited)	General reserve HK\$'000 (unaudited)	Convertible bonds reserve HK\$'000 (unaudited)	Retained earnings HK\$'000 (unaudited)	Total HK\$'000 (unaudited)	Minority interests HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
At 1 January 2004	77,910	135,092	(1,277)	4,881	—	1,101	4,310	—	358,037	580,054	264,637	844,691
As originally stated	—	—	—	(4,881)	—	—	48,350	—	20,177	63,646	(1,857)	61,789
Effects of changes in accounting policies	—	—	(1,277)	—	—	1,101	4,310	48,350	378,214	643,700	262,780	906,480
As restated	77,910	135,092	(1,277)	—	—	—	—	—	—	—	—	—
Exchange differences arising on translation of financial statements of overseas operations and loss not recognised in consolidated income statement	—	—	(3,179)	—	—	—	—	—	—	(3,179)	—	(3,179)
Issue of shares on placing and subscription arrangements	15,520	—	—	—	—	—	—	—	—	15,520	—	15,520
Issue of shares on the exercise of share options	795	—	—	—	—	—	—	—	—	795	—	795
Premium arising on issue of shares	—	609,277	—	—	—	—	—	—	—	609,277	—	609,277
Expenses incurred in connection with the issue of shares	—	(32,032)	—	—	—	—	—	—	—	(32,032)	—	(32,032)
Recognition of equity-settled share based payments	—	—	—	—	2,733	—	—	—	—	2,733	—	2,733
Transfer	—	—	—	—	—	—	1,248	—	(1,248)	—	(31)	—
Disposal of subsidiaries	—	—	—	—	—	—	—	—	—	—	(31)	(31)
Capital contribution from minority shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	45,837	45,837
Acquired on acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	3,252	3,252
Changes in minority interests on partial disposal of interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	(375)	(375)
Reduction in minority interests on acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	(1,472)	(1,472)
Dividends paid to minority shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	(3,684)	(3,684)
Net profit for the year	—	—	—	—	—	—	—	—	285,368	285,368	26,719	312,087
At 31 December 2004	94,225	712,337	(4,456)	—	2,733	1,101	5,558	48,350	662,334	1,522,182	333,026	1,855,208
At 1 January 2005	94,225	712,337	(4,456)	—	2,733	1,101	5,558	48,350	662,334	1,522,182	333,026	1,855,208
Effects of changes in accounting policies	—	—	—	—	—	—	—	—	(101,109)	(101,109)	—	(101,109)
As restated	94,225	712,337	(4,456)	—	2,733	1,101	5,558	48,350	561,225	1,421,073	333,026	1,754,099
Exchange differences arising on translation of financial statements of overseas operations and loss not recognised in consolidated income statement	—	—	(1,144)	—	—	—	—	—	—	(1,144)	—	(1,144)
Recognition of equity-settled share based payments	—	—	—	—	10,038	—	—	—	—	10,038	—	10,038
Transfer	—	—	—	—	—	—	257	—	(257)	—	—	—
Acquired on acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	7,488	7,488
Dividends paid to minority shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	(1,088)	(1,088)
Net profit for the period	—	—	—	—	—	—	—	—	128,249	128,249	16,141	144,390
At 30 June 2005	94,225	712,337	(5,600)	—	12,771	1,101	5,815	48,350	689,217	1,558,216	355,567	1,913,783



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

For the six months ended 30 June 2005

	Attributable to equity holders of the parent										Total HK\$'000 (unaudited)	
	Share capital HK\$'000 (unaudited)	Share premium HK\$'000 (unaudited)	Exchange reserve HK\$'000 (unaudited)	Asset revaluation reserve HK\$'000 (restated)	Employee share-based compensation reserve HK\$'000 (unaudited)	Capital reserve HK\$'000 (unaudited)	General reserve HK\$'000 (unaudited)	Convertible bonds reserve HK\$'000 (unaudited)	Retained earnings HK\$'000 (unaudited)	Total HK\$'000 (unaudited)		Minority interests HK\$'000 (unaudited)
At 1 January 2004	77,910	135,092	(1,277)	4,881	—	1,101	4,310	—	358,037	580,054	264,637	844,691
As originally stated	—	—	—	(4,881)	—	—	—	48,350	20,177	63,646	(1,857)	61,789
Effects of changes in accounting policies												
As restated	77,910	135,092	(1,277)	—	—	1,101	4,310	48,350	378,214	643,700	262,780	906,480
Issue of shares on placing and subscription arrangements	15,520	—	—	—	—	—	—	—	—	15,520	—	15,520
Issue of shares on the exercise of share options	795	—	—	—	—	—	—	—	—	795	—	795
Premium arising on issue of shares	—	609,277	—	—	—	—	—	—	—	609,277	—	609,277
Expenses incurred in connection with issue of shares	—	(32,032)	—	—	—	—	—	—	(409)	(32,032)	—	(32,032)
Transfer	—	—	—	—	—	—	409	—	—	—	—	—
Capital contribution from minority shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	45,837	45,837
Acquired on acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	3,252	3,252
Changes in minority interests on partial disposal of interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	(375)	(375)
Reduction in minority interests on acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	(1,472)	(1,472)
Dividends paid to minority shareholders of subsidiaries	—	—	—	—	—	—	—	—	95,699	—	(3,684)	(3,684)
Net profit for the period	—	—	—	—	—	—	—	—	—	95,699	12,791	108,490
At 30 June 2004	94,225	712,337	(1,277)	—	—	1,101	4,719	48,350	473,504	1,332,959	319,129	1,652,088

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT***For the six months ended 30 June 2005*

	<b>Six months ended 30.6.2005 HK\$'000 (unaudited)</b>	Six months ended 30.6.2004 HK\$'000 (restated)
Net cash used in operating activities	<u>(46,020)</u>	<u>(18,866)</u>
Net cash used in investing activities		
Cash paid for the acquisition of an associate	(307,951)	—
Cash paid for acquisition of available-for-sale investments	(229,546)	—
Cash paid for the acquisition of subsidiaries (net of cash and cash equivalents acquired)	(45,458)	(44,626)
Other investing cash flows	(96,822)	(121,101)
	<u>(679,777)</u>	<u>(165,727)</u>
Net cash (used in) from financing activities	<u>(25,393)</u>	<u>682,070</u>
Net (decrease) increase in cash and cash equivalents	(751,190)	497,477
Cash and cash equivalents at beginning of the period	2,096,553	356,809
Effect of foreign exchange rate changes	(1,144)	—
	<u>1,344,219</u>	<u>854,286</u>
Cash and cash equivalents at end of the period, representing bank balances and cash	<u><u>1,344,219</u></u>	<u><u>854,286</u></u>

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2005

### 1. BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 16 November 2000 as an exempted company with limited liability under the Companies Law (Revised) Chapter 22 of the Cayman Islands. The shares of the Company (the "Shares") have been listed on the Growth Enterprise Market (the "GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 20 April 2001.

The Company is an investment holding company. Its subsidiaries are principally engaged in the sale and distribution of liquefied petroleum gas ("LP Gas") and natural gas (together "Gas Fuel") in the People's Republic of China (the "PRC") including the sale of LP Gas in bulk and in cylinders, the provision of piped LP Gas and natural gas, construction of gas pipelines, the operation of city gas pipeline network, the operation of Gas Fuel automobile refilling stations, and the sale of LP Gas and natural gas household appliances.

The condensed financial statements have been prepared in accordance with applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities (the "GEM Listing Rules") on the GEM of the Stock Exchange and with Hong Kong Accounting Standard 34 ("HKAS 34") Interim Financial Reporting.

### 2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2004 except as described below.

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

#### **HKAS 16 Property, Plant and Equipment**

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS** (Cont'd)*For the six months ended 30 June 2005***2. PRINCIPAL ACCOUNTING POLICIES** (Cont'd)**HKAS 17 Leases**

The adoption of HKAS 17 has resulted in a change in accounting policy relating to leasehold land. Leasehold land and buildings were previously carried at valuation less accumulated depreciation. In accordance with the provisions of HKAS 17, a lease of land and building should be split into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interest in the land element and the building element of the lease at the inception of the lease. The lease premium for land is stated at cost and amortised over the period of the lease.

HKAS 32 Financial Instruments: Disclosure and Presentation

HKAS 39 Financial Instruments: Recognition and Measurement

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

**Convertible bonds**

HKAS 32 requires an issuer of a compound financial instrument (that contains both financial liability and equity components) to separate the compound financial instrument into its liability and equity components on its initial recognition and to account for these components separately. In subsequent periods, the liability component is carried at amortised cost using the effective interest method.

The principal impact of HKAS 32 on the Group is in relation to convertible bonds issued by the Company that contain both liability and equity components. Previously, convertible loan notes were classified as liabilities on the balance sheet. Because HKAS 32 requires retrospective application, comparative figures have been restated. Comparative profit for 2004 has been restated in order to reflect the increase in effective interest on the liability component.

**Classification and measurement of financial assets and financial liabilities**

Until 31 December 2004, the Group classified and measured its investment in equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 ("SSAP 24"). Under SSAP 24, the Group classified its investments in equity securities as investment securities, which were securities held for an identified long-term strategic purpose, and were measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary. From 1 January 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with HKAS 39. Available-for-sale financial assets are carried at fair value with changes in fair values recognition in equity except for those investment in equity securities that do not have quoted market price in an active market which are carried at cost less impairment as their fair value cannot be reliably measured.

On 1 January 2005, the Group classified and measured its investment securities in accordance with the requirement of HKAS 39.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS** (Cont'd)*For the six months ended 30 June 2005***2. PRINCIPAL ACCOUNTING POLICIES** (Cont'd)**Financial assets and financial liabilities other than debt and equity securities**

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

**Derivatives and hedging**

From 1 January 2005 onwards, all derivatives that are within the scope of HKAS 39 are required to be carried at fair value at each balance sheet date regardless of whether they are deemed as held for trading or designated as effective hedging instruments. Under HKAS 39, derivatives (including embedded derivatives separately accounted for from the host contracts) are deemed as held-for-trading financial assets or financial liabilities, unless they qualify and are designated as effective hedging instruments. The corresponding adjustments on changes in fair values would depend on whether the derivatives are designated as effective hedging instruments, and if so, the nature of the item being hedged. For derivatives that are deemed as held for trading, changes in fair values of such derivatives are recognised in the profit or loss for the period in which they arise. For derivatives that are not held for hedging purposes, on 1 January 2005, the Group recognised the fair value on that day amounting to HK\$101,335,000 in the Group's retained earnings.

**HKFRS 2 Share-based Payments**

The adoption of HKFRS 2 has resulted in a change in accounting policy for employee share options. The principal impact of HKFRS 2 on the Group is relation to the expensing of the fair value of directors' and employees' share options of the Company determined at the date of granted of the share options over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS** (Cont'd)

For the six months ended 30 June 2005

**2. PRINCIPAL ACCOUNTING POLICIES** (Cont'd)**HKFRS 3 Business Combinations**

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

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

*Effect of changes in the accounting policies on consolidated income statement*

	Effect of adopting				Total
	HKFRS 3*				
	HKAS 8#		HKAS 36*	HKAS 32#	
	&		&	&	
	HKAS 17#	HKFRS 2#	HKAS 38*	HKAS 39^	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>For the six months ended 30 June 2004</b>					
Decrease in amortisation and depreciation of property, plant and equipment	20	—	—	—	20
Increase in minority interest's ("MI's") share of results for the period	(12)	—	—	—	(12)
Decrease in amortisation of goodwill	—	—	619	—	619
Decrease in release of negative goodwill to consolidated income statement	—	—	(284)	—	(284)
Increase in net profit for the period	<u>8</u>	<u>—</u>	<u>335</u>	<u>—</u>	<u>343</u>
Increase in basic earnings per share (HK cents)	<u>—</u>	<u>—</u>	<u>0.04</u>	<u>—</u>	<u>0.04</u>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Cont'd)**

For the six months ended 30 June 2005

**2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)***Effect of changes in the accounting policies on consolidated income statement (Cont'd)*

	Effect of adopting				Total HK\$'000
	HKAS 8# & HKAS 17# HK\$'000	HKFRS 2# HK\$'000	HKFRS 3* HKAS 36* & HKAS 38* HK\$'000	HKAS 32# & HKAS 39^ HK\$'000	
<b>For the six months ended 30 June 2005</b>					
Increase in staff costs and related expenses	—	(10,038)	—	—	(10,038)
Decrease in amortisation and depreciation of property, plant and equipment	20	—	—	—	20
Increase in MI's share of results for the period	(12)	—	—	—	(12)
Decrease in amortisation of goodwill	—	—	2,373	—	2,373
Decrease in release of negative goodwill to consolidated income statement	—	—	(692)	—	(692)
Decrease in effective interest on convertible bonds	—	—	—	562	562
Decrease in effective interest on guaranteed senior notes	—	—	—	596	596
Increase in negative fair value of derivatives	—	—	—	(4,833)	(4,833)
	<u>8</u>	<u>(10,038)</u>	<u>1,681</u>	<u>(3,675)</u>	<u>(12,024)</u>
Increase (decrease) in net profit for the period					
	<u>8</u>	<u>(10,038)</u>	<u>1,681</u>	<u>(3,675)</u>	<u>(12,024)</u>
Increase (decrease) in basic earnings per share (HK cents)	<u>—</u>	<u>(1.07)</u>	<u>0.18</u>	<u>(0.39)</u>	<u>(1.28)</u>

\* adjustments which take effect prospectively from 1 January 2002

^ adjustments which take effect prospectively from 1 January 2005

# adjustments which take effect retrospectively

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Cont'd)

For the six months ended 30 June 2005

### 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

*Effect of changes in the accounting policies on consolidated balance sheet*

	Effect of adopting					Total HK\$'000
	HKAS 1# HK\$'000	HKAS 8# & HKAS 17# HK\$'000	HKFRS 2# HK\$'000	HKFRS 3* HKAS 36* & HKAS 38* HK\$'000	HKAS 32# & HKAS 39^ HK\$'000	
<b>At 31 December 2004</b>						
Increase (decrease) in						
Property, plant and equipment	—	(43,539)	—	—	—	(43,539)
Prepaid lease payments	—	37,416	—	—	—	37,416
Goodwill	—	—	—	2,629	—	2,629
Negative goodwill	—	—	—	40,125	—	40,125
Interests in associates	—	—	—	118	—	118
Pledged bank deposits	77,950	—	—	—	—	77,950
Bank balances and cash	(77,950)	—	—	—	—	(77,950)
Borrowings - amount due after one year	—	—	—	—	(49,077)	(49,077)
Employee share-based compensation reserve	—	—	2,733	—	—	2,733
Convertible bonds reserve	—	—	—	—	48,350	48,350
Asset revaluation reserve	—	(4,881)	—	—	—	(4,881)
Retained earnings	—	591	(2,733)	42,872	727	41,457
Minority interests	—	(1,833)	—	—	—	(1,833)

*Effect of changes in the accounting policies on the Group's equity*

	Effect of adopting					Total HK\$'000
	HKAS 1# HK\$'000	HKAS 8# & HKAS 17# HK\$'000	HKFRS 2# HK\$'000	HKFRS 3* HKAS 36* & HKAS 38* HK\$'000	HKAS 32# & HKAS 39^ HK\$'000	
<b>At 1 January 2004</b>						
Increase (decrease) in equity						
Retained earnings	—	575	—	19,602	—	20,177
Convertible bonds reserve	—	—	—	—	48,350	48,350
Asset revaluation reserve	—	(4,881)	—	—	—	(4,881)
Minority interests	—	(1,857)	—	—	—	(1,857)

\* adjustments which take effect prospectively from 1 January 2002

^ adjustments which take effect prospectively from 1 January 2005

# adjustments which take effect retrospectively



**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Cont'd)**

For the six months ended 30 June 2005

**3. SEGMENT INFORMATION**

Turnover represents the amounts received and receivable for goods provided to outside customers during the period, net of discounts and returns, value-added tax and sales tax.

An analysis of the Group's turnover and contribution to profit from operations for the six months ended 30 June 2005 is as follows:

	<b>Sale and distribution of Gas Fuel and related products</b> <i>HK\$'000</i>	<b>Gas pipeline construction</b> <i>HK\$'000</i>	<b>Consolidated</b> <i>HK\$'000</i>
<b>Six months ended 30 June 2005</b>			
<b>REVENUE</b>			
External	758,856	199,197	958,053
	<u>758,856</u>	<u>199,197</u>	<u>958,053</u>
<b>SEGMENT RESULTS</b>			
	<u>106,365</u>	<u>101,090</u>	207,455
Other operating income			28,592
Unallocated corporate expenses			(66,303)
			<u>169,744</u>
Profit from operations			169,744
Finance costs			(37,860)
Share of results of associates			28,561
			<u>160,445</u>
Profit before taxation			160,445
Taxation			(16,055)
			<u>144,390</u>
Net profit for the period			<u>144,390</u>
<b>Six months ended 30 June 2004</b>			
<b>REVENUE</b>			
External	700,119	148,515	848,634
	<u>700,119</u>	<u>148,515</u>	<u>848,634</u>
<b>SEGMENT RESULTS</b>			
	<u>32,887</u>	<u>87,035</u>	119,922
Other operating income			4,681
Unallocated corporate expenses			(4,752)
			<u>119,851</u>
Profit from operations			119,851
Finance costs			(5,155)
			<u>114,696</u>
Profit before taxation			114,696
Taxation			(6,206)
			<u>108,490</u>
Net profit for the period			<u>108,490</u>

No geographical segment analysis is shown as the Group's operating businesses are solely carried out in the PRC.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS** (Cont'd)

For the six months ended 30 June 2005

**4. Profit before taxation**

	<b>Six months ended 30 June</b>	
	<b>2005</b>	2004
	<b>HK\$'000</b>	HK\$'000
Depreciation of property, plant and equipment	<b>26,609</b>	15,183
Net interest receivable on interest rate swaps (included in finance costs)	<b>43,806</b>	—
Share of tax of associates (included in share of results of associates)	<b>5,336</b>	—
	<b><u>5,336</u></b>	<u>—</u>

**5. TAXATION**

No provision for Hong Kong 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.

**6. EARNINGS PER SHARE**

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

	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
	<b>2005</b>	2004	<b>2005</b>	2004
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Earnings for the purposes of basic earnings per share (profit for the period attributable to equity holders of the parent)	<b>128,249</b>	95,699	<b>70,086</b>	49,348
Effect of dilutive potential shares: Interest on convertible bonds	<b>6,645</b>	3,619	<b>3,245</b>	1,766
	<b><u>134,894</u></b>	<u>99,318</u>	<b><u>73,331</u></b>	<u>51,114</u>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS** (Cont'd)

For the six months ended 30 June 2005

**6. EARNINGS PER SHARE** (Cont'd)

	Six months ended 30 June		Three months ended 30 June	
	2005	2004	2005	2004
	Number of shares ('000)		Number of shares ('000)	
Weighted average number of shares for the purposes of basic earnings per share	<b>942,251</b>	934,705	<b>942,251</b>	941,891
Effect of dilutive potential shares:				
Options	<b>17,671</b>	20,023	<b>8,787</b>	19,350
Convertible bonds	<b>97,851</b>	97,851	<b>97,851</b>	97,851
Weighted average number of shares for the purposes of diluted earnings per share	<b><u>1,057,773</u></b>	<u>1,052,579</u>	<b><u>1,048,889</u></b>	<u>1,059,092</u>

**7. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT**

During the period, the Group spent approximately HK\$180,644,000 (2004: HK\$211,546,000) on acquisition of property, plant and equipment.

**8. INTERESTS IN ASSOCIATES**

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

**9. AVAILABLE-FOR-SALE INVESTMENTS**

During the period, the Group acquired certain investments amounting to HK\$229,546,000. These investment represent both listed shares in Hong Kong and unlisted shares in the PRC.

**10. TRADE RECEIVABLES**

The Group has a policy of allowing an average credit period ranging from 0 to 90 days to its customers.

The following is an aged analysis of trade receivables at the reporting date:

	<b>30.6.2005</b>	31.12.2004
	<b>HK\$'000</b>	HK\$'000
0 to 90 days	<b>225,265</b>	184,318
91 to 180 days	<b>2,080</b>	841
181 to 360 days	<b>2,161</b>	1,798
Over 360 days	<b>5,920</b>	494
	<b><u>235,426</u></b>	<u>187,451</u>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS** (Cont'd)

For the six months ended 30 June 2005

**11. TRADE PAYABLES**

The following is an aged analysis of trade payables at the reporting date:

	<b>30.6.2005</b>	31.12.2004
	<b>HK\$'000</b>	HK\$'000
0 to 90 days	<b>69,982</b>	16,537
91 to 180 days	<b>2,983</b>	2,762
181 to 360 days	<b>1,087</b>	3,167
Over 360 days	<b>5,266</b>	1,610
	<b>79,318</b>	24,076

**12. BORROWINGS**

	<b>30.6.2005</b>	31.12.2004
	<b>HK\$'000</b>	HK\$'000
Bank loans - secured	<b>26,333</b>	26,941
Bank loans - unsecured	—	18,850
Other loans - secured	<b>9,355</b>	—
Other loans - unsecured	<b>2,152</b>	935
Convertible bonds (Note a)	<b>332,835</b>	329,911
Guaranteed senior notes (Note b)	<b>1,526,428</b>	1,524,710
	<b>1,897,103</b>	1,901,347

The maturity of the above borrowings is as follows:

On demand or within one year	<b>35,688</b>	29,420
More than one year but not exceeding two years	<b>2,152</b>	17,306
More than two years but not exceeding five years	<b>332,835</b>	329,911
More than five years	<b>1,526,428</b>	1,524,710
	<b>1,897,103</b>	1,901,347
Less: Amount due within one year shown under current liabilities	<b>(35,688)</b>	(29,420)
Amount due after one year	<b>1,861,415</b>	1,871,927

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Cont'd)**

For the six months ended 30 June 2005

**12. BORROWINGS (Cont'd)**

Notes:

- (a) The convertible bonds were issued on 23 April 2003. The bonds are convertible into shares of the Company on or after 7 June 2003 and up to 9 April 2008. The conversion price at which each share shall be issued upon conversion was HK\$3.8043 per share (adjusted to account for the effect of the issue of additional new shares). The outstanding unconverted principal amount of the bonds will be redeemed on 23 April 2008 at 108.119%. Interest of 2% is payable per annum.
- (b) The Group issued US\$200,000,000 8.25% guaranteed senior notes due 2011 (the "Guaranteed Senior Notes") on 23 September 2004. The Guaranteed Senior Notes are listed on the Singapore Exchange Securities Trading Limited. The Guaranteed Senior Notes bear interest at 8.25% per annum, payable semi-annually in arrears. At any time prior to 23 September 2007, the Company may redeem up to 35% of the principal amount of the Guaranteed Senior Notes with the net cash proceeds of one or more sales of the Company's shares in an offering at a redemption price of 108.25% of the principal amount of the Guaranteed Senior Notes, plus accrued and unpaid interest, if any, to the redemption date.

**13. SHARE CAPITAL**

	<b>30.6.2005 and 31.12.2004 HK\$'000</b>
Authorised:	
2,000,000,000 shares of HK\$0.10 each	<u>200,000</u>
Issued and fully paid:	
942,250,891 shares of HK\$0.10 each	<u>94,225</u>

**14. CAPITAL COMMITMENTS**

	<b>30.6.2005 HK\$'000</b>	<b>31.12.2004 HK\$'000</b>
Capital expenditure contracted for but not provided in the financial statements in respect of unpaid capital contribution of investment projects	<u>34,520</u>	<u>526,008</u>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS** (Cont'd)*For the six months ended 30 June 2005***15. INTERIM DIVIDEND**

The Board does not declare an interim dividend for the six months ended 30 June 2005.

**16. ACQUISITION OF SUBSIDIARIES**

In January 2005, the Group acquired 70% and 100% of the registered capital of Pengshan Panva Gas Co., Ltd. ("Pengshan Panva") and Jianyang Panva Gas Co., Ltd. ("Jianyang Panva") respectively for an aggregate cash consideration of approximately HK\$46 million. These transactions have been accounted for by the acquisition method of accounting.

	<i>HK\$'000</i>
Net assets acquired:	
Non-current assets	60,550
Current assets	16,916
Non-current liabilities	(12,004)
Current liabilities	(33,633)
	<hr/>
Net assets acquired	31,829
Minority interests	(7,488)
Goodwill arising on acquisition	21,964
	<hr/>
Cash consideration	46,305
	<hr/> <hr/>
Net cash outflow arising on acquisition:	
Cash consideration	46,305
Bank balances and cash acquired	(847)
	<hr/>
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	45,458
	<hr/> <hr/>

\* The acquiree's carrying amount of net assets before combination approximates to its fair value. Accordingly, no fair value adjustments are required.

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

Pengshan Panva and Jianyang Panva contributed HK\$29,069,000 and HK\$7,599,000 respectively to the Group's revenue and HK\$13,354,000 and HK\$740,000 respectively to the Group's profit before taxation for the period between the date of acquisition and the reporting date.