

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 2003.

### Financial Highlights

#### For the six months ended 30 June 2003

- Group turnover up 27% to HK\$872 million
- Operating profit up 18% to HK\$117 million
- Net profit amounted to HK\$77 million
- Interim dividend declared of HK\$0.03 per share

### Management Discussion & Analysis

#### Business Review and Prospects

For the six months ended 30 June 2003, the Group recorded a turnover of approximately HK\$871,311,000, representing a significant increase of approximately 27% compared to the corresponding period in 2002. Operating profit increased to approximately HK\$116,522,000 for the six months ended 30 June 2003, an increase of approximately 18% when compared to the corresponding period last year. The increase in operating profit was mainly attributable to the significant progress of the Group’s gas fuel business, in particular the Group’s city piped gas business and the significant increase in market share in the retail sector. Net profit amounted to HK\$77,018,000 and with the gain on disposal of subsidiaries adjusted out from last year’s figure, the change in the net profit represents an increase of approximately 94%.

#### Property Development

The Group recorded a turnover of approximately HK\$155,228,000 for the property development business during the six months ended 30 June 2003, representing an increase of approximately 15% compared to the same period last year. The Group sold a total floor area of approximately 24,600 square metres during the period.

The impact of the Severe Acute Respiratory Syndrome affected the traveling of home buyers from Hong Kong and other areas, but most of those who came to our sales office in Shenzhen made their home in Sinolink Garden. To celebrate the 5th anniversary of the listing of the Company, a “Shareholder Property Purchase Scheme” was introduced exclusively for shareholders of the Company, Panva Gas Holdings Limited (“Panva Gas”) or Enerchina Holdings Limited (“Enerchina”), who were entitled to a 30% discount for the purchase of a unit of Sinolink Garden Phase Three, *The Mandarin House*. Panva Gas is a subsidiary of the Company listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and Enerchina is an associated company of the Company listed on the main board of the Stock Exchange.

The turnover was mainly derived from the sale of *The Mandarin House*, which accounted for approximately 90% of total property sales for the period. The average selling price for *The Mandarin House* exceeded RMB7,000 per square metres which is lower than last year, mainly due to the discount given under the “Shareholder Property Purchase Scheme” and other discount campaign schemes.

Sales of Sinolink No. 8 (百仕達8號), a property development situated within the grounds of the Sinolink Garden, accounted for approximately 10% of total turnover. Sinolink No. 8 is a 230 units development covering a total gross floor area of 33,000 square metres and a 2,500 square metres commercial development. The property is expected to be completed in December 2003. The average selling price for Sinolink No. 8 was much higher than that of *The Mandarin House* which exceeded RMB9,000 per square metre. Occupancy permit for Sinolink No. 8 is expected to be obtained by December of this year.

Construction works for *Mangrove West Coast* and Sinolink Garden Phase Four, *The Oasis*, is currently in full flight with approximately 20% and 40% of total construction works to be completed by the end of this year respectively. Pre-sales of both projects is expected to commence sometimes in 2004.

## **Gas Fuel Business**

For the six months ended 30 June 2003, the Group's gas fuel business recorded a turnover of approximately HK\$702,990,000, representing an increase of approximately 41% compared to the same period last year. Turnover for wholesale, retail and gas pipeline construction businesses all contributed to the increase with increases of approximately 35%, 40%, and 68% respectively compared to the same period last year.

The gross profit margin increased by approximately 21% compared to the same period last year. The increase in the gross profit margin is mainly attributable to the growth of the piped gas and cylinder Liquefied Petroleum Gas ("LP Gas") end-user household customers as a result of the Group's dedication in expanding its higher margin retail business. Total end-user household customers stood at approximately 1,721,500 households of which approximately 1,582,000 households are registered cylinder LP Gas customers and approximately 139,500 households are piped gas customers, representing increases of approximately 19% and 174% respectively.

On 23 April 2003, Panva Gas issued convertible bonds due 2008 in the aggregate amount of US\$50 million (the "CB"). The CB has a conversion price fixed at HK\$3.9169 per share and bear interests of 2% per annum. The CB is listed on the Luxembourg Stock Exchange. The funds raised from the CB will be used for the expansion of the Group's piped gas business, the LP Gas business and as working capital.

In order to further enhance professionalism as well as technical ability of the Panva Gas' employees, Panva Management Institute was formally opened on 16 July 2003 in Nanjing. Lecturers from local and overseas experts and reputed professors from universities will provide up-to-date structured courses as well as technical workshops to employees of Panva Gas, turning them into professional managers, further strengthening the Group's corporate identity as a "trustworthy expert" in the PRC gas fuel industry.

Two additional piped gas projects have been secured by Panva Gas. A 60% joint venture in the city of Chizhou, Anhui Province (安徽省池州市), in the PRC and a wholly-owned subsidiary acquired by the Group in the city of Lezhi, Sichuan Province (四川省樂至市) in the PRC. Both projects have exclusive rights to own and operate the city pipeline networks of their respective cities for a period of 50 years. Panva Gas will strive to complete the signings of additional projects during the second half of the year, and enhancing profitability of Panva Gas by further increasing its customer base.

### **Electricity Generation**

The electricity generation business is carried out by the Group's associated company, Enerchina.

On 6 March 2003, Enerchina completed a rights issue exercise of three rights shares for every two existing shares held raising approximately HK\$106,000,000. The Company through a wholly-owned subsidiary underwrote the rights issue, and as a result, the Group's equity interest in Enerchina increased from 29.99% to 40.44%.

With the expansion of the new generating unit completed in May 2003, the total installed capacity now stands at 305,000 kilowatts. Electricity sold during the six months ended 30 June 2003 amounted to approximately 313.3 million kilowatt hour generating a turnover of approximately HK\$187,786,000, representing a growth of 168% compared to last year. The increase in the output was mainly attributed to the commencement of the new generating unit.

Enerchina is currently conducting feasibilities into the possible use of natural gas instead of heavy oil in order to reduce operating costs as well as reducing environmental pollution. Enerchina is also looking into the possibility of further expanding its installed capacity.

### **Financial Position**

The Group's total borrowings increased from approximately HK\$919,079,000 as at 31 December 2002 to approximately HK\$1,267,561,000 as at 30 June 2003. The increase is mainly due to the issue of the CB by Panva Gas. The proportion of

borrowings due within one year to total borrowings also increased from approximately 2% to approximately 4% and a long term borrowings to equity ratio of 74%. Bank borrowings are mainly used to finance the property development projects of the Group and with the exception of a Hong Kong Dollar denominated bank loan which is tied to Hong Kong Interbank Offered Rate, all other borrowings are at fixed interest rates. The CB is used by Panva Gas for the expansion of the piped gas business, the LP Gas business and as working capital.

Total assets pledged in securing these loans have a net book value of approximately HK\$396,172,000 as at 30 June 2003. With the exception of the CB which is denominated in United States Dollars and a Hong Kong Dollar denominated bank loan mentioned above, all other bank borrowings of the Group are denominated in Renminbi (“RMB”). As the entire operation of the Group is carried out in the PRC, all 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 Renminbi appreciation and interest rate movement. The Board is also reviewing instruments that could minimize such potential impact on the Group.

The Group’s cash and cash equivalents amounted to approximately HK\$794,067,000 as at 30 June 2003 are mostly denominated in RMB, Hong Kong dollars and US dollars.

### Contingent Liabilities

Guarantees given to banks as security for the mortgage loans arranged for the purchases of the Group’s properties amounted to approximately HK\$28,776,000. Corporate guarantee given to a bank to secure bank borrowings granted to an associate amounted to HK\$365,996,000.

### Employees and Remuneration Policies

There were no material changes to the Group’s employees and remuneration policies from that disclosed in the annual report of the Company for the year ended 31 December 2002.

## Interim Dividends

The Board has resolved to declare an interim dividend of HK\$0.03 per share (2002: HK\$0.03 per share) in respect of the six months ended 30 June 2003. The interim dividend is payable on or before 15 October 2003 to shareholders whose names appear on the register of members of the Company on 8 October 2003.

## Closure of Register or Members

The register of members will be closed from 6 October 2003 to 8 October 2003, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed interim dividend, all completed transfer forms with share certificates must be lodged with the Company's Hong Kong Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Friday, 3 October 2003.

## Appreciation

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

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

Hong Kong, 19 September 2003