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## CORPORATE INFORMATION

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### BOARD OF DIRECTORS

#### Executive directors

Mr. Ou Yaping (*Chairman and Managing Director*)

Mr. Law Sze Lai

Mr. Chen Wei

#### Independent non-executive directors

Mr. Liang Xiaoting

Mr. Cheung Wing Yui

Mr. Tsang Yu Chor, Patrick

### COMPANY SECRETARY

Mr. Yim Chun Leung

### REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

25th Floor, Vicwood Plaza

199 Des Voeux Road Central

Central

Hong Kong

### 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 Corporate Services Limited

Rosebank Centre

11 Bermudiana Road

Pembroke

Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Central Registration Hong Kong Limited

19th Floor, Hopewell Centre

183 Queen's Road East

Hong Kong

### LEGAL ADVISERS

(*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 Branch

Bank of China, Shenzhen Branch

Nanyang Commercial Bank, Shenzhen  
Branch

China Construction Bank,  
Luohu Branch, Shenzhen

China Merchants Bank, Dongmen  
Sub-branch, Shenzhen

## NOTICE OF ANNUAL GENERAL MEETING

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**NOTICE IS HEREBY GIVEN** that the annual general meeting of the Company will be held at Aberdeen Room, Level 3, JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on Friday, 25 May 2001 at 11:00 a.m. for the following purposes:—

1. To receive and consider the financial statements and the directors' and auditors' reports of the Company for the year ended 31 December 2000;
2. To re-elect the retiring directors and to authorise the board of directors to fix the remuneration of directors;
3. To re-appoint auditors and to authorise the board of directors to fix their remuneration; and
4. As special business, to consider and, if thought fit, to pass with or without amendments, the following resolutions as Ordinary Resolutions of the Company:—

### ORDINARY RESOLUTIONS

A. **"THAT:—**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of all classes and securities which carry a right to subscribe or purchase shares of the Company on The Stock Exchange of Hong Kong Limited ("Stock Exchange") or on any other stock exchange on which the shares of the Company may be listed and recognised by The Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and regulations and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares of the Company which the Company is authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this Resolution and the said approval shall be limited accordingly; and

## NOTICE OF ANNUAL GENERAL MEETING

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- (c) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:—
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held; and
  - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

B. **“THAT:—**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares in the Company upon the exercise of the subscription rights attaching to any warrants of the Company or the exercise of the conversion rights attaching to any existing convertible notes of the Company (iii) an issue of shares as scrip dividends pursuant to the bye-laws of the Company from time to time; or (iv) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or

## NOTICE OF ANNUAL GENERAL MEETING

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any of its subsidiaries of shares or rights to acquire shares of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution and the said approval shall be limited accordingly; and

- (d) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:—
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held; and
  - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares in the capital of the Company open for a period fixed by the directors of the Company to the holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

- C. “**THAT** subject to the passing of Ordinary Resolution No. 4A set out in the notice convening this meeting, the general mandate granted to the directors of the Company to allot, issue and deal with additional shares pursuant to Ordinary Resolution No.4B set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution No.4A set out in the notice convening this meeting, provided that such amount of shares shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this Resolution.”

## NOTICE OF ANNUAL GENERAL MEETING

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5. To transact any other business if necessary.

By Order of the Board  
**YIM Chun Leung**  
*Company Secretary*

Hong Kong, 24 April 2001

*Principal place of business:—*

25th Floor, Vicwood Plaza,  
199 Des Voeux Road Central,  
Hong Kong.

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. To be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch shares registrar in Hong Kong, Central Registration Hong Kong Limited, at Rooms 1901-05, 19th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. Completion and delivery of the form of proxy will not preclude a shareholder from attending and voting at the meeting if the member so desires.
4. An explanatory statement as required by the Rules Governing the Listing of Securities on the Stock Exchange in connection with the proposed repurchase mandate under Resolution No. 4A above will be dispatched to members together with the 2000 Annual Report of the Company.

## CHAIRMAN'S STATEMENT

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On behalf of Sinolink Worldwide Holdings Limited (the "Company") and its subsidiaries (collectively the "Group"), I am pleased to submit to shareholders the Group's 2000 annual report.

### REVIEW OF OPERATIONS

For the year ended 31 December 2000, the Group's turnover amounted to approximately HK\$1,518,830,000, an increase of 104% compared with 1999. Profit attributable to shareholders amounted to approximately HK\$21,030,000. As at 31 December 2000, the Group's consolidated net asset value was HK\$1,199,188,000, or HK\$0.79 per share, cash on hand amounted to HK\$656,074,000 and borrowings of HK\$284,276,000, resulting in a debt-to-equity ratio of 23.7%.

### Property Development

Driven by strong economic growth and supportive government measures, the real estate market in the People's Republic of China (the "PRC") continued to bristle with activities during 2000. Shenzhen Special Economic Zone ("Shenzhen"), whose economy developed more rapidly due to its proximity to the Hong Kong Special Administrative Region ("Hong Kong"), became a major benefactor. The Group has been engaged in property development in Shenzhen for many years, and is renowned for being a developer of high quality properties with a well-trained professional team. It is upon this solid foundation that the Group is seeking further expansion in property development, investment and management.

During the year, the Group's property development business recorded a turnover of approximately HK\$350,000,000, representing an increase of 94% as compared with 1999. The Group sold 387 residential units during the year.

### Liquefied Petroleum Gas Business

The Group's Liquefied Petroleum Gas ("LPG") business performed well during the year. Fluctuations in international oil price caused no hindrance to the Group's established direction of seeking expansion in the LPG market. Such efforts have more than offset the impact on sales brought by increased production costs, enabling the LPG business to grow by 1.5 times in turnover compared to 1999. The achievement clearly reflected the Group's strength in managing and operating the LPG business and highlighted the strong growth of LPG consumption in the PRC.

## **CHAIRMAN'S STATEMENT**

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During the year, the LPG business continued to expand its wholesale and retail networks in the Yangzi River region and southwestern China. As a result, it enjoyed significant growth in both market share and turnover. In order to strengthen the retail base in eastern China, a joint venture was formed with Nanjing LPG Company. The Group has a 55% interest in the joint venture, Nanjing Panva LPG Company Ltd., which commenced business in October 2000. As at 31 December 2000, the LPG business had more than 150 retail outlets, with 800,000 registered customers. It sold 430,000 tonnes of LPG products during the year.

Panva Gas Holdings Limited ("Panva Gas"), the holding company of the Group's LPG business, began another new chapter following its successful listing on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 April 2001. It is expected that the Group will record an exceptional profit from the listing, which will be accounted for in the Group's 2001 results.

As the Group still maintains approximately 78% interest in Panva Gas, it will continue to benefit from growth and expansion contributed by Panva Gas.

### **Electricity Generation**

During the year, fluctuations in international oil price have driven up the production costs of Shenzhen Fuhuade Electric Power Co., Ltd. ("Fuhuade"). This coincided with the subsidiary's revamping of its two generating units to switch from light diesel fuel to the less expensive heavy diesel fuel, and the regular overhaul of the second generating unit - both attributed to a decline in Fuhuade's electricity output. As a result, Fuhuade recorded a loss in 2000.

## **PROSPECTS**

### **Property Business**

Demand for better housing is soaring in the PRC, buoyed by a growing economy and rising living standards. Being the PRC's earliest and most developed special economic zone, Shenzhen has the advantage of being governed under a relatively comprehensive legal system that includes clear rules and regulations for the property sector. It is against this background that Sinolink Garden, the Group's premium property in Shenzhen, is becoming increasingly attractive to both Mainland residents and Hong Kong citizens.

The Group has a strong presence in Shenzhen. Apart from Sinolink Garden, the Group's land bank also comprises 320,000 square metres of land to be available from the transformation of the Yinhu cable site in the Luohu district.



## **CHAIRMAN'S STATEMENT**

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The Group believes that the PRC's imminent entry to the World Trade Organization ("WTO"), the deepening of its economic reforms, and the possible hosting of the 2008 Olympic Games in Beijing, are all positive factors that would stimulate further growth in the PRC property market. The Group will take advantage of its established brandname, professional management and strong financial resources to seek expansion for its real estate business. Apart from Shenzhen, considerations will be given to property development and investment projects in other major cities such as Beijing and Shanghai.

### **LPG Business**

Following its listing, Panva Gas will be in a better position to pursue market expansion and to increase the number of end-users for its retail business. It will allocate more resources to reinforce "PANVA" as a brand name for environmentally friendly and safe fuel products with high quality services. In addition, Panva Gas will consider the possibility of expanding its sales and LPG pipe-line networks in the PRC. Given the PRC's rapid economic growth, strong government commitment to environmental protection, and continuous rise in living standard, LPG as an environmentally friendly, safe and modern domestic fuel will enjoy huge demand. Over the last 10 years, demand for LPG has grown by 20% annually on average in the PRC, and the Group believes this high growth rate will be sustained. Panva Gas has taken advantage of the growth to further increase its market share and to provide the Group with favourable returns and opportunities.

### **Electricity Generation**

Following careful review of the power supply market in the PRC and the prospects of Fuhuade, the Group has entered into an agreement in principle (the "Agreement") with a third party (the "Buyer") in April 2001 to dispose of the entire interest in Sinolink Industrial Limited, a company indirectly owns a 70% interest of Fuhuade. Pursuant to the Agreement, the Group received a deposit of Renminbi ("RMB") 10,000,000 from the Buyer on 12 April 2001. The Group anticipates that completion of the transaction will result in another exceptional profit for the Group, which will be accounted for in the Group's 2001 results. The Group will actively seek for other good return investments to replace the electricity generation business for both turnover and profit contributions.

### **CONCLUSION**

Even without taking into account the entry to WTO as a catalyst for further growth, the PRC economy is still expected to grow by approximately 7% a year. Equipped with a senior management team that is highly experienced in conducting business in the PRC, and strong financial resources for development, the Group is well prepared to grasp the opportunities ahead and provide shareholders with satisfactory returns.

## **CHAIRMAN'S STATEMENT**

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### **FINANCIAL POSITION**

The Group's total borrowings increased slightly from approximately HK\$281,563,000 in 1999 to approximately HK\$284,276,000 in 2000. The proportion of borrowings due within one year to total borrowings also increased from approximately 80.4% to approximately 80.6% and a long term liabilities to equity ratio of 4.6%. Borrowings are mainly used to finance the property development projects of the Group and are borrowed at fixed interest rates.

Total assets pledged in securing these loans have a net book value of approximately HK\$249,100,000 as at 31 December 2000. Bank borrowings of the Group are denominated in RMB and as the entire operation of the Group is carried out in the PRC, all receipts and payments in relation to operation is denominated in RMB. In this respect the Group is not exposed to any foreign exchange exposure risk. No financial instruments were used for hedging purpose.

The Group's cash and cash equivalents amounted to approximately HK\$656,074,000 as at 31 December 2000 are mostly denominated in RMB, Hong Kong dollars and US dollars.

### **CONTINGENT LIABILITIES**

On 17 May 1996, a legal claim in the amount of approximately HK\$13,585,000 was brought against Sinolink Worldwide (HK) Company Limited ("Sinolink Worldwide (HK)") by a third party for charter hire charges overdue. After consultation with the legal adviser in relation to this litigation, the claim would not have any material adverse effect on the financial position of the Group. In addition, an indemnity has been given by the controlling shareholder of the Company to the Group in respect of the claim. No provision for loss has therefore been made by the Group in respect of the outstanding claim.

Guarantees given to banks as security for the mortgage loans arranged for the purchases of the Group's properties amounted to approximately HK\$175,000,000.

### **MATERIAL ACQUISITIONS AND DISPOSALS**

The Group made no material acquisition or disposal during the year.

## CHAIRMAN'S STATEMENT

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### EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2000, the Group had 1,638 full time employees, of which approximately 99% are located in the PRC.

The Group remunerated its employees mainly bases on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share option may be granted to eligible staff by reference to the Group's performance as well as individual's performance. Other benefits, such as medical and retirement benefits, are also provided.

### SPECIAL INTERIM DIVIDEND

A special interim dividend was declared on 4 April 2001 to be satisfied by way of transfer of 15,200,000 shares of Panva Gas in the proportion of approximately 20 shares of Panva Gas for every 2,000 shares of the Company held.

### 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, 24 April 2001

## DIRECTORS' PROFILE

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### EXECUTIVE DIRECTORS



Mr. Ou Yaping, aged 39, was appointed as the chairman and managing director of the Company in December 1997. Mr. Ou is the founder and the controlling shareholder of the Group. He is also the chairman and executive director of the Group's subsidiary, Panva Gas. He holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology, the PRC and is also the vice chairman of the board and a part-time professor of that institute. He has working experience in a number of trading companies and investment companies in the PRC and Hong Kong and is presently a director of China Merchants Bank of the PRC and chairman of 9xo9.com limited. Mr. Ou has 15 years of experience in investing, trading and corporate management. Mr. Ou is responsible for the overall planning, management and strategic development of the Group.

Mr. Law Sze Lai, aged 58, was appointed as a director of the Company in December 1997. He is also a director and deputy general manager of Shenzhen Sinolink Enterprises Co., Ltd. He has been employed by a number of real estate companies in the PRC. He qualified as an economist in the PRC and has over 13 years of experience in property development. Mr. Law joined the Group in 1992 and is responsible for the coordination and administration of the real estate business of the Group.



Mr. Chen Wei, aged 39, was appointed as a director of the Company in December 1997. Mr. Chen is also the managing director of Panva Gas. He holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology, the PRC. He has been employed by a number of large organisations and has over 15 years of experience in engineering, business administration, market development and management. Mr. Chen joined the Group in February 1992 and is responsible for the operation and administration of the power generation business and the LPG business.



## DIRECTORS' PROFILE

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### NON-EXECUTIVE DIRECTORS

Mr. Liang Xiaoting, aged 49, was appointed as an independent non-executive director of the Company in April 1998. He is a director of Bank of China and director of BOC International Holdings Limited. He was formerly Deputy Chief Executive of the BOC Hong Kong-Macau Regional Office and First Deputy General Manager of the BOC Hong Kong Branch. Mr. Liang has served in a number of public committees in Hong Kong for many years, including Member of the Exchange Fund Advisory Committee, Member of the Securities and Futures Commission Advisory Committee and Board Member of the Hong Kong Airport Authority. Mr. Liang is currently taking AMF Program studies at the Business School of the Harvard University.



Mr. Cheung Wing Yui, aged 51, was appointed as an independent non-executive director of the Company in September 1999. He received a Bachelor of Commerce degree in accounting from the University of New South Wales, Australia. Mr. Cheung is a certified practising accountant of CPA Australia (formerly known as the Australian Society of Certified Practising Accountants). He has been a practising solicitor in Hong Kong since 1979 and is a partner of the law firm Woo, Kwan, Lee & Lo. He has been admitted as a solicitor in the United Kingdom and as an advocate and solicitor in Singapore. Mr. Cheung is a director of seven other publicly listed companies in Hong Kong. He is also company secretary to another four publicly listed companies in Hong Kong.



Mr. Tsang Yu Chor, Patrick, aged 49, was appointed as an independent non-executive director of the Company in April 1998. He is a senior partner of Tsang, Chan and Wong, Solicitors & Notaries. He is a practising solicitor in Hong Kong and is admitted as a solicitor of England, a solicitor and barrister in Victoria, Australia, a notary public in Hong Kong and an appointed attesting officer of the PRC.



## **DIRECTORS' REPORT**

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The directors present their annual report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2000.

### **PRINCIPAL ACTIVITIES**

The Company acts as an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 12 and 13 respectively to the financial statements.

### **RESULTS AND APPROPRIATIONS**

The results of the Group for the year ended 31 December 2000 are set out in the consolidated income statement on page 25 of the annual report.

A special interim dividend was declared on 4 April 2001 to be satisfied by way of transfer of 15,200,000 shares of Panva Gas in the proportion of approximately 20 shares of Panva Gas for every 2,000 shares of the Company held. The directors do not recommend the payment of a final dividend and the profit for the year will be retained.

### **RESERVES**

Movements during the year in the reserves of the Group and the Company are set out in note 26 to the financial statements.

### **FINANCIAL SUMMARY**

A summary of the results of the Group for the past five financial years ended 31 December 2000 and of the assets and liabilities of the Group as at 31 December 1997, 1998, 1999 and 2000 is set out on page 62 of the annual report .

### **PROPERTY, PLANT AND EQUIPMENT**

Details of movements during the year in the property, plant and equipment of the Group and of the Company are set out in note 11 to the financial statements.

### **MAJOR PROPERTIES**

Details of the major properties of the Group at 31 December 2000 are set out on pages 63 and 64 of the annual report.

## DIRECTORS' REPORT

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### SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 24 to the financial statements.

### USE OF PROCEEDS FROM ISSUE OF NEW SHARES

Pursuant to the prospectus issued by the Company dated 26 May 1998 (the "Prospectus"), the Company made an initial public offering through placing and new issue of 380,000,000 shares to the investing communities in June 1998 and the net proceeds were approximately HK\$412 million.

As disclosed in the 1998 and 1999 annual reports, approximately HK\$296 million had been applied in line with the proposed application as set out in the Prospectus. Details of the application of the remaining amount are set out below:

	<i>HK\$'000</i>
Remaining balance	<u>116,000</u>
Application of funds	
— general working capital of the Group	16,000
Funds retained for:	
— transformation of outdoor power transformer stations and overhead transmission cables into indoor power transformer stations and underground transmission cables at Yinhu	<u>100,000</u>
	<u>116,000</u>

The funds retained were placed on short term deposits with commercial banks in Hong Kong. The application of proceeds from the initial public offering was in line with the proposed application as set out in the Prospectus.

### PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

## DIRECTORS' REPORT

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### RETIREMENT BENEFITS SCHEME

Details of the retirement benefits scheme of the Group are set out in note 32 to the financial statements.

### DIRECTORS

The directors of the Company during the year and up to the date of this report were:

#### Executive directors:

Mr. Ou Yaping (*Chairman and Managing Director*)

Mr. Law Sze Lai

Mr. Chen Wei

Mr. Tang Yui Man, Francis (appointed on 28 June 2000 and  
resigned on 21 December 2000)

#### Independent non-executive directors:

Mr. Liang Xiaoting

Mr. Cheung Wing Yui

Mr. Tsang Yu Chor, Patrick

In accordance with the Company's Bye-Laws, Messrs. Chen Wei and Liang Xiaoting retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The term of office of each non-executive director is the period up to his retirement by rotation in accordance with the Company's Articles of Association.

The biographical details of the directors of the Company are set out on pages 12 to 13 of the annual report.



## DIRECTORS' REPORT

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### DIRECTORS' INTERESTS IN SHARES

#### (i) Shares

At 31 December 2000, the interests of the directors and their associates in the share capital of the Company and its associated corporations, within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Name of director	Number of ordinary shares held	
	Personal	Corporate
Mr. Ou Yaping	—	1,006,800,000 (Note)

Note: These shares are held by Asia Pacific Promotion Limited, a company incorporated in the British Virgin Islands, which is legally and beneficially owned by Mr. Ou Yaping.

#### (ii) Shares in a subsidiary

Name of director	Name of subsidiary	Number of non-voting deferred shares held
Mr. Ou Yaping	Sinolink Electric Power Company Limited	90,000

#### (iii) Interest in an associated corporation (within the meaning of the SDI Ordinance) of the Company

Name of interested party	Name of associated corporation	Nature of interest	Percentage of equity interest in associated corporation
Mr. Ou Yaping and his associates	Shenzhen Xiangdu F. & E. Co., Ltd.	Corporate	55%

Save as disclosed above, none of the directors, or their associates, had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

## DIRECTORS' REPORT

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### DIRECTORS' INTERESTS IN CONVERTIBLE NOTE

As at 31 December 2000, Mr. Ou Yaping held convertible note amounting to HK\$55,183,411. Such convertible note can be converted into 122,629,000 shares of the Company on or before 9 February 2002 at an initial conversion price of HK\$0.45 per share.

### DIRECTORS' INTERESTS IN SHARE OPTIONS

The directors had personal interests in share options to subscribe for shares of the Company as follows:

Name of Directors	Exercisable period	Date of share options granted	Exercise price HK\$	Number of share options held and outstanding at 31 December 2000
Mr. Law Sze Lai	6.1.1999 to 5.1.2002	29 June 1998	0.60	10,000,000
	6.7.1999 to 5.1.2002	29 June 1998	0.70	10,000,000
	3.9.1999 to 3.9.2002	1 March 1999	0.45	3,000,000
	3.3.2000 to 3.9.2002	1 March 1999	0.45	3,000,000
	3.9.2001 to 3.9.2002	1 March 1999	0.45	2,000,000
Mr. Chen Wei	6.1.1999 to 5.1.2002	29 June 1998	0.60	10,000,000
	6.7.1999 to 5.1.2002	29 June 1998	0.70	10,000,000
	3.9.1999 to 3.9.2002	1 March 1999	0.45	3,000,000
	3.3.2000 to 3.9.2002	1 March 1999	0.45	3,000,000
	3.9.2001 to 3.9.2002	1 March 1999	0.45	2,000,000

None of the directors had exercised any share option to subscribe for shares of the Company during the year ended 31 December 2000.

Details of the share option scheme are set out in note 25 to the financial statements.

Save as disclosed above, as at 31 December 2000, none of the directors and chief executives, nor their spouses or children under the age of 18, had any right to subscribe for the shares of the Company, or had exercised any such right during the year and at no time during the year was the Company, or its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## **DIRECTORS' REPORT**

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### **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

Save as disclosed in the section headed "CONNECTED TRANSACTIONS", no contracts of significance to which the Company or any related company (holding companies, subsidiaries, or fellow subsidiaries) was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### **DIRECTORS' SERVICE CONTRACTS**

With the exception of Mr. Chen Wei, each of the executive directors has entered into a service contract with the Company upon the expiration of the existing service contract. Each of the renewed service contracts is for an initial period of two years commencing on 1 April 2001 and shall continue thereafter until terminated by either party by giving not less than six month's prior written notice.

Mr. Chen Wei has entered into a service contract with Panva Gas upon the expiration of the existing service contract with the Company. The service contract is for an initial period of three years commencing on 1 April 2001 and shall continue thereafter until terminated by either party by giving not less than three month's prior written notice.

Save as disclosed above, none of the directors or service companies under their respective control has entered into or has proposed to enter into any service or management contract with any member of the Group excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation.

### **CONNECTED TRANSACTIONS**

During the year, the Group has engaged in the following connected transactions (as defined under the Listing Rules):

- a) Pursuant to the tenancy agreement dated 12 March 1998 which expired on 31 March 2000 between Sinolink Worldwide (HK) as tenant and Skillful Assets Limited ("Skillful"), a company controlled by Mr. Ou Yaping and of which Mr. Ou Yaping is a director, as landlord, Skillful agreed to let to Sinolink Worldwide (HK) the property known as House 3, Kellett View Town Houses, Nos. 65-69 Mount Kellett Road, Hong Kong for a term of two years commencing on 1 April 1998. On expiry, a new tenancy agreement dated 1 April 2000 on terms similar to the previous agreement was signed for a term of two years commencing on 1 April 2000 at a rent of HK\$100,000 per month exclusive of rates and management fees. Total rental expenses of HK\$1,200,000 were paid or payable to Skillful for the year ended 31 December 2000. Details of the new tenancy agreement had been reported to the Stock Exchange on 5 May 2000.

## DIRECTORS' REPORT

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- b) Pursuant to the tenancy agreement dated 1 June 1999 entered into between Shenzhen Sinolink Enterprises Co., Ltd. ("Shenzhen Sinolink"), which is owned as to 80 per cent. by the Group and 20 per cent. by Shenzhen Power Supply Services Corporation ("Shenzhen Power Supply") a connected person of the Company, as the landlord and Shenzhen Xiangdu F. & E. Co., Ltd. ("Shenzhen Xiangdu"), a sino-foreign equity joint venture in which Shenzhen Sinolink and Superline Limited (a company in which each of Mr. Ou Yaping and his spouse has an attributable interest of 93.5 per cent. and 6.5 per cent. respectively) are interested in 45 per cent. and 55 per cent. respectively of its registered capital as the tenant, Shenzhen Sinolink allowed Shenzhen Xiangdu to use the property situated at No. 2, Taining Road, Luohu District, Shenzhen as a restaurant from 1 June 1999 to 31 December 2001 at a rental of RMB60,000 per month. Total rental income of RMB720,000 (equivalent to HK\$673,526) was received or receivable from Shenzhen Xiangdu for the year ended 31 December 2000.
- c) Pursuant to the loan agreement dated 31 March 1998, Mr. Ou Yaping granted to Ocean Diamond Limited, a wholly owned subsidiary of the Company, an unsecured loan in the sum of HK\$76,982,679 at an interest rate equivalent to three months Hong Kong Interbank Offer Rate. Interest is chargeable every three months and repayment of the principal is to be made in one lump sum upon expiration of the term of the loan on or before 31 December 1999. The loan had been wholly repaid and total interest expenses of HK\$40,524 was paid or payable to Mr. Ou Yaping for the year ended 31 December 2000.
- d) Pursuant to an agreement for the provision of services dated 8 January 2000 between Ocean Diamond Limited and Shenzhen Sinolink, Ocean Diamond Limited agreed to provide to Shenzhen Sinolink (i) management staffing services by supplying and sending staff to Shenzhen and (ii) services relating to the design and planning for real estate development, cable engineering consultancy and the import and sourcing of materials. Shenzhen Sinolink shall pay a monthly service fee of RMB150,000 (equivalent to HK\$140,318) to Ocean Diamond Limited. It is intended that a service agreement with the same terms (subject to adjustment as to service fee) will be entered into between Ocean Diamond Limited and Shenzhen Sinolink on a yearly basis. Total service fee of RMB1,800,000 (equivalent to HK\$1,683,816) was paid or payable to Ocean Diamond Limited for the year ended 31 December 2000.
- e) Pursuant to an agreement for the provision of agency services dated 8 January 2000 between Sinolink Worldwide (HK) and Shenzhen Sinolink, Sinolink Worldwide (HK) shall provide agency services regarding matters including, amongst others, advertising and promotion for overseas sales of property units developed by the Group in the PRC and customer liaison on behalf of Shenzhen Sinolink in return for a monthly service fee of approximately RMB700,000

## DIRECTORS' REPORT

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(equivalent to HK\$654,818). It is intended that an agency services agreement with the same terms (subject to adjustment as to service fee) will be entered into annually between Sinolink Worldwide (HK) and Shenzhen Sinolink. Total service fee of approximately RMB8,400,000 (equivalent to HK\$7,857,816) was paid or payable by Shenzhen Sinolink to Sinolink Worldwide (HK) for the year ended 31 December 2000.

- f) Pursuant to the Power Purchase Contract entered into between Fuhuade and Shenzhen Power Supply Bureau, the regulatory body of Shenzhen Power Supply (the substantial shareholder of Shenzhen Sinolink), which came into effect on 15 March 1996, Fuhuade agreed to supply to Shenzhen Power Supply Bureau electricity generated at Dapeng Power Plant, which is operated by Fuhuade, for on-grid onward transmission to public end-users. Total amount of approximately RMB86,415,000 (equivalent to HK\$80,837,000) worth of electricity was sold to Shenzhen Power Supply Bureau for the year ended 31 December 2000.
- g) On 12 February 1999, the Group acquired from Mr. Ou Yaping, the controlling shareholder of the Company, the entire issued share capital of China Pan River Group Limited ("CPR Group") (the "Acquisition"). CPR Group is an investment holding company, the major assets of which are its indirect majority equity interests in the joint venture companies established in the PRC, that are principally engaged in the production, transportation, storage, sale and distribution of LPG. The Acquisition had been approved by the shareholders at the special general meeting of the Company on 10 February 1999. Total consideration for the Acquisition was HK\$55,183,000 which was paid by way of an issue of convertible note in favour of Mr. Ou Yaping. Total interest expense of HK\$2,766,729 was paid or payable for the year ended 31 December 2000.
- h) Pursuant to a LPG supply agreement ("Supply Agreement") dated 19 October 2000 between Pan River Enterprises (Changsha) Company Supply Limited ("Changsha JV") in which the Company has an attributable interest of 60% as purchaser and China Petrochemical Company Limited ("CPC") and one other independent third party as suppliers, CPC and the said independent third party agreed to supply to Changsha JV high quality LPG at a price determinable by a pre-set formula as set out in the said LPG Supply Agreement. CPC is an associate (within the meaning of the Listing Rules) of the PRC party which holds 40% interest in Changsha JV and thus the entering into of the Supply Agreement constituted connected transaction of the Company. Since the commencement of the Supply Agreement, a total amount of approximately RMB39,841,752 (equivalent to HK\$42,590,830) worth of LPG was sold by CPC to Changsha JV for the year ended 31 December 2000.

## **DIRECTORS' REPORT**

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In respect of items a), b) c), d), e), and f) of the above connected transactions, the Stock Exchange has, subject to certain conditions, on 20 May 1998 granted waivers to the Company from strict compliance with the requirements as stipulated in Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in connection with the connected transactions on each occasion they arise. With the exception of item c) which is no longer applicable, the Company is preparing application of new waivers prior to the waiver period granted by the Stock Exchange which will expire in May 2001. In respect of items g) and h), circulars dated 25 January 1999 and 15 November 2000 respectively had been distributed to the shareholders of the Company.

The independent non-executive directors of the Company have reviewed the transactions and confirmed that:

- (a) the transactions have been entered into in the ordinary and usual course of business of the Group;
- (b) the transactions have been entered into on normal commercial terms, and on an arm's length basis and, where applicable, in accordance with the terms of the agreements governing such transactions or, where there is no such agreement, on terms no less favourable than terms available to (or from) independent third parties;
- (c) the transactions have been entered into on terms that are fair and reasonable so far as shareholders of the Company are concerned; and
- (d) the aggregate value of the respective transactions do not exceed the respective maximum amounts as specified in the waiver granted by the Stock Exchange.

### **SUBSTANTIAL SHAREHOLDERS**

Other than the interests disclosed above in respect of certain directors, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance discloses no person as having an interest of 10% or more in the issued share capital of the Company as at 31 December 2000.

## **DIRECTORS' REPORT**

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### **MAJOR CUSTOMERS AND SUPPLIERS**

During the year, the Group's largest supplier accounted for approximately 52.77% of the Group's total purchases and the Group's largest five suppliers accounted for approximately 91.67% of the Group's total purchases.

During the year, the aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total sales.

None of the directors, their associates or any shareholders which to the knowledge of the directors owned more than 5% of the Company's issued share capital had an interest in the share capital of any of the five largest customers or suppliers.

### **CORPORATE GOVERNANCE**

The Company has complied throughout the year ended 31 December 2000 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules on the Stock Exchange.

### **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws of Bermuda.

### **AUDITORS**

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

**Ou Yaping**  
*CHAIRMAN*

Hong Kong, 24 April 2001

## AUDITORS' REPORT

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### 德勤·關黃陳方會計師行

Certified Public Accountants  
26/F, Wing On Centre  
111 Connaught Road Central  
Hong Kong

香港中環干諾道中111號  
永安中心26樓

**Deloitte  
Touche  
Tohmatsu**

#### TO THE MEMBERS OF SINOLINK WORLDWIDE HOLDINGS LIMITED

*(incorporated in Bermuda with limited liability)*

We have audited the financial statements on pages 25 to 61 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Group and the Company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

#### OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2000 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong, 24 April 2001



## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2000

	NOTES	2000 HK\$'000	1999 HK\$'000
Turnover	3	1,518,830	744,421
Cost of sales		(1,373,418)	(615,019)
Gross profit		145,412	129,402
Other revenue	4	32,128	33,585
Distribution costs		(37,080)	(14,175)
Administrative expenses		(99,529)	(87,039)
Other operating expenses		(1,363)	(1,848)
Profit from operations	5	39,568	59,925
Finance costs	7	(5,326)	(10,715)
Share of results of associates		222	(1,488)
Profit from ordinary activities before taxation		34,464	47,722
Taxation	8	(7,049)	(5,736)
Profit before minority interests		27,415	41,986
Minority interests		(6,385)	(5,980)
Profit for the year, retained	9	21,030	36,006
		HK\$	HK\$
Earnings per share	10		
Basic		0.014	0.024
Diluted		0.014	0.023

## CONSOLIDATED BALANCE SHEET

At 31 December 2000

	NOTES	2000 HK\$'000	1999 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	11	384,502	339,493
Interests in associates	13	9,341	8,288
Investment securities	14	1,124	1,124
Loan receivable	15	5,982	6,753
		<u>400,949</u>	<u>355,658</u>
<b>Current assets</b>			
Stock of properties	16	792,201	812,647
Inventories	17	24,395	14,452
Trade and other receivables	18	313,649	375,425
Other investments	14	1,324	—
Bank balances and cash		656,074	532,461
		<u>1,787,643</u>	<u>1,734,985</u>
<b>Current liabilities</b>			
Trade and other payables	19	329,452	304,842
Tax liabilities		36,334	38,500
Amounts due to minority shareholders	21	56,485	22,797
Amount due to a director	22	—	4,713
Borrowings	23	229,093	226,380
		<u>651,364</u>	<u>597,232</u>
<b>Net current assets</b>		<u>1,136,279</u>	<u>1,137,753</u>
<b>Total assets less current liabilities</b>		<u>1,537,228</u>	<u>1,493,411</u>
<b>Non-current liabilities</b>			
Borrowings	23	(55,183)	(55,183)
		<u>1,482,045</u>	<u>1,438,228</u>
<b>Minority interests</b>		<u>(282,857)</u>	<u>(260,091)</u>
		<u>1,199,188</u>	<u>1,178,137</u>
<b>Capital and reserves</b>			
Share capital	24	152,000	152,000
Reserves	26	1,047,188	1,026,137
		<u>1,199,188</u>	<u>1,178,137</u>

The financial statements on pages 25 to 61 were approved by the Board of Directors on 24 April 2001 and are signed on its behalf by:

**OU YAPING**  
Chairman

**LAW SZE LAI**  
Director

## BALANCE SHEET

At 31 December 2000

	NOTES	2000 HK\$'000	1999 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	11	476	454
Investments in subsidiaries	12	<u>1,006,091</u>	<u>1,078,654</u>
		<u>1,006,567</u>	<u>1,079,108</u>
<b>Current assets</b>			
Trade and other receivables		3,192	1,600
Bank balances and cash		<u>135,794</u>	<u>63,594</u>
		<u>138,986</u>	<u>65,194</u>
<b>Current liabilities</b>			
Trade and other payables		1,252	777
Amount due to a subsidiary	20	<u>700</u>	<u>—</u>
		<u>1,952</u>	<u>777</u>
<b>Net current assets</b>		<u>137,034</u>	<u>64,417</u>
<b>Total assets less current liabilities</b>		<u>1,143,601</u>	<u>1,143,525</u>
<b>Non-current liabilities</b>			
Borrowings	23	<u>(55,183)</u>	<u>(55,183)</u>
		<u><b>1,088,418</b></u>	<u><b>1,088,342</b></u>
<b>Capital and reserves</b>			
Share capital	24	152,000	152,000
Reserves	26	<u>936,418</u>	<u>936,342</u>
		<u><b>1,088,418</b></u>	<u><b>1,088,342</b></u>

**OU YAPING**  
Chairman

**LAW SZE LAI**  
Director

## CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

*For the year ended 31 December 2000*

	<b>2000</b> <b>HK\$'000</b>	1999 HK\$'000
Exchange differences arising on translation of overseas operations not recognised in the income statement	<b>21</b>	(193)
Net profit for the year	<u><b>21,030</b></u>	<u>36,006</u>
Total recognised gains and losses	<b>21,051</b>	35,813
Elimination against reserves of goodwill arising on acquisition of subsidiaries	<u>—</u>	<u>(1,091)</u>
	<u><b>21,051</b></u>	<u>34,722</u>

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2000

	NOTES	2000 HK\$'000	1999 HK\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	27	<u>164,059</u>	<u>120,732</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(20,641)	(25,620)
Interest income		26,743	31,678
Dividends paid by subsidiaries to minority shareholders		(1,871)	—
Dividend paid to shareholders		<u>—</u>	<u>(69,920)</u>
NET CASH INFLOW (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>4,231</u>	<u>(63,862)</u>
TAXATION			
Overseas tax paid		<u>(9,214)</u>	<u>(28,116)</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(85,670)	(82,083)
Proceeds from sale of property, plant and equipment		2,357	269
Investment in an associate		(234)	—
Purchase of investments		(1,877)	(1,124)
Advances to associates		—	(1,182)
Net inflow of cash in respect of purchase of subsidiaries	29	<u>—</u>	<u>63,120</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(85,424)</u>	<u>(21,000)</u>
NET CASH INFLOW BEFORE FINANCING		<u>73,652</u>	<u>7,754</u>

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2000

	NOTES	2000 HK\$'000	1999 HK\$'000
FINANCING	30		
New bank loans		2,713	39,289
Repayment of bank and other loans		—	(14,144)
Repayment of loan to a director		(4,713)	(72,270)
Advances from minority shareholders		33,688	—
Repayment of loan to minority shareholders		—	(53,896)
Contribution from minority shareholders of a subsidiary		17,927	—
(Repayment to) advance from associates		—	(2,776)
NET CASH INFLOW (OUTFLOW) FROM FINANCING		49,615	(103,797)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		123,267	(96,043)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		532,461	628,515
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		346	(11)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		656,074	532,461
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		656,074	532,461

# NOTES TO THE FINANCIAL STATEMENTS

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*For the year ended 31 December 2000*

## 1. GENERAL

The Company is incorporated in Bermuda as an exempt company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its ultimate holding company is Asia Pacific Promotion Limited, a private limited company incorporated in the British Virgin Islands (the “BVI”).

The principal activities of the Group are property development, supply of electricity and wholesaling and retailing of liquefied petroleum gas (“LPG”).

## 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain properties and investments in securities.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

### **Goodwill**

Goodwill arising on consolidation, which represents the excess of the purchase consideration over the fair value ascribed to the Group’s share of the net assets at the date of acquisition of a subsidiary is written off to reserves immediately on acquisition or, where appropriate, capitalised and amortised on a straight line basis over its useful economic life, not exceeding twenty years. Negative goodwill, which represents the excess of the fair value ascribed to the Group’s share of the separable net assets at the date of acquisition of a subsidiary over the purchase consideration, is credited to reserves.

On disposal of a subsidiary, the attributable amount of goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal of the subsidiary.

## NOTES TO THE FINANCIAL STATEMENTS

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*For the year ended 31 December 2000*

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### **Recognition of revenue**

##### *Development properties*

Income from properties developed for sale, where there are no pre-sales prior to completion of development, is recognised on the execution of the sale and purchase agreement.

Income from properties pre-sold prior to completion of development is recognised over the period from the execution of the sale and purchase agreement to the completion of development on the basis of development costs to date as a proportion of estimated total development costs.

Income from outright sales of an entire property development project is recognised upon the execution of the sale and purchase agreement.

##### *Sales of electricity supply*

Revenue from electricity supply operations is recognised when electricity is supplied.

##### *Sales of goods*

Sales of goods are recognised when goods are delivered and title has passed.

##### *Income from decoration, interior design and related services*

Income from decoration, interior design and related services is recognised using the percentage of completion method, measured by reference to the proportion that costs incurred to date bear to estimated total costs for each contract. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

##### *Income from property management service*

Income from property management service is recognised on provision of services.

##### *Interest income*

Interest income is accrued on a time proportion basis on the principal outstanding and at the rate applicable.



## NOTES TO THE FINANCIAL STATEMENTS

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*For the year ended 31 December 2000*

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### **Stock of properties**

Stock of properties includes properties under development and properties held for sale.

The carrying value of properties under development comprises the land cost together with development expenditure, which includes construction costs, capitalised interest and ancillary borrowing costs, plus attributable profits taken to date, less progress payments received and foreseeable losses. Attributable profit on pre-sale of properties under development is recognised over the course of the development. Profit recognised on pre-sale of properties during an accounting period is calculated by reference to the proportion of construction costs incurred up to the accounting date to total estimated construction costs to completion, with due allowance for contingencies.

Properties held for sale are classified under current assets and stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total land and development cost attributable to the unsold properties. Net realisable value is the estimated price at which a property can be realised in the ordinary course of business less related selling expenses.

#### **Investments in subsidiaries**

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share or registered capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost less provision, if necessary, for any permanent diminution in value.

#### **Interests in associates**

An associate is an enterprise, over which the Group is in a position to exercise significant influence, including participation in financial and operating policy decisions.

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates.

When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

## NOTES TO THE FINANCIAL STATEMENTS

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*For the year ended 31 December 2000*

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### **Investment securities**

Investment securities are recognised on a trade-date basis and are initially measured at cost.

Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the year.

#### **Property, plant and equipment**

Property, plant and equipment are stated at cost or valuation less depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

It is the Group's policy to determine the carrying amount of the assets on the historical cost basis. However, for the purpose of obtaining a listing of the Company's shares on the Stock Exchange and in order to comply with the Rules Governing the Listing of Securities on the Stock Exchange, the land and buildings then held by the Group were revalued at 31 March 1998 and are stated in the financial statements at such valuation.

The surplus that arose on revaluation of land and buildings was credited to the revaluation reserve. Any further decrease in net carrying amount arising on revaluation of an asset will be charged to the income statement to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of the same asset.

## NOTES TO THE FINANCIAL STATEMENTS

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For the year ended 31 December 2000

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### **Property, plant and equipment** *(continued)*

Depreciation is provided to write off the cost or valuation of items of property, plant and equipment over their estimated useful lives on a straight line basis, after taking into consideration their estimated residual values. The principal annual rates used are as follows:

Leasehold land	Over the unexpired term of lease or over the term of equity joint venture contract, whichever is shorter
Buildings	5 per cent. to 10 per cent.
Plant and machinery	10 per cent. to 30 per cent.
Furniture, fixtures and equipment	20 per cent. to 40 per cent.
Motor vehicles	10 per cent. to 30 per cent.

#### **Construction in progress**

Construction in progress, which includes all development expenditure and other direct costs, including interest expenses attributable to such projects, is stated at cost. Costs on completed construction works are transferred to property, plant and equipment.

#### **Foreign currencies**

Transactions in foreign currencies are translated at the rates ruling on the dates of the transactions or at the contracted settlement rate. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling on the balance sheet date. Profits and losses arising on the translation of foreign currency borrowings used to finance net investments in overseas operations/subsidiaries are taken directly to reserves. Profits and losses arising on exchange are dealt with in the income statement.

On consolidation the financial statements of subsidiaries/associates which are denominated in currencies other than the Hong Kong dollar and which operate in the People's Republic of China ("PRC") and overseas are translated at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in reserves.

## NOTES TO THE FINANCIAL STATEMENTS

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*For the year ended 31 December 2000*

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Decoration work in progress comprises direct material and labour cost plus attributable profits taken to date less deposits received and provision for any foreseeable losses.

#### **Convertible note**

Convertible note is regarded as a liability until conversion occurs and the finance costs are calculated on the assumption that the notes will never be converted.

#### **Capitalisation of borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

#### **Operating leases**

Leases where substantially all the rewards and risks of ownership of assets remain with the lessors are accounted for as operating leases. Rental receivable or payable in respect of operating leases are credited or charged respectively to the income statement on a straight line basis over the terms of the respective leases.

#### **Retirement benefits scheme**

The pension costs charged in the income statement represent the contributions payable in respect of the current year to the Group's defined contribution scheme.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable a liability or asset will crystallise in the foreseeable future.

### 3. TURNOVER AND CONTRIBUTION TO PROFIT FROM OPERATIONS

An analysis of the Group's turnover and contribution to profit from operations during the year is as follows:

	TURNOVER		CONTRIBUTION TO PROFIT FROM OPERATIONS	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales of completed properties/ development properties	349,580	180,159	84,649	84,428
Revenue from electricity supply operations	80,837	139,584	(7,318)	24,762
Revenue from LPG business	1,059,729	412,708	48,677	10,780
Others (Note)	28,684	11,970	19,404	9,432
	<u>1,518,830</u>	<u>744,421</u>	<u>145,412</u>	<u>129,402</u>
Operating expenses less other income			<u>(105,844)</u>	<u>(69,477)</u>
Profit from operations			<u>39,568</u>	<u>59,925</u>

Note: Others include income from decoration, interior design work and property management services.

The Group's turnover and profit from operations are substantially derived from the PRC.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 4. OTHER REVENUE

	2000 HK\$'000	1999 HK\$'000
Interest on bank deposits	27,455	31,678
Rental income under operating leases	1,358	1,907
Dividend income	108	—
Deposits forfeited	734	—
Sundry	2,473	—
	<u>32,128</u>	<u>33,585</u>

### 5. PROFIT FROM OPERATIONS

	2000 HK\$'000	1999 HK\$'000
Profit from operations is arrived at after charging:		
Auditors' remuneration	1,269	1,168
Depreciation	37,246	35,236
Net exchange loss	1,230	554
Operating lease rentals	4,116	3,071
Loss on disposal of property, plant and equipment	1,058	4,373
Staff costs including directors' remuneration	<u>50,830</u>	<u>24,416</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 6. EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT

Details of the emoluments paid by the Group to the directors are as follows:

	2000 HK\$'000	1999 HK\$'000
Fees	150	300
Salaries and other emoluments	6,483	5,521
Contributions to retirement benefits scheme	165	116
Discretionary bonuses	500	2,100
Compensation for loss of office	—	—
Inducement for joining the Group	—	—
Waiver of emoluments paid	—	—
	<u>7,298</u>	<u>8,037</u>

The amounts disclosed above include directors' fees of HK\$150,000 (1999: HK\$300,000) and no other emoluments (1999: HK\$Nil) payable to independent non-executive directors.

The emoluments of the directors were within the following bands:

	Number of individuals	
Emolument band	2000	1999
\$Nil — \$1,000,000	4	4
\$1,000,001 — \$1,500,000	2	—
\$1,500,001 — \$2,000,000	—	1
\$2,000,001 — \$2,500,000	—	1
\$3,500,001 — \$4,000,000	1	—
\$4,000,001 — \$4,500,000	—	1
	<u>—</u>	<u>1</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 6. EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

Of the five individuals with the highest emoluments in the Group, four (1999: three) were directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining one (1999: two) individuals were as follows:

	2000 HK\$'000	1999 HK\$'000
Salaries and allowances	786	945
Contributions to retirement benefits scheme	22	51
Discretionary bonuses	—	—
Compensation for loss of office	—	—
Inducement for joining the Group	—	—
Waiver of emoluments paid	—	—
	<u>808</u>	<u>996</u>

Their emoluments were within the following bands:

	Number of individuals	
Emolument band	2000	1999
\$Nil — \$1,000,000	<u>1</u>	<u>2</u>

### 7. FINANCE COSTS

	2000 HK\$'000	1999 HK\$'000
Interest expenses on bank and other loans wholly repayable within 5 years	16,583	25,620
Less: Amount capitalised to properties under development for sale	<u>(12,799)</u>	<u>(14,905)</u>
	3,784	10,715
Bank charges	241	—
Exchange loss	<u>1,301</u>	<u>—</u>
	<u>5,326</u>	<u>10,715</u>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 7. FINANCE COSTS (continued)

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 5.4% (1999: 7.0%) to expenditure on qualifying assets.

### 8. TAXATION

	2000 HK\$'000	1999 HK\$'000
The tax charge comprises:		
Profit for the year		
PRC, excluding Hong Kong	<u>7,049</u>	<u>5,736</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.

Pursuant to relevant laws and regulations in the PRC, certain of the Group's PRC subsidiaries established in the PRC are exempted from paying income tax for the first two years starting from their first profitable year of operation, followed by a 50 per cent. reduction from the third to fifth year. Provision for PRC income tax is provided for with reference to the applicable tax rates on the estimated assessable profits of those subsidiaries for the year.

Deferred taxation has not been provided for in the financial statements as there were no significant timing differences arising during the year or at the balance sheet date.

### 9. NET PROFIT FOR THE YEAR

Of the Group's net profit for the year of HK\$21,030,000 (1999: HK\$36,006,000), a profit of HK\$76,000 (1999: a loss of HK\$8,153,000) has been dealt with in the financial statements of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	<b>2000</b> <b>HK\$'000</b>	1999 HK\$'000
Earnings for the purposes of basic earnings per share	<b>21,030</b>	36,006
Effect of dilutive potential shares: Interest on convertible note	<u><b>2,767</b></u>	<u>2,412</u>
Earnings for the purposes of diluted earnings per share	<u><b>23,797</b></u>	<u>38,418</u>
Weighted average number of shares for the purposes of basic earnings per share	<b>1,520,000,000</b>	1,520,000,000
Effect of dilutive potential ordinary shares: Convertible note	<u><b>122,629,000</b></u>	<u>122,629,000</u>
Weighted average number of shares for the purposes of diluted earnings per share	<u><b>1,642,629,000</b></u>	<u>1,642,629,000</u>

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for the Company's shares for both 1999 and 2000.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 11. PROPERTY, PLANT AND EQUIPMENT

	Medium term leasehold land and buildings in the PRC HK\$'000	Construction in progress HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>THE GROUP</b>						
<b>COST OR VALUATION</b>						
At 1 January 2000	164,668	3,813	202,780	28,883	25,529	425,673
Additions	17,830	3,651	55,283	2,321	6,585	85,670
Disposals	(1,897)	(28)	(914)	(1,817)	(6,026)	(10,682)
Reclassification	(3,841)	(2,653)	6,244	(27)	277	—
	<u>176,760</u>	<u>4,783</u>	<u>263,393</u>	<u>29,360</u>	<u>26,365</u>	<u>500,661</u>
At 31 December 2000						
Comprising:						
At cost	63,929	4,783	263,393	29,360	26,365	387,830
At valuation 1998	<u>112,831</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>112,831</u>
	<u>176,760</u>	<u>4,783</u>	<u>263,393</u>	<u>29,360</u>	<u>26,365</u>	<u>500,661</u>
<b>DEPRECIATION</b>						
At 1 January 2000	26,894	—	41,058	7,028	11,200	86,180
Provided for the year	11,896	—	18,604	6,286	460	37,246
Eliminated on disposals	(356)	—	(190)	(1,611)	(5,110)	(7,267)
Reclassification	<u>(1,250)</u>	<u>—</u>	<u>1,258</u>	<u>(8)</u>	<u>—</u>	<u>—</u>
At 31 December 2000	<u>37,184</u>	<u>—</u>	<u>60,730</u>	<u>11,695</u>	<u>6,550</u>	<u>116,159</u>
<b>NET BOOK VALUES</b>						
At 31 December 2000	<u>139,576</u>	<u>4,783</u>	<u>202,663</u>	<u>17,665</u>	<u>19,815</u>	<u>384,502</u>
At 31 December 1999	<u>137,774</u>	<u>3,813</u>	<u>161,722</u>	<u>21,855</u>	<u>14,329</u>	<u>339,493</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 11. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The net book value of land and buildings includes an amount of approximately HK\$10,330,000 (1999: HK\$10,865,000) in respect of assets rented out under operating leases.

	<b>Furniture, fixtures and equipment HK\$'000</b>
<b>THE COMPANY</b>	
COST	
At 1 January 2000	591
Additions	185
	<hr/>
At 31 December 2000	776
	<hr/>
DEPRECIATION	
At 1 January 2000	137
Provided for the year	163
	<hr/>
	300
	<hr/>
NET BOOK VALUES	
At 31 December 2000	476
	<hr/> <hr/>
At 31 December 1999	454
	<hr/> <hr/>

### 12. INVESTMENTS IN SUBSIDIARIES

	<b>2000 HK\$'000</b>	1999 HK\$'000
Unlisted shares, at cost	661,257	661,257
Amounts due from subsidiaries	344,834	417,397
	<hr/>	<hr/>
	1,006,091	1,078,654
	<hr/> <hr/>	<hr/> <hr/>

The amounts due from subsidiaries are interest-free, unsecured and have no fixed term of repayment. In the opinion of the directors, the amounts will not be repayable within one year, therefore classified as non-current assets.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 12. INVESTMENTS IN SUBSIDIARIES (continued)

Particulars of the subsidiaries as at 31 December 2000 are as follows:

Name	Place of incorporation/ establishment and operation	Issued and fully paid up share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held	Principal activities
<b>Directly-owned subsidiaries</b>				
China Pan River Group Ltd.	BVI	1 share of US\$1 each	100%	Investment holding
Sinolink Progressive Limited	BVI	47,207 shares of US\$1 each	100%	Investment holding
<b>Indirectly-owned subsidiaries</b>				
Chenzhou Pan River Gas Industry Co., Ltd.	PRC - Sino-foreign equity joint venture	RMB9,000,000	55%	Wholesaling and retailing of LPG
China Overlink Holdings Co., Limited	BVI	1 share of US\$1 each	100%	Investment holding
Link Capital Investments Limited	BVI	50,000 shares of US\$1 each	100%	Investment holding
Nanjing Panva LPG Company Ltd.	PRC - Sino-foreign equity joint venture	RMB50,000,000	55%	Wholesaling and retailing of LPG
Nanling Pan River LPG Ltd.	PRC - Limited liability company	RMB2,000,000	55%	Wholesaling and retailing of LPG
Ocean Diamond Limited	BVI	50,000 shares of US\$1 each	100%	Investment holding
Pan River Enterprises (Changde) Co., Ltd.	PRC - Sino-foreign equity joint venture	RMB6,000,000	85%	Wholesaling and retailing of LPG
Pan River Enterprises (Chang-sha) Co., Ltd.	PRC - Sino-foreign equity joint venture	RMB40,000,000	60%	Wholesaling and retailing of LPG

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 12. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Place of incorporation/ establishment and operation	Issued and fully paid up share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held	Principal activities
<b>Indirectly-owned subsidiaries (continued)</b>				
Pan River Enterprises (Hengyang) Co., Ltd.	PRC - Sino-foreign equity joint venture	RMB6,000,000	84%	Wholesaling and retailing of LPG
Pan River Enterprises (Wuhu) Co., Ltd.	PRC - Sino-foreign equity joint venture	RMB32,000,000	55%	Wholesaling and retailing of LPG
Pan River Gas (Guizhou) Co., Ltd.	PRC - Sino-foreign equity joint venture	RMB16,000,000	50.10%	Wholesaling and retailing of LPG
Panriver Investments Company Limited	PRC - Limited liability company	US\$30,000,000 (Note 1)	100%	Investment holding
Shenzhen China Overseas- Sinolink Property Management Co., Ltd.	PRC - Limited liability company	RMB1,500,000	60%	Property management
Shenzhen Fuhuade Electric Power Co., Ltd.	PRC - Foreign equity joint venture	RMB100,000,000	70%	Electricity supply
Shenzhen Sinolink Enterprises Co., Ltd.	PRC - Foreign equity joint venture	RMB375,000,000	80%	Property development
Shenzhen Sinolink Property Management Co., Ltd.	PRC - Foreign equity joint venture	RMB2,000,000	75%	Property management
Shenzhen Weikong Decorate Engineering Co., Ltd.	PRC - Foreign equity joint venture	RMB5,000,000	100%	Decoration, interior design and related services
Singkong Investments Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	100%	Investment holding

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 12. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Place of incorporation/ establishment and operation	Issued and fully paid up share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held	Principal activities
<b>Indirectly-owned subsidiaries (continued)</b>				
Sinolink Electric Power Company Limited	Hong Kong	2 ordinary shares of HK\$1 each 100,000 non-voting deferred shares of HK\$1 each	100% —	Investment holding
Sinolink Industrial Limited	BVI	50,001 shares of US\$1 each	100%	Investment holding
Sinolink International Investment (Group) Limited	BVI	1 share of US\$1 each	100%	Investment holding
Sinolink LPG Development Limited	BVI	1 share of US\$1 each	100%	Not yet commenced business
Sinolink LPG Investment Limited	BVI	1 share of US\$1 each	100%	Investment holding
Sinolink Petrochemical Investment Limited	BVI	1 share of US\$1 each	100%	Not yet commenced business
Sinolink Power Investment Limited	BVI	1 share of US\$1 each	100%	Investment holding
Sinolink Properties Agent Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	100%	Property agent
Sinolink Worldwide (HK) Company Limited	Hong Kong	10,000,000 ordinary shares of HK\$1 each	100%	Investment holding
Wuhu Pan River Jiangbei Enterprises Co., Ltd.	PRC - Limited liability company	RMB500,000	51%	Wholesaling and retailing of LPG
Wuhu Pan River Sanpeng LPG Co., Ltd.	PRC - Sino-foreign equity joint venture	RMB2,300,000	55%	Ceased operation
Xiangtan Pan River Energy Industry Co., Ltd.	PRC - Sino-foreign equity joint venture	RMB10,000,000	55%	Wholesaling and retailing of LPG

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 12. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Place of incorporation/ establishment and operation	Issued and fully paid up share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held	Principal activities
<b>Indirectly-owned subsidiaries (continued)</b>				
Yangzi Petrochemical Baijiang Energy Resources Co., Ltd.	PRC - Sino-foreign equity joint venture	US\$7,230,000	50% (Note 2)	Wholesaling and retailing of LPG
Yiyang Pan River Enterprises Co., Ltd.	PRC - Sino-foreign equity joint venture	RMB5,000,000	60%	Wholesaling and retailing of LPG
Yongzhou Pan River Enterprises Co., Ltd.	PRC - Sino-foreign equity joint venture	RMB5,000,000	60%	Wholesaling and retailing of LPG

**Note 1:** Panriver Investments Company Limited is a foreign wholly-owned enterprise with a tenure of 50 years. At the date of this report, Panriver Investments Company Limited has outstanding registered capital contribution of US\$23,000,000 which needs to be paid up by China Pan River Group Ltd. by 9 March 2002 on such later date as approved by the relevant PRC governing authority. The Directors expect to fulfill such capital contributions by way of transferring the Group's equitable interests in operating subsidiaries with carrying amount of approximately US\$17 million, and injecting US\$6 million cash into Panriver Investments Company Limited.

**Note 2:** Yangzi Petrochemical Baijiang Energy Resources Co., Ltd. is a subsidiary of the Company because the Company has control over the board of directors.

None of the subsidiaries had any loan capital subsisting at 31 December 2000 or at any time during the year.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 13. INTERESTS IN ASSOCIATES

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
Share of net assets	663	(390)
Amounts due from associates	8,678	8,678
	<u>9,341</u>	<u>8,288</u>

The amounts due from associates are interest free and unsecured.

As at 31 December 2000, the Group had interests in the following associates:

Name of associate	Place of incorporation/ establishment and operation	Issued and fully paid up registered capital	Proportion of nominal value of registered capital held by the Group	Principal activities
Shenzhen Xiangdu F. & E. Co., Ltd.	PRC - Foreign equity joint venture	RMB4,000,000	45%	Restaurant operation
Shenzhen Everlink Cable Engineering Consulting Co., Ltd.	PRC - Foreign equity joint venture	RMB3,000,000	21%	Cable work consulting service
Shenzhen Sino-Trust Investment Co., Ltd.	PRC - Limited liability company	RMB10,000,000	30%	Investment
Shenzhen Northern Red Star Culture & Art Development Co., Ltd.	PRC - Limited liability company	RMB1,000,000	25%	Not yet commenced business

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 14. INVESTMENT SECURITIES

	Investment securities		Other investments		Total	
	2000	1999	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Equity securities						
Listed - Hong Kong	—	—	1,324	—	1,324	—
Unlisted	1,124	1,124	—	—	1,124	1,124
	<u>1,124</u>	<u>1,124</u>	<u>1,324</u>	<u>—</u>	<u>2,448</u>	<u>1,124</u>
Market value of listed securities	—	—	1,324	—	1,324	—
Carrying amount analysed for reporting purposes as:						
Non-current	1,124	1,124	—	—	1,124	1,124
Current	—	—	1,324	—	1,324	—
	<u>1,124</u>	<u>1,124</u>	<u>1,324</u>	<u>—</u>	<u>2,448</u>	<u>1,124</u>

### 15. LOAN RECEIVABLE

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
Trade receivables — non-current portion (note 18)	<u>5,982</u>	<u>6,753</u>

### 16. STOCK OF PROPERTIES

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
Properties under development for sale		
Cost plus attributable profit less foreseeable losses	544,870	632,545
Less: Progress payments received	<u>1,130</u>	<u>5,924</u>
	543,740	626,621
Stock of unsold properties	<u>248,461</u>	<u>186,026</u>
	<u>792,201</u>	<u>812,647</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 17. INVENTORIES

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
At cost:		
LPG	12,675	8,681
Diesel fuel	6,448	2,266
Consumable stores	5,272	3,505
	<u>24,395</u>	<u>14,452</u>

### 18. 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 totalling HK\$258,644,000 (1999: HK\$322,235,000), the aged analysis of which is as follows:

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
Aged:		
0 to 90 days	77,535	28,172
91 to 180 days	1,608	38,220
181 to 360 days	9,071	—
over 360 days	170,430	255,843
	<u>258,644</u>	<u>322,235</u>
Less: Non-current portion (note 15)	(5,982)	(6,753)
	<u>252,662</u>	<u>315,482</u>

### 19. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$214,616,000 (1999: HK\$247,719,000), the aged analysis of which is as follows:

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
Aged:		
0 to 90 days	205,046	229,069
91 to 180 days	—	—
181 to 360 days	948	1,594
over 360 days	8,622	17,056
	<u>214,616</u>	<u>247,719</u>

### 20. AMOUNT DUE TO A SUBSIDIARY

The balance represents the current account with Ocean Diamond Limited which is unsecured, interest free and with no fixed term of repayment.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 21. AMOUNTS DUE TO MINORITY SHAREHOLDERS

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Interest-bearing portion	7,480	7,480
Interest-free portion	49,005	15,317
	<u>56,485</u>	<u>22,797</u>

These balances are unsecured and have no fixed term of repayment. The interest bearing portion bears interest equivalent to the prevailing bank rate.

### 22. AMOUNT DUE TO A DIRECTOR

The balance in 1999 represents a current account with the director, Mr. Ou Yaping which is unsecured and bears interest at an interest rate equivalent to three months Hong Kong Interbank Offer Rate.

### 23. BORROWINGS

	THE GROUP		THE COMPANY	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Bank loans (secured)	229,093	226,380	—	—
Convertible note	55,183	55,183	55,183	55,183
	<u>284,276</u>	<u>281,563</u>	<u>55,183</u>	<u>55,183</u>
The maturity of the above loans is as follows:				
On demand or within one year	229,093	226,380	—	—
More than two years but not exceeding five years	55,183	55,183	55,183	55,183
	<u>284,276</u>	<u>281,563</u>	<u>55,183</u>	<u>55,183</u>
Less: Amount due within one year shown under current liabilities	(229,093)	(226,380)	—	—
Non-current portion	<u>55,183</u>	<u>55,183</u>	<u>55,183</u>	<u>55,183</u>

The convertible loan note was issued on 12 February 1999. The note is convertible into shares of the Company from the date of issue up to the third anniversary of the date of issuance. The outstanding unconverted principal amount of the note will be redeemed on 11 February 2002 at par. Interest of 5% is paid quarterly.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 24. SHARE CAPITAL

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Shares of HK\$0.1 each		
Authorised:		
2,000,000,000 shares of HK\$0.10 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
1,520,000,000 shares of HK\$0.10 each	<u>152,000</u>	<u>152,000</u>

### 25. SHARE OPTION SCHEME

The share option scheme of the Company provides that the directors of the Company may offer to any executive directors and full-time employees of the Group options to subscribe for shares of the Company in accordance with the terms of the share option scheme.

No options were exercised during the year. Share options granted and cancelled during the year and outstanding at 31 December 2000 were as follows:

Date of share options granted	Exercise price HK\$	No. of share options at 1 January 2000	No. of share options granted during the year	No. of share options cancelled during the year	No. of share options at 31 December 2000
29 June 1998	0.60	20,000,000	—	—	20,000,000
29 June 1998	0.70	20,000,000	—	—	20,000,000
1 March 1999	0.45	23,150,000	—	5,000,000	18,150,000
20 January 2000	0.55	—	4,500,000	3,200,000	1,300,000
		<u>63,150,000</u>	<u>4,500,000</u>	<u>8,200,000</u>	<u>59,450,000</u>

The share options granted during the year were accepted by the grantees upon payment to the Company a total of \$11.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 26. RESERVES

	Share premium account HK\$'000	Translation reserve HK\$'000	Goodwill reserve HK\$'000	General reserve HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
<b>THE GROUP</b>							
At 1 January 1999	293,853	(5,570)	(4,894)	46,289	368,262	293,475	991,415
Exchange rate adjustment	—	(193)	—	—	—	—	(193)
Goodwill arising on acquisition of subsidiaries	—	—	(1,091)	—	—	—	(1,091)
Profit for the year	—	—	—	—	—	36,006	36,006
At 31 December 1999	293,853	(5,763)	(5,985)	46,289	368,262	329,481	1,026,137
Exchange rate adjustment	—	21	—	—	—	—	21
Transfer from profit and loss account	—	—	—	5,493	—	(5,493)	—
Profit for the year	—	—	—	—	—	21,030	21,030
At 31 December 2000	<u>293,853</u>	<u>(5,742)</u>	<u>(5,985)</u>	<u>51,782</u>	<u>368,262</u>	<u>345,018</u>	<u>1,047,188</u>

	Share premium account HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
<b>THE COMPANY</b>				
At 1 January 1999	293,853	572,173	78,469	944,495
Loss for the year	—	—	(8,153)	(8,153)
At 31 December 1999	293,853	572,173	70,316	936,342
Profit for the year	—	—	76	76
At 31 December 2000	<u>293,853</u>	<u>572,173</u>	<u>70,392</u>	<u>936,418</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 26. RESERVES (continued)

Included in the above are the following Group's share of post-acquisition reserves of the associates:

	<b>Accumulated loss HK\$'000</b>
At 1 January 2000	(3,896)
Loss for the year, accumulated	<u>222</u>
At 31 December 2000	<u><u>(3,674)</u></u>

The contributed surplus of the Company represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1998.

The contributed surplus of the Group represents the differences between the consolidated shareholders' funds of the subsidiaries at the date at which they were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1998.

General reserve represents Enterprise Expansion Fund and General Reserve Fund set aside by certain subsidiaries in accordance with the relevant laws and regulations of the PRC, which are not available for distribution.

Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 26. RESERVES (continued)

- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the directors, the Company's reserves available for distribution to shareholders were as follows:

	2000 HK\$'000	1999 HK\$'000
Contributed surplus	572,173	572,173
Retained earnings	<u>70,392</u>	<u>70,316</u>
	<u><b>642,565</b></u>	<u><b>642,489</b></u>

### 27. RECONCILIATION OF PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000 HK\$'000	1999 HK\$'000
Profit from ordinary activities before taxation	34,464	47,722
Share of (profits) loss of associates	(222)	1,488
Interest income	(27,455)	(31,678)
Interest expense	3,784	10,715
Provision for doubtful debt	3,301	—
Depreciation and amortisation	37,246	35,236
Unrealised loss on other investment	554	—
Loss on disposal of property, plant and equipment	1,058	4,373
Movements in assets/liabilities held for operating activities:		
Decrease (increase) in stock of properties	33,244	(83,029)
(Increase) in inventories	(9,943)	(7,987)
Decrease in trade and other receivables	58,591	107,444
Decrease in amount due to a related company	—	(3,541)
Decrease (increase) in loan receivable	771	(6,753)
Increase in trade and other payables	<u>28,666</u>	<u>46,742</u>
NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES	<u><b>164,059</b></u>	<u><b>120,732</b></u>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 28. PURCHASE OF SUBSIDIARIES

	2000 HK\$'000	1999 HK\$'000
NET ASSETS ACQUIRED		
Property, plant and equipment	—	57,209
Inventories	—	2,608
Trade and other receivables	—	36,276
Amount due from minority shareholders	—	16,088
Bank balances and cash	—	64,172
Taxation recoverable	—	(726)
Trade and other payables	—	(37,065)
Minority interests	—	(83,418)
	—	55,144
Goodwill	—	1,091
	—	56,235
SATISFIED BY		
Issue of convertible loan note	—	55,183
Cash	—	1,052
	—	56,235

### 29. ANALYSIS OF THE NET INFLOW OF CASH AND CASH EQUIVALENTS IN RESPECT OF THE PURCHASE OF A SUBSIDIARY

	2000 HK\$'000	1999 HK\$'000
Cash consideration	—	(1,052)
Bank balances and cash acquired	—	64,172
Net inflow of cash and cash equivalents in respect of the purchase of a subsidiary	—	63,120

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 30. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital and share premium HK\$'000	Bank loans HK\$'000	Amounts due to a director HK\$'000	Amounts due to an associate HK\$'000	Amounts due to minority interests HK\$'000	Minority interests HK\$'000
Balance at 1 January 1999	445,853	201,235	76,983	2,776	92,781	170,693
Net cash inflow (outflow) from financing	—	25,145	(72,270)	(2,776)	(53,896)	—
Effect on acquisition of subsidiaries	—	—	—	—	(16,088)	83,418
Minority share of profit for the year	—	—	—	—	—	5,980
Balance at 31 December 1999	445,853	226,380	4,713	—	22,797	260,091
Net cash inflow (outflow) from financing	—	2,713	(4,713)	—	33,688	17,927
Dividend paid to minority shareholder	—	—	—	—	—	(1,871)
Minority share of reserves	—	—	—	—	—	1,698
Minority share of profit for the year	—	—	—	—	—	5,012
Balance at 31 December 2000	<u>445,853</u>	<u>229,093</u>	<u>—</u>	<u>—</u>	<u>56,485</u>	<u>282,857</u>

### 31. RELATED PARTY TRANSACTIONS

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

	2000 HK\$'000	1999 HK\$'000
Sinolink Worldwide Company Limited ( <i>Note a</i> )		
— Interest paid thereto	—	1,370
— Licence fee paid thereto	—	590
— Sharing of overheads paid thereto	—	55
Skillful Assets Limited ( <i>Notes b &amp; c</i> )		
— Rental paid thereto ( <i>Note d</i> )	1,200	1,200
Mr. Ou Yaping ( <i>Note b</i> )		
— Interest paid thereto ( <i>Note 22</i> )	40	2,816
— Convertible note interest paid thereto ( <i>Note e</i> )	2,767	2,412
Shenzhen Xiangdu F. & E. Co., Ltd. ( <i>Note b</i> )		
— Rental received therefrom ( <i>Note d</i> )	<u>674</u>	<u>674</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 31. RELATED PARTY TRANSACTIONS (continued)

Notes:

- a. Mr. Ou Yaping, a director and shareholder of the Company, has direct beneficial interest in this company.
- b. Transactions with these related parties are regarded as connected transactions as set out in Chapter 14 of the Listing Rules of the Stock Exchange.
- c. A company controlled by Mr. Ou Yaping and of which Mr. Ou Yaping is a director.
- d. Rental expenses were determined by the directors based on the directors' estimates of fair market value
- e. The interest expense was determined in accordance with the loan agreement.

### 32. RETIREMENT BENEFITS SCHEME

The Group provides a provident fund scheme for its Hong Kong employees and the scheme is funded by contributions from employers and employees. The amount of the Group's contributions is based on a specified percentage of the basic salary of the employees concerned. Forfeited contributions in respect of unvested benefits of employees leaving the scheme prior to benefits being vested are used to reduce the Group's ongoing contributions.

Moreover, pursuant to the relevant PRC regulations, relevant subsidiaries are required to contribute amounts ranging from approximately 7 to 25 per cent. of the aggregate staff wages to certain defined contribution retirement benefits schemes for the Group's employees in the PRC.

Details of the contributions made by the Group during the year are as follows:

	<b>2000</b> <b>HK\$'000</b>	1999 HK\$'000
Group contribution to staff provident fund	<b>1,406</b>	518
Forfeited contribution utilised	<b>(85)</b>	(106)
Net contributions charged to operating profit	<b><u>1,321</u></b>	<b><u>412</u></b>
Un-utilised forfeited contributions	<b><u>—</u></b>	<b><u>—</u></b>

With the Implementation of Mandatory Provident Fund ("MPF") Schemes Ordinance on 1 December 2000 in Hong Kong, the Group also participates in master trust MPF schemes operated by independent service providers. Mandatory contributions to these MPF schemes are made by both the employers and employees at 5% of the employees' monthly relevant income capped at HK\$20,000. As the Group's retirement schemes in Hong Kong are non-MPF exempted recognised occupational retirement schemes ("ORSO schemes"), all the existing members have to lapse their ORSO schemes and participate in the MPF schemes since 1 December 2000.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 33. CONTINGENT LIABILITIES

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
Guarantees given to banks as security for the mortgage loans arranged for the purchasers of the Group's properties	<b>175,046</b>	552,215

On 17 May 1996, a legal claim in the amount of approximately HK\$13,585,000 was brought against Sinolink Worldwide (HK) Company Limited by a third party for charter hire charges overdue. After consultation with the legal adviser in relation to this litigation, the Directors believe that the claim will not have any material adverse effect on the financial position of the Group. No provision for loss has therefore been made by the Group in respect of the outstanding claim. Mr. Ou Yaping, the controlling shareholder of the Company, has agreed to indemnify the Group in connection with any amount payable and all expenses incurred (including legal costs) by Sinolink Worldwide (HK) Company Limited arising from or in connection with this claim in the event that Sinolink Worldwide (HK) Company Limited is unsuccessful in defending the claim.

### 34. CAPITAL COMMITMENTS

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
Commitments in respect of properties under development:		
— authorised but not contracted for	<b>910,006</b>	1,107,041
— contracted but not provided for	<b>16,084</b>	17,500
	<b>926,090</b>	1,124,541

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 35. LEASE COMMITMENTS

At the balance sheet date, the Group and the Company had the following outstanding annual commitments in respect of land and buildings under non-cancellable operating leases:

	2000 HK\$'000	1999 HK\$'000
<b>THE GROUP</b>		
Leases which expire:		
— within one year	1,030	1,447
— in the second to fifth year inclusive	1,912	2,267
— over five years	519	624
	<u>3,461</u>	<u>4,338</u>
<b>THE COMPANY</b>		
Leases which expire:		
— in the second to fifth year inclusive	<u>812</u>	<u>1,500</u>

### 36. PLEDGE OF ASSETS

The Group has pledged its land held under medium term leases included in the properties under development for sale, having a net book value of approximately HK\$240,160,000 (1999: HK\$237,204,000) to secure general banking facilities granted to a subsidiary of the Company.

In addition, the Group had pledged property, plant and equipment having a net book value amounted to approximately HK\$8,954,000 (1999: Nil) to secure bank loans granted to the subsidiaries of the Company.

### 37. POST BALANCE SHEET EVENT

Subsequent to 31 December 2000, the Group spun-off its LPG business held by China Pan River Group Limited, a wholly-owned subsidiary of the Company on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited on 20 April 2001.

The spin-off involved the following:

On 4 April 2001, a corporate reorganisation was carried out whereby Panva Gas Holdings Limited, a wholly owned subsidiary of the Company incorporated in the Cayman Islands on 16 November 2000, acquired the entire share capital of China Pan River Group Limited and became the holding company of the spun-off group.

As at the date of this report, the Group holds 77.96% of the issued share capital of Panva Gas Holdings Limited and remains its controlling shareholder.

## FINANCIAL SUMMARY

For the year ended 31 December 2000

	For the year ended 31 December				
	1996 HK\$'000	1997 HK\$'000	1998 HK\$'000	1999 HK\$'000	2000 HK\$'000
<b>RESULTS</b>					
Turnover	<u>283,267</u>	<u>612,517</u>	<u>1,010,305</u>	<u>744,421</u>	<u>1,518,830</u>
Profit from ordinary activities before taxation	60,074	185,451	448,766	47,722	<b>34,464</b>
Taxation	<u>(11,271)</u>	<u>(23,092)</u>	<u>(63,729)</u>	<u>(5,736)</u>	<u>(7,049)</u>
Profit from ordinary activities before minority interests	48,803	162,359	385,037	41,986	<b>27,415</b>
Minority interests	<u>(15,240)</u>	<u>(50,234)</u>	<u>(76,227)</u>	<u>(5,980)</u>	<u>(6,385)</u>
Profit for the year	<u>33,563</u>	<u>112,125</u>	<u>308,810</u>	<u>36,006</u>	<u>21,030</u>
<b>ASSETS AND LIABILITIES</b>					
Total assets		1,349,200	2,042,533	2,090,643	<b>2,188,592</b>
Total liabilities		(1,143,293)	(728,425)	(652,415)	<b>(706,547)</b>
Minority interests		<u>(117,855)</u>	<u>(170,693)</u>	<u>(260,091)</u>	<u>(282,857)</u>
Shareholders' funds		<u>88,052</u>	<u>1,143,415</u>	<u>1,178,137</u>	<u>1,199,188</u>

Notes:

1. The results for the three years ended 31 December 1998 have been prepared on a combined basis to indicate the results of the Group as if the Group structure, at the time when the Company's shares were listed on the Stock Exchange, had been in existence throughout the years concerned. The figures for the two years ended 31 December 1997 have been extracted from the Company's Prospectus dated 26 May 1998.
2. The results for the two years ended 31 December 2000 have been extracted from the audited consolidated income statement as set out on page 25 of the financial statements.

## PARTICULARS OF MAJOR PROPERTIES

For the Year ended 31 December 2000

### PROPERTIES HELD FOR DEVELOPMENT/SALE

	Description	Type of use	Gross Floor Area (Square metres)	Effective % held	Stage of completion	Anticipated completion
1.	Certain residential units at District B of Sinolink Garden Phase I & Southern District of Sinolink Garden Phase II Luohu District, Shenzhen, Guangdong Province	Residential	11,178	80%	Completed in 1998	N/A
2.	Car Park at Club House, Sinolink Garden Phase I Taining Road, Luohu District Shenzhen, Guangdong Province	Car Park	184	80%	Completed in 1998	N/A
3.	Commercial/office composite Building, District B of Sinolink Garden Phase I, Dongxiao Road, Luohu District, Shenzhen, Guangdong Province	Commercial	3,416	80%	Completion in 1998	N/A
4.	Certain residential units at Southern District of Sinolink Garden Phase II, Buxin Road, Luohu District, Shenzhen, Guangdong Province	Residential	13,398	80%	Completed in 1999	N/A
5.	Northern District of Sinolink Garden Phase II, Buxin Road, Luohu District, Shenzhen, Guangdong Province	Residential	18,716	80%	Completed in 2000	N/A
6.	District B of Sinolink Garden Phase I, Dongxiao Road, Luohu District, Shenzhen, Guangdong Province	Residential	17,537 Site Area 5,077	80%	Development plans being reviewed	2002
7.	Sinolink Garden Phase IV Taining Road, Luohu District, Shenzhen, Guangdong Province	Residential and commercial	423,382 Site Area 94,176	80%		In phase between 2002-2004

## PARTICULARS OF MAJOR PROPERTIES

*For the Year ended 31 December 2000*

### PROPERTIES OCCUPIED BY THE GROUP

	Description	Use	Gross Floor Area (Square metres)	Lease expiry	Effective % held
1.	No.28 Taining Road Luohu District Shenzhen, Guangdong Province	Office/Commercial	5,949	2067	80%
2.	Block No. 6, Pengcheng Garden, Donghu Road, Luohu District, Shenzhen, Guangdong province	Residential	695	2067	80%
3.	Sinolink Garden Phase IV Taining Road, Luohu District, Shenzhen, Guangdong Province	Commercial	1,480	2067	80%
4.	Club House, Sinolink Garden Phase I, Taining Road, Luohu District, Shenzhen, Guangdong Province	Entertainment/ Commercial	3,625	2067	49.60%
5.	Shuitou Village, Dapeng Town, Longgang District, Shenzhen, Guangdong Province	Industrial	11,097	2044	70%