Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr. Ou Yaping
(Chairman and Managing Director)
Mr. Law Sze Lai
Mr. Chen Wei
Mr. Tang Yui Man, Francis

Independent non-executive directors

Mr. Cheung Wing Yui
Mr. Tsang Yu Chor, Patrick
Mr. Liang Xiaoting

COMPANY SECRETARY

Mr. TANG Yui Man, Francis

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
Telephone : (852) 2851 8811
Fax : (852) 2851 0970

Website: http://www.sinolinkhk.com
http://www.irasia.com/hk/listco/sinolink
http://www.panva-gas.com

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 IS HEREBY GIVEN that the annual general meeting of Sinolink Worldwide Holdings Limited (the "Company") will be held at Chatham Room, Level 7, Conrad Hotel, Pacific Place 88 Queensway, Hong Kong on Friday, 24 May 2002 at 10:30 a.m. for the following purposes :—

1. To receive and consider the audited financial statements and the reports of the directors of the Company ("Directors") and reports of auditors for the year ended 31 December 2001;

2. To re-elect the retiring Directors and to authorize the board of directors to fix their remuneration;

3. To re-appoint auditors and authorise the board of Directors to fix their remuneration;

4. To transact any other business if necessary.

By Order of the Board
TANG Yui Man, Francis
Company Secretary

Hong Kong, 22 April 2002

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. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

3. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's share registrar in Hong Kong, Central Registration Hong Kong Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.

4. 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.

5. In the case of joint holders of share, if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holder, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.

Chairman's Statement

I am pleased to announce that Sinolink Worldwide Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") recorded remarkable results for the year ended 31 December 2001.

MARKET ENVIRONMENT

During the year, in spite of the volatilities in the global political and economic environments, the People's Republic of China ("PRC") has persisted with the policy of expanding its domestic demand and has adopted concrete fiscal and monetary measures to accelerate its economic restructuring. By actively and firmly carrying out various reforms, continuously opening up the economy, and rigorously rectifying and standardising its market economy, the PRC has been able to achieve continuous improvements in its economic development both in terms of quality and quantity. Market prices have remained stable; employment is increasing; the foreign accounts stand at favourable levels; and exchange rates remain stable. The living standards of the PRC people continue to increase in a healthy manner.

According to statistics, the PRC's Gross Domestic Product ("GDP") amounted to RMB9,593.3 billion in 2001, a growth of 7.3% compared with the previous year, whereas Shenzhen's GDP grew by 13.2% to RMB190.8 billion. The living standards in both urban and rural areas continued to improve. In cities and towns, the average per capita disposable income increased by 8.5% to RMB6,860, whereas in Shenzhen this grew by 8.9% to RMB235,44 million. Housing development continued to grow. Residential floor area completed in cities and towns, and in rural areas, amounted to 5,400,000,000 square metres and 7,400,000,000 square metres respectively, whereas in Shenzhen this grew by 18.4% to 7,700,000 square metres.

Developing on the favourable trend in 2000, the PRC real estate sector continued to enjoy solid growth in 2001. Major efficiency benchmarks such as profit after tax, cash flow, labour demand and fixed asset investment all show that the sector is staying ahead of other industries, which give evidence that the sector is moving on the right track.

During the year, the western region of the PRC continued to record a higher growth rate in investment compared to those of the eastern and central regions. The amount grew by 19.3% to RMB470.4 billion year-on-year, while those of the eastern and central regions grew by 13.3% to RMB1,588.3 billion and by 16.3% to RMB631.6 billion respectively. Major projects such as the Qinghai-Tibet Railway and the "East to West Gas Pipelines Project" have commenced.

With the PRC's adoption of policies to sustain its economic development and to protect the environment, and the launch of major projects such as the East to West Gas Pipelines Project, these have provided a new driving force for the development of the city gas fuel sector in the PRC.

SIGNIFICANT EVENTS

Under the favourable market environment resulted from the PRC's rapid economic growth and rising national income, the Group achieved a strong growth in operating results as well as major breakthroughs in business development. These breakthroughs can be summarised as follows:

Spin-off of Panva Gas

Panva Gas Holdings Limited ("Panva Gas") is principally engaged in the investment, development and operation of gas fuel business in the eastern, central and southwestern regions of the PRC, including the wholesale and retail sale of Liquefied Petroleum Gas ("LP Gas") in bulk and in cylinders, the provision of piped LP Gas and natural gas, and the construction and operation of gas pipelines.

Panva Gas was previously a wholly-owned subsidiary of the Company. In view of the strong growth of its business and the increasing sophistication of its management, the Company made dedicated efforts and successfully spun-off of Panva Gas on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") on 20 April 2001. The separate listing of Panva Gas helped strengthen the Group's financial position and corporate image. It also generated more opportunities for the Group to further increase its market share in the gas fuel market, particularly in the piped gas market. The share price of Panva Gas has increased by 6-fold since its listing. This can be attributed to the strong support of investors who endorse the business model of Panva Gas, the significant profit growth of Panva Gas (which grew 37 times to HK$31,700,000), and the expectation of investors towards the prospects of Panva Gas.

Successful Bid for the Best Land Lot in Shenzhen

The public auction of three land lots in Mangrove Bay reclamation zone, held in Shenzhen on 6 December 2001, might still be a most talked-about event this year in the property sectors of Shenzhen and the PRC. The three are renowned as the top quality land lots in Shenzhen. Among them, the best one is the 75,101.8 square metre land, which the Group has successfully won the bid for a consideration of RMB780,000,000. This fully reflects the Group's solid operations and competitive strengths.

The project has been named Mangrove West Coast (紅樹西岸) and is poised to gain favourable response from the market given its unique views. The Group believes that the success in bidding for the land not only will bring substantial profits for the Group but has also further strengthened the corporate standing of the "Sinolink" brand in both the PRC and abroad. The project is now at the stage of preparing the development plan. Construction is expected to commence in 2002, to be completed before December 2004.

Expansion of Fuhuade

In view of the strong electricity demand in Shenzhen and the state policy on electricity generation, the Group has carried out a major technological reform scheme for the generator units of Shenzhen Fuhuade Electric Power Co., Ltd. ("Fuhuade") in order to seek further growth for the business. The reform scheme involves the replacement of the existing generators by a combined cycle gas turbine generator unit which, equipped with advanced technological features, a significantly higher output capacity and substantially less fuel consumption, will be able to generate promising benefits. The new generator unit can use either heavy diesel fuel or natural gas as fuel, which paves the way for Fuhuade to increase its economy-of-scale benefits and eventually switch to natural gas as its primary fuel.

The scheme has received approval by the Shenzhen government and has commenced during the year under review. Based on the approval, Fuhuade will increase its electricity generation capacity by 303% to 285 megawatts from the current level of 70.8 megawatts.

Acquisition of SilverNet

Subsequent to the year under review, the Group has entered into a sale and purchase agreement with Silver Grant International Industries Limited ("Silver Grant") to acquire a 29.99% interest in SilverNet Group Limited ("SilverNet"), a company listed in Hong Kong (stock code: 622) for a consideration of approximately HK$163 million. Upon the completion of the acquisition, the Group will replace Silver Grant as the major shareholder of SilverNet. Under the agreement, the Group will pay HK$81 million in cash with the balance of the consideration to be satisfied by the issue of a 2-year convertible note. In addition, SilverNet will acquire a 70% interest in Fuhuade from the Group for a consideration of HK$360.4 million, of which HK$163.4 million will be satisfied by cash and the balance will be treated as secured loans to be repaid in instalments.

Through these arrangements, the Group will become the largest shareholder of SilverNet by injecting the interest in Fuhuade without net cash outflow. The transactions will enable the Group to have a more clearly defined corporate structure, with the Company focusing on property development and investment holding, SilverNet focusing on electricity supply, and Panva Gas focusing on gas fuel business. This not only will benefit the operations and capital employment of the businesses but will also maximise the Group's shareholder value.

PROSPECTS

Proactive Development Strategies

With the PRC's entry into the World Trade Organisation ("WTO") and its rapidly growing economy, we expect more opportunities to emerge in 2002 that favour the Group's business developments. It is particularly the case now that the corporate restructuring of the Group has resulted in three separately listed companies that are more focused on their individual businesses.

The Group's business development in 2001 has clearly shown that the Group is moving from a relatively conservative approach in investment and development towards the adoption of more proactive development strategies. Looking ahead, we will continue to adopt this approach to actively expand our market and to seek for more development opportunities. We will make use of different means to continue expanding and improving our assets in order to bring higher returns for shareholders.

Property Development

Property development will remain as the Group's core business. The Group is highly optimistic about the prospects of the Shenzhen real estate market and will continue to make Shenzhen as a primary city for our property development business. Based on our experience, there is small interrelation between the property price fluctuations in different PRC cities. As the earliest developed special economic zone of the PRC, Shenzhen has formulated a comprehensive set of laws and regulations. In additon, its proximity to Hong Kong give Shenzhen unrivalled advantages over other PRC cities.

Given the narrowing social difference between Shenzhen and Hong Kong and the imminent adoption of the 24-hour border crossing arrangements (we take the bold expectation that the Shenzhen-Hong Kong border will be fully open up within five years), more Hong Kong people are expected to buy properties in Shenzhen. Hence the Shenzhen real estate market will enjoy bright prospects. This favourable environment, and the established brand name and rich experience of the Group in the Shenzhen property sector, make solid foundations for the Group to further expand its property development business in Shenzhen. (We expect to sell 68,000 square metres of residential units this year, which represents a 20% growth over 2001.) For those investors who hold an optimistic view towards the Shenzhen real estate market, the Group's properties would undoubtedly be their first choices.

Under the appropriate circumstances, the Group will consider investing small amounts of capital in other PRC cities to maximise its growth. Meanwhile, the Group will further strengthen its foundations for the long-term development of its property business by increasing its land bank beyond the Group's needs in the next five years through tenders, acquisitions and mergers or other means.

With the PRC's entry to the WTO, a growing number of domestic and foreign companies are entering into the PRC real estate market, which will inevitably lead to more intense competition. This might bring a consolidation to the Shenzhen property sector where a number of super giant property companies might emerge. In 2002, with the growing emphasis on capital and skilled labour and increasing standardisation in the Shenzhen real estate sector, the era has come that property developers in Shenzhen will be polarised. New generation property developers and those well established with strengths will hold dominant positions in the market.

Facing this challenging development, the Group will further capitalise on its competitive advantages and strengths to launch high quality properties with sophisticated features, such as the Sinolink No. 8 and Mandarin House, and accelerate the planning and preparations for the development of Landscape City（山水城）and Mangrove West Coast（紅樹西岸）. The Group will focus on seizing the upcoming opportunities by actively acquiring additional quality land and strengthening and expanding the "Sinolink" brand name. In due course, the Group will systematically expand its property business to other cities with potentials beyond Shenzhen.

Electricity Supply

According to the relevant policies recently announced by the PRC state, great strides will be made to reform the electricity sector. Electricity generation and electricity supply networks will be managed by separate entities, while restructuring will be applied to enterprises in both streams. The electricity generation companies will have to compete in price in order to gain access to the networks. Rules and regulations as well as regulatory bodies governing the electricity sector will be introduced. The primary objectives are to establish a competitive and open environment for the sector, to adopt a new electricity pricing system, and to set up acceptable standards on the pollution caused by electricity plants in order to make it a clean industry for the protection of the environment.

Essentially, the reform focuses on "separation of the electricity plant from the supply network, price competition for access to networks, elimination of monopolies, and introduction of competition". The adoption of this policy will bring new development opportunities for the Group's electricity generation business. The Group will endeavour to increase its competitive strengths in order to seek new growth in the electricity sector and to seize the new opportunities arising from the new policy.

The Shenzhen government has earmarked the Longgang district in Shenzhen, where Fuhuade is situated, as a major industrial zone. Moreover, the state-approved natural gas terminal and storage facilities will be built at a distance of some 10 kilometres from Fuhuade. These will provide favourable conditions for Fuhuade to ultimately switch its fuel to natural gas. With the continuous growth in Shenzhen's electricity demand, Fuhuade has the potential to

further increase its electricity output capacity to 700,000-1,000,000 kilowatts and develop into a major electricity plant using natural gas fuel. The Group is actively preparing these plans for submission to the Shenzhen government.

The Group will closely monitor the output expansion works of the electricity supply business to ensure that the new generator unit will be on schedule for service. Subsequent to the year end, the Group has entered into an agreement with SilverNet to inject the 70% interest of Fuhuade into SilverNet. The transaction is subject to the approval of the independent shareholders of SilverNet at the special general meeting of SilverNet to be held on 2 May 2002. In addition, the Group has reached agreement with Silver Grant to acquire 29.99% interest in SilverNet.

These two transactions represent an important step of the Group to rationalise its business structure. By developing the electricity generation business through SilverNet, the Group's business structure will be more clearly defined so that each business has a clear identity of focusing on its core sector.

Gas Fuel Business

The PRC government is actively promoting the use of clean energy, such as LP Gas and natural gas, and limiting the use of coal, wood and carbon as fuels as part of the means to reduce environmental pollution and to protect the worsening biological environment. Moreover, the continuous rise in living standards in the PRC have prompted a change in the energy consumption pattern nationwide, with more consumers switching from coal, wood and carbon fuels to clean energy such as LP Gas and natural gas.

In order to prepare for competition from around the world following the entry to WTO, the PRC central and local governments have formulated a series of new policies and measures to restructure the economy and to reform the economic systems. One of the concrete measures under the new policies is to gradually open up the public utility sector (including urban pipeline networks) so as to place the sector under market economy. This coupled with the full implementation of the "West to East Natural Gas Pipelines Project", which is set to bring a rapid growth to the gas fuel industry, will present huge opportunities for the Group to substantially expand its market. Hence, the Group has speeded up the preparation works for the development of the southwestern and eastern regions. These include project investigations, assessments and negotiations and the strengthening of related human and capital resources to ensure that the launched projects will meet the target.

On the basis of reinforcing its existing businesses, Panva Gas will continue to adopt acquisitions and mergers as the means to participate in the reform of state-owned LP Gas and natural gas companies (which operate urban pipeline networks). Panva Gas will also consider equity participation (but not less than a controlling interest). Through these means, the Group can utilise the capital of Panva Gas as well as its experience and expertise in management and restructuring, to turn the investee companies into efficient and rewarding gas fuel operators with modern corporate management. Moreover, these measures will also help Panva Gas to speed up its market development.

The Group has achieved remarkable performance during the past year. With the PRC economy growing strongly and Panva Gas's continuous adoption of proactive development strategies, it can be expected that Panva Gas will be able to contribute higher profits to the Group. We are highly confident of the prospects of our gas fuel business.

The gas fuel distribution business is entering a period of high growth. The Group will continue to focus on the enhancement of its LP Gas operations and natural gas operations, including infrastructure development, sale and distribution, transportation and storage, and related services. The Group will also participate in acquisitions and mergers to swiftly expand its market share. The continuous rise in the living standards in the PRC, and the PRC government's commitment to environmental protection and the use of green energy sources, the Group will be able to capitalise on its competitive advantages to generate higher returns to investors.

A-share Listing in the PRC

With the continuous development and enhancement in the PRC stock markets, it is increasingly likely that foreign enterprises will seek for A-share listings in the PRC. In fact, the major obstacles for foreign enterprises to seek for A-share listings have already been removed. The Group has been keeping a close eye on the policy changes concerning the PRC capital markets in order to seize the opportunities that may arise. Essentially, all of the Group's businesses - property development, electricity supply and gas fuel business - are now ready for A-share listings in the PRC, and the Group has been actively making preparations in this regard.

The fund-raising costs in the PRC are lower than those in Hong Kong and abroad. As such, the Group believes that the success of an A-share listing in the PRC will provide another financing channel for the Group's businesses, which will be beneficial to the Group's long-term development and in the interest of its shareholders.

Higher Corporate Transparency

The Group will endeavour to further increase its corporate transparency so that shareholders and investors can have a better and clearer understanding of the Group's development goals, business plans and project progress, particularly those that are related to the Group's finance. We plan to adopt various effective means to enhance the dialogues and contacts between our management and the investors.

Human Resources Development

High calibre staff is one of the most essential factors for the Group to ensure the continuous growth of its businesses. The Group will continue to make improvements to its human resources development programme in the areas of recruitment, deployment, management and training of staff, and the enhancement of incentives for its staff. Aimed at achieving a scientific and effective system, the improvements are also related to the introduction of a better mechanism for promoting healthy competition among staff and for the dismissal of those that under-perform. The Group will also spend more efforts to develop a good corporate culture, which is essential to the maintaining of a strong team spirit and high efficiency.

Last but not least, on behalf of the board I would like to take this opportunity to express our sincerest gratitude to all shareholders for their strong support and to all staff for their hard work and contribution to the Group.

Ou Yaping
Chairman

Hong Kong, 22 April 2002

Management Discussion & Analysis

REVIEW OF OPERATIONS

For the year ended 31 December 2001, the Group's turnover amounted to approximately HK$1,527,305,000, an increase of 0.56% compared with 2000. Profit attributable to shareholders grew by 456.2% to approximately HK$116,971,000. As at 31 December 2001, the Group's consolidated net asset value was approximately HK$1,275,760,000, or HK$0.76 per share, with cash on hand of HK$565,438,000 and a long-term debt to equity ratio of 40%.

During the year under review, the PRC economy grew strongly in 2001 against the global economic slowdown. With operations focusing in the PRC, the Group benefited from the country's favourable economic environment.

Property Development

The Shenzhen municipal government and the relevant authorities have introduced systematic measures to standardise the city's land development and to promote the real estate sector, which result in a more structured land supply and booming activities in the Shenzhen property market. The advantage of Shenzhen being a neighbour to the Hong Kong Special Administrative Region ("Hong Kong") also brought considerable demand for Shenzhen properties. Engaged in property development in Shenzhen for many years, the Group has nurtured a professional project team and established "Sinolink" as a brand name for high quality properties. These competitive advantages enabled the Group to seize the market opportunities by accelerating the development of its real estate projects in Shenzhen and made the timely launch of Sinolink Garden Phase Three, named Mandarin House, to meet the strong market demand.

Large residential projects were the focal point in the Shenzhen real estate market in 2001. There has been a transition from concerns on the layout plan, unit design, greenery and scenery, and property management, to concerns on the brand name of the developer and the community and lifestyle created by a project. While the supply and demand for residential properties in Shenzhen continued to grow steadily, home buyers have become more sophisticated and discriminating, with more divergent needs and higher expectations that call for an increase in the overall quality of the properties.

During the year, the Group launched the sale of Mandarin House, which comprises seven blocks of 32-storey residential buildings with a total of 1,288 units representing a gross floor area of 100,000 square metres. Despite the project is still under construction, the pre-sale commenced in August has been well received. The Group has offered different sales packages to homebuyers to give them more flexibility.

The Group sold a total floor area of 56,932 square metres during the year at an average selling price of RMB8,164 per square metre. Plans were also made for the launch of projects in 2002 including the Sinolink No. 8 and for the increase in land bank.

Sinolink No. 8 has completed excavation and piling works during the year and is now preparing for basement ground works. The property is scheduled for completion in August 2003.

During the year, the Group also commenced the design and construction of Landscape City（山水城）and carried out market research to ensure that the project can fully utilise its geographic and environmental advantages to provide home buyers with modern, highly usable and good value residential units.

In December, the Group participated in a public land auction held in Shenzhen and won the bid for a land lot in Mangrove Bay for a consideration of RMB780,000,000. The land, renowned as one of the best land lots in Shenzhen, occupies a total area of 75,101.8 square metres with a buildable area of 255,300 square metres. The Group has named this project as "Mangrove West Coast"（紅樹西岸）to reflect its prime location. It enjoys an unobstructed view of Shenzhen Bay with attractive sceneries of the golf club, theme parks and lakes, as well as excellent town planning and convenient transportation facilities.

Gas Fuel Business

For the year ended 31 December 2001, the LP Gas and natural gas business recorded a turnover of approximately HK$1,008,335,000, representing a slight decrease of approximately 4.85% from the previous year. The gross profit margin increased from 4.59% in 2000 to 12.68% in 2001. The increase in gross profit margin was mainly attributable to the increase in the proportion of the retail business of the Group which commands a higher gross profit margin than the wholesale operation.

Through dedication and hard work from the management team of Panva Gas the end-user household customers of Panva Gas are now over 1,150,000 households, an increase of approximately 43.75% when compared to last year. The increase is a reflection of Panva

Gas's commitment to expand its retail operations by strengthening of customer management and the continuous improvement of customer services.

In developing the piped gas provision business, Panva Gas has spent much of its efforts on the construction of piped gas stations, main pipelines, and branch gas pipeline networks, establishing a network to supply LP Gas and natural gas directly into the homes of the end-user customers.

The Group has commenced the feasibility evaluation of possible piped gas development projects and has commenced discussions with certain local operators on the possible business partnerships in some of these areas. The Group intends to spend much of its effort on the expansion of the retail sales of LP Gas in cylinders, the provision of piped LP Gas and natural gas, and the gas pipeline construction business in the coming years.

Electricity Supply

Having completed the fuel conversion for electricity generation in 2000 to reduce the risks of fuel price fluctuations, the Group's subsidiary Fuhuade was able to report good operating results in 2001. During the year, Fuhuade sold a total of 260,000,000 watts of electricity and its generators attained a high utilisation rate of 87.9%. This coupled with the success in controlling fuel costs have enabled the electricity supply business to be profitable again.

In developing of the strong demand for electricity in the Guangdong province, the Group has decided to further expand its electricity supply business. During the year, Fuhuade purchased a gas turbine generator unit and accessory equipment from Siemens Atkiengesellschaft, which will enable Fuhuade to operate a combined cycle power plant that will enlarge its electricity output capacity from 70.8 mega watts to 285 mega watts. The generator unit can also use natural gas as fuel, thus enabling Fuhuade to further reduce its fuel costs. The expansion in output capacity together with the reduction in fuel costs will further improve the profitability of Fuhuade.

FINANCIAL POSITION

The Group's total borrowings increased from approximately HK$284,276,000 as at 31 December 2000 to approximately HK$920,960,000 as at 31 December 2001. The proportion of borrowings due within one year to total borrowings decreased from approximately 80.6% to approximately 44.5% and a long term liabilities to equity ratio of 40.5%. Borrowings are mainly used to finance the property development projects of the Group and are all borrowed at fixed interest rates. The increase is mainly used to finance the acquisition of a piece of land in Shenzhen.

Total assets pledged in securing these loans have a net book value of approximately HK$239,236,000 as at 31 December 2001. 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$565,438,000 as at 31 December 2001 are mostly denominated in RMB, Hong Kong dollars and US dollars.

MAJOR ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the year, a subsidiary of the Group, Panva Gas underwent a reorganisation to rationalise the Group structure by rolling the operating subsidiaries in the PRC into the Group's wholly owned PRC incorporated investment holding company, Panriver Investments Company Limited.

The Group added two new operating subsidiaries during the year, Panva Gas (Yunnan) Co., Ltd. and Ziyang Gas Company. One other operating subsidiary in Nanjing is currently being established. During the year, Pan River Gas (Guizhou) Co., Ltd. increased its register capital and changed its name into Pan River Gas (China Southwest) Co., Ltd.

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$122,026,000.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2001, the Group had 2,661 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.

DIRECTORS' PROFILE

EXECUTIVE DIRECTORS

Mr. Ou Yaping, aged 40, 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. Mr. Ou has 16 years of experience in investing, trading, property development and corporate management. Mr. Ou is responsible for the overall planning, management and strategic development of the Group.

Mr. Law Sze Lai, aged 59, was appointed as a director of the Company in December 1997. He is also an executive director of Shenzhen Sinolink Enterprises Co., Ltd. He has been employed by a number of real estate companies in the PRC. He is a qualified economist in the PRC and has over 14 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 40, 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 16 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 gas fuel business.

Mr. TANG Yui Man, Francis, aged 39, was appointed as a director of the Company in September 2001. Mr. Tang is also an executive director of Panva Gas. He graduated with a Bachelor degree in computer studies from the University of Victoria in Canada and with a Master of Business Administration degree from The City University of New York in the United States. Mr. Tang is a qualified accountant in the United States and has numerous years of experience in management, accounting and finance. Mr. Tang is responsible for corporate planning, strategic development and financial planning and management of the Group and Panva Gas.

NON-EXECUTIVE DIRECTORS

Mr. Liang Xiaoting, aged 50, was appointed as an independent non-executive director of the Company in April 1998. He was formerly 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 took the AMF Program at the Business School of the Harvard University in 2001.

Mr. Cheung Wing Yui, aged 52, 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 50, 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

The directors present their annual report and the audited financial statements of the Company and of the Group for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 17 and 18 respectively to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2001 are set out in the consolidated income statement on page 32 of the annual report.

A special interim dividend was declared on 4 April 2001 and was 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. An interim dividend of HK$0.03 per share amounting to HK$45,600,000 was paid to the shareholders during the year. On 26 October 2001, the Company issued 152,000,000 shares of HK$0.10 each in the Company as bonus issue of shares on the basis of one new share of HK$0.10 each for every ten existing shares of HK$0.10 each held by the shareholders of the Company.

Pursuant to a resolution passed at a meeting of board of directors held on 22 April 2002, warrants will be issued to shareholders of the Company by way of bonus issue on the basis of one warrant for every ten existing shares of HK$0.10 each in the capital of the Company. The bonus issue of warrants is subject to shareholders approval at the forthcoming special general meeting of the Company to be held on 24 May 2002.

RESERVES

Movements during the year in the reserves of the Group and the Company are set out in note 29 to the financial statements.

FINANCIAL SUMMARY

A summary of the results of the Group for the past five financial years ended 31 December 2001 and of the assets and liabilities of the Group as at 31 December 1997, 1998, 1999, 2000 and 2001 is set out on page 81 of the annual report.

PROPERTY, PLANT AND EQUIPMENT

The Company's leasehold land and buildings were revalued at 31 January 2001 and 31 December 2001. The revaluations resulted in a deficit and a surplus over book values amounting to HK$1,851,000 and HK$24,068,000 respectively, which has been debited directly to the consolidated income statement and credited directly to the properties revaluation reserve.

Details of these and other movements during the year in the property, plant and equipment of the Group and of the Company are set out in note 14 to the financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 28 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 in June 1998 and the net proceeds were approximately HK$412 million.

As disclosed in the 1998, 1999 and 2000 annual reports, approximately HK$312 million has 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:

	HK$'000
Remaining balance	100,000

These funds are retained for the transformation of outdoor power transformer stations and overhead transmission cables into indoor power transformer stations and underground transmission cables at Yinhu.

The funds retained were placed on short term deposits with commercial banks in Hong Kong. The application of proceeds from the initial public offer 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

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 18 September 2001)

Independent non-executive directors:

Mr. Cheung Wing Yui
Mr. Tsang Yu Chor, Patrick
Mr. Liang Xiaoting

In accordance with the Company's Bye-Laws, Messrs. Law Sze Lai, Tang Yui Man, Francis and Liang Xiaoting retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election except for Mr. Liang Xiaoting, who does not offer himself 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.

DIRECTORS' INTERESTS IN SHARES

(i) Shares

At 31 December 2001, 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 Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

	Number of ordinary shares held				
Name of Director	Personal interest	Family interest	Corporate interest	Other interest	Total
Ou Yaping	2,640,000	2,756,600	1,110,593,000 *(Note)*	—	1,115,989,600
Tang Yui Man, Francis	770,000	—	—	—	770,000

Note: These shares are held by Asia Pacific Promotion Limited, a company incorporated in the British Virgin Islands ("BVI"), which is legally and beneficially owned by Mr. Ou Yaping, Chairman and Managing Director of the Company.

(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 *(Note)*	55%

Note: These interests are held by Superline Limited, a company incorporated in Hong Kong which is legally and beneficially owned by Mr. Ou Yaping, Chairman and Managing Director of the Company.

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' INTERESTS IN CONVERTIBLE NOTES

As at 31 December 2001, Mr. Ou Yaping held convertible notes amounting to HK$55,183,411. These convertible notes were converted into 134,592,000 shares of the Company on 8 February 2002 at an adjusted conversion price of HK$0.41 per share. The remaining balance was repaid in cash.

DIRECTORS' INTERESTS IN SHARE OPTIONS

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

Name of Directors	Exercise period	Date of share options granted	Exercise price *HK$*	Number of share options held and outstanding at 31 December 2001
Mr. Law Sze Lai	6.1.1999 to 5.1.2002	29 June 1998	0.55	11,000,000
	6.7.1999 to 5.1.2002	29 June 1998	0.64	11,000,000
	3.9.1999 to 3.9.2002	1 March 1999	0.41	3,300,000
	3.3.2000 to 3.9.2002	1 March 1999	0.41	3,300,000
	3.9.2001 to 3.9.2002	1 March 1999	0.41	2,200,000
	3.4.2002 to 3.4.2005	21 September 2001	0.33	5,500,000
Mr. Chen Wei	6.1.1999 to 5.1.2002	29 June 1998	0.55	11,000,000
	6.7.1999 to 5.1.2002	29 June 1998	0.64	11,000,000
	3.9.1999 to 3.9.2002	1 March 1999	0.41	3,300,000
	3.3.2000 to 3.9.2002	1 March 1999	0.41	3,300,000
	3.9.2000 to 3.9.2002	1 March 1999	0.41	2,200,000
	3.4.2002 to 3.4.2005	21 September 2001	0.33	5,500,000
Mr. Tang Yui Man, Francis	1.1.2002 to 1.1.2005	15 June 2001	0.41	2,750,000
	1.3.2002 to 1.3.2005	15 June 2001	0.41	2,750,000
	1.6.2002 to 1.6.2005	15 June 2001	0.41	1,650,000
	1.6.2003 to 1.6.2006	15 June 2001	0.41	1,650,000
	3.4.2002 to 3.4.2005	21 September 2001	0.33	2,750,000
	3.10.2002 to 3.10.2005	21 September 2001	0.33	2,750,000

None of the directors exercised any share option to subscribe for shares of the Company during the year ended 31 December 2001.

Save as disclosed above, as at 31 December 2001, 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.

SHARE OPTION SCHEME

Pursuant to the share option scheme approved by resolutions of the shareholders of the Company dated 11 May 1998 (the "Scheme"), the Company may grant options to the directors or employees of the Company or its subsidiaries, for the recognition of their contributions to the Group, to subscribe for the shares in the Company. The exercise price of the share option will be determined at the higher of the average of closing prices of the shares on the Hong Kong Stock Exchange on the five trading days immediately preceding the date of grant of the option the closing price of the shares on the Hong Kong Stock Exchange on the date of grant and the nominal value of the shares. The option granted must be taken up within 28 days of the date of granted.

The share options are exercisable at any time for a period to be determined by the directors, which shall not be more than 10 years from the date of grant.

At 31 December 2001, the outstanding number of shares in respect of which options had been granted under the Scheme was 103,796,000, representing 6.21% of the shares of the Company in issue at that date.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Consideration of HK$1 is payable on the grant of an option.

The directors believe that any statement regarding the value of options granted during the year will not be meaningful to shareholders, taking into account the unique business nature of the Group and its potential for future expansion and that comparable data required for calculation of the value of the options will not be representative of the Group.

No charge is recognised in the income statement in respect of the value of share options granted during the year.

A summary of the movements during the year in the ordinary share options granted are as follows:

		Number of share options				
		Outstanding at 1.1.2001 Number of Shares	Granted during the year Number of Shares	Bonus issue during the year Number of Shares	Lapsed during the year Number of Shares	Outstanding at 31.12.2001 Number of Shares
(a)	1998					
	Directors	40,000,000	—	4,000,000	—	44,000,000
	Employees	—	—	—	—	—
		40,000,000	—	4,000,000	—	44,000,000
(b)	1999					
	Directors	16,000,000	—	1,600,000	—	17,600,000
	Employees	2,450,000	—	155,000	(900,000)	1,705,000
		18,450,000	—	1,755,000	(900,000)	19,305,000
(c)	2000					
	Directors	—	—	—	—	—
	Employees	1,300,000	—	80,000	(500,000)	880,000
		1,300,000	—	80,000	(500,000)	880,000
(d)	2001A					
	Directors	—	8,000,000	800,000	—	8,800,000
	Employees	—	5,200,000	520,000	—	5,720,000
		—	13,200,000	1,320,000	—	14,520,000
(e)	2001B					
	Directors	—	15,000,000	1,500,000	—	16,500,000
	Employees	—	7,810,000	781,000	—	8,591,000
		—	22,810,000	2,281,000	—	25,091,000

Details of specific categories of options are as follows:

Option type	Date of grant	Vesting period	Exercise period	Exercise price
1998	29.6.1998	6 months	6.1.1999 - 5.1.2002	HK$0.55
	29.6.1998	12 months	6.7.1999 - 5.1.2002	HK$0.64
1999	1.3.1999	6 months	3.9.1999 - 3.9.2002	HK$0.41
	1.3.1999	12 months	3.3.2000 - 3.9.2002	HK$0.41
	1.3.1999	18 months	3.9.2001 - 3.9.2002	HK$0.41
2000	20.1.2000	12 months	1.1.2001 - 1.1.2004	HK$0.50
2001A	15.6.2001	6 months	1.1.2002 - 1.1.2005	HK$0.41
	15.6.2001	9 months	1.3.2002 - 1.3.2005	HK$0.41
	15.6.2001	12 months	1.6.2002 - 1.6.2005	HK$0.41
	15.6.2001	24 months	1.6.2003 - 1.6.2006	HK$0.41
2001B	21.09.2001	6 months	3.4.2002 - 3.4.2005	HK$0.33
	21.09.2001	12 months	3.10.2002 - 3.10.2005	HK$0.33
	21.09.2001	14 months	30.12.2002 - 30.12.2005	HK$0.33

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 Messrs. Chen Wei and Tang Yui Man, Francis, each of the executive directors has entered into a renewed service contract with the Company for an initial period of two years commencing on 1 April 2001, which shall continue thereafter until terminated by either party giving not less than six month's prior written notice.

Mr. Chen Wei has entered into a renewed service contract with Panva Gas for an initial period of three years commencing on 1 April 2001, which shall continue thereafter until terminated by either party 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

Pursuant to Chapter 14 of the Listing Rules, the following connected transactions of the Company require disclosure in the annual report of the Company:

(i) 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%. by the Group and 20%. 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%. and 6.5%. respectively) are interested in 45 per cent. and 55 per cent. respectively of its registered capital as the tenant), Shenzhen Sinolink allows 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. The operation of the restaurant was ceased at the end of July 2001. Total rental income of RMB420,000 (equivalent to HK$392,891) was received or receivable from Shenzhen Xiangdu for the year ended 31 December 2001.

(ii) As disclosed in the Company's circular dated 25 January 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") on 12 February 1999. 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 LP Gas. The Acquisition was 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 a convertible note in favour of Mr. Ou Yaping. Total interest expenses of HK$2,759,000 were paid or payable for the year ended 31 December 2001.

(iii) As disclosed in the Company's circular dated 21 January 2002, pursuant to the RMB550,000,000 and RMB80,000,000 loan agreements ("Loans") dated 10 December 2001 between Shenzhen Sinolink and Bank of China, Shenzhen Branch in which the company has provided guarantee on the loans respectively. Shenzhen Sinolink is an indirect non-wholly owned subsidiary of the Company in which the Company has 80% indirect interest, and the remaining 20% interest is held by Shenzhen Power Supply Services Corporation. Shenzhen Power Supply Services Corporation is a connected person by virtue of being a substantial shareholder of Shenzhen Sinolink and a shareholders of a subsidiary of Shenzhen Sinolink, however, it will not provide any guarantee in respect of the Loans. In view of the fact that Shenzhen Power Supply Services Corporation is a connected person by virtue of being a substantial shareholder in Shenzhen Sinolink

Property Management Co., Ltd. a subsidiary of the Company in which Shenzhen Sinolink has 50% equity interest and Shenzhen Power Supply Services Corporation has a 25% attributable equity interest, provision of the Loans by the Company, Sinolink LPG Development Limited and Sinolink LPG Investment Limited constitute connected transactions for the Company under Rule 14.26(6)(a) of the Listing Rules which approved by the shareholders of the Company.

(iv) As disclosed in the Company's announcement dated 10 December 2001, Shenzhen Sinolink Enterprises Co., Ltd., a 80% subsidiary of the Company entered into an acquisition agreement dated 7 December 2001 between Shenzhen Xiehe Power Company Limited ("Xiehe") in respect of the acquisition of 30% of the equity interest in Shenzhen Fuhuade Electricity Co., Ltd. ("Fuhuade") from Xiehe for a cash consideration of RMB20,000,000 (equivalent to approximately HK$18,709,074). In view of the fact that Xiehe is a substantial shareholder of Fuhuade, a subsidiary of the Company, Xiehe is a connected person under the Listing Rules. The acquisition constitutes a connected transaction for the Company pursuant to the Listing Rules. (Announcement dated 10 December 2001).

Connected transactions with Waivers granted by the Hong Kong Stock Exchange

(a) The following connected transactions have been entered into by the Company and its subsidiaries to which the Hong Kong Stock Exchange has, subject to certain conditions, granted waivers to the Company on 20 May 1998 from compliance with the requirements stipulated in Chapter 14 of the listing Rules.

(i) Pursuant to the tenancy agreements dated 1 April 2000 which expired on 31 March 2002 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 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 2001.

(ii) Pursuant to an agreement for the provision of services dated 8 January 2001 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 has to 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 for the service fee) will be entered into between Ocean Diamond Limited and Shenzhen Sinolink on a yearly basis. A total service fee of RMB1,800,000 (equivalent to HK$1,683,817) was paid or payable to Ocean Diamond Limited for the year ended 31 December 2001.

(iii) 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 (equivalent to HK$654,818). It is intended that an agency services agreement with the same terms (subject to adjustment for the service fee) will be entered into annually between Sinolink Worldwide (HK) and Shenzhen Sinolink. A total service fee of approximately RMB8,400,000 (equivalent to HK$7,857,811) was paid or payable by Shenzhen Sinolink to Sinolink Worldwide (HK) for the year ended 31 December 2001.

(iv) 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. A total amount of approximately RMB166,903,546 (equivalent to HK$156,155,796) worth of electricity was sold to Shenzhen Power Supply Bureau during the year ended 31 December 2001.

(b) The following connected transactions have been entered into by the Company and its subsidiaries to which the Hong Kong Stock Exchange has, subject to certain conditions, granted waivers to the Company from compliance with the requirements stipulated in Chapter 14 of the Listing Rules.

(i) As disclosed in the Company's circular dated 15 November 2000, pursuant to a LP Gas supply agreement ("Supply Agreement") dated 19 October 2000 between Pan River Enterprises (Changsha) Company 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 independent third party agreed to supply to Changsha JV high quality LP Gas at a price determinable by a pre-set formula as set out in the Supply Agreement. CPC is an associate (within the meaning of the Listing Rules) of the PRC party which holds the 40% interest in Changsha JV and thus entering into the

Supply Agreement constituted a connected transaction for the Company. Since the commencement of the Supply Agreement, a total of approximately RMB313,495,500 (equivalent to HK$293,260,523) worth of LP Gas was sold by CPC to Changsha JV for the year ended 31 December 2001.

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 arm's length basis and, where applicable, in accordance with the terms of the agreements governing these 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 the 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 Hong Kong 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 2001.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's largest supplier accounted for approximately 40% of the Group's total purchases and the Group's largest five suppliers accounted for approximately 93% 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 suppliers.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 December 2001 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules on the Hong Kong 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, 22 April 2002

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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 32 to 80 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 2001 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, 22 April 2002

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2001

	Notes	**2001**	2000
		HK$'000	*HK$'000*
Turnover	*4*	**1,527,305**	1,518,830
Cost of sales		**(1,258,519)**	(1,373,418)
Gross profit		**268,786**	145,412
Other revenue	*6*	**10,117**	4,673
Distribution costs		**(48,233)**	(37,080)
Administrative expenses		**(101,503)**	(99,529)
Other operating expenses		**(5,912)**	(1,363)
Profit from operations	*7*	**123,255**	12,113
Interest income on bank deposits		**22,733**	27,455
Finance costs	*9*	**(6,844)**	(5,326)
Gain on disposal of subsidiaries	*10*	**44,466**	—
Gain on disposal of an associate		**422**	—
Share of results of associates		**(360)**	222
Profit before taxation		**183,672**	34,464
Taxation	*11*	**(10,499)**	(7,049)
Profit before minority interests		**173,173**	27,415
Minority interests		**(56,202)**	(6,385)
Net profit for the year		**116,971**	21,030
Dividends	*12*	**60,639**	—
		HK cents	*HK cents*
Earnings per share	*13*		
Basic		**7.00**	1.26
Diluted		**6.63**	N/A

Consolidated Balance Sheet

At 31 December 2001

	Notes	2001 HK$'000	2000 HK$'000
Non-current assets			
Property, plant and equipment	14	**480,873**	384,502
Goodwill	15	**22,069**	—
Negative goodwill	16	**(18,955)**	—
Interests in associates	18	**6,422**	9,341
Investment in securities	19	**23,808**	1,124
Loan receivable	20	**2,473**	5,982
		516,690	400,949
Current assets			
Stock of properties	21	**1,602,424**	792,201
Inventories	22	**39,468**	24,395
Trade and other receivables	23	**229,883**	313,649
Amount due from minority shareholders		**5,584**	—
Investment in securities	19	**6,992**	1,324
Bank balances and cash		**565,438**	656,074
		2,449,789	1,787,643
Current liabilities			
Trade and other payables	24	**362,749**	329,452
Tax liabilities		**30,986**	36,334
Amounts due to minority shareholders	26	**7,267**	56,485
Borrowings	27	**410,170**	229,093
		811,172	651,364
Net current assets		**1,638,617**	1,136,279
Total assets less current liabilities		**2,155,307**	1,537,228
Non-current liabilities			
Borrowings	27	**(510,790)**	(55,183)
		1,644,517	1,482,045
Minority interests		**(368,757)**	(282,857)
		1,275,760	1,199,188
Capital and reserves			
Share capital	28	**167,200**	152,000
Reserves	29	**1,108,560**	1,047,188
		1,275,760	1,199,188

The financial statements on pages 32 to 80 were approved and authorised for issue by the Board of Directors on 22 April 2002 and are signed on its behalf by:

Ou Yaping
CHAIRMAN

Tang Yui Man, Francis
DIRECTOR

Balance Sheet

At 31 December 2001

	Notes	2001 HK$'000	2000 HK$'000
Non-current assets			
Property, plant and equipment	14	**360**	476
Investments in subsidiaries	17	**1,051,728**	1,006,091
		1,052,088	1,006,567
Current assets			
Trade and other receivables		**1,298**	3,192
Investment in securities	19	**6,641**	—
Bank balances and cash		**103,309**	135,794
		111,248	138,986
Current liabilities			
Trade and other payables		**10,666**	1,252
Amount due to subsidiaries	25	**59,466**	700
Borrowings	27	**55,183**	—
		125,315	1,952
Net current (liabilities) assets		**(14,067)**	137,034
Total assets less current liabilities		**1,038,021**	1,143,601
Non-current liabilities			
Borrowings	27	**—**	(55,183)
		1,038,021	1,088,418
Capital and reserves			
Share capital	28	**167,200**	152,000
Reserves	29	**870,821**	936,418
		1,038,021	1,088,418

Ou Yaping
CHAIRMAN

Tang Yiu Man, Francis
DIRECTOR

Consolidated Statement of Recognised Gains Losses

For the year ended 31 December 2001

	2001	2000
	HK$'000	*HK$'000*
Gain on revaluation of land and buildings	**20,558**	—
Exchange differences arising on translation of overseas operations not recognised in the income statement	**8**	21
	20,566	21
Net profit for the year	**116,971**	21,030
Total recognised gains and losses	**137,537**	21,051

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2001

	Notes	2001 HK$'000	2000 HK$'000
NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES	30	**(553,509)**	164,059
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		**(18,947)**	(20,641)
Interest income		**26,548**	26,743
Dividends paid by subsidiaries to minority shareholders		**(14,582)**	(1,871)
Dividend paid to shareholders		**(45,600)**	—
NET CASH (OUTFLOW) INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		**(52,581)**	4,231
TAXATION			
Overseas tax paid		**(15,378)**	(9,214)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(95,382)**	(85,670)
Proceeds from sale of property, plant and equipment		**2,880**	2,357
Investment in an associate		**—**	(234)
Purchase of investments in securities		**(80,957)**	(1,877)
Proceeds from disposal of other investments		**52,686**	—
Repayment from associates		**174**	—
Advances to minority shareholders		**(5,584)**	—
Disposal of a subsidiary	31	**(34)**	—
Net cash outflow in respect of purchase of a subsidiary	32	**(7,048)**	—
Net cash inflow in respect of partial disposal of a subsidiary		**41,229**	—
Net cash outflow in respect of partial acquisition of subsidiaries		**(7,683)**	—
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(99,719)**	(85,424)
NET CASH (OUTFLOW) INFLOW BEFORE FINANCING		**(721,187)**	73,652

For the year ended 31 December 2001

	Notes	2001 HK$'000	2000 HK$'000
FINANCING	33		
New borrowings		**636,684**	2,713
Repayment of loan to a director		**—**	(4,713)
(Repayment to) advances from minority shareholders		**(49,218)**	33,688
Contribution from minority shareholders of a subsidiary		**43,078**	17,927
NET CASH INFLOW (OUTFLOW) FROM FINANCING		**630,544**	49,615
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(90,643)**	123,267
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**656,074**	532,461
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**7**	346
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**565,438**	656,074

Notes to the Financial Statements

For the year ended 31 December 2001

1. GENERAL

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

The principal activities of the Group are property development, supply of electricity and wholesaling and retailing of LP Gas and natural gas ("Gas fuel").

2. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted for the first time a number of new and revised Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants. Adoption of these SSAPs has led to a number of changes in the Group's accounting policies. The revised accounting policies are set out in note 3. In addition, the new and revised SSAPs have introduced additional and revised disclosure requirements which have been adopted in these financial statements. Comparative amounts for the prior year have been restated in order to achieve a consistent presentation.

The adoption of these new and revised SSAPs has resulted in the following changes to the Group's accounting policies that have affected the amounts reported for the current or prior periods.

Operating lease commitments

SSAP No. 14 (Revised) "Leases" has introduced some amendments to the basis of accounting for operating leases, and to the disclosures specified for the Group's and the Company's leasing arrangements. These changes have not had any material effect on the results for the current or prior accounting periods and, accordingly, no prior period adjustment has been required. Disclosures for all of the Group's and the Company's leasing arrangements have been modified so as to comply with the requirements of SSAP 14 (Revised). Comparative amounts have been restated in order to achieve a consistent presentation.

Segment reporting

In the current year, the Group has changed the basis of identification of reportable segments to that required by SSAP 26 "Segment Reporting". Segment disclosures for the year ended 31 December 2000 have been amended so that they are presented on a consistent basis.

For the year ended 31 December 2001

2. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE *(Continued)*

Goodwill

In the current year, the Group has adopted SSAP 30 "Business Combinations" and has elected not to restate goodwill (negative goodwill) previously eliminated against (credited to) reserves. Accordingly, goodwill arising on acquisitions prior to 1 January 2001 is held in reserves and will be charged to the income statement at the time of disposal of the relevant subsidiary or at such time as the goodwill is determined to be impaired. Negative goodwill arising on acquisitions prior to 1 January 2001 will be credited to income at the time of disposal of the relevant subsidiary.

Goodwill arising on acquisitions on or after 1 January 2001 is capitalised and amortised over its estimated useful life. Negative goodwill arising on acquisitions on or after 1 January 2001 is presented as a deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

3. 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 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

For the year ended 31 December 2001

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

Goodwill arising on acquisitions prior to 1 January 2001 continues to be held in reserves and will be charged to the income statement at the time of disposal of the relevant subsidiary or at such time as the goodwill is determined to be impaired.

Goodwill arising on acquisitions on or after 1 January 2001 is capitalised and amortised on a straight-line basis over its useful economic life. Goodwill arising on the acquisition of a subsidiary is presented separately in the balance sheet.

Negative goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition over the cost of acquisition.

Negative goodwill arising on acquisitions prior to 1 January 2001 continues to be held in reserves and will be credited to income at the time of disposal of the relevant subsidiary.

Negative goodwill arising on acquisitions on or after 1 January 2001 is presented as a deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

To the extent that the negative goodwill is attributable to future losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight-line basis over the remaining average useful life of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised in income immediately.

Negative goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a deduction from assets.

Recognition of revenue

Development properties

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

For the year ended 31 December 2001

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Recognition of revenue *(Continued)*

Development properties (Continued)

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

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

Sales of electricity supply

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

Gas pipelines construction revenue

Gas pipelines construction revenue is recognised when the outcome of a gas connection contract can be estimated reliably and the stage of completion at the balance sheet date can be measured reliably. Revenue from gas connection contracts is recognised on the percentage of completion method, measured by reference to the value of work carried out during the period. When the outcome of a gas connection contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

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 services

Income from property management services 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.

For the year ended 31 December 2001

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Recognition of revenue *(Continued)*

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

A joint venture is treated as a subsidiary if, under the joint venture control, the Group holds more than half of the joint venture Company's registered capital or the Group can control the composition of the board of directors.

Interests in associates

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 less any identified impairment loss.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment securities

Investments 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 values, with unrealised gains and losses included in net profit or loss for the year.

Property, plant and equipment

Land and buildings are stated in the balance sheet at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Other plant and equipment are stated at cost less depreciation and accumulated impairment losses.

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	3 per cent. to 10 per cent.
Plant and machinery	6 per cent. to 30 per cent.
Furniture, fixtures and equipment	18 per cent. to 40 per cent.
Motor vehicles	6 per cent. to 30 per cent.

For the year ended 31 December 2001

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 work are transferred to property, plant and equipment.

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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. Other 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 the Hong Kong dollar and which operate in the 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.

For the year ended 31 December 2001

3. 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.

Construction contracts

When the outcome of a construction contract can be estimated reliably and the stage of contract completion at the balance sheet date can be measured reliably, contract costs are charged to the income statement by reference to the stage of completion of the contract activity at the balance sheet date on the same basis as contract revenue is recognised.

When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred. When it is probable that total contracts costs will exceed contract revenue, the expected loss is recognised an expense immediately.

Convertible note

A convertible note is regarded as a liability until conversion occurs and the finance costs recognised in the income statement in respect of the convertible note are calculated so as to produce a constant periodic rate of charge on the remaining balance of the convertible note for each accounting period.

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.

For the year ended 31 December 2001

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 retirement benefit costs charged in the income statement represents the contributions payable in respect of the current year to the Group's defined contribution scheme and Mandatory Provident Fund Scheme in Hong Kong and state — sponsored retirement plan for its employees in the PRC.

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.

4. TURNOVER AND CONTRIBUTION TO PROFIT FROM OPERATIONS

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

	TURNOVER	
	2001	2000
	HK$'000	*HK$'000*
Sales of completed properties/ development properties	**335,898**	349,580
Revenue from electricity supply operations	**156,156**	80,837
Revenue from gas fuel business	**1,008,335**	1,059,729
Others *(Note)*	**26,916**	28,684
	1,527,305	1,518,830

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

For the year ended 31 December 2001

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

(A) Business segments

For management purposes, the Group is currently organised into four operating divisions — property development, electricity supply, gas fuel business and others. These divisions are the basis on which the Group reports its primary segment information. Principal activities are as follows:

Property development	—	sales of completed properties/development properties
Electricity supply	—	electricity generation and supply operations
Gas fuel business	—	wholesaling and retailing of gas fuel and the construction of gas pipelines
Others	—	decoration, interior design work and property management services

(i) Segment information about these businesses for the year ended 31 December 2001 is presented below:

INCOME STATEMENT

	Property development	Electricity supply	Gas fuel business	Others	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER						
External sales	335,898	156,156	1,008,335	26,916	—	1,527,305
Inter-segment sales	—	—	—	54,722	(54,722)	—
	335,898	156,156	1,008,335	81,638	(54,722)	1,527,305

Inter-segment sales are charged at prevailing market prices.

	Property development	Electricity supply	Gas fuel business	Others	Eliminations	Consolidated
RESULT						
Segment result	46,443	10,993	64,840	3,771	—	126,047
Other revenue						10,117
Unallocated corporate expenses						(12,909)
Profit from operations						123,255
Interest income						22,733
Finance costs						(6,844)
Gain on disposal of subsidiaries						44,466
Gain on disposal of an associate						422
Share of results of associates						(360)
Profit before taxation						183,672
Taxation						(10,499)
Profit after taxation						173,173

For the year ended 31 December 2001

5. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

(A) Business segments *(Continued)*

BALANCE SHEET

	Property development	Electricity supply	Gas fuel business	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Segment assets	1,891,732	239,711	529,972	182,247	2,843,662
Unallocated corporate assets					122,817
Consolidated total assets					2,966,479
LIABILITIES					
Segment liabilities	227,065	41,509	113,447	7,979	390,000
Unallocated corporate liabilities					931,962
Consolidated total liabilities					1,321,962

OTHER INFORMATION

	Property development	Electricity supply	Gas fuel business	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital additions	16,473	33,697	70,649	1,080	121,899
Depreciation and amortisation	10,348	16,851	16,355	996	44,550
Unrealised holding loss on other investments	—	—	—	2,317	2,317
Deficit on revaluation of property, plant and equipment	—	—	1,851	—	1,851

For the year ended 31 December 2001

5. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

(A) Business segments *(Continued)*

(ii) Segment information about these businesses for the year ended 31 December 2000 is presented below:

INCOME STATEMENT

	Property development	Electricity supply	Gas fuel business	Others	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER						
External sales	349,580	80,837	1,059,729	28,684	—	1,518,830
Inter-segment sales	—	—	—	9,961	(9,961)	—
	349,580	80,837	1,059,729	38,645	(9,961)	1,518,830

Inter-segment sales are charged at prevailing market prices.

	Property development	Electricity supply	Gas fuel business	Others	Eliminations	Consolidated
RESULT						
Segment result	40,596	(16,266)	1,245	(11,162)	—	14,413
Other revenue						4,673
Unallocated corporate expenses						(6,973)
Profit from operations						12,113
Interest income						27,455
Finance costs						(5,326)
Share of results of associates						222
Profit before taxation						34,464
Taxation						(7,049)
Profit after taxation						27,415

For the year ended 31 December 2001

5. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

(A) Business segments *(Continued)*

BALANCE SHEET

	Property development HK$'000	Electricity supply HK$'000	Gas fuel business HK$'000	Others HK$'000	Consolidated HK$'000
ASSETS					
Segment assets	1,297,745	193,920	356,031	199,399	2,047,095
Unallocated corporate assets					141,497
Consolidated total assets					2,188,592
LIABILITIES					
Segment liabilities	263,081	48,923	99,591	9,237	420,832
Unallocated corporate liabilities					285,715
Consolidated total liabilities					706,547

OTHER INFORMATION

	Property development HK$'000	Electricity supply HK$'000	Gas fuel business HK$'000	Others HK$'000	Total HK$'000
Capital additions	14,692	9,415	61,293	270	85,670
Depreciation and amortisation	9,084	16,280	11,354	528	37,246
Unrealised holding loss on other investment	—	—	—	554	554
Provision for doubtful debts	3,301	—	—	—	3,301

(B) Geographical segments

As over 90% of the consolidated turnover, trading results and assets for the year is derived from the PRC, an analysis of the consolidated turnover, trading results and assets by geographical location is not presented.

For the year ended 31 December 2001

6. OTHER REVENUE

	2001	2000
	HK$'000	*HK$'000*
Rental income under operating leases	**2,216**	1,358
Insurance claimed	**1,957**	—
Gain on disposal of investment in securities	**1,616**	—
Gain on disposal of property, plant and equipment	**541**	—
Net exchange gain	**316**	—
Realisation of negative goodwill	**145**	—
Deposits forfeited	**—**	734
Dividend income	**—**	108
Sundry	**3,326**	2,473
	10,117	4,673

7. PROFIT FROM OPERATIONS

	2001	2000
	HK$'000	*HK$'000*
Profit from operations is arrived at after charging:		
Auditors' remuneration	2,540	1,269
Depreciation	43,852	37,246
Net exchange loss	—	1,230
Operating lease rentals	7,166	4,116
Loss on disposal of property, plant and equipment	—	1,058
Unrealised holding loss on investments in securities	2,317	554
Staff costs including directors' remuneration	68,218	50,830
Amortisation of goodwill (included in administrative expenses)	698	—
Deficit on revaluation of property, plant and equipment	1,851	—

8. EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT

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

	2001	2000
	HK$'000	*HK$'000*
Fees	**150**	150
Salaries and other emoluments	**7,502**	6,483
Contributions to retirement benefits scheme	**111**	165
Discretionary bonuses	**550**	500
Compensation for loss of office	**—**	—
Inducement for joining the Group	**—**	—
Waiver of emoluments paid	**—**	—
	8,313	7,298

The amounts disclosed above include directors' fees of HK$150,000 (2000: HK$150,000) payable to independent non-executive directors. No other emoluments were payable to independent non-executive directors.

The emoluments of the directors were within the following bands:

	Number of individuals	
	2001	2000
Emolument band		
$Nil - $1,000,000	**3**	4
$1,000,001 - $1,500,000	**3**	2
$3,500,001 - $4,000,000	**1**	1

For the year ended 31 December 2001

8. EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Of the five individuals with the highest emoluments in the Group, four (2000: four) were directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining individual were as follows:

	2001 HK$'000	2000 HK$'000
Salaries and allowances	**1,353**	786
Contributions to retirement benefits scheme	**12**	22
Discretionary bonuses	**—**	—
Compensation for loss of office	**—**	—
Inducement for joining the Group	**—**	—
Waiver of emoluments paid	**—**	—
	1,365	808

His emoluments were within the following bands:

	Number of individuals	
	2001	2000
Emolument band		
$Nil - $1,000,000	**—**	1
$1,000,001 - $1,500,000	**1**	—

9. FINANCE COSTS

	2001 HK$'000	2000 HK$'000
Interest expenses on bank and other loans wholly repayable within 5 years	**19,728**	16,583
Less: Amount capitalised to properties under development for sale	**(13,191)**	(12,799)
	6,537	3,784
Bank charges	**307**	241
Exchange loss	**—**	1,301
	6,844	5,326

For the year ended 31 December 2001

9. 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% (2000: 5.4%) to expenditure on qualifying assets.

10. GAIN ON DISPOSAL OF SUBSIDIARIES

	2001	2000
	HK$'000	*HK$'000*
Gain on partial disposal of interest in a subsidiary	**44,183**	—
Gain on disposal of a subsidiary	**283**	—
	44,466	—

Gain on partial disposal of interest in a subsidiary represented the gain arising on the spin-off of Panva Gas on the Growth Enterprise Market of the Hong Kong Stock Exchange during the year.

11. TAXATION

	2001	2000
	HK$'000	*HK$'000*
The tax charge comprises:		
Profit for the year		
PRC excluding Hong Kong	**10,499**	7,049

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, which range from 15% to 33%.

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.

For the year ended 31 December 2001

12. DIVIDENDS

On 12 April 2001, the Company distributed a special interim dividend of HK$15,039,000 by way of a dividend in specie of 15,200,000 shares of Panva Gas ("Panva shares") in the proportion of 20 Panva Shares for every 2,000 shares of the Company held.

The Company paid an interim dividend of HK$0.03 per share (2000: Nil) amounting to HK$45,600,000 in respect of the six months ended 30 June 2001.

13. EARNINGS PER SHARE

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

	2001	2000
	HK$'000	*HK$'000*
Earnings for the purposes of basic earnings per share	**116,971**	21,030
Effect of dilutive potential shares:		
Interest on convertible note	**2,759**	
Earnings for the purposes of diluted earnings per share	**119,730**	
Weighted average number of shares for the purposes of basic earnings per share	**1,672,000,000**	1,672,000,000
Effect of dilutive potential ordinary shares:		
Convertible note	**134,592,000**	
Weighted average number of shares for the purposes of diluted earnings per share	**1,806,592,000**	

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 2000 and 2001.

No diluted earnings per share for 2000 had been presented as the exercise of convertible note was anti-dilutive.

14. PROPERTY, PLANT AND EQUIPMENT

	Medium term leasehold land and buildings in the PRC	Construction in progress	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP						
COST OR VALUATION						
At 1 January 2001	**176,760**	**4,783**	**263,393**	**29,360**	**26,365**	**500,661**
Acquisition of a subsidiary	4,520	19,574	298	—	124	24,516
Disposal of a subsidiary	(948)	—	(383)	(66)	(424)	(1,821)
Additions	38,253	35,986	12,386	4,417	6,341	97,383
Disposals	(2,492)	(522)	(10)	(751)	(4,845)	(8,620)
Net surplus on revaluation	1,281	—	—	—	—	1,281
Reclassification	—	(2,732)	2,732	—	—	—
At 31 December 2001	217,374	57,089	278,416	32,960	27,561	613,400
Comprising:						
At cost	—	57,089	278,416	32,960	27,561	396,026
At valuation 2001	**217,374**	**—**	**—**	**—**	**—**	**217,374**
	217,374	57,089	278,416	32,960	27,561	613,400
DEPRECIATION						
At 1 January 2001	37,184	—	60,730	11,695	6,550	116,159
Disposal of subsidiary	(114)	—	(49)	(26)	(78)	(267)
Provided for the year	11,718	—	21,847	5,214	5,073	43,852
Eliminated on disposals	(1,752)	—	(2)	(683)	(3,844)	(6,281)
Eliminated on revaluation	(20,936)	—	—	—	—	(20,936)
At 31 December 2001	**26,100**	**—**	**82,526**	**16,200**	**7,701**	**132,527**
NET BOOK VALUE						
At 31 December 2001	**191,274**	**57,089**	**195,890**	**16,760**	**19,860**	**480,873**
At 31 December 2000	139,576	4,783	202,663	17,665	19,815	384,502

Certain leasehold land and buildings of the Group in the PRC were valued at 31 January 2001 by Messrs. DTZ Debenham Tie Leung Limited, Chartered Surveyors, on an opened market value basis resulting in a deficit of HK$1,851,000 and a surplus of HK$7,488,000. Messrs. DTZ Debenham Tie Leung Limited are not connected with the Group.

For the year ended 31 December 2001

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

At 31 December 2001, other leasehold land and buildings of the Group in the PRC were valued by the directors of the Group with reference to various professional reports prepared on an open market value basis, resulting in a surplus of HK$16,580,000.

If the leasehold land and buildings had not been revalued, they would have been included in these financial statements at historical cost less accumulated depreciation of HK$169,057,000 (2000: HK$139,576,000).

The net book value of land and buildings includes an amount of approximately HK$9,795,000 (2000: HK$10,330,000) in respect of assets rented out under operating lease.

The Group had pledged property, plant and equipment with a net book value of approximately HK$8,337,000 (2000: HK$8,954,000) to secure banking facilities granted to the Group (note 40).

	Furniture, fixtures and equipment *HK$'000*
THE COMPANY	
COST	
At 1 January 2001	776
Additions	39
At 31 December 2001	815
DEPRECIATION	
At 1 January 2001	300
Provided for the year	155
	455
NET BOOK VALUES	
At 31 December 2001	360
At 31 December 2000	476

For the year ended 31 December 2001

15. GOODWILL

	THE GROUP
	2001
	HK$'000
COST	
Arising on acquisition of a subsidiary and additional interests in subsidiaries during the year and at 31 December 2001	**22,767**
AMORTISATION	
Provided for the year and at 31 December 2001	**698**
NET BOOK VALUE	
At 31 December 2001	**22,069**

The amortisation period adopted for goodwill is 20 years.

16. NEGATIVE GOODWILL

	THE GROUP
	2001
	HK$'000
GROSS AMOUNT	
Arising on acquisitions during the year and balance at 31 December 2001	**(19,100)**
RELEASED TO INCOME	
Released in the year and balance at 31 December 2001	**145**
CARRYING AMOUNT	
At 31 December 2001	**(18,955)**

The negative goodwill arose on the Group's acquisition of an additional interest in Fuhuade in November 2001 amounting to HK$19,100,000 being the excess of the Group's interest in the fair value of the identifiable assets and liabilities of the subsidiary at the date of acquisition over the cost of acquisition. The negative goodwill is being released to income on a straight line basis of 11 years, the remaining weighted average useful life of the depreciable assets acquired.

For the year ended 31 December 2001

17. INVESTMENTS IN SUBSIDIARIES

	2001	2000
	HK$'000	*HK$'000*
Unlisted shares, at cost	**670,174**	661,257
Amounts due from subsidiaries	**381,554**	344,834
	1,051,728	1,006,091

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

Particulars of the subsidiaries as at 31 December 2001 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
Directly-owned subsidiaries				
I-Happy Profit Limited	BVI	1 share of US$1 each	100%	Investment holding
Kenson Investment Limited	BVI	1 share of US$1 each	100%	Investment holding
Sinolink Progressive Limited	BVI	47,207 shares of US$1 each	100%	Investment holding
Supreme All Investments Limited	BVI	1 share of US$1 each	100%	Investment holding
Indirectly-owned subsidiaries				
China Pan River Group Ltd.	BVI	1 share of US$1 each	100%	Investment holding
Chenzhou Pan River Gas Industry Co., Ltd.	PRC — Sino-foreign equity joint venture	RMB9,000,000	55%	Wholesaling and retailing of LP Gas
China Overlink Holdings Co., Limited	BVI	1 share of US$1 each	100%	Investment holding

17. 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
Indirectly-owned subsidiaries *(Continued)*				
Firstline Investment 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 LP Gas
Nanling Pan River LPG Ltd.	PRC — Limited liability company	RMB2,000,000	55%	Wholesaling and retailing of LP Gas
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 LP Gas
Pan River Enterprises (Changsha) Co., Ltd.	PRC — Sino-foreign equity joint venture	RMB40,000,000	60%	Wholesaling and retailing of LP Gas
Pan River Enterprises (Hengyang) Co., Ltd.	PRC — Sino-foreign equity joint venture	RMB6,000,000	84%	Wholesaling and retailing of LP Gas
Pan River Enterprises (Wuhu) Co., Ltd.	PRC — Sino-foreign equity joint venture	RMB32,000,000	55%	Wholesaling and retailing of LP Gas

For the year ended 31 December 2001

17. 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
Indirectly-owned subsidiaries *(Continued)*				
Pan River Gas (China Southwest) Co., Ltd. (formerly known as Pan River Gas (Guizhou) Co., Ltd.)	PRC — Sino-foreign equity joint venture	RMB16,000,000	50.10%	Wholesaling and retailing of LP Gas
Panriver Investments Company Limited	PRC — Limited liability company	US$30,000,000 (Note 1)	100%	Investment holding
Panva Gas Holdings Limited	BVI	500,000,000 shares of HK$0.1 each	77.96%	Investment holding
Panva Gas (Yunnan) Co., Ltd.	PRC — Limited liability company	RMB58,840,000	56.94%	Wholesaling and retailing of LP Gas
Shenzhen China Overseas-Sinolink Property Management Co., Ltd.	PRC — Limited liability company	RMB1,500,000	100%	Property management
Shenzhen Fuhuade Electric Power Co., Ltd.	PRC — Foreign equity joint venture	RMB100,000,000	100%	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	85%	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

For the year ended 31 December 2001

17. 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
Indirectly-owned subsidiaries *(Continued)*				
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 LP Gas
Xiangtan Pan River Enterprises Industry Co., Ltd.	PRC — Sino-foreign equity joint venture	RMB10,000,000	55%	Wholesaling and retailing of LP Gas

For the year ended 31 December 2001

17. 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
Indirectly-owned subsidiaries *(Continued)*				
Yangzi Petrochemical Baijiang Energy Resources Co., Ltd.	PRC — Sino-foreign equity joint venture	US$7,230,000	50% *(Note 2)*	Wholesaling and retailing of LP Gas
Yiyang Pan River Enterprises Co., Ltd.	PRC — Sino-foreign equity joint venture	RMB5,000,000	60%	Wholesaling and retailing of LP Gas
Yongzhou Pan River Enterprises Co., Ltd.	PRC — Sino-foreign equity joint venture	RMB5,000,000	60%	Wholesaling and retailing of LP Gas
Ziyang Gas Company	PRC — Limited liability company	RMB1,953,279	90%	Provision of piped natural gas and related services

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 an outstanding registered capital contribution of US$20,000,000 which needs to be paid up by China Pan River Group Ltd. by 9 March 2003 or on such later date as approved by the relevant PRC governing authority.

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 issued any debt securities at 31 December 2001 or at any time during the year.

For the year ended 31 December 2001

18. INTERESTS IN ASSOCIATES

	THE GROUP	
	2001	2000
	HK$'000	*HK$'000*
Share of net (liabilities) assets	**(2,082)**	663
Amounts due from associates	**8,504**	8,678
	6,422	9,341

The amounts due from associates are interest free and unsecured. The amount is classified under non-current assets as the directors are of the opinion that they will not be repaid in the forthcoming year.

As at 31 December 2001, 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 Northern Red Star Culture & Art Development Co., Ltd.	PRC — Limited liability company	RMB1,000,000	25%	Not yet commenced business

For the year ended 31 December 2001

19. INVESTMENT IN SECURITIES

	Investment securities		Other investments		Total	
	2001	2000	**2001**	2000	**2001**	2000
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
THE GROUP						
Equity securities						
Listed — Hong Kong (*Note*)	**23,214**	—	**6,992**	1,324	**30,206**	1,324
Unlisted	**594**	1,124	**—**	—	**594**	1,124
	23,808	1,124	**6,992**	1,324	**30,800**	2,448
Market value of listed securities	**11,753**	1,124	**6,992**	1,324	**18,745**	2,448
Carrying amount analysed for reporting purposes as:						
Non-current	**23,808**	1,124	**—**	—	**23,808**	1,124
Current	**—**	—	**6,992**	1,324	**6,992**	1,324
	23,808	1,124	**6,992**	1,324	**30,800**	2,448

Note: The Group has entered into an arrangement with an independent third party to hedge these investments against any impairment loss that may arise. Accordingly, no impairment loss has been made against these investments for the difference between the carrying amount and the market value. The market value disclosed was for information purpose.

	Other investments	
	2001	2000
	HK$'000	*HK$'000*
THE COMPANY		
Equity securities		
Listed — Hong Kong	**6,641**	—
Market value of listed securities	**6,641**	—
Carrying amount analysed for reporting purposes as:		
Non-current	**6,641**	—

For the year ended 31 December 2001

20. LOAN RECEIVABLE

	THE GROUP	
	2001	2000
	HK$'000	*HK$'000*
Trade receivables — non-current portion *(note 23)*	**2,473**	5,982

21. STOCK OF PROPERTIES

	THE GROUP	
	2001	2000
	HK$'000	*HK$'000*
Properties under development for sale		
Cost plus attributable profit less foreseeable losses	**1,539,397**	544,870
Less: Progress payments received	**—**	1,130
	1,539,397	543,740
Stock of unsold properties	**63,027**	248,461
	1,602,424	792,201

22. INVENTORIES

	THE GROUP	
	2001	2000
	HK$'000	*HK$'000*
At cost:		
Gas fuel	**20,078**	12,675
Diesel fuel	**12,737**	6,448
Consumable stores	**6,653**	5,272
	39,468	24,395

For the year ended 31 December 2001

23. TRADE AND OTHER RECEIVABLES

The Group has a policy of allowing an average credit terms ranging from 0 to 180 days to its customers. Included in trade and other receivables are trade receivables totalling from HK$139,920,000 (2000: HK$258,644,000), the aged analysis of which is as follows:

	THE GROUP	
	2001	2000
	HK$'000	*HK$'000*
Aged:		
0 to 90 days	**109,293**	77,535
91 to 180 days	**18,233**	1,608
181 to 360 days	**299**	9,071
over 360 days	**12,095**	170,430
	139,920	258,644
Less: Non-current portion *(note 20)*	**(2,473)**	(5,982)
	137,447	252,662

24. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK$111,981,000 (2000: HK$214,616,000), the aged analysis of which is as follows:

	THE GROUP	
	2001	2000
	HK$'000	*HK$'000*
Aged:		
0 to 90 days	**93,116**	205,046
91 to 180 days	**5,986**	—
181 to 360 days	**8,824**	948
over 360 days	**4,055**	8,622
	111,981	214,616

25. AMOUNT DUE TO SUBSIDIARIES

The balances were unsecured, interest free and with no fixed term of repayment.

26. AMOUNTS DUE TO MINORITY SHAREHOLDERS

	THE GROUP	
	2001	2000
	HK$'000	*HK$'000*
Interest-bearing portion	**—**	7,480
Interest-free portion	**7,267**	49,005
	7,267	56,485

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

27. BORROWINGS

	THE GROUP		THE COMPANY	
	2001	2000	**2001**	2000
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Bank loans				
— secured	**189,804**	229,093	**—**	—
— unsecured	**675,412**	—	**—**	—
Other loans	**561**	—	**—**	—
Convertible notes	**55,183**	55,183	**55,183**	55,183
	920,960	284,276	**55,183**	55,183
The maturity of the above loans is as follows:				
On demand or within one year	**410,170**	229,093	**55,183**	—
More than two years but not exceeding five years	**510,790**	55,183	**—**	55,183
	920,960	284,276	**55,183**	55,183
Less: Amount due within one year shown under current liabilities	**(410,170)**	(229,093)	**(55,183)**	—
Non-current portion	**510,790**	55,183	**—**	55,183

27. BORROWINGS *(Continued)*

The convertible loan notes were 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 issue. The outstanding unconverted principal amount of the note was converted into shares of the Company on 8 February 2002. Interest of 5% is paid quarterly.

28. SHARE CAPITAL

	2001	2000
	HK$'000	*HK$'000*
Shares of HK$0.1 each		
Authorised:		
At 1 January		
2,000,000,000 shares of HK$0.10 each	**200,000**	200,000
Increased on 26 October 2001		
2,800,000,000 shares of HK$0.10 each	**280,000**	—
At 31 December	**480,000**	200,000

	2001	2000
	HK$'000	*HK$'000*
Issued and fully paid:		
At 1 January		
1,520,000,000 shares of HK$0.10 each	**152,000**	152,000
Bonus issue of shares		
152,000,000 shares of HK$0.10 each	**15,200**	—
At 31 December	**167,200**	152,000

On 26 October 2001, the Company issued 152,000,000 shares of HK$0.10 each in the Company as bonus issue of shares on the basis of one new share of HK$0.10 each for every ten existing shares of HK$0.10 each held by the shareholders of the Company by the way of capitalization of the sum of HK$15,200,000 standing to the credit of the share premium account of the Company. The new shares rank pari passu with the existing shares in all respects.

For the year ended 31 December 2001

29. RESERVES

	Share premium account	Properties revaluation reserve	Translation reserve	Goodwill reserve	General reserve	Capital reserve	Contributed surplus	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP									
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	293,853	—	(5,742)	(5,985)	51,782	—	368,262	345,018	1,047,188
Exchange rate adjustment	—	—	8	—	—	—	—	—	8
Capitalisation of shares	(15,200)	—	—	—	—	—	—	—	(15,200)
Disposal of a subsidiary	—	(1,096)	24	65	(177)	(207)	—	—	(1,391)
Revaluation of land and buildings	—	20,558	—	—	—	—	—	—	20,558
Contribution from a minority shareholder	—	—	—	—	—	1,065	—	—	1,065
Transfer from profit and loss account	—	—	—	—	6,117	—	—	(6,117)	—
Profit for the year	—	—	—	—	—	—	—	116,971	116,971
Dividend	—	—	—	—	—	—	—	(60,639)	(60,639)
At 31 December 2001	278,653	19,462	(5,710)	(5,920)	57,722	858	368,262	395,233	1,108,560

	Share premium account	Contributed surplus	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
THE COMPANY				
At 31 December 1999	293,853	572,173	70,316	936,342
Profit for the year	—	—	76	76
At 31 December 2000	293,853	572,173	70,392	936,418
Capitalisation of shares	(15,200)	—	—	(15,200)
Profit for the year	—	—	10,242	10,242
Dividend	—	—	(60,639)	(60,639)
At 31 December 2001	**278,653**	**572,173**	**19,995**	**870,821**

For the year ended 31 December 2001

29. RESERVES *(Continued)*

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

	Accumulated loss
	HK$'000
At 1 January 2001	**(3,674)**
Loss for the year, accumulated	**(360)**
At 31 December 2001	**(4,034)**

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.

The general reserve represents the 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.

The capital reserve represents the contribution from the minority shareholders of the subsidiaries waived.

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

(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.

29. RESERVES *(Continued)*

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

	2001 HK$'000	2000 HK$'000
Contributed surplus	**572,173**	572,173
Retained earnings	**19,995**	70,392
	592,168	642,565

30. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES

	2001 HK$'000	2000 HK$'000
Profit before taxation	**183,672**	34,464
Share of loss (profit) of associates	**360**	(222)
Interest income	**(22,733)**	(27,455)
Interest expense	**6,537**	3,784
Provision for doubtful debts	**—**	3,301
Depreciation	**43,852**	37,246
Gain on disposal of subsidiaries	**(44,466)**	—
Gain on disposal of an associate	**(422)**	—
Gain on disposal of investments	**(1,616)**	—
Unrealised holding loss on investment in securities	**2,317**	554
Deficit on revaluation of property, plant and equipment	**1,851**	—
Amortisation of goodwill	**698**	—
Realisation of negative goodwill	**(145)**	—
(Gain) loss on disposal of property, plant and equipment	**(541)**	1,058
Movements in assets/liabilities held for operating activities:		
(Increase) decrease in stock of properties	**(797,032)**	33,244
Increase in inventories	**(13,063)**	(9,943)
Decrease in trade and other receivables	**85,253**	58,591
Decrease in loan receivable	**3,509**	771
(Decrease) increase in trade and other payables	**(1,540)**	28,666
NET CASH (OUTFLOW) INFLOW FROM CONTINUING OPERATING ACTIVITIES	**(553,509)**	164,059

For the year ended 31 December 2001

31. DISPOSAL OF A SUBSIDIARY

	2001
	HK$'000
Net assets disposed of:	
Property, plant and equipment	1,554
Inventories	134
Trade receivables	109
Bank balances and cash	34
Other receivables, deposits and prepayments	60
Trade payables	(260)
Other payables and accruals	(450)
Tax payable	(258)
Minority interests	(706)
	217
Write back of provision made in prior year	(500)
Gain on disposal	283
Total consideration	—
Net cash outflow arising on disposal:	
Bank balances and cash disposed of	(34)

For the year ended 31 December 2001

32. ACQUISITION OF A SUBSIDIARY

The Group acquired 90 per cent of the issued share capital of Ziyang Gas Company for cash consideration of HK$14,032,000. This acquisition has been accounted for by the acquisition method of accounting. The amount of goodwill arising as a result of the acquisition was HK$13,340,000. Ziyang Gas Company contributed HK$4,350,000 of revenue and HK$414,000 of loss after tax for the period between the date of acquisition and the balance sheet date.

	2001 *HK$'000*
Net assets acquired:	
Property, plant and equipment	24,516
Other investments	782
Inventories	2,144
Trade receivables	55
Other receivables, deposits and prepayments	2,325
Tax recoverable	211
Bank and cash balances	6,984
Trade payables	(2,345)
Other payables and accruals	(32,421)
Minority interests	(1,559)
	692
Goodwill	13,340
Total consideration	14,032
Satisfied by cash	14,032
Net cash outflow arising on acquisition:	
Cash consideration	(14,032)
Bank balances and cash acquired	6,984
	(7,048)

For the year ended 31 December 2001

33. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital and share premium	Borrowings (excluding convertible notes)	Amounts due to a director	Amounts due to minority interests	Minority interests
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
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 shareholders	—	—	—	—	(1,871)
Minority shares of reserves	—	—	—	—	1,698
Minority share of profit for the year	—	—	—	—	5,012
Balance at 31 December 2000	445,853	229,093	—	56,485	282,857
Net cash inflow (outflow) from financing	—	636,684	—	(49,218)	43,078
Dividend paid to minority shareholders	—	—	—	—	(14,582)
Realised on partial disposal of subsidiaries	—	—	—	—	21,966
Realised on disposal of a subsidiary	—	—	—	—	(706)
Acquisition of a subsidiary	—	—	—	—	1,559
Acquisition of additional interests of subsidiaries	—	—	—	—	(26,065)
Minority share of reserves	—	—	—	—	4,448
Minority share of profit for the year	—	—	—	—	56,202
Balance at 31 December 2001	**445,853**	**865,777**	**—**	**7,267**	**368,757**

34. MAJOR NON-CASH TRANSACTIONS

During the year, a minority shareholder contributed HK$2,001,000 to the Group in the form of property, plant and equipment.

35. RELATED PARTY TRANSACTIONS

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

	2001	2000
	HK$'000	*HK$'000*
Skillful *(Notes a & b)*		
— Rental paid thereto *(Note c)*	**1,200**	1,200
Mr. Ou Yaping *(Note a)*		
— Interest paid thereto	**—**	40
— Convertible note interest paid thereto *(Note d)*	**2,759**	2,767
Shenzhen Xiangdu *(Note a)*		
— Rental received therefrom *(Note c)*	**393**	674

Notes:

a. Transactions with these related parties are regarded as connected transactions as set out in Chapter 14 of the Listing Rules of the Hong Kong Stock Exchange.

b. A company controlled by Mr. Ou Yaping and of which Mr. Ou Yaping is a director.

c. Rental expenses were determined by the directors based on the directors' estimates of fair market value.

d. The interest expense was determined in accordance with the loan agreement.

36. 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.

36. RETIREMENT BENEFITS SCHEME *(Continued)*

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

	THE GROUP	
	2001	2000
	HK$'000	*HK$'000*
Group contributions to staff provident fund	**4,170**	1,406
Forfeited contributions utilised	**(94)**	(85)
Net contributions charged to operating profit	**4,076**	1,321
Un-utilised forfeited contributions	**—**	—

With the implementation of the 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 employees and the Company 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-exempt recognised occupational retirement schemes ("ORSO schemes"), all the existing members have to lapse their ORSO schemes and participate in the MPF schemes from 1 December 2000.

37. CONTINGENT LIABILITIES

	THE GROUP	
	2001	2000
	HK$'000	*HK$'000*
Guarantees given to banks as security for the mortgage loans arranged for the purchasers of the Group's properties	**122,026**	175,046

	THE COMPANY	
	2001	2000
	HK$'000	*HK$'000*
Corporate guarantee given to a bank to secure general banking facilities granted to a subsidiary	**594,500**	—

For the year ended 31 December 2001

37. CONTINGENT LIABILITIES *(Continued)*

On 17 May 1996, a legal claim in the amount of approximately HK$13,585,000 was brought against Sinolink Worldwide (HK) 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) arising from or in connection with this claim in the event that Sinolink Worldwide (HK) is unsuccessful in defending the claim.

38. CAPITAL COMMITMENTS

	THE GROUP	
	2001	2000
	HK$'000	*HK$'000*
Commitments in respect of properties under development:		
— authorised but not contracted for	**34,549**	910,006
— contracted for but not provided in the financial statements	**113,898**	16,084
	148,447	926,090
Commitments in respect of interest in subsidiaries contracted for but not provided in the financial statements	**92,473**	—
	240,920	926,090

The Company had no capital commitments at the balance sheet date.

For the year ended 31 December 2001

39. LEASE COMMITMENTS

At the balance sheet date, the Group and the Company had contracted with tenants for future minimum lease receipts in respect of land and buildings under non-cancellable operating leases which expire as follows:

	THE GROUP	
	2001	2000
	HK$'000	*HK$'000*
Within one year	**757**	502
In the second to fifth year inclusive	**139**	328
	896	830

The properties held has committed tenants for the periods up to three years after the balance sheet date.

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

	THE GROUP		THE COMPANY	
	2001	2000	**2001**	2000
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**3,067**	2,155	**1,560**	687
In the second to fifth years inclusive	**3,213**	1,547	**2,665**	—
Over five years	**30,061**	29,966	**—**	—
	36,341	33,668	**4,225**	687

The operating leases are negotiated for terms up to 30 years.

40. 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$230,899,000 (2000: HK$240,160,000) 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 amounting to approximately HK$8,337,000 (2000: HK$8,954,000) to secure bank loans granted to the subsidiaries of the Company.

41. POST BALANCE SHEET EVENT

On 8 February 2002, the convertible loan note issued on 12 February 1999 was converted into 134,592,000 shares of the Company at an adjusted conversion price of HK$0.41 per share.

On 8 March 2002, the Group has entered into a sale and purchase agreement with Silver Grant to acquire 1,089,310,445 shares in SilverNet, a company listed on the Hong Kong Stock Exchange , representing approximately 29.99% of the issued share capital of SilverNet from a wholly owned subsidiary of Silver Grant for a consideration of approximately HK$163.4 million, equivalent to approximately HK$0.15 per share.

On 8 March 2002, the Group entered into an agreement with SilverNet where the Group has agreed to sell and SilverNet has agreed to acquire the entire issued share capital of Sinolink Industrial Limited, a wholly-owned subsidiary of the Group. The consideration for the acquisition was determined, after arm's length negotiations with reference to the past and future profitability of Fuhuade, a subsidiary of Sinolink Industrial Limited and the growth capacity of Fuhuade in the future, to be HK$360.4 million, of which HK$163.4 million shall be satisfied by cash at completion of the acquisition and the balance of HK$197.0 million shall remain payable on demand and shall carry interest until actual payment at the rate of 3% per annum payable semi-annually.

FINANCIAL SUMMARY

For the year ended 31 December 2001

	For the year ended 31 December				
	1997	1998	1999	2000	**2001**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
RESULTS					
Turnover	612,517	1,010,305	744,421	1,518,830	**1,527,305**
Profit from ordinary activities before taxation	185,451	448,766	47,722	34,464	**183,672**
Taxation	(23,092)	(63,729)	(5,736)	(7,049)	**(10,499)**
Profit from ordinary activities before minority interests	162,359	385,037	41,986	27,415	**173,173**
Minority interests	(50,234)	(76,227)	(5,980)	(6,385)	**(56,202)**
Profit for the year	112,125	308,810	36,006	21,030	**116,971**
ASSETS AND LIABILITIES					
Total assets	1,349,200	2,042,533	2,090,643	2,188,592	**2,966,479**
Total liabilities	(1,143,293)	(728,425)	(652,415)	(706,547)	**(1,321,962)**
Minority interests	(117,855)	(170,693)	(260,091)	(282,857)	**(368,757)**
Shareholders' funds	88,052	1,143,415	1,178,137	1,199,188	**1,275,760**

Notes:

1. The results for the two 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 Hong Kong Stock Exchange, had been in existence throughout the years concerned. The figures for the year 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 2001 have been extracted from the audited consolidated income statement as set out on page 32 of the financial statements.

PARTICULARS OF MAJOR PROPERTIES

For the year ended 31 December 2001

PROPERTIES HELD FOR DEVELOPMENT/SALE

	Description	Type of use	GFA (M2)	Effective % held	Stage of completion	Anticipated completion
1.	Car Park at Club House, Sinolink Garden Taining Road, Luohu District , Shenzhen, Guangdong Province	Car Park	184	80%	Completed in 1998	N/A
2.	Certain residential units at Sinolink Garden, Luohu District, Shenzhen, Guangdong Province	Residential	11,936	80%	Completed in 2000	N/A
3.	Certain residential units at Sinolink Garden, Buxin Road, Luohu District, Shenzhen, Guangdong Province	Residential	79,600	80%	Topping completed	Late 2002
4.	Sinolink Garden Dongxiao Road, Taian Road, Luohu District, Shenzhen, Guangdong Province	Residential	33,300	80%	Pile driving completed	Mid 2003
5.	Sinolink Garden Phase IV Taining Road, Taibai Road, Buxin Road, Luohu District, Shenzhen, Guangdong Province	Residential and commercial	387,800 Site Area 94,176	80%	Development plans completed	In phase between 2003-2005
6.	Land lot no. T207-0026 Bin Hai Dao North, Sha He Dong East, Nanshan, Shenzhen, Guangdong Province	Residential	255,300 Site Areas 75,101	87%	Not yet commenced development	In phase between 2003-2004