



百仕達控股有限公司\*  
**SINOLINK WORLDWIDE HOLDINGS LIMITED**  
 (Incorporated in Bermuda with limited liability)

**2002 ANNUAL RESULTS**

**FINANCIAL HIGHLIGHTS**  
**For the year ended 31 December 2002**

- Group Turnover amounted to HK\$1,525.4 million which is approximately the same as last year
- Net Profit up 1.52 times to HK\$294.4 million
- Earnings Per Share up 1.31 times to HK16.17 cents

**ANNUAL RESULTS**  
 The Board of Directors (the "Board") of Sinolink Worldwide Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2002, together with the comparative figures for 2001 as follows:

**CONSOLIDATED INCOME STATEMENT**

		For the year ended 31 December	
	Notes	2002 HK\$'000	2001 HK\$'000
Turnover	2	1,525,406	1,527,305
Cost of sales		(1,156,903)	(1,258,519)
Gross profit		368,503	268,786
Other operating income	3	9,617	10,117
Distribution costs		(46,380)	(48,233)
Administrative expenses		(117,081)	(101,503)
Other operating expenses		(3,509)	(5,912)
Profit from operations		211,150	123,255
Interest income		11,336	22,733
Finance costs		(4,350)	(6,844)
Gain on disposal of subsidiaries		195,908	44,466
(Loss) gain on disposal of an associate		(234)	422
Amortisation of goodwill of an associate		(1,816)	-
Share of results of associates		(22,749)	(360)
Profit before taxation		389,245	183,672
Taxation	4	(16,068)	(10,499)
Profit before minority interests		373,177	173,173
Minority interests		(78,748)	(56,202)
Net profit for the year		294,429	116,971
Dividends	5	55,483	60,639
Earnings per share	6		
Basic		16.17	7.00
Diluted		15.40	6.63

**Notes:**

**1. Adoption of new and revised statements of 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 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:

SSAP 1 (Revised)	Presentation of financial statements
SSAP 11 (Revised)	Foreign currency translation
SSAP 15 (Revised)	Cash flow statement
SSAP 33	Discounting operation
SSAP 34	Employee benefits

**2. 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 2002 is presented below:

**INCOME STATEMENT**

	Continuing operations			Discontinuing operation		Eliminations	Consolidated
	Property development	Gas fuel business	Others	Electricity Supply	HK\$'000		
TURNOVER							
External sales	311,997	1,150,322	22,613	40,474	-	-	1,525,406
Inter-segment sales	-	-	9,542	-	(9,542)	-	-
	311,997	1,150,322	32,155	40,474	(9,542)	-	1,525,406
Inter-segment sales are charged at prevailing market prices.							
RESULT							
Segment result	31,556	184,129	4,998	2,180	-	-	222,863
Other operating income							9,588
Unallocated corporate expenses							(21,301)
Profit from operations							211,150
Interest income							11,336
Finance costs							(4,350)
Gain on disposal of subsidiaries		111,860	-	84,048	-	-	195,908
Loss on disposal of an associate	(234)	-	-	-	-	-	(234)
Amortisation of goodwill of an associate		-	-	(1,816)	-	-	(1,816)
Share of results of associates	2,306	-	(25,055)	-	-	-	(22,749)
Profit before taxation							389,245
Taxation							(16,068)
Profit before minority interests							373,177
Minority interests							(78,748)
Net Profit for the year							294,429

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

**INCOME STATEMENT**

	Continuing operations			Discontinuing operation		Eliminations	Consolidated
	Property development	Gas fuel business	Others	Electricity Supply	HK\$'000		
TURNOVER							
External sales	335,898	1,008,335	26,916	156,156	-	-	1,527,305
Inter-segment sales	-	-	54,722	-	(54,722)	-	-
	335,898	1,008,335	81,638	156,156	(54,722)	-	1,527,305
Inter-segment sales are charged at prevailing market prices.							
RESULT							
Segment result	46,443	64,840	3,771	10,993	-	-	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	-	-	-	-	44,466
Gain on disposal of an associate	422	-	-	-	-	-	422
Share of results of associates	(360)	-	-	-	-	-	(360)
Profit before taxation							183,672
Taxation							(10,499)
Profit before minority interests							173,173
Minority interests							(56,202)
Net Profit for the year							116,971

**(B) Geographical segments**  
 As over 90% of the consolidated turnover, trading results and assets for the year is derived from the People's Republic of China ("PRC"), an analysis of the consolidated turnover, trading results and assets by geographical location is not presented.

**3. Other Operating Income**

	2002 HK\$'000	2001 HK\$'000
Dividend income	360	-
Gain on disposal of investment in securities	592	1,616
Gain on disposal of property, plant and equipment	-	541
Insurance claimed	-	1,957
Net exchange gain	918	316
Release of negative goodwill	1,855	145
Rental income under operating leases	2,195	2,216
Unrealised holding gain on investment in securities	623	-
Sundry	3,074	3,326
	9,617	10,117

**4. Taxation**

	2002 HK\$'000	2001 HK\$'000
The tax charge comprises:		
Profit for the year		
PRC excluding Hong Kong	16,068	10,499

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 ranged 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.

**5. Dividends**  
 The Company paid an interim dividend of HK\$0.03 per share (2001: HK\$0.03) amounting to HK\$55,483,110 (2001: HK\$45,600,000).

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 Holdings Limited ("Panva shares") in the proportion of 20 Panva Shares for every 2,000 shares of the Company held.

**6. Earnings per Share**  
 The calculation of the basic and diluted earnings per share is based on the following data:

	2002 HK\$'000	2001 HK\$'000
Earnings for the purposes of basic earnings per share	294,429	116,971
Effect of dilutive potential shares:		
Interest on convertible notes	824	2,759
Earnings for the purposes of diluted earnings per share	295,253	119,730
Weighted average number of shares for the purposes of basic earnings per share	1,820,292,000	1,672,000,000
Effect of dilutive potential ordinary shares:		
Options	15,133,000	-
Convertible notes	81,450,000	134,592,000
Weighted average number of shares for the purposes of diluted earnings per share	1,916,875,000	1,806,592,000

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share warrants as the exercise price of those warrants is higher than the average market price for the Company's shares for year 2002.

The options for the year 2001 was anti-dilutive as the average share price is lower than the exercise price.

**BUSINESS REVIEW AND PROSPECTS**

For the year ended 31 December 2002, the Group recorded a turnover of approximately HK\$1,525,406,000, representing a slight decrease of approximately compared to last year. Gross profit increased to approximately HK\$368,503,000 for the year ended 31 December 2002, a substantial increase of approximately 37.10% when compared to last year. The increase in gross profit was mainly attributable to the significant progress of the Group's gas fuel business, in particular the Group's city piped gas business, and the significant increase of the Group's market share in the retail sector. Net Profit increased significantly to HK\$294,429,000 representing an increase of approximately 1.52 times from last year.

**Property Development**

The Group recorded a turnover of approximately HK\$311,997,000 for the property development business during the year ended 31 December 2002, which is approximately the same as last year. The Group sold a total floor area of approximately 40,000 square metres during the year.

The turnover was mainly derived from the sale of Sinolink Garden Phase Three, *The Mandarin House*, which accounted for approximately 77.3% of total property sales for the year. *The Mandarin House* obtained occupancy permit in November 2002.

During the year, the Group has commenced the construction of Sinolink No.8 (百仕達8號), a property development situated within the grounds of the Sinolink Garden. Sinolink No. 8 is a 230 units development covering a total gross floor area ("GFA") of 33,000 square metres and a 2,500 square metres commercial development. Pre-sales commenced on 18 October 2002 and the property is expected to be completed in December 2003.

*Mangrove West Coast* completed its initial design phase and commenced construction in December 2002. *Mangrove West Coast* is a over 1,300 units project covering a GFA of approximately 255,300 square metres, a club house (GFA of approximately 3,000 square metres), and a kindergarten (GFA of approximately 3,000 square metres). It is expected that the foundation works and the construction of the underground chambers will be completed in 2003.

Sinolink Garden Phase Four, *The Oasis*, commenced construction at the end of 2002. The foundation works and the underground chambers are currently under construction. *The Oasis* has a total site area of 94,176 square metres and a GFA of approximately 387,800 square metres. It is estimated that the total percentage of completion will reach approximately 45% by the end of 2003.

During the year, the Group was awarded a tender for a piece of land in one of China's up and coming resort area, Dameisha (大梅沙) in Shenzhen. The cost of the land was approximately RMB50,168,000 for a total site area of approximately 18,600 square metres with a GFA of approximately 22,000 square metres. The project is expected to house a 1300 rooms five star resort hotel and a 7,000 square metres shopping complex and is expected to commence construction in 2003.

The Shenzhen economy maintained a healthy growth in 2002, with gross domestic product grew by 15% to RMB223.9 billion. Its real estate sector continued to record a faster growth whilst the residential market achieved solid and sustained development. Sales and purchase was particularly strong in the second and third tier residential segments, where prices saw steady rise albeit the growth was 0.6 percentage points less than last year. Significant decrease was seen in the floor area of new works, which indicated that there will be a stabilising supply of commodity units in the coming future.

Corollary with the warning issued by the State Development Planning Commission, the regulatory works of the Ministry of Construction, and the credit control imposed by the People's Bank of China, the Shenzhen municipal government also tightened its control and regulation of the real estate market. This was reflected by the more stringent control on land sales since the second half of 2002.

With 24-hour border crossing at Huanggang took effect on 27 January 2003, the relationship between Shenzhen and Hong Kong became closer. The arrangement will enhance the traffic flow between the two, facilitate their economic growths, and stimulate cross-border consumptions, which to a certain extent will benefit the development of the Shenzhen real estate market.

In 2003, the Group has a number of projects on hand and is planning to increase its land bank by between 300,000 to 400,000 square metres in 2003.

**Gas Fuel Business**

For the year ended 31 December 2002, the Group's Gas Fuel business, operated by Panva Gas Holdings Limited ("Panva Gas"), recorded a turnover of approximately HK\$1,150,322,000 representing an increase of approximately 14% compared to last year. The gross profit margin increased substantially from 12.7% for the year ended 31 December 2001 to 22.8% for the year ended 31 December 2002. The increase in gross profit margin is a direct reflection of the Group's dedication in expanding the higher return retail business and the significant progress of the Group's city piped gas business.

Through dedication and hard work from the management team of Panva Gas the end-user household customers of Panva Gas are now over 1,500,000 households, an increase of approximately 30.4% when compared to last year. The continual growth in end-user household customers facilitated Panva Gas's strategic move to increase profitability and reflected the value growth of the Panva's brand name. It laid a solid foundation for Panva to further increase its market share and profitability as well as its influence and leverage in the marketplace.

During the year, Hutchison Whampoa Limited ("Hutchison") through a wholly-owned subsidiary Hutchison International Limited, acquired 6.4% interest in Panva and subscribed for an exchangeable note for a total consideration of HK\$250 million. Through the transaction, Hutchison has become the second largest shareholder of Panva. The investment reflects Hutchison's confidence in the management team and the strategy towards gas fuel market in the PRC.

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 liquefied petroleum gas ("LP Gas") and natural gas directly to the homes of the end-user customers. The group has achieved major breakthroughs, with three natural gas subsidiaries and one LP Gas pipeline enterprise already in operation. The Panva Gas is currently in discussion with more than 25 city gas pipeline network development projects in the PRC and has signed letters of intents with 13 cities.

Panva Gas has entered into an arrangement with the Bank of China, Shenzhen Branch ("Shenzhen BOC") under which Shenzhen BOC agreed to provide a banking facility to the Group up to RMB6 billion to finance the Group's investments in city pipe gas projects in the PRC. The banking facility reflects the business and financial strength of the Group along with the huge market potential of the gas industry.

**Electricity Generation**

The disposal of the Group's electricity business was completed in May 2002 and prior to the disposal the electricity business recorded a turnover of approximately HK\$40,474,000, which is inline with that of last year. However, for the year ended 31 December 2002, the electricity business recorded an operating profit of approximately HK\$14,301,000, representing a slight increase from last year.

The electricity generation business is now carried out by the Group's associated company, Enerchina Holdings Limited ("Enerchina") (formerly known as SilverNet Group Limited), a company listed on the main board of the Stock Exchange of Hong Kong Limited. The Group now has a clearly defined structure with the Company focusing on property development and investment holding, Panva Gas focusing on the gas fuel business, and Enerchina focusing on the electricity generation business.

Due to certain reorganizations conducted by Enerchina to rationalize its group structure, a loss (after netting off the profit generated from the electricity generation business) of approximately HK\$22,749,000 was shared by the Group for the year ended 31 December 2002.

With the new generator unit expected to commence operation in the second quarter of 2003, the installed capacity of the power plant of Enerchina will increase to 285 megawatts. This will lay a solid foundation for Enerchina to target for higher profit and to sustain solid growth. Furthermore, the state-approved liquefied natural gas terminal and distribution facility will be situated at some 10 kilometres from the power plant, which will greatly facilitate the power plant in switching to natural gas fuel. The continue growth in the PRC's electricity demand also provides a favourable background for Enerchina to further expand its electricity output capacity to a level of 1,000 megawatts, and the company is now conducting feasibility studies towards this target. The structural reform in the PRC's power sector and the setting up of a new regulatory framework in 2003 provide a solid operating environment for the development of power business. Given the numerous opportunities in the PRC's power sector, Enerchina will be able to capitalise on its strengths to grasp the opportunities and to meet the challenges ahead.

**FINANCIAL POSITION**

The Group's total borrowings decreased slightly from approximately HK\$920,960,000 as at 31 December 2001 to approximately HK\$919,079,000 as at 31 December 2002. The proportion of borrowings due within one year to total borrowings decreased from approximately 44.52% to approximately 1.6% and a long term liabilities to equity ratio of 57.3%. Borrowings are mainly used to finance the property development projects of the Group and are all borrowed at fixed interest rates.

Total assets pledged in securing these loans have a net book value of approximately HK\$8,135,000 as at 31 December 2002. 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 are 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\$470,641,000 as at 31 December 2002 are mostly denominated in RMB, Hong Kong dollars and US dollars.

**Contingent Liabilities**

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

Guarantees given to banks as security for the mortgage loans arranged for the purchases of the Group's properties amounted to approximately HK\$254,546,000 as at 31 December 2002 (2001: HK\$122,026,000).

**Employees and Remuneration Policies**

As at 31 December 2002, the Group had 2,688 full time employees, of which approximately 99% are located in the PRC.

The Group remunerated its employees mainly based 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 individuals' performance. Other benefits, such as medical and retirement benefits, are also provided.

**Post Balance Sheet Date Events**

On 6 March 2003, Enerchina completed a rights issue exercise of three right shares for every two existing shares held. Smart Orient Investments Limited, a wholly owned subsidiary of the Company, acted as the underwriter of the rights issue. A total of 5,525,888,349 shares were issued as a result raising approximately HK\$106,000,000. Upon completion of the rights issue, the Group increased its interests in Enerchina from 29.99% to 40.44%.

On 23 April 2003, Panva Gas issued Convertible Bonds due 2008 in the aggregate amount of US\$50 million (the "CB"). The conversion price of the CB was fixed at HK\$3.9169 per share representing a conversion premium of approximately 20% to the volume weighted average price of HK\$3.2641 per share for 11 April 2003, the date on which the conversion price was fixed. The CB will bear interests of 2% per annum payable semi-annually in arrears each year. The CB is listed on the Luxembourg Stock Exchange.

**FINAL DIVIDEND**

In order to retain resources for the Group's business development, the Board does not recommend a final dividend (2001: Nil) in respect of the year ended 31 December 2002.

**PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

**APPRECIATION**

The Group is deeply proud of its management team, whose members are the Group's wealth and the shareholders' treasury. I would like to take this opportunity to once again extend my sincerest gratitude to them for their remarkable contributions and devoted efforts.

**PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE**

The full announcement of annual results of the Group, containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, will be published on The Stock Exchange of Hong Kong Limited's website www.hkex.com.hk.

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