



百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

(Stock Code: 1168)

2003 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2003

- Group Turnover up 19% to HK\$1,815.4 million
- Net Profit up 164% to HK\$778.1 million
- Earnings Per Share up 158% to HK41.72 cents
- Proposed Final Dividend of HK\$0.03 per Share and two Bonus Shares for every ten shares

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 2003, together with the comparative figures of 2002 as follows:

Consolidated Income Statement

		For the year ended 31 December	
		2003	2002
	Notes	HK\$'000	HK\$'000
Turnover	2	1,815,356	1,525,406
Cost of sales		<u>(1,336,630)</u>	<u>(1,156,903)</u>
Gross profit		478,726	368,503
Other operating income	3	25,511	20,953
Distribution costs		(52,512)	(46,380)
Administrative expenses		(130,649)	(117,081)
Other operating expenses		<u>(15,159)</u>	<u>(3,509)</u>
Profit from operations		305,917	222,486
Finance costs		(10,630)	(4,350)
Gain on disposal of subsidiaries	4	519,234	195,908
Release of deferred gain on disposal of a subsidiary		77,000	–
Gain (loss) on disposal of associates		133,209	(234)
Gain on partial disposal of an associate		2,677	–
Amortisation of goodwill of an associate		(2,724)	(1,816)
Share of results of associates		<u>5,981</u>	<u>(22,749)</u>
Profit before taxation		1,030,664	389,245
Taxation	5	<u>(48,654)</u>	<u>(16,068)</u>
Profit before minority interests		982,010	373,177
Minority interests		<u>(203,960)</u>	<u>(78,748)</u>
Net profit for the year		<u>778,050</u>	<u>294,429</u>
Dividends	6	<u>114,736</u>	<u>55,483</u>
		HK cents	HK cents
Earnings per share	7		
Basic		<u>41.72</u>	<u>16.17</u>
Diluted		<u>40.81</u>	<u>15.40</u>

1. ADOPTION OF NEW AND REVISED STATEMENT OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted, for the first time, the following Hong Kong Financial Reporting Standard (“HKFRS”) issued by the Hong Kong Society of Accountants (“HKSA”). The term HKFRS is inclusive of Statements of Standard Accounting Practice (“SSAPs”) and Interpretations approved by the HKSA:

SSAP 12 (Revised) *Income taxes*

In the current year, the Group has adopted SSAP 12 (Revised) Income Taxes. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions.

The adoption of this standard has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

2. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into three operating divisions – property development, 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
Gas fuel business	–	wholesaling and retailing of gas fuel and the construction of gas pipelines
Others	–	decoration, interior design work and property management services

In prior years, the Group was also involved in the electricity supply. That operation was discontinued from 6 May 2002.

- (i) Segment information about these businesses for the year ended 31 December 2003 is presented below:

INCOME STATEMENT

	Continuing operations			Discontinuing operation	Eliminations	Consolidated
	Property development	Gas fuel business	Others	Electricity supply		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER						
External sales	330,979	1,457,632	26,745	–	–	1,815,356
Inter – segment sales	–	–	9,542	–	(9,542)	–
	<u>330,979</u>	<u>1,457,632</u>	<u>36,287</u>	<u>–</u>	<u>(9,542)</u>	<u>1,815,356</u>
Inter-segment sales are charged at prevailing market prices.						
RESULT						
Segment result	<u>26,625</u>	<u>291,848</u>	<u>5,549</u>	<u>–</u>	<u>–</u>	324,022
Other operating income						25,511
Unallocated corporate expenses						<u>(43,616)</u>
Profit from operations						305,917
Finance costs						(10,630)
Gain on disposal of subsidiaries	(94)	532,015	(12,687)	–	–	519,234
Release of deferred gain on disposal of a subsidiary	–	–	–	77,000	–	77,000
Gain on disposal of associates	–	–	133,209	–	–	133,209
Gain on partial disposal of an associate	–	–	2,677	–	–	2,677
Amortisation of goodwill of an associate	–	–	(2,724)	–	–	(2,724)
Share of results of associates	–	–	5,981	–	–	<u>5,981</u>
Profit before taxation						1,030,664
Taxation						<u>(48,654)</u>
Profit before minority interests						982,010
Minority interests						<u>(203,960)</u>
Net profit for the year						<u><u>778,050</u></u>

- (ii) Segment information about these businesses for the year ended 31 December 2002 is presented below:

INCOME STATEMENT

	Continuing operations			Discontinuing operation	Eliminations HK\$'000	Consolidated HK\$'000
	Property development HK\$'000	Gas fuel business HK\$'000	Others HK\$'000	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)	–
	<u>311,997</u>	<u>1,150,322</u>	<u>32,155</u>	<u>40,474</u>	<u>(9,542)</u>	<u>1,525,406</u>
Inter-segment sales are charged at prevailing market prices.						
RESULT						
Segment result	<u>31,556</u>	<u>184,129</u>	<u>4,998</u>	<u>2,180</u>	<u>–</u>	222,863
Other operating income						20,924
Unallocated corporate expenses						<u>(21,301)</u>
Profit from operations						222,486
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)	–	–	<u>(22,749)</u>
Profit before taxation						389,245
Taxation						<u>(16,068)</u>
Profit before minority interests						373,177
Minority interests						<u>(78,748)</u>
Net profit for the year						<u><u>294,429</u></u>

3. OTHER OPERATING INCOME

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Interest on bank deposits	13,372	11,336
Dividend income	647	360
Gain on disposal of investment in securities	–	592
Net exchange gain	1,162	918
Release of negative goodwill	2,244	1,855
Rental income under operating leases	2,608	2,195
Unrealised holding gain on investment in securities	–	623
Sundry	5,478	3,074
	<u>25,511</u>	<u>20,953</u>

4. GAIN ON DISPOSAL OF SUBSIDIARIES

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Gain on partial disposal of interests in subsidiaries	532,803	111,860
(Loss) gain on disposal of subsidiaries	(13,569)	84,048
	<u>519,234</u>	<u>195,908</u>

Gain on partial disposal of interests in subsidiaries represented the gain arising on disposal of shares of Chenzhou Pan River Gas Industry Co., Ltd. and Panva Gas Holdings Limited (“Panva Gas”) respectively to third parties.

5. TAXATION

No provision for Hong Kong Profits Tax has been made as the Group’s income neither arises in nor derived from Hong Kong.

The tax rate applicable for all other PRC subsidiaries ranges from 15% to 33%.

Pursuant to the relevant laws and regulations in the PRC, certain of the Company’s PRC subsidiaries are entitled to exemption from PRC enterprise income tax for the first two years commencing from their first profit-making year of operation and thereafter, these PRC subsidiaries will be entitled to a 50% relief from PRC enterprise income tax for the following three years. The reduced tax rate for the relief period ranges from 12% to 16.5%. PRC enterprise income tax for the year has been provided for after taking these tax incentives into account.

The charge for the year can be reconciled to the profit in the consolidated income statement as follows:

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Profit before taxation (excluding shares of results of associates)	<u>1,024,683</u>	<u>411,994</u>
Tax at the applicable tax rate of 33% (2002: 33%)	338,145	135,958
Tax effect of tax losses not recognised	5,392	2,248
Tax effect of expenses not deductible for tax purpose	9,344	91,038
Tax effect of income that is exempted from PRC enterprise income tax and other regions outside Hong Kong in determining taxable profit	(256,120)	(194,922)
Effect of different tax rates of subsidiaries entitled to a 50% reduction in PRC enterprise income tax rates and operating in different provinces	<u>(51,106)</u>	<u>(18,388)</u>
	45,655	15,934
Share of taxation of associates	<u>2,999</u>	<u>134</u>
Tax expense	<u>48,654</u>	<u>16,068</u>

6. DIVIDENDS

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Ordinary shares:		
Interim, paid – HK\$0.03 per share (2002: HK\$0.03)	57,276	55,483
Final, proposed – HK\$0.03 per share (2002: Nil)	<u>57,460</u>	<u>–</u>
	<u>114,736</u>	<u>55,483</u>

7. EARNINGS PER SHARE

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

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Earnings for the purposes of basic earnings per share	778,050	294,429
Effect of dilutive potential shares:		
Interest on convertible note	<u>489</u>	<u>824</u>
Earnings for the purposes of diluted earnings per share	<u>778,539</u>	<u>295,253</u>
Weighted average number of shares for the purposes of basic earnings per share	1,865,048,000	1,820,292,000
Effect of dilutive potential ordinary shares:		
Options	4,133,000	15,133,000
Convertible note	<u>38,564,000</u>	<u>81,450,000</u>
Weighted average number of shares for the purposes of diluted earnings per share	<u>1,907,745,000</u>	<u>1,916,875,000</u>

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 both 2002 and 2003.

The computation of diluted earnings per share does not assume the conversion of the outstanding convertible bonds issued by Panva Gas as the conversion of those convertible bonds is anti-dilutive.

BUSINESS REVIEW AND PROSPECTS

For the year ended 31 December 2003, the Group recorded a turnover of approximately HK\$1,815,356,000, representing an increase of approximately 19% when compared to last year. Gross profit increased to approximately HK\$478,726,000 for the year ended 31 December 2003, a substantial increase of approximately 30% 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\$778,050,000 representing an increase of approximately 1.6 times from last year. The 2003 results demonstrated the Group's success in achieving satisfactory returns for its businesses by adopting active financial management, investment and operating strategies.

Property Development

The Group recorded a turnover of approximately HK\$330,979,000 for the property development business during the year ended 31 December 2003, which is approximately the same as last year. The Group sold a total floor area of approximately 50,034 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 79.7% of total property sales for the year representing 520 units (39,862 square metres) at an average price of RMB6,874 per square metre, with only 125 units left to be sold in 2004. The remaining turnover came from the sale of Sinolink No.8, representing 40 units (10,172 square metres) at an average price of RMB8,892 per square metre.

In the property development sector, the Company made encouraging progress in all projects. As of 31 December 2003, approximately 25.86% of the construction works of *Mangrove West Coast* has been completed and presale is expected to start in August 2004; more than 50% of the construction works of Sinolink Garden Phase IV western district, *The Oasis* has been completed and presale is expected to start in June 2004. The Company's 2003 property sales were also encouraging.

In 2004, the Company plans to achieve 15% of total sales of the *Mangrove West Coast* project and 31% of total sales of the Sinolink Garden Phase IV western district, *The Oasis*. The design of Sinolink Garden Phase IV eastern district, a development with a total site area of 40,786 square metres and total gross floor area of 228,574 square metres, is scheduled to be completed by October 2004 and construction is expected to commence in December 2004. In addition, the Company is also actively exploring other high growth opportunities that could leverage its operation know-how and property management expertise to further create shareholder value.

Gas Fuel Business

For the year ended 31 December 2003, the Group's gas fuel business, operated by Panva Gas (stock code: 8132), recorded a turnover of approximately HK\$1,457,632,000 representing an increase of approximately 27% compared to last year. The gross profit margin increased substantially from 23% for the year ended 31 December 2002 to 26% for the year ended 31 December 2003. The increase in net profit margin was mainly attributable to the continued strengthening in management and operation, the further unleashing of internal potentiality, and the active market development strategies. By enhancing services and management, Panva Gas was able to gain a solid increase in market share, which contributed favourably to the Group's profit growth.

During the year under review, Panva Gas completed its project development plans laid down in 2002. In the first half of 2003, Panva Gas acquired majority interests in two gas companies located in Chizhou of the Anhui Province and Lezhi of the Sichuan Province; in the second half, Panva Gas completed five more acquisitions in Pingchang and Dayi of the Sichuan Province, Jinan of the Shandong Province (two acquisitions), and Foshan of the Guangdong Province, providing valuable additions to Panva Gas's project portfolio. Development in the piped gas market has been Panva Gas's strategic focus since 2001. As a result, six of the seven 2003 acquisitions are in the piped gas segment.

Being a major Liquefied Petroleum Gas ("LP Gas") distributor in the PRC, Panva Gas has been capitalizing on its quality services, strong logistics and professional management to quickly expand in the LP Gas market. Such efforts yielded encouraging results in 2003, as reflected by Panva Gas's further forays into the retail and wholesale sectors of domestic and industrial and commercial LP Gas consumption, and the success in securing a reliable supply of cylinder and piped gas. As a result, Panva Gas was able to reduce cost and improve operation margin for its LP Gas business.

Electricity Generation

The electricity generation business of the Company is currently conducted through an associated company, Enerchina Holdings Limited ("Enerchina", stock code: 622). Enerchina has 70% equity interest in Fuhuade Power Plant located in Dapeng town, Shenzhen. The operating results of Fuhuade Power Plant were noteworthy in 2003. With the commencement of commercial operation of the second combined cycle generation unit in May 2003, the installed capacity of Fuhuade Power Plant increased from 70,800 kilowatt to 305,000 kilowatt. During 2003, Fuhuade Power Plant achieved a total power output of 994.4 million kWh, of which 952.1 million kWh was sold to the Guangdong power grid, representing an increase of approximately 2.7 times compared to the previous year. Enerchina recorded a net profit of approximately HK\$57.5 million during 2003.

During the year, the Group disposed its 30% equity interests in Fuhuade Power Plant held by an indirect subsidiary of the Company, Shenzhen Sinolink Enterprises Company Limited for a total consideration of approximately HK\$159,027,128 to an independent third party. The disposal enables the Group to strategically bring in an investor that has the expertise in running large scale power plants, helping the Group to continue to expand the power plant as well as providing advice on the day to day management, increasing efficiency therefore profitability.

CAPITAL MARKET TRANSACTIONS

In 2003, the Group successfully completed several fund raising exercises on the capital market to finance its fast growing businesses. In April 2003, Panva Gas issued convertible bonds (the "CB") with total principal amount of US\$50 million, and Panva Gas was assigned a "BB+" foreign currency corporate credit rating and a stable outlook by international credit agency Standard & Poor's. In December 2003, the Company and Panva Gas commenced a top-up placing which was completed in January 2004 raising approximately HK\$620 million. During 2003, Enerchina completed two rights issues and a share placing raising an aggregate amount of approximately HK\$322.4 million. Enerchina has also finalized an open offer in April 2004 whereby approximately HK\$600 million was raised for the purchasing of additional power generation units to increase its power generation capacity to 665,000 kilowatt. These financing activities effectively strengthened the Company's capital structure, enlarged the shareholder base, and increased public float and liquidity.

FINANCIAL POSITION

The Group's total borrowings increased from approximately HK\$919,079,000 as at 31 December 2002 to approximately HK\$1,234,711,000 as at 31 December 2003. The increase is mainly due to the issue of the CB by Panva Gas. The proportion of borrowings due within one year to total borrowings also increased from approximately 2% to approximately 54% and a long term bank borrowings to equity ratio of 8%. Bank borrowings are mainly used to finance the property development projects of the Group and with the exception of a Hong Kong Dollar denominated bank loan which is tied to Hong Kong Interbank Offered Rate, all other borrowings are at fixed interest rates. The CB is used by Panva Gas for the expansion of the piped gas business, the LP Gas business and as working capital.

Total assets pledged in securing these loans have a net book value of approximately HK\$43,963,000 as at 31 December 2003. With the exception of the CB which is denominated in United States Dollars and a Hong Kong Dollar denominated bank loan mentioned above, all other bank borrowings of the Group are denominated in Renminbi (“RMB”). As the entire operation of the Group is carried out in the PRC, all receipts and payments in relation to operation are denominated in RMB. No financial instruments were used for hedging purpose; however, the Board is evaluating and closely monitoring the potential impact of RMB appreciation and interest rate movement. The Board is also reviewing instruments that could minimize such potential impact on the Group.

The Group’s cash and cash equivalents amounted to approximately HK\$1,309,473,000 as at 31 December 2003 are mostly denominated in RMB, Hong Kong dollars and US dollars.

CONTINGENT LIABILITIES

Guarantees given to banks as security for the mortgage loans arranged for the purchases of the Group’s properties amounted to approximately HK\$17,256,000.

EMPLOYEES REMUNERATION POLICES

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.

As at 31 December 2003, the Group had 3,631 full time employees, of which approximately 99% are located in the PRC.

FINAL DIVIDEND

The Board have recommended to declare a final dividend of HK\$0.03 per share (2002: Nil) in respect of the year ended 31 December 2003. Upon approval by the shareholders of the Company on the forthcoming annual general meeting of the Company (“AGM”) to be held on Tuesday, 25 May 2004, the final dividend will be paid on or before Thursday, 3 June 2004 to shareholders whose names appear on the register of members of the Company on Tuesday, 25 May 2004.

PROPOSED BONUS ISSUE OF SHARES

The Board recommended a bonus issue (the “Proposed Bonus Issue”) of new shares of HK\$0.10 each (the “Bonus Shares”) to shareholders of the Company. The Proposed Bonus Issue will be made on the basis of two Bonus Shares for every ten existing shares held by the shareholders whose names appear on the register of members of the Company on Tuesday, 25 May 2004. The Bonus Shares will be credited as fully paid at par and will rank pari passu with the then issued shares in all respects with effect from the date of issue, except that they are not entitled to the final dividend proposed to be declared as mentioned in the above paragraph and will not rank for the Proposed Bonus Issue.

The Proposed Bonus Issue is conditional upon:

- (i) the passing of the relevant ordinary resolution to approve the Proposed Bonus Issue at the AGM; and
- (ii) the Listing Committee of the Stock Exchange of Hong Kong Limited granting or agreeing to grant the listing of and permission to deal in the Bonus Shares to be issued pursuant to the Proposed Bonus Issue.

Subject to fulfillment of the above conditions, certificates for the Bonus Shares are expected to be despatched to shareholders on or about Thursday, 3 June 2004. A notice of AGM enclosed in the annual report of the Company containing, among other things, ordinary resolution in relation to the Proposed Bonus Issue will be despatched to shareholders of the Company on or about 30 April, 2004.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 21 May 2004 to Tuesday, 25 May 2004 (both days inclusive), during which period no registration of transfer of shares will be effected. In order to qualify for the proposed final dividend and Proposed Bonus Issue, all share transfer documents together with the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by 4:00 p.m. on Thursday, 20 May 2004.

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.

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 45(1) to 45(3) 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.

APPRECIATION

I would like to take this opportunity to thank members of the board for their trust and support and continuous efforts of our business associates for seamless cooperation. Furthermore, I would like to extend my gratitude to our diligent staff for your contributions during the past year.

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

Hong Kong, 21 April 2004

Website: <http://www.irasia.com/listco/hk/sinolink>