

CHAIRMAN'S STATEMENT

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

REVIEW OF OPERATIONS

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

Property Development

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

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

Liquefied Petroleum Gas Business

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

CHAIRMAN'S STATEMENT

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

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

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

Electricity Generation

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

PROSPECTS

Property Business

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

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

CHAIRMAN'S STATEMENT

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

LPG Business

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

Electricity Generation

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

CONCLUSION

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

CHAIRMAN'S STATEMENT

FINANCIAL POSITION

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

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

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

CONTINGENT LIABILITIES

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

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

CHAIRMAN'S STATEMENT

EMPLOYEES AND REMUNERATION POLICIES

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

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

SPECIAL INTERIM DIVIDEND

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

APPRECIATION

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

By Order of the Board

Ou Yaping

Chairman

Hong Kong, 24 April 2001